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# Ten Years Later: The New Rules for Joint Infringement after *Akamai v. Limelight*

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As the Federal Circuit has recognized, “when acts necessary to give rise to liability for direct infringement are shared between two or more actors, doctrinal problems arise.”<sup>1</sup> The August 2015 *en banc* decision in *Akamai v. Limelight* is the Federal Circuit’s latest effort to resolve the doctrinal problems regarding “divided” or “joint” patent infringement.<sup>2</sup> After multiple prior rounds of appellate review, including two *en banc* Federal Circuit decisions and a trip to the US Supreme Court, and now ten years after *Akamai* first filed suit against *Limelight*, a unanimous decision by the Federal Circuit significantly has expanded the scope of direct infringement in cases involving multiple actors.

Assuming the Federal Circuit’s new and more liberal standard for joint infringement remains the law, this is a win for patent holders such as *Akamai*, which saw its \$45M jury verdict against *Limelight* reinstated at long last. But this may not be the final chapter in the *Akamai-Limelight* saga, as *Limelight* is again seeking Supreme Court review of the Federal Circuit’s newly-stated rules for joint infringement. This article traces the lengthy and complicated appellate history of the *Akamai-Limelight* case, and considers some of the implications of the Federal Circuit’s expansion of direct infringement liability in multiple-actor scenarios.<sup>3</sup>

## Case Law Prior to *Akamai-Limelight*

### ***BMC*: The “Control or Direction” Standard for Divided Infringement**

Divided or joint infringement percolated to the surface at the Federal Circuit in a series of cases decided in the

mid-to-late 2000s. In 2007, the court in *BMC Resources, Inc. v. Paymentech, L.P.* considered “the proper standard for joint infringement by multiple parties of a single claim.”<sup>4</sup> The patent owner argued that earlier Federal Circuit precedent had relaxed the requirement that “a single party ... perform all steps of [the] claimed method.”<sup>5</sup> The court rejected this argument, holding that “[i]nfringement requires, as it always has, a showing that a defendant has practiced each and every element of the claimed invention.”<sup>6</sup> The *BMC* panel held that “[d]irect infringement requires a party”—meaning, a *single* party—“to perform or use each and every step or element of a claimed method or product.”<sup>7</sup> Nonetheless, a “mastermind” could be liable for infringement if one or more of a method claim’s steps were performed by some other party under its “control or direction.”<sup>8</sup> According to *BMC*, “a defendant cannot thus avoid liability for direct infringement by having someone else carry out one or more of the claimed steps on its behalf.”<sup>9</sup>

The court in *BMC* acknowledged that, under the “control or direction” standard, it may be possible for parties to engage in arms-length contracts to perform various steps of a patented method separately, thereby sidestepping any direct infringement. The Federal Circuit nevertheless concluded that the “control or direction” standard was necessary to preserve the distinction between direct and indirect infringement.<sup>10</sup>

### ***Muniauction*: Further Limiting the “Control or Direction” Standard**

The next year, in *Muniauction, Inc. v. Thomson Corp.*, the Federal Circuit again dealt with a multiple actor scenario, and further narrowed the scope of joint infringement.<sup>11</sup> That case specifically addressed the distinction between “control or direction” exercised by a “mastermind” and “mere ‘arms-length cooperation’ [that] will not give rise to direct infringement by any party.”<sup>12</sup>

The court in *Muniauction* held that even when one party “controls access to [a] system and instructs [third parties] on its use,” there is no direct infringement because this activity does not rise to the requisite level of “control or direction” under *BMC*.<sup>13</sup> According to *Muniauction*, the

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“control or direction” standard is satisfied only “in situations where the law would traditionally hold the accused direct infringer vicariously liable for the acts committed by another party that are required to complete performance of a claimed method.”<sup>14</sup>

In overturning a jury verdict of \$85 million for willful infringement, the *Muniauction* panel found that the operator of an on-line auction process did not sufficiently control or direct the bidders using the process. Because the patent owner had identified no legal theory under which the online auctioneer might be vicariously liable for the actions of third party bidders using the claimed process, there could be no direct infringement as a matter of law. In reaching this conclusion, the court found certain questions to be irrelevant to assessing whether the “control or direction” standard for joint infringement was satisfied, including: Whether the parties were acting jointly or together; whether they were aware of each other’s existence and interacting with each other; and whether one party was teaching, instructing, or facilitating the other party’s participation in the claimed process.<sup>15</sup> With basic questions such as these deemed to be irrelevant in determining whether one party was exercising the necessary “control or direction” over another party, the circumstances that might give rise to joint infringement liability were understood to be quite limited.

## The Akamai-Limelight Case

### The District Court Decision

*Akamai-Limelight* involved patented methods for more efficiently delivering content over the Internet. In the prior art, content delivery typically involved replicating copies of Web sites across multiple servers in multiple locations (known as mirroring). While the prior art mirroring technique was efficient for content delivery from Web sites with “static” information, it was inefficient for Web sites with dynamic and bandwidth-heavy content, such as music and video files.<sup>16</sup> To address this problem, the Akamai patented methods utilized a network of distributed servers for delivering content, a Content Delivery Network (CDN). Using the Akamai methods, content providers could “tag” certain content to be delivered by the CDN, rather than their own servers. In this way, “a content provider like ESPN could serve the text of its website (with news articles updated in real time) from its own servers and tag static, bandwidth-heavy content (such as photos and videos accompanying a news article) to be served by the CDN, reducing the burden on ESPN’s server.”<sup>17</sup>

The “tagging” step was at the heart of the infringement dispute. At trial, Akamai relied on a theory of joint infringement. While Limelight performed some of the steps of the claimed method in providing its CDN

service, its customer contracts specifically required the customer to perform the “tagging” step. According to Akamai, Limelight was liable for infringement under the “control or direction” standard of *BMC* because it provided instructions and assistance to its customers regarding how to perform the tagging step. The jury agreed and rendered an infringement verdict.<sup>18</sup>

Limelight moved for a judgment as a matter of law (JMOL) of noninfringement, and the district court initially denied the motion because, unlike in *BMC*, “there was evidence that not only was there a contractual relationship between Limelight and its customers, but that [Limelight] provided those customers with instructions explaining how to utilize its content delivery service.”<sup>19</sup> But the Federal Circuit decided *Muniauction* shortly thereafter, and Limelight asked the district court to reconsider the JMOL motion. “On reconsideration, the district court granted JMOL of noninfringement to Limelight holding that there was ‘no material difference between the interaction with its customers and that of [the defendant] in *Muniauction*.’”<sup>20</sup> The trial court specifically relied on the Federal Circuit’s finding of no infringement in *Muniauction* where the alleged direct infringement included controlling one’s “customers’ access to an online system, coupled with instructions on how to use that system.”<sup>21</sup>

Akamai appealed the noninfringement judgment.

### *Akamai I* (Federal Circuit—December 2010): Further Tightening the Standard for Joint Infringement

Akamai argued in its initial appeal to the Federal Circuit that because Limelight had contractually agreed with its customers that they would perform the “tagging” step, Limelight was liable for infringement under the “control or direction” standard. A three-judge panel disagreed. Specifically, Judge Linn’s opinion further restricted the “control or direction” test to an even narrower set of circumstances than in *BMC* and *Muniauction*.

According to *Akamai I*, when “assessing infringement based on the actions of joint parties, it is not enough to determine for whose benefit the actions serve, for in any relationship there may be benefits that inure in some respects to both parties.”<sup>22</sup> The panel instead held “as a matter of Federal Circuit law that there can *only* be joint infringement when there is an *agency relationship* between the parties who perform the method steps or when one party is *contractually obligated* to the other to perform the steps.”<sup>23</sup>

On the facts in *Akamai I*, the court found neither an agency relationship nor a contractual obligation. Relying on the common law of agency, the court held that

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Limelight's relationship with its customers did not rise to the level of principal and agent. The court also held that the agreements between Limelight and its customers did not create the type of contractual obligation necessary for a finding of joint infringement. Even though the Limelight contracts specifically stated that the customers would be "responsible for [the tagging] of the Customer Content,"<sup>24</sup> according to the court, this did not constitute an *obligation* to perform the claimed steps. Although Limelight had provided its customers with a contractual *ability* to complete all of the steps necessary for infringement, there was no contractual *obligation* to do so. It therefore was up to the customers to decide *if* they would perform the claimed steps. Furthermore, the selection of *what* was to be tagged was up to the customers entirely and did not inure any benefit to Limelight. There was thus no contractual obligation and there could be no joint infringement under the "control or direction" standard.

Akamai next petitioned the Federal Circuit for a rehearing *en banc*.

### ***Akamai II* (Federal Circuit *en banc*—August 2012): The Multiple-Actor Inducement Detour**

In April 2011, the Federal Circuit granted *en banc* review on the following question: "If separate entities each perform steps of a method claim, under what circumstances would that claim be directly infringed and to what extent would each of the parties be liable?"<sup>25</sup> The court also granted *en banc* review in a companion case, *McKesson*, on an additional question: "Does the nature of the relationship between the relevant actors—*e.g.*, service provider/user; doctor/patient—affect the question of direct or indirect infringement liability?"<sup>26</sup> The *en banc* court considered both the *Akamai* and *McKesson* cases simultaneously.

In a *per curiam* majority opinion of six judges in *Akamai II*, the Federal Circuit sidestepped the issue of whether "direct infringement can be found when no single entity performs all of the claimed steps of the patent."<sup>27</sup> Even though *en banc* review had been granted to address questions regarding divided *direct* infringement, the majority concluded that "[b]ecause the reasoning of our decision today is not predicated on the doctrine of direct infringement, we have no occasion . . . to revisit any of those principles regarding the law of divided infringement."<sup>28</sup> Instead, the majority opinion focused on *indirect* infringement, specifically inducement under 35 U.S.C. § 271(b).

According to the majority:

Because section 271(b) extends liability to a party who advises, encourages, or otherwise induces others

to engage in infringing conduct, it is well suited to address the problem presented by the cases before us, *i.e.*, whether liability should extend to a party who induces the commission of infringing conduct when no single "induced" entity commits all of the infringing acts or steps but where the infringing conduct is split among more than one other entity.<sup>29</sup>

The majority in *Akamai II* acknowledged as "well settled" the principle "that there can be no indirect infringement without direct infringement."<sup>30</sup> But the majority expressly rejected the *BMC* requirement "that in order to support a finding of induced infringement, not only must the inducement give rise to direct infringement, but in addition the direct infringement must be committed by a single actor."<sup>31</sup> Instead, according to the *Akamai II* majority, there is no "single-entity rule" for inducement.<sup>32</sup>

Under the majority opinion in *Akamai II*, all steps of a method claim must still be performed for there to be infringement liability, but an accused infringer may nevertheless be found liable for induced infringement in two situations. First, as in the *Akamai-Limelight* situation, where the accused infringer performed some of the claimed steps and induced other actors to perform the remaining claimed steps. Second, as in the *McKesson* case, where the accused infringer induced one or more other actors to perform all of the claimed steps, even when no single actor performed all of the steps.

In a dissent authored by Judge Linn, four judges strongly disagreed with the majority's opinion as inconsistent with the Patent Act and Supreme Court precedent. According to Judge Linn's dissent, the requirements for a finding of direct infringement are plainly stated in Section 271(a). As the Supreme Court has noted, the 1952 Patent Act may not be interpreted in a manner that "divorce[s] indirect infringement from direct infringement."<sup>33</sup> Because direct infringement under Section 271(a) requires that a single entity perform all of the claimed method steps, induced infringement under Section 271(b) likewise necessarily requires that a single party has performed all of the claimed steps. In Judge Linn's view the "control or direction" test of *BMC* was properly rooted in the doctrine of vicarious liability. In a preview of a later shift in the law, however, Judge Linn would have extended joint infringement liability to certain factual situations beyond those addressed in the earlier *BMC* and *Muniauction* cases, including to "joint enterprises":

I would hold that direct infringement is required to support infringement under § 271(a) or § 271(c) and properly exists only where one party performs each and every claim limitation or is vicariously liable for the acts of others in completing any steps of a

method claim, such as when one party directs or controls another in a principal-agent relationship or like contractual relationship, or participates in a joint enterprise to practice each and every limitation of the claim.<sup>34</sup>

Judge Newman separately dissented, and similarly criticized the majority's reliance on inducement. Judge Newman also voiced her view that the single-entity rule is "flawed" and "plainly inadequate" to address questions of joint infringement.<sup>35</sup> According to Judge Newman, "[i]nfringement is not a question of how many people it takes to perform a patented method."<sup>36</sup> She urged the court to "restore infringement to its status as occurring when all of the claimed steps are performed, whether by a single entity or more than one entity, whether by direction or control, or jointly, or in collaboration or interaction."<sup>37</sup>

The six-judge majority opinion in *Akamai II* remanded the case to the district court to consider whether *Limelight* was liable for inducement. But *Limelight* sought Supreme Court review of the fractured six to five *en banc* decision in *Akamai II*.<sup>38</sup>

### ***Limelight* (Supreme Court—June 2014): Back to the Direct Infringement Drawing Board**

The Supreme Court granted *Limelight's* petition for *certiorari* in January 2014 and agreed to review the following question: "[W]hether a defendant may be liable for inducing infringement of a patent under 35 U.S.C. § 271(b) when no one has directly infringed the patent under § 271(a) or any other statutory provision."<sup>39</sup> In a strongly-worded unanimous opinion authored by Justice Alito, the Supreme Court reversed the Federal Circuit.

The Court criticized the *Akamai II* majority opinion's reliance on inducement, finding that "[t]he Federal Circuit's analysis fundamentally misunderstands what it means to infringe a method patent."<sup>40</sup> Liability for inducement "must be predicated on direct infringement," and the Court observed that "[o]ne might think this simple truth is enough to dispose of this appeal."<sup>41</sup> In short, if "there has been no direct infringement, there can be no inducement of infringement under § 271(b)."<sup>42</sup> "[I]n this case, performance of all of the claimed steps cannot be attributed to a single person, so direct infringement never occurred."<sup>43</sup> Consequently, the Court held, "*Limelight* cannot be liable for inducing infringement that never came to pass."<sup>44</sup>

Importantly, in addition to soundly rejecting the application of inducement to multiple actor infringement of method claims as in *Akamai II*, the Supreme Court also opened the door for the Federal Circuit to revisit its joint infringement precedent in cases such as

*BMC* and *Muniauction*. Indeed, the Court expressly stated that it was "[a]ssuming without deciding that the Federal Circuit's holding in *Muniauction*" was correct "that a method's steps have not all been performed as claimed by the patent unless they are attributable to the same defendant, either because the defendant actually performed those steps or because he directed or controlled others who performed them."<sup>45</sup> The Supreme Court acknowledged "the possibility that the Federal Circuit erred by too narrowly circumscribing the scope of § 271(a)," and that existing Federal Circuit case law may permit "a would-be infringer to evade liability by dividing performance of a method patent's steps with another whom the defendant neither directs nor controls."<sup>46</sup> While the Supreme Court declined in *Limelight* to review "the Federal Circuit's *Muniauction* rule for direct infringement under § 271(a)[,]" it observed that "on remand, the Federal Circuit will have the opportunity to revisit the § 271(a) [joint infringement] question if it so chooses."<sup>47</sup>

### ***Akamai III* (Federal Circuit—May 2015): Another Panel Attempt to Define the Proper Scope of Joint Infringement**

Following the Supreme Court's reversal and remand, the Federal Circuit initially reassigned the case to the original three-judge panel.<sup>48</sup> The result was another split decision. Judge Linn authored the majority panel opinion in *Akamai III*, which affirmed the noninfringement judgment in favor of *Limelight*. Judge Moore vigorously dissented and urged a broader scope for joint infringement liability.

Judge Linn's majority opinion reaffirmed the "single-entity" rule for direct infringement: "Under the principles of vicarious liability, direct infringement does not occur unless all steps of a method claim are performed by or attributable to a single entity."<sup>49</sup> Thus, the critical question in multiple actor scenarios remained whether the performance of the steps is "attributable to a single entity." Judge Linn then identified three non-exclusive exemplary scenarios where attribution may be found: "[T]he vicarious liability test includes, for example, principal-agent relationships, contractual arrangements, and joint enterprises."<sup>50</sup>

The majority opinion in *Akamai III* broadened the scope of joint infringement in two significant ways: (1) it identified agency relationships and contractual obligations as merely *exemplary* scenarios that may result in vicarious liability (rather than being the *only* scenarios that could support joint infringement, as stated in *Akamai I*); and (2) it specifically identified "joint enterprises" as among the factual scenarios that traditionally give rise

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to vicarious liability.<sup>51</sup> The majority refused, however, to extend joint infringement to the “far broader” approach advocated by Judge Moore’s dissent—to include joint tortfeasor liability under Section 271(a).<sup>52</sup>

Applying its newly-stated principles of law, the majority once again considered Limelight’s alleged infringement. The majority found nothing to indicate that Limelight’s customers were performing any of the claimed method steps as agents for Limelight, or in any other way vicariously on behalf of Limelight. As it had in *Akamai I*, the majority again determined that the contractual relationship between Limelight and its customers was insufficient for a finding of vicarious liability: “The form contract does not *obligate* Limelight’s customers to perform any of the method steps,” but instead it “merely explains that customers will have to perform the steps *if* they decide to take advantage of Limelight’s service.”<sup>53</sup> “Because this case involves neither agency nor contract nor joint enterprise, [the majority found] that Limelight is not liable for direct infringement.”<sup>54</sup>

In her lengthy dissent in *Akamai III*, Judge Moore reiterated the concern that limiting joint infringement to situations of vicarious liability creates a “gaping hole” in infringement liability.<sup>55</sup> She maintained that the single-entity rule is “judicial fiction” and is not required by Section 271(a), nor is the court’s overly-narrow interpretation of the “direction or control” test.<sup>56</sup> Judge Moore agreed with “a host of *amici* and commentators... that *BMC* and *Muniauction*’s pronouncement of the single entity rule changed the law, vitiated broad classes of patents, and created a gaping loophole in infringement liability.”<sup>57</sup> Citing Section 271(a)’s use of the broad term “whoever” (encompassing multiple entities), common law principles from before the 1952 Act, and policy concerns, Judge Moore advocated an expansion of joint infringement to include joint tortfeasor liability. Specifically, Judge Moore would extend direct infringement under Section 271(a) to include situations “where two parties act in concert to perform the claimed method steps pursuant to a common goal, plan, or purpose.”<sup>58</sup>

Not surprisingly, after another two to one panel decision failed to definitively resolve the scope of joint infringement, *Akamai* again sought *en banc* rehearing.

### ***Akamai IV* (Federal Circuit *en banc*—August 2015): The Most Current Rules for Joint Infringement**

In August 2015, the Federal Circuit reheard the *Akamai* case *en banc* for a second time. In the opening of its *per curiam* opinion, the court declared that “we unanimously

set forth the law of divided infringement under 35 U.S.C. § 271(a).”<sup>59</sup> To begin, the court re-stated the single-entity rule for direct infringement under Section 271(a), citing *BMC*. Specifically, direct infringement “occurs where all steps of a claimed method are performed by or attributable to a single entity.”<sup>60</sup> When multiple actors are “involved in practicing the steps, a court must determine whether the acts of one are attributable to the other[s] such that a single entity is responsible for the infringement.”<sup>61</sup> The court then held that it “will hold an entity responsible for others’ performance of method steps in two sets of circumstances: (1) where that entity directs or controls others’ performance, and (2) where the actors form a joint enterprise.”<sup>62</sup>

Addressing the first circumstance (“directs or controls”), the court again looked to general principles of vicarious liability. As it had held in prior decisions, the court noted that vicarious liability ordinarily will be found in principal-agent relationships and where one party is contractually obligated to perform steps of a claimed method for another. The court’s application of these aspects of vicarious liability to joint patent infringement generally is consistent with *Akamai III*. But the court then extended its earlier precedent by holding that joint infringement *also* may be found “when an alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner and timing of that performance.”<sup>63</sup> When those facts are present, “the third party’s actions are attributed to the alleged infringer such that the alleged infringer becomes the single actor chargeable with direct infringement.”<sup>64</sup> Critically, this expanded view of joint infringement was not merely academic, it actually changed the result on the facts in *Akamai IV*.

Addressing the second circumstance, and in a further expansion of joint infringement liability, the *en banc* Federal Circuit held that “where two or more actors form a joint enterprise, all can be charged with the acts of the other, rendering each liable for the steps performed by the other as if each is a single actor.”<sup>65</sup> To determine the existence of a joint enterprise for direct patent infringement purposes, the court looked to the Restatement (Second) of Torts. A joint enterprise under *Akamai IV* “requires proof of four elements:”<sup>66</sup>

1. An express or implied agreement among members of a group;
2. A “common purpose to be carried out by the group;”<sup>67</sup>
3. A “community of pecuniary interest” in the common purpose among members of the group;<sup>68</sup> and
4. An “equal right to a voice in the direction of the enterprise, which gives an equal right of control.”<sup>69</sup>

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Determining whether these four elements are met, such that the actors have formed a joint enterprise, is a question of fact.<sup>70</sup>

Although the Federal Circuit identified two overarching circumstances that may give rise to joint infringement liability, the court left the door open for other factual scenarios that may result in joint infringement under Section 271(a). The court made clear that “[i]n the future, other factual scenarios may arise which warrant attributing others’ performance of method steps to a single actor.”<sup>71</sup> Rejecting any bright line rule for joint infringement, the court stated that “[g]oing forward, principles of attribution are to be considered in the context of the particular facts presented.”<sup>72</sup> The *en banc* court also stated that “[t]o the extent our prior cases formed the predicate for the vacated panel decision, those decisions are also overruled.”<sup>73</sup>

On the facts in *Akamai IV*, the unanimous court held that Limelight was liable for direct infringement. Akamai produced evidence at trial demonstrating that Limelight had “conditioned” use of its proprietary systems on its customers’ tagging. Furthermore, evidence showed that Limelight “establishe[d] the manner and timing of its customers’ performance” of the claimed steps.<sup>74</sup> Because Limelight sufficiently directed or controlled the acts of its customers under the court’s newly-expanded view of joint infringement, even if Limelight did not perform some of the method steps, these steps were attributable to Limelight. The court overturned the district court’s JMOL of noninfringement, and reinstated the jury’s original 2008 verdict that Limelight directly infringed.

## Post-*Akamai IV* Developments— Back to the Supreme Court for *Limelight II*?

Following *Akamai IV*, the court returned the case to the original panel “for resolution of all residual issues.”<sup>75</sup> The panel remanded to the district court with orders to reinstate the jury’s original verdict and damages award.

Then, in January 2016, Limelight filed a petition seeking a second review by the Supreme Court.<sup>76</sup> In its petition, Limelight asked the Court to determine

[w]hether the Federal Circuit erred in holding that a defendant may be held liable for directly infringing a method patent based on the collective performance of method steps by multiple independent parties, even though the performance of all the steps of the method patent is “not attributable to any one person” under traditional vicarious liability standards.<sup>77</sup>

Limelight argues that *Akamai IV* “betrays the same sort of ‘fundamental[] misunderstand[ing]’ that led [the Supreme Court] to review and reverse this case once before.”<sup>78</sup> Limelight’s petition accuses the Federal Circuit of creating patent-specific rules of vicarious liability in order to bring additional scenarios within the coverage of the direct infringement statute, Section 271(a). Limelight contends that the “expansion of potential liability under § 271(a) is even more dramatic than the judicial expansion of § 271(b) that led to [the Supreme] Court’s decision in *Limelight*.”<sup>79</sup> The Federal Circuit, in Limelight’s view “threw open the doors to any claim of ‘joint infringement,’ by pronouncing the issue a ‘question of fact’ to be considered ‘in the context of the particular facts presented’ reviewable only for ‘substantial evidence’ when tried to a jury.”<sup>80</sup> According to Limelight, *Akamai IV* also expressly overruled and “effectively wiped out every prior decision addressing [the joint infringement] issue, leaving no precedent, other than the *en banc* decision itself, to guide conduct.”<sup>81</sup>

Limelight’s petition remains pending at the time of the writing of this article.

## After *Akamai IV*: The Current Rules for Joint Infringement, and Some Unanswered Questions

The Federal Circuit’s 2015 *en banc* decision in *Akamai IV* unequivocally expands the circumstances in which joint infringement liability may be found: “Section 271(a) is not limited solely to principal-agent relationships, contractual arrangements, and joint enterprise, as the vacated panel decision held. Rather, to determine direct infringement, we consider whether all method steps can be attributed to a single entity.”<sup>82</sup> The *en banc* court in *Akamai IV* found sufficient “control or direction” for joint infringement in a new way, when one party conditions participation or receipt of a benefit upon another’s performance of some step.<sup>83</sup> The *en banc* court also expressly recognized that “[i]n the future, other factual scenarios may arise which warrant attributing others’ performance of method steps to a single actor.”<sup>84</sup> This loosened standard certainly invites patent owners to make creative joint infringement arguments when multiple actors are involved in performing the steps of a method claim.

While it is clear that the scope of joint infringement has expanded after *Akamai IV*, many questions remain. As one example, what are the contours of the specific new type of “control or direction” announced in *Akamai IV*? Limelight was found to have exercised sufficient control or direction over its customers because

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it “condition[ed] participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establish[ed] the manner or timing of that performance.”<sup>85</sup> What does it mean to “condition participation in an activity or receipt of a benefit upon performance” of certain steps? What level of control is required in establishing the “manner or timing of [the] performance” of the steps? Is a contract or some written evidence necessary to show control over the manner or timing of performance? The Federal Circuit cited the Supreme Court’s opinion in the *Grokster* copyright case in its discussion of the “conditioned participation” flavor of joint infringement, so parties will no doubt look to *Grokster* for guidance in the patent context going forward.<sup>86</sup> Notably, *Limelight* argues in its pending petition for *certiorari* that the “conditioned participation” standard is overly broad and “would reach nearly any service provider-customer relationship.”<sup>87</sup>

More generally, what “other factual scenarios” will support a claim for joint infringement under the broadened standard of *Akamai IV*? Because “principles of attribution are [now] to be considered in the context of the particular facts presented,” district courts will be required to determine on a case-by-case basis whether a patent owner can demonstrate that all the steps of a particular method claim are attributed to a single entity.<sup>88</sup> With such a fact-specific, case-specific standard, it may prove difficult for accused infringers to dispose of joint infringement claims—even, perhaps, weak joint infringement claims—on the pleadings or on summary judgment.

Moreover, given *Akamai IV*’s explicit expansion of joint infringement to “other factual scenarios” beyond agency, contract or joint enterprises, does Section 271(a) now extend to joint tortfeasor liability, as Judge Moore urged in her dissent in *Akamai III*? Judge Moore maintained in *Akamai III* that liability under Section 271(a) was not limited to cases involving a “joint enterprise functioning as a form of mutual agency,” but instead extended to joint tortfeasors as well: “To be liable as a joint tortfeasor under § 271(a), all the elements or steps of the claim must be performed, and each accused tortfeasor must perform at least one of the steps pursuant to some common purpose, design or plan.”<sup>89</sup> Judge Moore then joined the unanimous *en banc* opinion in *Akamai IV*. Does this mean, going forward, that joint tortfeasor scenarios will be one of the “other factual scenarios” supporting a viable joint infringement claim, and, if so, what facts will be sufficient to establish a “common purpose, design or plan” between joint tortfeasors alleged to jointly infringe a method patent claim?<sup>90</sup>

*Akamai IV* without question opens the door to “joint enterprise” theories of direct infringement liability.

How will the Federal Circuit’s four-part test for joint enterprises borrowed from the Restatement of Torts be applied to the facts of a multi-actor infringement scenario? Will courts look to joint enterprise case law in other tort contexts for guidance? How will infringement damages be assessed or apportioned in cases where two or more actors are determined to have infringed as a joint enterprise? In prior joint infringement cases, the focus was on a single entity as the direct infringer, so only that single entity was responsible for infringement damages. With joint enterprises comprised of two or more entities now potentially liable for joint infringement under *Akamai IV*, the damages issues become much more complex. Is each actor in the joint enterprise liable for the damages in full, or will damages be calculated proportionally in some way?<sup>91</sup> Will infringement damage awards entered against multiple actors in a joint enterprise lead to satellite or follow-on litigation between those actors over claims for contribution?

Finally, the *en banc Akamai IV* court expressly overruled “our prior cases [that] formed the predicate for the vacated panel decision.”<sup>92</sup> But other than *Golden Hour*, which had rejected a joint enterprise theory as potentially giving rise to direct infringement liability, the court did not identify the specific cases being overruled.<sup>93</sup> Are *BMC* and *Muniauction* no longer good law? Are any of the Federal Circuit’s cases before *Akamai IV* still good law? Which cases can safely be cited going forward? Given the uncertainty, parties will need to be extremely careful in citing and applying any of the Federal Circuit’s joint infringement case law prior to *Akamai IV*.

## Conclusion

As the series of *Akamai-Limelight* cases over the last 10 years demonstrates, joint infringement of method claims has been a troublesome and muddled area of patent law. With *Akamai IV*, the Federal Circuit significantly has expanded the scope of joint patent infringement, though this is subject to change if the Supreme Court decides to review *Akamai-Limelight* for a second time. While the unanimous *en banc* opinion in *Akamai IV* answered some questions, it also left many unresolved issues for courts and parties to sort through in the coming years. At present, the greatest consequence of *Akamai IV* is that joint infringement liability is no longer strictly confined to cases involving agency relationships or contractual obligations, and patent owners have a much greater likelihood of establishing joint infringement when multiple actors perform together all the steps of a method claim, including where a joint enterprise can be shown.

1. Akamai Techs., Inc. v. Limelight Networks, Inc., 692 F.3d 1301, 1305 (Fed. Cir. 2012) (*en banc*) (per curiam).
2. Akamai Techs., Inc. v. Limelight Networks, Inc., 797 F.3d 1020 (Fed. Cir. 2015) (*en banc*) (per curiam).
3. The views set forth in this article reflect the personal views of the authors and do not necessarily reflect those of Jones Day or any of its clients.
4. BMC Resources, Inc. v. Paymentech, L.P., 498 F.3d 1373, 1378 (Fed. Cir. 2007).
5. *Id.* at 1380. BMC primarily relied on *On Demand Machine Corp. v. Ingram Indus., Inc.*, 442 F.3d 1331 (Fed. Cir. 2006), which approved the following jury instruction: “When infringement results from the participation and combined action(s) of more than one person or entity, they are all joint infringers and jointly liable for patent infringement.” *BMC*, 498 F.3d at 1379 (quoting *On Demand*, 442 F.3d at 1344–1345).
6. *BMC*, 498 F.3d at 1380.
7. *Id.* at 1378.
8. *Id.* at 1381.
9. *Id.* at 1379.
10. *Id.* at 1381.
11. *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008).
12. *Id.* at 1329.
13. *Id.* at 1330.
14. *Id.*
15. *Id.* at 1329–1330.
16. Akamai Techs., Inc. v. Limelight Networks, Inc., 629 F.3d 1311, 1315–1316 (Fed. Cir. 2010).
17. Akamai Techs., Inc. v. Limelight Networks, Inc., 786 F.3d 899, 916 (Fed. Cir. 2015) (Moore, J., dissenting).
18. *Akamai*, 629 F.3d at 1318.
19. Akamai Techs., Inc. v. Limelight Networks, Inc., 614 F. Supp. 2d 90, 119 (D. Mass. 2009).
20. *Akamai*, 629 F.3d at 1318 (quoting *Akamai*, 614 F. Supp. 2d at 122).
21. *Id.*
22. *Id.* at 1320.
23. *Id.* (emphasis added).
24. *Id.* at 1317 (quoting *J.A.* 17807).
25. Akamai Techs., Inc. v. Limelight Networks, Inc., 419 Fed. App’x 989 (Fed. Cir. 2011) (granting petition for rehearing *en banc*).
26. *McKesson Techs., Inc. v. Epic Sys. Corp.*, 463 Fed. App’x 906, 907 (Fed. Cir. 2011) (granting petition for rehearing *en banc*).
27. Akamai Techs., Inc. v. Limelight Networks, Inc., 692 F.3d 1301, 1306 (Fed. Cir. 2012) (*en banc*) (per curiam).
28. *Id.* at 1307.
29. *Id.* at 1307–1308.
30. *Id.* at 1308.
31. *Id.*
32. *Id.* at 1309.
33. *Id.* at 1340 (Linn, J., dissenting).
34. *Id.* at 1350 (Linn, J., dissenting).
35. *Id.* at 1322 (Newman, J., dissenting).
36. *Id.* at 1323 (Newman, J., dissenting).
37. *Id.* at 1326 (Newman, J., dissenting).
38. McKesson also initially petitioned the Court for *certiorari*, but that case settled before the Court ruled on its petition.
39. *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 2111, 2115 (2014).
40. *Id.* at 2117.
41. *Id.*
42. *Id.*
43. *Id.* at 2118.
44. *Id.*
45. *Id.* at 2117.
46. *Id.* at 2120.
47. *Id.*
48. Judges Linn and Prost remained on the panel, while retired Judge Rader was replaced by Judge Moore.
49. Akamai Techs., Inc. v. Limelight Networks, Inc., 786 F.3d 899, 909 (Fed. Cir. 2015).
50. *Id.* at 910.
51. While the majority opinion discussed joint enterprise liability at length, it held that “[b]ecause this case does not implicate joint enterprise liability, this case is not the appropriate vehicle to adopt joint enterprise liability.” *Id.* at 904 n.1.
52. *Id.*
53. *Id.* at 915.
54. *Id.* at 904.
55. *Id.* at 916 (Moore, J., dissenting).
56. *Id.* at 932 (Moore, J., dissenting).
57. *Id.* at 918 (Moore, J., dissenting).
58. *Id.* at 923 (Moore, J., dissenting).
59. Akamai Techs., Inc. v. Limelight Networks, Inc., 797 F.3d 1020, 1022 (Fed. Cir. 2015) (*en banc*) (per curiam) (emphasis added).
60. *Id.*
61. *Id.*
62. *Id.*
63. *Id.* at 1023.
64. *Id.*
65. *Id.*
66. *Id.*
67. *Id.*
68. *Id.*
69. *Id.*
70. *Id.*
71. *Id.*
72. *Id.*
73. *Id.* at 1023 n.3.
74. *Id.* at 1025.
75. *Id.*
76. *Limelight Networks Files Petition to the Supreme Court of the United States*, LIMELIGHTNETWORKS.COM (Jan. 26, 2016, 11:57 AM), <http://investors.limelightnetworks.com/press-release/limelight-networks-files-petition-supreme-court-united-states>.
77. Petition for a Writ of *Certiorari* at i, *Limelight Networks, Inc. v. Akamai Techs., Inc.* (S. Ct. Jan. 26, 2016) (quoting *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 2111, 2117 (2014)).
78. *Id.* at 3 (quoting *Limelight*, 134 S. Ct. at 2117).
79. *Id.* at 25.
80. *Id.* at 16 (quoting *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 797 F.3d 1020, 1023 (Fed. Cir. 2015) (*en banc*) (per curiam)).
81. *Id.* at 13.
82. *Akamai*, 797 F.3d at 1023 (footnote omitted).
83. *Id.*
84. *Id.*
85. *Id.*
86. *Id.* at 1023 (citing *Metro-Golden-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 930 (2005)).
87. Petition for a Writ of *Certiorari* at i, *Limelight Networks, Inc. v. Akamai Techs., Inc.* (S. Ct. Jan. 26, 2016).
88. *Akamai*, 797 F.3d at 1023.
89. Akamai Techs., Inc. v. Limelight Networks, Inc. 786 F.3d 899, 916, 930 (Fed. Cir. 2015) (Moore, J., dissenting).
90. *Id.* at 929 (Moore, J., dissenting).
91. Judge Moore commented in her dissent in *Akamai III* that the joint enterprise standard “creates joint and several liability among the participants of the joint enterprise.” *Id.* at 928 n.5 (Moore, J., dissenting).
92. *Akamai*, 797 F.3d at 1023 n.3.
93. *Id.* at 1022 n.1 (“To the extent that our decision in *Golden Hour Data Systems, Inc. v. emsCharts, Inc.*, 614 F.3d 1367 (Fed. Cir. 2010) is inconsistent with this conclusion, that aspect of *Golden Hour* is overruled.”).