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Supreme Court Reverses Induced Infringement Standard Articulated By Federal Circuit

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On June 2, 2014, the Supreme Court issued a unanimous opinion in *Limelight Networks, Inc. v. Akamai Technologies, Inc.*,[1] reversing a short-lived expansion of the doctrine of induced infringement put in place by an en banc panel of the Federal Circuit in *Akamai Technologies, Inc. v. Limelight Networks, Inc.*[2]

Claims for induced infringement often arise in the context of method or process claims, which recite a series of steps or acts. Method claims are commonly used in connection with software or Internet applications.

In *Akamai*, an en banc panel of the Federal Circuit held that where all steps of a method claim are performed by multiple actors, a party could be liable for induced infringement[3] even if no party was liable for direct infringement.[4] In reaching its conclusion, the Federal Circuit overruled prior Federal Circuit precedent holding that absent liability for direct infringement, there could be no liability for indirect infringement.[5]

In a long-awaited decision, the Supreme Court rejected this expansion of induced infringement, indicating that the Federal Circuit's conclusion that direct infringement "can exist independently of a violation of" the Patent Act "fundamentally misunderstands what it means to infringe a method patent."[6] Citing to the Federal Circuit's decision in *Muniauction, Inc. v. Thomson Corp.*,[7] the Court held that current case law dictates that "a method's steps have not all been performed as claimed by the patent unless they are all attributable to the same defendant, either because the defendant actually performed those steps or because he directed or controlled others who performed them."[8] In view of this precedent, the Court concluded that "there has simply been no infringement of the method in which respondents have staked out an interest, because the performance of all the patent's steps is not attributable to any one person."[9]

The Court found no merit to Akamai's argument that "tort law imposes liability on a defendant who harms another through a third party, even if that third party would not himself be liable," and thus "it should not matter that no one is liable for direct infringement in this case."[10] Rather, the Court held that "the reason Limelight could not have induced infringement under §271(b) is not that no third party is liable for direct infringement; the problem, instead, is that no direct infringement was *committed*" as "a method patent is not directly infringed—and the patentee's interest is thus not violated—unless a single actor can be held responsible for the performance of all steps of the patent."[11]

Citing to other sections of the Patent Act, the Court stressed that "when Congress wishes to impose liability for inducing activity that does not itself constitute direct infringement, it knows precisely how to do so."[12] It cautioned that "courts should not create liability for inducement of non-infringing conduct where Congress has elected not to extend that concept."[13]

Notably, the Supreme Court was very careful to limit its opinion to the precise issues related to induced infringement under §271(b), expressly declining to review "today" the "merits of the Federal Circuit's *Muniauction* rule for direct infringement under §271(a)." Instead, it noted on several occasions that it was merely "[a]ssuming without deciding"[14] that *Muniauction* was correctly decided, implying that the *Muniauction* decision needs to be revisited. Indeed, in remanding the case to the Federal Circuit, the Court virtually invited the Federal Circuit to do just that, noting that "on remand, the Federal Circuit will have the opportunity to revisit the §271(a) question if it so chooses."[15] It thus appears that the issue of liability for infringement where several parties are involved in the alleged infringement is one that might not be fully settled just yet.

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If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings Atlanta lawyers:

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[1] *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, 572 U.S. ___, 2014 WL 2440535 (2014).

[2] *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1309 (Fed. Cir. 2012).

[3] Induced infringement is set forth in 35 U.S.C. §271(b): "Whoever actively induces infringement of a patent shall be liable as an infringer."

[4] Direct infringement is set forth in 35 U.S.C. §271(a): "Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent."

[5] *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1309 (Fed. Cir. 2012) ("[T]here is no reason to immunize the inducer from liability for indirect infringement simply because the parties have structured their conduct so that no single defendant has committed all the acts necessary to give rise to liability for direct infringement.").

[6] *Limelight*, 2014 WL 2440535, at *4.

[7] *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008).

[8] *Id.*

[9] *Id.*

[10] *Id.* at *6.

[11] *Id.*

[12] *Id.* at *5.

[13] *Id.*

[14] *See, e.g., id.* at *4.

[15] *Id.* at *7.