



MBHB *snippets* Alert

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Federal Circuit Defines Joint Tortfeasor Infringement Liability in *Akamai v. Limelight*

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The Federal Circuit issued a unanimous *en banc* decision yesterday regarding when joint tortfeasors may be held liable for literal infringement in *Akamai Technologies Inc. v. Limelight Networks, Inc.* In its opinion, the court held that method claims can be literally infringed when individual steps of a claimed method are performed by more than one actor under certain circumstances.

The invention claimed in U.S. Patent No. 6,108,703 is directed to faster delivery of electronic data using a content delivery network (CDN) where the content of a website is separated onto multiple servers. The content that requires greater network capacity (such as photos and videos) can be assigned (“tagged”) to servers that provide this content at faster speeds. Limelight operates a CDN, and content providers are its customers. Limelight carries out three of four claimed steps, but not the required tagging of components of its customers’ websites – instead, Limelight contractually requires its customers to do their own tagging, if they want to exploit the faster servers.

In an earlier appeal, the Supreme Court stated clearly that a defendant is not liable for inducing infringement under 35 U.S.C. § 271(b) when no one party has directly infringed the patent under § 271(a). Here, the *per curiam* opinion announced that the Federal Circuit now “unanimously set[s] forth the law of divided infringement under 35 U.S.C. § 271(a).” The opinion recognized that situations will arise where no one tortfeasor can be fairly said to directly infringe by practicing all the steps of a claimed method. However, according to the Federal Circuit, “an entity [is] 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.”

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Regarding the determination of whether an “entity directs or controls others’ performance,” the opinion states that infringement liability can arise when the infringing acts are those of an agent or the subject of a contract for their performance. Applying these principles, the court held that such liability may occur “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.” This question, according to the opinion is one of fact (*i.e.*, for a jury) that is to be reviewed under the “substantial evidence” standard.

The opinion also considers the other situation where direct infringement can be found through the actions of two or more actors who have formed a “joint enterprise”; under these circumstances, each joint tortfeasor can be held responsible for the actions of the other “as if each is a single actor.” Such a joint enterprise is found only on proof of four elements:

- 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.

This is also a question of fact for the jury and subject to review using the substantial evidence standard.

Applying these principals to the case before the court, the *en banc* opinion held that “[t]he jury heard substantial evidence from which it could find that Limelight directs or controls its customers’ performance of each remaining method step, such that all steps of the method are attributable to Limelight.” This control was established by Limelight imposing conditions on its customers to perform certain steps (“tagging” and “serving” steps) of the claimed methods, and under conditions where Limelight determined the “manner or timing” of such performance. These conditions include Limelight’s requirement that its customers sign a “standard contract” containing the requirement for tagging and serving content. The court reasoned that “if Limelight’s customers wish to use Limelight’s product, they must tag and serve content. Accordingly, substantial evidence indicates that Limelight conditions customers’ use of its content delivery network upon its customers’ performance of the tagging and serving method steps.”

With regard to the “manner and timing” question, the court held that there was substantial evidence that Limelight was in control of that as well. This evidence was found in Limelight’s “welcome letter” that provided each customer with “step-by-step” instructions on how to tag content, under circumstances where failure to follow “these precise steps” will make Limelight’s services unavailable. Taking these (and other facts) into consideration, the *en banc* court held that “Limelight’s customers do not merely take Limelight’s guidance and act independently on their own. Rather, Limelight establishes the manner and timing of its customers’ performance so that customers can only avail themselves of the service upon their performance of the method steps.”

This may not be the end of the story, however, because the Supreme Court’s earlier decision contained dicta regarding the importance of finding direct infringement in the context of bringing a claim for induced infringement. These statements suggest that, insofar as the Court considered the issue of direct infringement the Justices had decided it did not arise from the behavior relied upon by the *en banc* Federal Circuit in arriving at its decision. This suggests that another trip back to the Supreme Court may be in the offing.

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The opinion can be found at <http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/9-1372.Opinion.8-11-2015.1.PDF>.

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