

KEY IDEAS:

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KNOTTY OR NICE?

Untangling Joint Patent Infringement after *Akamai*

Are recent, dramatic changes in the law regarding joint infringement knotty or nice? Depending on your point of view—either as a patent owner or accused infringer—the answer may be both.

The Federal Circuit’s *en banc* opinion in *Akamai Technologies, Inc. v. Limelight Networks, Inc.*¹ took a surprising approach to resolving joint or divided infringement inconsistencies.² Overruling a 5-year-old case where a rehearing *en banc* was denied³ and tying precedent in knots, the Federal Circuit held that all steps of infringement underlying an inducement claim need not be committed by a single entity.⁴ While this change might be “nice” for patent holders, it may prove “knotty” for accused inducers.

Given this sea change, practitioners and their clients may be wondering precisely when and where joint infringement issues may arise, and what new rules should be followed. With the filing of a petition for *writ of certiorari* expected in late December, and possible U.S. Supreme Court review, we may not have the last word on issues surrounding joint infringement. Still, now is a good time to take stock of the legal ground rules to avoid unpleasant surprises.

What Is Joint Infringement?

What has been called joint or divided infringement typically occurs when a method claim *requires* a third party to perform at least one step of a patented method, or because a third party *actually* performs one or more of the steps of the patent.⁵

No Joint Infringement of Product or Apparatus Patents

Problems associated with joint or divided infringement arise with respect to method patents.⁶ Product or apparatus patents *always* involve direct infringement by one party because the entity that installs the final part, and thus completes the claimed invention, is the sole direct infringer.⁷

No Joint Direct Patent Infringement – 35 U.S.C. § 271(a)

To prove direct infringement under 35 U.S.C. § 271(a), the plaintiff bears the burden of proving the presence of every element of the patent-in-suit or its equivalent in the accused device.⁸ For an accused infringer to be liable for direct infringement, that party must commit *all* of the acts necessary to infringe the patent, either personally or vicariously.⁹

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1 692 F.3d 1301 (Fed.Cir. 2012).
2 See *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1319 (Fed. Cir. 2012) (Newman, J., dissenting).
3 *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1381 (Fed. Cir. 2007) (rehearing *en banc* denied).
4 *Akamai Techs., Inc.*, 692 F.3d at 1306.
5 See *SiRF Tech., Inc. v. Int’l Trade Comm’n*, 601 F.3d 1319, 1329 (Fed. Cir. 2010).
6 *Akamai Techs., Inc.*, 692 F.3d at 1305.
7 *Id.* at 1305-06.
8 *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1301 (Fed. Cir. 2011).
9 *Akamai Techs., Inc.*, 692 F.3d at 1307.

Joint infringement of a method patent by multiple parties is not an issue in a direct infringement case. Case law makes it clear that direct infringement under 35 U.S.C. § 271(a) requires a *single party to perform every step of a claimed method.*

The principle that there can be no indirect (either induced or contributory) infringement without underlying direct infringement is well settled. Since there is no such thing as “attempted infringement,” without underlying direct infringement, there is no liability for indirect infringement.

Single Party Only

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The *Akamai en banc* decision explained the policy underlying this rule. Patent infringement is a strict liability tort. Thus, an infringer may be liable for its acts without even knowing about the patent. Extending liability to cases of joint infringement would unfairly ensnare actors who (1) did not commit all of the acts necessary for infringement, and (2) had no way of knowing that others were acting in a way that rendered their collective conduct infringing.¹¹

The Federal Circuit has rejected claims of liability for direct infringement of method claims where no single party has committed all of the acts necessary to constitute direct infringement, and only the joint acts of several parties collectively constitute infringement.¹²

Vicarious Liability for the Mastermind

This general rule, however, has one twist. Where one party acts as a mastermind in *directing and controlling* the acts of multiple parties jointly alleged to infringe a patent, there is direct infringement of a patent even though no single party performs all the steps of the patent. “[T]he control or direction standard is satisfied in situations where the law would traditionally hold the accused direct infringer *vicariously liable* for the acts committed by another party that are required to complete performance of a claimed method.”¹³

Mere “arms-length cooperation” is not, however, evidence of the requisite control or direction and will not give rise to direct infringement by any party.¹⁴ Thus, parties who cooperate in infringing may escape infringement liability if no “mastermind” is behind the scenes pulling the strings.

Induced Patent Infringement – 35 U.S.C. § 271(b)

By statute, “Whoever actively induces infringement of a patent shall be liable as an infringer.”¹⁵ To succeed on a claim of induced infringement, the patent owner must show that (1) the patent is directly infringed, and (2) the accused infringer knowingly induced infringement while possessing specific intent to encourage another’s infringement.¹⁶ Liability for induced infringement extends to one who “advises, encourages, or otherwise induces” others to engage in infringing conduct.¹⁷

The principle that there can be no indirect (either induced or contributory) infringement without underlying direct infringement is well settled.¹⁸ Since there is no such thing as “attempted infringement,” without underlying direct infringement, there is no liability for indirect infringement.¹⁹

10 *Warner-Jenkinson Co., Inc. v. Hilton Davis Corp.*, 520 U.S. 17, 40 (1997); *Akamai Techs., Inc.*, 692 F.3d at 1305, 1307; *Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1311 (Fed. Cir. 2005).

11 *Akamai Techs., Inc.*, 692 F.3d at 1307 (Fed. Cir. 2012) (citing *In re Seagate Tech., LLC*, 497 F.3d 1360, 1368 (Fed. Cir. 2007) (en banc)).

12 *Id.* at 1307 (citing *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1381 (Fed. Cir. 2007)).

13 *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1330 (Fed. Cir. 2008), *cert. denied*, 129 S. Ct. 1585 (2009) (citing *BMC Res., Inc.*, 498 F.3d at 1379) (emphasis added).

14 *Id.* at 1328; *See, e.g., Akamai Techs., Inc.*, 692 F.3d at 1307 (citing *Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1311 (Fed. Cir. 2005)).

15 35 U.S.C. § 271(b).

16 *Cross Med. Prods., Inc.*, 424 F.3d at 1312.

17 *Akamai Techs., Inc.*, 692 F.3d at 1307.

18 *Id.* at 1308 (citing *Deepsouth Packing Co., v. Laitram Corp.*, 406 U.S. 518, 526 (1972); *Aro Mfg. Co. v.*

Convertible Top Replacement Co., 365 U.S. 336, 341 (1961); *Henry v. A.B. Dick Co.*, 224 U.S. 1, 12 (1912)).

19 *Id.* at 1308.

Before the en banc decision in *Akamai*, a Federal Circuit panel in *BMC Resources, Inc. v. Paymentech, L.P.*, ruled that to find induced infringement, (1) the inducement must give rise to direct infringement, and (2) the direct infringement must be committed by a *single actor*.

Critically, *Akamai* provides that, while all of the steps of a claimed method must be performed to find the infringement underlying an inducement claim, *it is not necessary that all of the steps be committed by a single entity*.

Intent to Induce Infringement

Although the statute makes no specific reference to intent, some intent is required.²⁰ Under the second prong, the accused infringer must have knowledge that the induced acts constitute patent infringement (and logically that the infringed patent exists).²¹ Knowledge that the induced acts constitute patent infringement may result either (1) from actual knowledge of the infringement, or (2) under the doctrine of “willful blindness.”²² A willfully blind defendant is one who takes deliberate actions to avoid confirming a high probability of wrongdoing (the underlying direct infringement) and can almost be said to have known of the critical facts.²³

Joint Infringement

Finding induced infringement is straightforward when a single actor induces another single actor to commit all of the elements of the underlying direct infringement. In that case, the first actor is liable for induced infringement under 35 U.S.C. § 271(b).²⁴ The result becomes complex, however, when the defendant has either (1) performed some of the steps of a claimed method and induced other parties to commit the remaining acts, or (2) induced other parties to perform all of the steps of the claimed method.²⁵ In either instance, no single party has directly infringed by performing all of the steps of the patent.²⁶

Before the *en banc* decision in *Akamai*, a Federal Circuit panel in *BMC Resources, Inc. v. Paymentech, L.P.*, ruled that to find induced infringement, (1) the inducement must give rise to direct infringement, and (2) the direct infringement must be committed by a *single actor*.²⁷ The *BMC* court held, “Indirect infringement requires, as a predicate, a finding that some party amongst the accused actors has committed the entire act of direct infringement.”²⁸ The *BMC* opinion was predicated on the logic that (1) liability for induced infringement requires proof of direct infringement, and (2) liability for direct infringement requires that a single party perform all of the acts necessary to constitute infringement.²⁹

The *per curiam* opinion in *Akamai* overruled *BMC*.³⁰ Critically, *Akamai* provides that, while all of the steps of a claimed method must be performed to find the infringement underlying an inducement claim, *it is not necessary that all of the steps be committed by a single entity*.³¹

In reaching its conclusion, the *Akamai* court reasoned, “Requiring proof that there has been direct infringement as a predicate for induced infringement is not the same as requiring proof that a single party would be liable as a direct infringer.”³² If a party knowingly induces others jointly to commit acts of infringement, there is no reason to immunize the inducer from liability simply because no single party has committed all of the acts necessary for infringement.³³ The impact on the patent owner is precisely the same if one party infringes or if multiple parties acting together infringe.³⁴

²⁰ *Global-Tech Appliances, Inc. v. SEB S.A.*, ___ U.S. ___, 131 S. Ct. 2060, 2065 (2011).

²¹ *Id.* at 2068.

²² *Id.*

²³ *Id.* at 2070.

²⁴ *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1305 (Fed. Cir. 2012).

²⁵ *Id.* at 1305.

²⁶ *Id.* at 1305.

²⁷ *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2008) (rehearing *en banc* denied); see *Akamai Techs., Inc.*, 692 F.3d at 1308.

²⁸ *BMC Res., Inc.*, 498 F.3d at 1379.

²⁹ *Akamai Techs., Inc.*, 692 F.3d at 1308.

³⁰ *Id.* at 1306.

³¹ *Id.*

³² *Id.* at 1308-09.

³³ *Id.* at 1309.

³⁴ *Id.*

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To support its ruling, the *Akamai* opinion points to the statute's language,³⁵ legislative history³⁶ and other areas of the law.³⁷ The opinion garnered two vigorous and lengthy dissents, however.³⁸

Contributory Patent Infringement – 35 U.S.C. § 271(c)

Grounds for liability for contributory infringement are set forth in 35 U.S.C. § 271(c). A party knowingly offering or selling critical components for an infringing device or process may be liable as a contributory infringer.³⁹

While *Akamai* did not directly address the issue of joint infringement in the context of contributory infringement, these thoughts comport with the reasoning of that case:

- To the extent contributory infringement relates to a product or apparatus claim, it is unlikely there will be issues relating to joint infringement because there will inevitably be one direct infringer.
- To the extent contributory infringement relates to the supply of material or an apparatus for use in practicing a patented process, issues of joint infringement are likely to crop up.
- If multiple parties perform steps of the patented process, causing infringement, no statutory, legal, or logical reason appears to distinguish the holding in *Akamai*. Thus, it seems likely that the Federal Circuit would apply the rule, as long as there is infringement resulting jointly from the acts of several parties. It is no longer necessary that all of the steps be committed by a single entity.

Conclusions

When evaluating cases where the acts of multiple parties must be combined to find infringement, ask yourself:

1. Is the claim at issue a method claim? If so, look for possible joint infringement issues. If the claim relates to a product or apparatus, it is unlikely that joint infringement issues will arise.
2. Has the U.S. Supreme Court granted *certiorari* in the *Akamai* case? Given the strong dissents, relying in part on Supreme Court precedent in *Aro*,⁴⁰ there is a good chance the Supreme Court will reverse the *Akamai* decision if it grants *certiorari*.
3. If the issue of joint infringement arises in your case before a final U.S. Supreme Court ruling (either through denial of *certiorari* or by an opinion), consider seeking a stay of your proceedings pending a resolution in *Akamai*. Right now, the law is 180° from where it was after *BMC*. If your client will lose based on the new law, it is likely worth seeing what the Supreme Court will do with the case. The law is unlikely to get worse.

³⁵ *Id.*

³⁶ *Id.* at 1309-11.

³⁷ *Id.* at 1311-14.

³⁸ *Id.* at 1319-36 (Newman, J. dissenting); *id.* at 1337-1351 (Linn, J. dissenting, joined by Dyk, J., Prost, J., and O'Malley, J.).

³⁹ 35 U.S.C. § 271(c).

⁴⁰ *Aro Mfg. Co., Inc. v. Convertible Top Replacement Co.*, 365 U.S. 336 (1961).