

Update on the U.S. Supreme Court's *Akamai* Decision: Induced Patent Infringement Must Be Predicated on Direct Infringement by a Single Actor

This is an update of a previous article, "Patent Infringers May No Longer Divide and Conquer Under an Induced Infringement Theory Following Akamai and Epic Systems," that appeared in the October/November 2013 issue of The Federal Lawyer.

The U.S. Supreme Court recently issued its unanimous opinion in *Limelight Networks, Inc. v. Akamai Technologies, Inc. (Limelight)*, holding that a claim for induced patent infringement must be predicated on proof of direct infringement by a single actor.¹

In so doing, the Supreme Court reversed the Court of Appeals for the Federal Circuit's *en banc* decision in *Akamai Technologies, Inc. v. Limelight Networks, Inc. (Akamai)* that a defendant could be liable for induced infringement under 35 U.S.C. § 271(b) where infringement was proved based on the combined acts of more than one party, rather than acts performed by a single direct infringer.² The *Akamai* decision by the Federal Circuit had represented a significant departure from the previous law of induced infringement, which was based on the general principles that, first,

indirect infringement requires a finding of direct infringement, and second, direct infringement requires a single party to perform or use each and every step or element of a patented method (*see* § 271(a)).

In reversing *Akamai*, the Supreme Court acknowledged the policy issue that the Federal Circuit was attempting to address: "permitting 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."³

The Supreme Court also found, however, that both the case law and statutory language of § 271(b) required reversal.

Judge Alito, writing for the Court, explained: "[O]ur case law leaves no doubt that inducement liability may arise 'if, *but only if*, [there is]...direct infringement."⁴ The Federal Circuit's "analysis fundamentally misunder[stood] what it means to infringe a method patent" and ran afoul of *Muniauction Inc. v. Thomson Corp.*⁵

Assuming without deciding that the Federal Circuit's holding in *Muniauction* is correct, there has simply been no infringement of the method [at issue], because the performance of all the patent's steps is not attributable to any one person. And, as both the Federal Circuit and respondents admit, where



there has been no direct infringement, there can be no inducement of infringement under Section 271(b).⁶

Looking next to the statutory language of § 271(b), the Court explained: “A desire to avoid *Muniauction*’s natural consequences does not justify fundamentally altering the rules of inducement liability that the text and structure of the Patent Act clearly require—an alteration that would result in its own serious and problematic consequences, namely, creating for § 271(b) purposes some free-floating concept of “infringement” both untethered to the statutory text and difficult for the lower courts to apply consistently.”⁷

While the Supreme Court declined to review the merits of the Federal Circuit’s *Muniauction* rule for direct infringement under Section 271(a), the Court noted that upon “remand, the Federal Circuit will have the opportunity to revisit the § 271(a) question if it so chooses.”⁸ Stay tuned. ©

Endnotes

¹134 S. Ct. 2111 (2014).

²*Akamai Technologies Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012). A finding of liability under this theory also required a showing that the accused infringer “knew of the asserted patent and preformed or knowingly induced the performance of the steps of the claimed methods and that all those steps were in fact performed.” See *Move, Inc. v. Real Estate Alliance Ltd.* 709 F. 3d 1117, 1120 (Fed. Cir. 2013).

³*Limelight*, 134 S.Ct. at 2120.

⁴*Id.* at 2117, citing *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U. S 336, 341 (1961) (emphasis deleted).

⁵532 F. 3d 1318 (Fed. Cir. 2008).

⁶*Limelight*, 134 S.Ct. at 2117.

⁷*Id.*

⁸*Id.*

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