

IP Alert: Akamai v. Limelight: Federal Circuit Limits Direct Infringement of Method Claims



AKAMAI V. LIMELIGHT: FEDERAL CIRCUIT LIMITS DIRECT INFRINGEMENT OF METHOD CLAIMS

By Jeffrey Chang

On remand from the Supreme Court, the Federal Circuit held that Limelight did not directly infringe an asserted method claim under 35 U.S.C. § 271(a) because the “sweeping notions of common-law tort liability” do not apply to direct infringement, and Limelight did not direct or control the actions of its customers who carried out some of the method steps.

PROCEDURAL HISTORY

U.S. patent 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 703 patent method claim, and Limelight’s customers performed the remaining 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.

After the initial opinion was vacated, the Federal Circuit 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).

NO DIRECT INFRINGEMENT BECAUSE METHOD STEPS NOT PERFORMED BY A SINGLE ENTITY

Rejecting Akamai's arguments, the Federal Circuit stated that § 271(a) does not incorporate joint tortfeasor liability. Instead, direct infringement of a method claim exists when all of the steps are performed by (or attributed to) a single entity, such as "in a principal-agent relationship, in a contractual arrangement, or in a joint enterprise." Finding that Limelight and its customers were not a single entity, the court held that Limelight was not liable for direct infringement under § 271(a):

1. No Principal-Agent Relationship: The actions of the customers could not be attributed to Limelight because the customers controlled and directed what content would be delivered by Limelight's CDN, even though Limelight provided the customers with written instructions explaining how to use Limelight's service. Therefore, a principal-agent relationship did not exist between Limelight and its customers.
2. No Contractual Arrangement: The form contract between Limelight and its customers did not obligate the customers to perform the claimed method steps. Rather, the contract only explained to customers the steps they would have to perform if they used Limelight's service. Therefore, Limelight and its customers did not have a contractual arrangement requiring performance of all the steps of the method claim.
3. No Joint Enterprise: The court explained that this case did not implicate enterprise liability, which requires "(1) an agreement, express or implied, among the members of the group; (2) a common purpose to be carried out by the group; (3) a community of pecuniary interest in that purpose, among the members; and (4) an equal right to a voice in the direction of the enterprise, which gives an equal right of control."

DISSENT

In her dissent, Judge Moore stated that "[t]he majority's rule creates a gaping hole in what for centuries has been recognized as an actionable form of infringement." Instead, Judge Moore argued that direct infringement under § 271(a) includes joint tortfeasors, i.e., "multiple entities acting in concert pursuant to a common plan or purpose." Relying on dictionary definitions, the Dictionary Act, and the use of the term "whoever" in other sections of the same statute, Judge Moore argued that the term "whoever" used in § 271(a) encompasses multiple entities.

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