

One Minute Memo®



Akamai II: Déjà Vu at the Federal Circuit On Divided Infringement

By Matthew A. Werber

On remand from the Supreme Court, a 2-1 majority panel of the Federal Circuit reasoned in *Akamai Tech., Inc., v. Limelight Networks, Inc.* 2015 U.S. App. Lexis 7856 (Fed. Cir. 2015), that there could be no “direct” infringement (and thus no infringement at all) under Section 271(a) unless all steps of the claimed method were performed by, or under the control of, a single party. The issue of “divided infringement”-- frequently used in the “direct infringement” context and referring to a situation where one party performs only some steps of a method claim while a second party performs the rest-- has therefore come full circle at the Federal Circuit. The majority emphatically held that there is no joint tortfeasor liability to be applied in the case of Section 271(a) direct infringement.

Akamai initiated the lawsuit accusing Limelight of patent infringement based on network technology that allowed Limelight customers (mostly website providers) to store certain portions of their website on Limelight’s servers. The method claims at issue required the step of “tagging” those portions -- a step performed by Limelight’s customers, not Limelight. For this reason, Limelight contended, there could be no infringement.

I. What The Court Said: No Joint Tortfeasor Concepts Here

“[D]irect infringement liability of a method claim under 35 U.S.C. § 271(a) exists when all of the steps of the claim are performed by or attributed to a single entity” the court explained. This is also referred to as the “single entity rule.” Referencing principles of vicarious liability, the Court ruled that direct infringement can be found “in a principal-agent relationship, a contractual relationship or in circumstances in which parties work together in a joint enterprise functioning as a form of mutual agency.”

Akamai, seeking a broader interpretation of the divided infringement doctrine, countered that “one causing and intending an act or result is as responsible as if he had personally performed the act or produced the result,” referencing principles of joint tortfeasor liability. The majority found these arguments unpersuasive given that other parts of the patent statute address situations where a party can be found liable for merely intending a result:

Congress carefully crafted subsections (b) and (c) to expressly define the only ways in which individuals not completing an infringing act under § 271(a) could nevertheless be liable. . . . We must respect Congress’ deliberate choice to enact only certain forms of contributory liability in § 271(b) and (c).

Applying the narrower principals of vicarious liability, the court explained, Limelight could not be found liable for direct infringement:

Akamai did not meet this burden because it did not show that Limelight’s customers were acting as agents of or otherwise contractually obligated to Limelight or that they were acting in a joint enterprise when performing the tagging and serving steps.

Adopting the theory of Akamai would, according to the Court, result in customers who had no knowledge of the patent or of infringement suddenly becoming joint tortfeasors. No such draconian result could have been contemplated by Congress, the majority reasoned.

II. Impact: Back to Where We Were

Akamai II is particularly significant in view of the increasing volume of multi-party infringement cases in recent years, combined with the Supreme Court’s insistence that, for any type of infringement to be found, direct infringement must be present in the first instance. Prior to the remand, the Supreme Court overruled an earlier *en banc* decision by the Federal Circuit, *Akamai I*, which had recognized a theory of indirect infringement for joint actors, thus bypassing the doctrine of divided infringement. See our June 5, 2014 Akamai Supreme Court OMM [here](#). In doing so, the Supreme Court left open the issue of divided infringement for the Federal Circuit to decide on remand.

For practitioners, *Akamai II* restores the status quo as of the earlier case law resolved by the Federal Circuit in 2007 and 2008, which was just as clear in its holding that if one party performs a step in a multi-party infringement situation and is not somehow duty-bound to do so to the other party, there is no direct infringer. In prosecuting lawsuits involving multi-party technology, plaintiffs will need to place particular emphasis on the level of control the would-be infringer exercised over the other party performing the remaining step(s) of the method claim. And the Federal Circuit once again placed the onus on those drafting method claims to do so without resort to language that would require a third-party to complete the process – which of course rests upon the assumption that method claims can always be so drafted.

Given that the Supreme Court expressly did not address divided infringement in its earlier decision (leaving it to the Federal Circuit instead), issues of divided infringement are still potentially open for Supreme Court review. Akamai has already announced that it intends to seek the Federal Circuit’s *en banc* review as a prelude to a possible return to the highest court.

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Seyfarth Shaw LLP One Minute Memo® | May 18, 2015

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