IP Alert: Akamai v. Limelight: Federal Circuit Finds Direct Infringement of Method Claims Where Steps Performed by or Attributable to Single Entity

AKAMAI V. LIMELIGHT: FEDERAL CIRCUIT FINDS DIRECT INFRINGEMENT OF METHOD CLAIMS WHERE STEPS PERFORMED BY OR ATTRIBUTABLE TO SINGLE ENTITY

By Jeffrey H. Chang

A unanimous en banc Federal Circuit held that, despite some of the claimed method steps being performed by Limelight's customers, substantial evidence supported the jury's finding that Limelight directly infringed a method claim because (1) Limelight conditioned use of its content delivery network upon customers' performance of the remaining method steps, and (2) Limelight established the manner and timing of the customers' performance of the steps.

Procedural History

U.S. Patent No. 6,108,703 ('703 patent) claims a method of delivering Internet content via a content delivery network (CDN). Limelight performed some of the steps of the '703 patent method claim, and Limelight's customers performed the remaining (tagging and serving) steps.

In an initial opinion dated December 20, 2010, a panel of the Federal Circuit held that Limelight did not directly or indirectly infringe because Limelight did not perform all of the method steps, and the steps performed by its customers could not be attributed to Limelight. The Federal Circuit vacated the initial opinion and heard the appeal en banc. In

the en banc opinion dated August 31, 2012, the Federal Circuit dodged the question of direct infringement, but decided that a defendant could be liable for inducing infringement of a patent under § 271(b) even if no one directly infringed under § 271(a).

On June 2, 2014, the Supreme Court reversed and held that a defendant is not liable for inducing infringement of a patent under § 271(b) if no one directly infringes the patent under § 271(a) or any other statutory provision. The Supreme Court remanded for the Federal Circuit to decide whether Limelight committed direct infringement under § 271(a). On May 13, 2015, a divided Federal Circuit panel found that Limelight was not liable for direct infringement under § 271(a) because not all of the steps of the '703 patent method claim could be attributed to Limelight. In particular, the panel determined that there was no principal-agent relationship, no contractual arrangement, and no joint enterprise between Limelight and its customers. The Federal Circuit subsequently granted Akamai's petition for another rehearing en banc and vacated the panel's May 13 decision.

Limelight Directly Infringed Method Claim Because All Steps Performed by or Attributable to Limelight

Sitting en banc for a second time in this case, the unanimous Federal Circuit clarified that direct infringement under § 271(a) is not limited "to principal-agent relationships, contractual arrangements, and joint enterprise, as the vacated panel decision held."

Instead, an entity can be liable for direct infringement of a method claim if all steps are either performed by or attributable to the entity. Under this standard, the Federal Circuit concluded that liability can also be found if:

1) the "alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method," and

2) the alleged infringer "establishes the manner or timing of that performance."

The court determined that Limelight met both conditions and thus infringed the '703 patent. First, the court found that substantial evidence supported the finding that Limelight conditioned the use of its product on the customer performing the claimed tagging and serving steps. In particular, Limelight's contract with customers delineated the steps (including the tagging and serving steps) that the customers must perform in order to use Limelight's service.

Second, the court found that substantial evidence supported the finding that Limelight established the manner and timing of performance of the claimed steps. After a customer agreed to Limelight's terms, Limelight would send the customer a welcome letter instructing the customer how to use Limelight's service. The welcome letter would include the hostname assigned by Limelight that the customer would integrate into the customer's webpage, as well as step-by-step instructions explaining how to integrate that hostname into the webpage. Customers could not use Limelight's service without following those steps. Therefore, the Federal Circuit held that the steps performed by the customers were attributable to Limelight and that Limelight directly infringed the '703 patent.

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