

No. 12-786

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IN THE  
**Supreme Court of the United States**

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LIMELIGHT NETWORKS, INC.,  
*Petitioner,*

v.

AKAMAI TECHNOLOGIES, INC. AND  
THE MASSACHUSETTS INSTITUTE OF TECHNOLOGY,  
*Respondents.*

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**On Writ of Certiorari  
to the United States Court of Appeals  
for the Federal Circuit**

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**BRIEF FOR PETITIONER**

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ALEXANDER F. MACKINNON  
KIRKLAND & ELLIS LLP  
333 South Hope Street  
Los Angeles, CA 90071  
(213) 680-8400

DION MESSER  
SR. IP CORPORATE COUNSEL  
LIMELIGHT NETWORKS, INC.  
222 South Mill Avenue  
8th Floor  
Tempe, AZ 85281  
(602) 850-4833

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AARON M. PANNER  
*Counsel of Record*  
JOHN CHRISTOPHER  
ROZENDAAL  
GREGORY G. RAPAWY  
MICHAEL E. JOFFRE  
KELLOGG, HUBER, HANSEN,  
TODD, EVANS & FIGEL,  
P.L.L.C.  
1615 M Street, N.W.  
Suite 400  
Washington, D.C. 20036  
(202) 326-7900  
(apanner@khhte.com)

## QUESTION PRESENTED

Akamai holds a patent claiming a method involving redirecting requests for Internet content and selecting optimal servers. The Federal Circuit acknowledged that neither Limelight nor customers using Limelight's service directly infringe Akamai's patent under 35 U.S.C. § 271(a) because no one performs all the steps of the patented method. App. 6a, 30a. The Federal Circuit nevertheless held that Limelight could be liable, under 35 U.S.C. § 271(b), for inducing infringement if (1) it knew of Akamai's patent; (2) it performed all but one of the steps of the method; (3) it induced its customers to perform the final step of the claimed method; and (4) the customers performed that step. App. 30a. The question presented is:

Whether the Federal Circuit erred in holding that a defendant may be held liable for inducing patent infringement under 35 U.S.C. § 271(b) even though no one has committed direct infringement under § 271(a).

## **PARTIES TO THE PROCEEDINGS**

Petitioner Limelight Networks, Inc. was the defendant and the cross-appellant below.

Respondents Akamai Technologies, Inc. and the Massachusetts Institute of Technology were the plaintiffs and the appellants below.

**CORPORATE DISCLOSURE STATEMENT**

Pursuant to Rule 29.6 of the Rules of this Court, petitioner Limelight Networks, Inc. states the following:

Limelight Networks, Inc. is a publicly held company that has no parent company. As of December 31, 2013, Goldman, Sachs & Co. owned 31.6% of the shares of Limelight, and that ownership interest has not materially changed.

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## INTRODUCTION

Section 271(a) of the Patent Act provides that whoever “without authority” invades a patent owner’s exclusive rights “infringes the patent,” 35 U.S.C. § 271(a); § 271(b) provides that anyone who “actively induces infringement of a patent shall be liable as an infringer,” *id.* § 271(b). It follows directly from this language and this simple structure that § 271(b) proscribes conduct that induces actionable direct infringement of a patent as described in § 271(a). This Court has articulated that very understanding of the statute repeatedly. *See, e.g., Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2065 (2011); *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).

In the case of patented methods, the Federal Circuit has held that, to establish direct infringement under § 271(a), the patent owner must prove that the accused infringer performed all the steps of the claimed method, either personally or through another acting under his direction or control. App. 5a.<sup>1</sup> All but one of the judges of the *en banc* court below acknowledged that the district court had correctly ruled that respondent Akamai failed to prove that petitioner Limelight directly infringed Akamai’s patent, because Limelight did not perform at least one step of each of the asserted method claims. App. 30a, 98a (Linn, J., dissenting). A bare majority of the *en banc* Federal Circuit nevertheless revived Akamai’s lawsuit, holding that Limelight might be liable for

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<sup>1</sup> References to “App. \_\_a” are to the appendix bound together with the petition; references to “A\_\_” are to the appendix filed in the Federal Circuit; references to “JA\_\_” are to the joint appendix filed in this Court.

inducement under § 271(b) of the Patent Act – even in the absence of direct infringement by anyone under § 271(a) – if Akamai could prove that Limelight carried out some of the steps of Akamai’s patented method and, with knowledge of the patent, induced its customer to carry out the remaining steps. App. 30a.

This Court should reverse the judgment. *First*, the decision conflicts with the plain text of the Patent Act, which extends liability for inducement only to one who “actively induces *infringement*” – that is, an actionable invasion of the patentee’s exclusive rights. If no one directly infringes the patent, then there has been no actionable invasion of the patentee’s rights, and no one can have induced infringement of the patent. *Second*, the decision contradicts this Court’s prior decisions recognizing that liability for indirect infringement requires proof of direct infringement. *Third*, the legislative history and analogies to principles of criminal law and tort law on which the *en banc* majority relied undermine, rather than support, the decision below. *Fourth*, as this Court has made clear, the *en banc* majority’s policy intuition – its concern that the statute creates a loophole in cases of “divided infringement” of method claims – does not justify ignoring the clear terms of the statute. *Fifth*, and in any event, the majority’s rule makes bad policy because it fails to produce the proper *ex ante* incentives for innovation and investment.

## OPINIONS BELOW

The *en banc* opinion of the court of appeals (App. 1a-99a) is reported at 692 F.3d 1301. The initial panel opinion of the court of appeals (App. 100a-135a) is reported at 629 F.3d 1311. The memorandum and order of the district court granting judgment to petitioner as a matter of law on the issue of infringement (App. 136a-194a) is reported at 614 F. Supp. 2d 90.

## JURISDICTION

The court of appeals granted a petition for rehearing *en banc* on April 20, 2011 (App. 195a-197a), and the *en banc* court of appeals entered its judgment on August 31, 2012. The court of appeals denied a motion for reconsideration in relevant part on September 27, 2012. App. 198a-199a. On November 15, 2012, Chief Justice Roberts extended the time for filing a certiorari petition to December 28, 2012. App. 207a. The petition was filed on that date and was granted on January 10, 2014 (JA247). This Court's jurisdiction rests on 28 U.S.C. § 1254(1).

## STATUTORY PROVISIONS INVOLVED

Relevant provisions of the Patent Act are reproduced at App. 200a-206a.

## STATEMENT

1. Petitioner Limelight provides a content delivery network ("CDN"), a service that – as its name suggests – delivers content to Internet users on behalf of other companies. To ensure fast and reliable delivery of content, a CDN provider needs to prepare for the possibility that many Internet users will request the same content at the same time. Limelight addresses that possibility by building substantial extra capacity into its CDN. *See generally* JA136-37, 157-58. Limelight assigns capacity on servers at each of its server locations to each of its customers.

JA155-56. If a large number of users request the same content at the same time, that content can be downloaded from multiple locations and multiple servers at each location.

Customers use Limelight’s CDN to deliver various content to different types of devices. Much of that content does not appear on a web page – for example, videogames delivered to consoles, streaming music delivered to mobile phones, and software updates delivered to set-top cable boxes. JA177-78. Customers also use Limelight’s CDN to deliver the graphics, photos, and other content – known as “embedded objects” – that appears as part of their web pages. JA175-76. The delivery of a customer’s content depends on various actions, some of which are performed by Limelight and some of which are performed by the customer.

Limelight relies on the Internet and ordinary Internet routing to direct requests for the content stored on its servers. JA137, 155. Communications are routed over the Internet using addresses known as Uniform Resource Locators or URLs.<sup>2</sup> To use Limelight’s CDN service to deliver certain content, a customer directs users’ requests for that content to Limelight’s network. There is more than one way to do that; as most relevant here, content providers can

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<sup>2</sup> A URL has three parts: a scheme or protocol (such as “http” – HyperText Transfer Protocol), which indicates the system of digital rules to be used for communication between computers; a domain name or hostname, which generally corresponds to one or more servers or computers connected to the Internet; and a path, which identifies a specific file on the server. For example, in the URL [http://www.supremecourt.gov/orders/courtorders/011014zr\\_bp24.pdf](http://www.supremecourt.gov/orders/courtorders/011014zr_bp24.pdf), “http” identifies the protocol; [www.supremecourt.gov](http://www.supremecourt.gov) identifies the domain or host; and the remainder of the URL is the “path” that identifies the specific file. See App. 101a.



assign URLs to content that identify Limelight's CDN by including a Limelight hostname in the URL. JA164.

Limelight's CDN does not know whether a given customer URL is embedded by the customer in a web page or is delivered directly to a device another way, nor does this affect how Limelight's CDN delivers the content identified by that URL. JA153. Customers operate their websites and serve their web pages (or have others serve their web pages) as they see fit, without any instruction from Limelight. JA176. Limelight has no ability to direct or control a content provider's decision to direct a request for content to Limelight's CDN. *Id.* A customer might decide at one moment to direct a request to Limelight's CDN, at the next moment to direct the request to a different CDN, and at the next moment to serve the content itself. App. 113a-116a.

2. The patent at issue is U.S. Patent No. 6,108,703, a "Global Hosting System" for web content (the "'703 patent"). JA64-78. A web page is typically made up of a base document and embedded objects. Each embedded object typically has its own URL. The first claim of the '703 patent describes a system that allows a content provider to continue to serve a web page base document while directing requests for embedded objects contained in its web page to a CDN. In 2003, in a suit by Akamai against a different defendant, the Federal Circuit ruled that claims 1 and 3 of the '703 patent were invalid because they were anticipated by U.S. Patent No. 6,185,598 (the "'598 patent"). *See Akamai Techs., Inc. v. Cable & Wireless Internet Servs., Inc.*, 344 F.3d 1186, 1194-95 (Fed. Cir. 2003). The '598 patent, like the '703 patent, is directed to a system for increasing the accessibility of web pages on the Internet, including

by redirecting requests for embedded objects. Akamai, in the 2003 case, did not contest that the '598 patent was prior art; it argued, however, that the difference between the two patents was that the '703 patent disclosed placement of load-balancing software at the DNS server, rather than at the origin server (as in the '598 patent). *Id.* at 1193. The Federal Circuit ruled that claims 1 and 3 of the '703 patent did not require any particular load-balancing mechanism and therefore were anticipated. *Id.* at 1194-95.

The Federal Circuit upheld the validity of two other claims because they included load-balancing software on the DNS server.<sup>3</sup> The court recognized that use of load-balancing software at a DNS server was also old technology: Cisco had disclosed it as early as 1997. But the court – considering the question prior to *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007) – held that the defendant had not met its burden of showing that “no reasonable jury could have found” the claims nonobvious. 344 F.3d at 1196.

**3.** Akamai is the largest provider of CDN services in the country. After acquiring its leading competitor (a company called Speedera) in 2005, Akamai turned its attention towards Limelight, engaging in discussions about potentially acquiring Limelight. JA186, 187-88. In June 2006, Limelight informed Akamai that it had decided to remain independent. Akamai asked whether Limelight would reconsider its decision if Akamai doubled its offer, but Limelight refused. JA188-89. The day after Limelight communicated its determination to remain as an independent competitor, Akamai called to inform Limelight that it had sued Limelight for patent infringement. JA189.

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<sup>3</sup> Limelight does not use load-balancing software on its DNS servers.

Akamai had never previously given any indication that it believed that Limelight infringed any of its patents. *Id.*

At trial, Akamai claimed that Limelight infringed four method claims of the '703 patent, independent claims 19 and 34 and dependent claims 20 and 21. Each of the claims applies to the use of content delivery networks to deliver embedded objects. Claims 19-21 include the step of serving the web page base document from the content provider domain. Each of the claims includes the step of “tagging at least some of the embedded objects” of a web page. The term “tagging” is not used in the specification; the court of appeals noted that “tagging” refers to the “process of modifying an embedded object’s URL to link to an object on” the CDN. App. 104a.<sup>4</sup>

For example, independent claim 19 covers a “content delivery service” that performs four steps: (1) replicating embedded objects across a network of content servers on the content delivery network; (2) “tagging the embedded objects of the page so that requests for the page objects resolve to the [CDN provider’s] domain instead of the content provider

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<sup>4</sup> It remains disputed whether anyone (Limelight or its customers) “tags” within the meaning of the patent claims. The court made clear that the “only method” for tagging an embedded object described in the patent is to “prepend” the new hostname onto the complete URL of the embedded object. App. 127a. The specification gives the example of an original embedded-object URL `www.provider.com/TECH/images/space.story.gif`, which could be modified by prepending a new “hostname” to the URL: **`ghost1467.ghosting.akamai.com/www.provider.com/TECH/images/space.story.gif`**. Limelight’s customers do not prepend in this fashion; instead, Limelight’s customers’ URLs contain a single hostname, and Limelight’s servers are not able to use a second hostname if a customer were to include it.

domain”; (3) serving the base page from the content provider domain; and (4) serving at least one embedded object from the CDN provider’s domain. JA77.<sup>5</sup>

4. At trial, Akamai pursued allegations of *direct* infringement – that is, infringement under 35 U.S.C. § 271(a) – only.<sup>6</sup> Because Limelight does not modify the URLs of the embedded objects on the content provider’s website (or, in the case of claims 19-21, serve the content provider’s base page), Akamai’s “theory of infringement [was] joint infringement.” Akamai Panel Br. 4 (Sept. 15, 2009). Akamai argued that Limelight and its customers jointly infringed the patent because, together, they carried out all the steps of the claimed methods.

a. At the time of trial, the Federal Circuit had recently decided *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007), which also involved a theory of “joint infringement.” In *BMC Resources*, the patent claimed a method for processing debit-card transactions. *Id.* at 1375. The defendant carried out certain steps of the method; its customers and financial institutions, in using the defendant’s service, carried out the remaining steps. The district court held on summary judgment that the defendant did not directly infringe, and the Federal Circuit affirmed. It noted that “[i]nfringement

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<sup>5</sup> Dependent claims 20 and 21 add additional steps related to server selection. Independent claim 34 omits the serving steps and includes steps related to selection of a content server based on the requesting party’s location and the network load.

<sup>6</sup> Akamai waived any claim of indirect infringement by stipulation in the trial court. In exchange, it obtained evidentiary exclusion of rulings from prior litigation involving the ’703 patent, including rulings regarding invalidity of certain claims. *See supra* pp. 5-6. The *en banc* majority nevertheless revived Akamai’s indirect infringement claim. *See* App. 30a.

requires, as it always has, a showing that a defendant has practiced each and every element of the claimed invention.” *Id.* at 1380. To attribute the conduct of another party to the defendant for purposes of proving direct infringement of a method claim, the court held, the patent holder would have to prove that the defendant exercised “control or direction” over the conduct of that third party. *Id.* at 1381. The court “acknowledge[d] that the standard requiring control or direction for a finding of joint infringement may in some circumstances allow parties to enter into arms-length agreements to avoid infringement,” but it held that “this concern does not outweigh concerns over expanding the rules governing direct infringement.” *Id.* And it noted that concerns over “avoiding infringement . . . can usually be offset by proper claim drafting.” *Id.*

Based on *BMC Resources*, Akamai sought and received an instruction that allowed the jury to find direct infringement if “the content provider, when [modifying the embedded object URLs], acts under the direction [or] control of Limelight such that Limelight can properly be deemed to be the one to do it.” A818 (20:14-18). The jury returned a verdict against Limelight and awarded Akamai more than \$40 million in damages. JA240-41.

**b.** The district court initially denied Limelight’s motions for judgment as a matter of law. The Federal Circuit then decided *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008). The patent at issue in *Muniauction* involved electronic methods for conducting bond auctions; the only theory of infringement presented by the plaintiff was “so-called joint infringement” based on actions performed by the defendant and by bidders using its system. *Id.* at 1328; *see id.* at 1321. The court noted that, “where

the actions of multiple parties combine to perform every step of a claimed method, the claim is directly infringed only if one party exercises ‘control or direction’ over the entire process such that every step is attributable to the controlling party.” *Id.* at 1329. “[M]ere ‘arms-length cooperation’ will not give rise to direct infringement by any party.” *Id.* In particular, the fact that the defendant “controls access to its system and instructs bidders on its use” is not sufficient to incur liability for direct infringement. *Id.* at 1330.

Relying on *Muniauction*, Limelight moved for reconsideration of the denial of its motion for judgment of non-infringement as a matter of law. Finding Akamai’s theory of liability indistinguishable from the one the Federal Circuit rejected in *Muniauction*, the district court granted Limelight’s motion. App. 138a, 193a-194a.

5. A unanimous Federal Circuit panel affirmed. The panel noted that “what is essential” in evaluating a claim of liability for “joint infringement” is “whether the relationship between the parties is such that acts of one may be attributed to the other.” App. 111a. “Implicit in this court’s holdings in *BMC Resources* and *Muniauction* is that the performance of a method step may be attributed to an accused infringer when the relationship between the accused infringer and another party performing a method step is that of principal and agent.” *Id.* “Similarly, . . . joint infringement occurs when a party is contractually obligated to the accused infringer to perform a method step.” App. 111a-112a; *see also* App. 115a. The panel concluded that Akamai failed to make the required showing. App. 116a-117a.

6. The Federal Circuit granted Akamai’s petition for rehearing *en banc*, setting forth the following question to be addressed:

If separate entities each perform separate steps of a method claim, under what circumstances would that claim be *directly infringed* and to what extent would each of the parties be liable?

App. 196a (per curiam) (emphasis added).

7. Subsequently, a different panel of the Federal Circuit, with Judge Newman dissenting, affirmed the district court's summary judgment of non-infringement in *McKesson Technologies, Inc. v. Epic Systems Corp.*, 463 F. App'x 906 (Fed. Cir. 2011) (per curiam). The court granted McKesson's petition for rehearing *en banc*, asking the parties in that case to file briefs addressing two questions:

1. If separate entities each perform separate steps of a method claim, under what circumstances, if any, would either entity or any third party be liable for inducing infringement or for contributory infringement? *See Fromson v. Advance Offset Plate, Inc.*, 720 F.2d 1565 (Fed.Cir.1983).
2. Does the nature of the relationship between the relevant actors – e.g., service provider/user; doctor/patient – affect the question of direct or indirect infringement liability?

*Id.* at 907. The court later ordered argument in Akamai's appeal and in McKesson's appeal to be heard by the *en banc* court on the same date.

8. A fractured *en banc* court issued a single set of opinions covering both cases. Six of 11 active judges joined the per curiam majority.

a. The court noted that, “for a party to be liable for direct patent infringement under 35 U.S.C. § 271(a), that party must commit all the acts necessary to infringe the patent, either personally or vicariously. In the context of a method claim, that means the accused infringer must perform all the steps

of the claimed method, either personally or through another acting under his direction or control. Direct infringement has not been extended to cases in which multiple independent parties perform the steps of the method claim.” App. 5a (citations omitted). Relying on *BMC Resources*, the court noted that, although “direct infringement applies when the acts of infringement are committed by an agent of the accused infringer or a party acting pursuant to the accused infringer’s direction or control,” “[a]bsent an agency relationship between the actors or some equivalent . . . a party that does not commit all the acts necessary to constitute infringement has not been held liable for direct infringement even if the parties have arranged to ‘divide’ their acts of infringing conduct for the specific purpose of avoiding infringement liability.” App. 6a.

The court declined “to revisit any of those principles regarding the law of divided infringement as it applies to liability for direct infringement under 35 U.S.C. § 271(a).” *Id.*

**b.** The court then turned to the question of inducement to infringe under 35 U.S.C. § 271(b). The court stated that, because “section 271(b) extends liability to a party who advises, encourages, or otherwise induces others to engage in infringing conduct, it is well suited to address the problem presented by the cases before us, i.e., whether liability should extend to a party who induces the commission of infringing conduct when no single ‘induced’ entity commits all of the infringing acts or steps but where the infringing conduct is split among more than one other entity.” App. 7a.

The court acknowledged that “inducement gives rise to liability only if the inducement leads to actual



infringement. That principle, that there can be no indirect infringement without direct infringement, is well settled.” App. 8a (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)). The court stated, however, that “[r]equiring 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. If a party has knowingly induced others to commit the acts necessary to infringe the plaintiff’s patent and those others commit those acts, there 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.” App. 9a.

The majority rejected the dissent’s objection that “the approach we adopt today has the effect of ‘defin[ing] direct infringement differently for the purposes of establishing liability under § 271(a) and (b).’” App. 20a (alteration in original). The court held that “[s]ection 271(a) does not define the term ‘infringement.’ Instead, it simply sets forth a type of conduct that qualifies as infringing.” *Id.* “Section 271(b) sets forth another type of conduct that qualifies as infringing . . . . But nothing in the text of either subsection suggests that the act of ‘infringement’ required for inducement under section 271(b) must qualify as an act that would make a person liable as an infringer under section 271(a).” *Id.*

**c.** The court held that, “although the jury found that the content providers acted under Limelight’s direction and control, the trial court correctly held

that Limelight did not direct and control the actions of the content providers as those terms have been used in this court’s direct infringement cases.” App. 30a. The court nevertheless held that, “under the principles of inducement laid out above, Limelight would be liable for inducing infringement if the patentee could show that (1) Limelight knew of Akamai’s patent, (2) it performed all but one of the steps of the method claimed in the patent, (3) it induced the content providers to perform the final step of the claimed method, and (4) the content providers in fact performed that final step.” *Id.* The court acknowledged that “the patentee in *Akamai*” – unlike the patentee in *McKesson*, the companion case – “did not press its claim of induced infringement at trial.” *Id.* The court nevertheless indicated that Akamai could seek to gain “the benefit of this court’s ruling” on remand. *Id.*

9. Judge Linn, joined by Judges Dyk, Prost, and O’Malley, dissented. The dissent accused the court of “assum[ing] the mantle of policy maker”:

[The court] has decided that the plain text of § 271(a) and (b) fails to accord patentees certain extended rights that a majority of this court’s judges would prefer that the statute covered. To correct this situation, the majority effectively rewrites these sections, telling us that the term “infringement” was not, as was previously thought, defined by Congress in § 271(a), but instead can mean different things in different contexts.

App. 69a (Linn, J., dissenting). The dissent noted that the “majority’s approach is contrary to both the Patent Act and to the Supreme Court’s longstanding precedent.” *Id.* “Under the majority’s approach,

if two or more parties independently practice the elements of a claim, an act of ‘infringement’ to support a charge of induced infringement under § 271(b) has occurred. The problem with that approach is that there is no statutory basis for concluding that such independent acts constitute infringement and no basis for asserting a cause of action for infringement against any of those independent parties.” App. 79a (citation omitted). “There is no tort for inducing an act that is something less than an infringement, and thus *not* itself wrongful, tortious, or a breach of duty.” App. 90a.

**10.** Judge Newman also dissented. She noted that the majority had made “dramatic changes in the law of infringement” and that the court’s “new ‘inducement-only rule’ . . . is not in accordance with statute, precedent, and sound policy . . . and contains vast potential for abuse.” App. 31a (Newman, J., dissenting). “[A]n inducement-only rule has never been held, in any case. It has no foundation in statute, or in two centuries of precedent.” App. 33a. “For all forms of indirect infringement liability, it is necessary to establish that the claimed invention is directly infringed.” App. 49a. “When the performance of the claim steps is not unlawful, the inducer cannot be liable for inducing infringement.” App. 50a. Judge Newman would have held that, as long as all steps of a method claim are performed “whether by a single entity or in interaction or collaboration,” all parties are liable for direct infringement; “[r]emedy is then allocated as appropriate to the particular case.” App. 68a.

**11.** Limelight filed a motion for reconsideration and clarification that was denied in relevant part. App. 198a-199a.

## SUMMARY OF ARGUMENT

I. This Court should reverse the decision below and hold that imposition of indirect liability under 35 U.S.C. § 271(b) requires proof that the defendant has induced actionable direct infringement.

A. Section 271(b) provides that “[w]hoever actively induces *infringement of a patent* shall be liable as an infringer.” 35 U.S.C. § 271(b) (emphasis added). That language makes clear that, to establish liability for inducing patent infringement under § 271(b), a plaintiff must prove that someone has committed actionable direct infringement.

Here, the only relevant basis for imposing liability for direct infringement is § 271(a), which provides that “whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States . . . , infringes the patent.” *Id.* § 271(a). For purposes of Akamai’s claims, liability for inducement under § 271(b) necessarily points back to the requirements for infringement under § 271(a): inducement of conduct that does not “infringe[] . . . a patent” cannot be a basis for liability under § 271(b). The Federal Circuit determined that neither Limelight nor its customers directly infringe Akamai’s patent within the meaning of § 271(a) because no one performed all the steps of the patented method. *See Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 29 (1997); *NTP, Inc. v. Research In Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed. Cir. 2005). That determination should have precluded imposition of indirect liability for infringement as well. The Federal Circuit’s contrary holding – that the conduct of Limelight and its customers could collectively constitute “infringement” for purposes of § 271(b), even though it does not constitute direct infringement

under § 271(a) (or any other provision imposing direct liability for infringement) – cannot be squared with the text of the statute.

**B.** The Federal Circuit’s holding is also at odds with this Court’s precedents. This Court has repeatedly reaffirmed that “if there is no *direct* infringement of a patent there can be no [indirect] infringement.” *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 341 (1961) (“*Aro I*”); see *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2065 (2011); *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 526 (1972); *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 483 (1964); see also *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 443 (2007); *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 216 (1980); *Mercoind Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 677 (1944) (Frankfurter, J., dissenting). Contrary to the Federal Circuit majority’s understanding, this Court has made clear that “direct infringement” in a case like this one means infringement under § 271(a). See *Global-Tech*, 131 S. Ct. at 2065; *Microsoft v. AT&T*, 550 U.S. at 443; *Deepsouth*, 406 U.S. at 526; *Aro I*, 365 U.S. at 341. Congress has amended the Patent Act repeatedly with the benefit of this Court’s interpretation of § 271 and has left the relevant language and structure unchanged. See *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238, 2252 (2011).

**II.A.** The Federal Circuit’s reliance on principles drawn from criminal law and tort law provides no justification for the expansion of § 271(b). Congress, in 1952, codified the statutory grounds for liability for inducing infringement. Congress has expressly addressed the scope of liability for indirect infringement, replacing varying standards articulated in

prior appellate decisions. Analogies to differently worded statutes or to the common law do not justify expanding liability beyond this statute's terms. See *Central Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A.*, 511 U.S. 164, 173 (1994).

In any event, the lower court majority's assertion that the new basis for liability it created under § 271(b) is comparable to liability imposed under 18 U.S.C. § 2 ignores the difference between the two subsections of the criminal statute. The language of § 271(b) resembles the language of 18 U.S.C. § 2(a), which applies to someone who "induces" the "commi[ssion] [of] an offense," and proof of a violation under § 2(a) requires proof that someone has committed the underlying offense. By analogy, proof of inducement under § 271(b) likewise requires proof that someone has directly infringed. Section 2(b) – which imposes liability for inducing conduct that "would be" an offense if committed by the defendant – has no counterpart in § 271.

Tort law precedents do not support the imposition of liability for inducing conduct if that conduct does not itself result in the invasion of any legally protected interest. The Federal Circuit acknowledged that, viewed in the light most favorable to Akamai, the conduct by Limelight and its customers does not constitute direct infringement of Akamai's patent under § 271(a). On that understanding, even on the assumption that Limelight induced its customers to serve their own website base pages and to "tag" embedded objects so that requests for content would be redirected to Limelight's network, the customers' conduct did not violate Akamai's rights, either alone or in combination with Limelight's conduct.

**B.** The legislative history of the 1952 Act supports the conclusion that Congress intended to specify and to narrow the basis for liability for indirect patent infringement. Prior to 1952, the scope of infringement liability was governed by a relatively amorphous body of federal common law. Congress's enactment of § 271(b) and (c) provided clarity by replacing varying judicial formulations; the courts are bound by the language that Congress adopted.

**C.** Because the language that Congress adopted is clear, the court of appeals erred by relying on two pre-1952 lower court decisions. It also erred by overstating the degree to which that case law supports Akamai's position. There is substantial authority that favors Limelight instead, especially the views expressed by Justices Roberts and Frankfurter in *Mercoïd* that this Court later endorsed in *Aro I*.

**III.** A rule that permits imposition of liability for infringement of method patents when no party performs every step of the method creates uncertainty about the scope of patent coverage, which deters future innovation and burdens productive activity. Furthermore, the Federal Circuit's rule encourages sloppy claim drafting and even gamesmanship. Patentable methods can be drafted from the point of view of a single actor; such has been the recommended practice for years. No legitimate *ex ante* incentives for innovation are lost if patents are enforced according to their terms.

Furthermore, the Federal Circuit's "significant expansion" of § 271(b) to encompass claims of "divided infringement" threatens an unjustified "increase in burdensome litigation," U.S. Cert. Br. 7, a concern that is not alleviated by the requirement that a plaintiff prove that the defendant knew of the patent

and intended to induce a third party's conduct. Pleading intent is easy, and a prima facie case of intent can be established by simply providing notice of alleged infringement prior to suit.

Concerns about retrospective fairness, to the extent relevant, cannot justify the Federal Circuit's change in law either. There is no unfairness in giving a patentee exclusive rights to what is claimed and no more. See *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 851-52 (2014) ("A patentee should not be allowed to exact royalties for the use of an idea that is beyond the scope of the patent monopoly granted.") (internal quotations and alterations omitted). In this case, each of the steps of the method must be considered material, and no party performed all of them.

## ARGUMENT

### I. LIABILITY FOR INDUCEMENT UNDER § 271(b) REQUIRES PROOF OF ACTIONABLE DIRECT INFRINGEMENT

#### A. The Statute's Text and Structure Resolve the Question Presented

The text and structure of the Patent Act make clear that, to establish that a defendant has "actively induce[d] infringement of a patent," 35 U.S.C. § 271(b), a plaintiff must prove that someone has directly infringed the patent.

1. Section 271 of the Patent Act governs liability for patent infringement. Section 271(a) "defines 'infringement,'" setting forth the grounds for claims of "direct infringement." *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 342 (1961) ("*Aro I*"). Sections 271(b) and (c) articulate two grounds for "indirect liability." *Global-Tech Appliances, Inc.*



*v. SEB S.A.*, 131 S. Ct. 2060, 2067 (2011).<sup>7</sup> Section 271(c) defines “contributory” infringement, providing that one who “sells . . . a component of a patented” invention “knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.” 35 U.S.C. § 271(c).

Section 271(b) provides that one who “actively induces infringement of a patent” is “liable as an infringer.” *Id.* § 271(b). Section 271(b) (like § 271(c)) by its terms does not alter the patentee’s exclusive rights; rather, it extends liability for infringement to a defendant who does not directly infringe but who induces another’s infringing conduct. *See Global-Tech*, 131 S. Ct. at 2068 (“[I]nduced infringement under § 271(b) requires knowledge that *the induced acts constitute patent infringement.*”) (emphasis added). If the conduct that the defendant “actively induces” is not itself an invasion of the patentee’s rights, it is not an “infringement,” and the defendant is not “liable as an infringer.” 35 U.S.C. § 271(b).<sup>8</sup>

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<sup>7</sup> Prior to 1952, the term contributory infringement referred generally to “aiding and abetting of direct infringement by another party.” *Global-Tech*, 131 S. Ct. at 2067.

<sup>8</sup> This interpretation is likewise required to comport with the plain meaning: “infringement” means an “[a]ct of infringing”; “[a]n encroachment or trespass on a right or privilege,” for example, “[t]he unlawful manufacture use, or sale of a patented . . . article.” *Webster’s New International Dictionary* 1277 (2d ed. 1952) (“*Webster’s Second*”); *see also Webster’s Third New International Dictionary* 1161 (2002) (definitions including “the act of infringing” and “the unlawful manufacture, use, or sale of a patented . . . article, such as constitutes a tort in law”); *Random House Unabridged Dictionary* 980 (2d ed. 1993) (defi-

2. Section 271(a) provides that “whoever without authority makes, uses, offers to sell, or sells any patented invention . . . infringes the patent.” 35 U.S.C. § 271(a). The unauthorized acts prohibited in § 271(a) are the mirror image of exclusive rights provided to patentees under 35 U.S.C. § 154(a). Section 154(a) provides that “the patentee [shall be granted] . . . the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States.” *Id.* § 154(a)(1). Section 271(a) confirms that one who invades such an exclusive right is liable for direct infringement. Section 271 also imposes liability for other conduct – *i.e.*, defines other grounds for claims of infringement – but no other potential basis for direct infringement liability is at issue in this case.

In the case of process or method patents, infringement under § 271(a) requires that the accused infringer perform each step of the method. “Because a process is nothing more than the sequence of actions of which it is comprised, the use of a process necessarily involves doing or performing each of the steps recited.” *NTP, Inc. v. Research In Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed. Cir. 2005); *see also Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 29 (1997) (“[e]ach element contained in a patent claim is deemed material to defining the scope of the patented invention”). The performance of less than all the steps of a method thus does not constitute

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nitions including “a breach or infraction, as of a law, right, or obligation,” and “an act of infringing”). *Webster’s Second* further notes that “a patent for a combination is not infringed by the use of any number of the parts less than the whole.” *Webster’s Second* 1277.

direct infringement under § 271(a) (or any other provisions of the Patent Act).

Accordingly, inducing someone to perform less than all the steps of a method claim does not induce infringement and cannot be the basis for liability under § 271(b). In this case, Limelight allegedly induced its customers to serve their own web pages and to assign URLs containing a Limelight hostname to certain content. Because the allegedly induced conduct does not invade any of Akamai's exclusive rights, Limelight cannot be held liable for inducing infringement under § 271(b).

Akamai's allegation that Limelight performs some other (but not all the) steps of its patented method does not alter this conclusion. For purposes of liability under § 271(b), any steps that Limelight performs are beside the point: the statute extends liability to one who actively induces another to commit infringement, and the recognition that Limelight's customers do not infringe means that Limelight is not liable under § 271(b). *See Global-Tech*, 131 S. Ct. at 2067.<sup>9</sup>

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<sup>9</sup> The Federal Circuit accepted that, because there was no basis for attributing the conduct of Limelight's customers to Limelight (or vice versa), *no* party committed an actionable direct infringement. *See* App. 6a (declining to reconsider the rule that, when "several parties have collectively committed the acts necessary to constitute direct infringement, but no single party has committed all of the required acts," there is no liability for direct infringement of method claims); U.S. Cert. Br. 8-9. The Federal Circuit's holding with respect to Akamai's claims under § 271(a) is the subject of Akamai's conditional cross-petition, No. 12-960. For the reasons stated in our opposition brief and in the brief of the United States, the Court should deny that cross-petition.

3. The Federal Circuit majority, while acknowledging that “liability for induced infringement requires proof of direct infringement,” asserted that “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.” App. 9a. That is incorrect: “infringement” is simply an “[a]ct of infringing,” *Webster’s Second* 1277; if no one has encroached on the patentee’s exclusive rights, *see id.* – that is, if no one has directly infringed – there has been no infringement. There is no basis for expanding the definition of “infringement” in § 271(b) to include conduct that is not, in fact, infringing, even if the conduct could have been infringing if performed by a single entity.

Furthermore, the Federal Circuit’s reasoning contradicts the statutory directive that “[a] patentee shall have remedy by civil action for infringement of his patent.” 35 U.S.C. § 281. If the Federal Circuit were correct that the activities of Limelight and its customers constitute “infringement,” it would follow from the terms of § 281 that Akamai would have a “remedy by civil action” for those activities, *regardless* of any claim of inducement. But the Federal Circuit recognized that Akamai does not. As a matter of ordinary language and the express terms of the statute, an act for which no one is liable is not an infringing act. The existence of direct infringement and someone’s liability for that direct infringement “are not even different sides of the same coin – they are the same side of the same coin.” *College Sav.*

*Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 683 (1999).<sup>10</sup>

4. Prior modifications of § 271 – which create and calibrate liability for conduct that does not fit into the general scheme of § 271(a)-(c) – demonstrate that the extension of liability for inducement to cases in which no party directly infringes is a matter for Congress, not for the courts. Various provisions of § 271(e), (f), and (g) either extend liability for conduct that would not otherwise constitute infringement of the exclusive rights enumerated in § 154(a) or restrict liability for conduct that does infringe those enumerated rights to exclude.<sup>11</sup> There is no such provision imposing liability for “divided infringe-

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<sup>10</sup> The Federal Circuit majority dismissed § 281 as a mere “preamble” that “cannot . . . be read to mean that any act of infringement will necessarily be remediable through a civil action.” App. 21a. To the contrary, § 281 cannot be read to mean anything else. Moreover, the Federal Circuit pointed to no other example of infringement that is not remediable through a civil action against a private defendant – instead, it observed that certain government defendants may be immune from suit. *See id.* The possibility that background legal rules may immunize certain *defendants* from suit does not support the assertion that the Patent Act creates a category of non-actionable direct infringement.

<sup>11</sup> For example, § 271(e)(2) makes it “an act of infringement,” in specified circumstances, to submit certain applications for Food and Drug Administration approval of a “drug claimed in a patent or the use of which is claimed in a patent.” 35 U.S.C. § 271(e)(2). Section 154(a) does not otherwise grant patentees a right to exclude the submissions of such an application. To cite another example, § 271(g) imposes liability “as an infringer” on one who, again in specified circumstances, imports, sells, or uses “a product which is made by a process patented in the United States.” *Id.* § 271(g). The available remedies under § 271(g) are narrower than if the conduct were simply defined as infringement under § 271(a).

ment” of method claims, and the courts are not free to create one. See *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1305 (2012) (recognizing “the role of Congress in crafting more finely tailored rules where necessary”).

The language and circumstances surrounding the adoption of § 271(f) make the Federal Circuit’s extra-statutory improvisation especially jarring. That provision was adopted to respond to this Court’s holding in *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518 (1972), which was taken to reflect a “gap in our patent law.” *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 457 (2007); see *infra* p. 29 (discussing *Deepsouth*). Congress established liability for “actively induc[ing] the combination . . . outside of the United States” of “all or a substantial portion of the components of a patented invention . . . in a manner that would infringe the patent if such combination occurred within the United States.” 35 U.S.C. § 271(f)(1). This provision imposes liability for inducement without requiring proof of direct infringement under § 271(a), but only under circumstances defined by Congress – that is, where the induced conduct *would have* directly infringed if United States law had applied. See also *id.* § 271(f)(2) (creating comparable analog to contributory infringement). The post-1952 modifications to § 271 demonstrate that “Congress knew how to impose . . . liability when it chose to do so.” *Central Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A.*, 511 U.S. 164, 176 (1994).

**B. The Decision Below Is Irreconcilable with This Court’s Decisions Recognizing the “Fundamental Precept” That There Can Be No Indirect Infringement Without Direct Infringement Under § 271(a)**

The Federal Circuit’s holding that Limelight may be liable, under § 271(b), for inducing infringement of Akamai’s patent even though no party directly infringed the patent under § 271(a) also conflicts with this Court’s holding, repeatedly reaffirmed, that “if there is no *direct* infringement of a patent there can be no [indirect] infringement.” *Aro I*, 365 U.S. at 341 (referring to that principle as a “fundamental precept” of patent law).

1. In *Aro I*, the plaintiff held a patent on convertible car tops; the defendant sold replacement fabrics knowing that “the purchasers intend[ed] to use the fabric for replacement purposes on automobile convertible tops which are covered by the claims of [the] combination patent.” 365 U.S. at 341. This Court held that “manufacture and sale with that knowledge might well constitute contributory infringement under § 271(c), *if, but only if*, such a replacement by the purchaser himself would in itself constitute a *direct* infringement *under § 271(a)*.” *Id.* (first and third emphases added). The Court said further that “if the purchaser and user could not be *amerced as an infringer* certainly one who sold to him . . . cannot be amerced for contributing to a non-existent infringement.” *Id.* (quoting *Mercoid Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 674 (1944) (Roberts, J., dissenting)) (emphasis added; alteration in original). *Aro I* thus made clear that a necessary predicate for liability for indirect infringement is the existence of direct infringement *under § 271(a)*: unless someone

is liable for direct infringement (may be “amerced as an infringer”), no one can be liable for indirect infringement.<sup>12</sup>

This Court applied the same rule in *Deepsouth*. In that case, the respondent held a patent on a shrimp deveiner; sale and use of the petitioner’s deveiner infringed the respondent’s combination patent. 406 U.S. at 519. The petitioner sought a modification of the injunction against it to permit it to continue to ship “deveining equipment to foreign customers in three separate boxes, each containing only parts of the 1¾-ton machines, yet the whole assemblable in less than one hour.” *Id.* at 524. The Fifth Circuit rejected the request; this Court reversed. It noted that if the petitioner’s conduct “were intended to lead to use of patented deveiners inside the United States its production and sales activity would be subject to injunction as an induced or contributory infringement.” *Id.* at 526. But, the Court held, the petitioner could not be liable for indirect infringement in the absence of direct infringement. Quoting *Aro I*, the Court noted that the Patent Act “defines contributory infringement in terms of direct infringement.” *Id.* (quoting 365 U.S. at 341). Under § 271(a), “it is not an infringement to make or use a patented product outside of the United States.” *Id.* at 527. Because the petitioner’s deveiner did not infringe the respondent’s patent until fully assembled, and because that assembly was completed outside of the United States, the petitioner’s conduct did not subject it to liability under the Patent Act.

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<sup>12</sup> *Aro I* dealt specifically with § 271(c), but this Court has never suggested that the result would be different for § 271(b). Neither did the court of appeals, and neither has Akamai.



In both *Aro I* and *Deepsouth*, this Court concluded that, because the petitioner’s conduct did not result in direct infringement of the respondent’s patent by anyone, the petitioner could not be held liable for indirect infringement. In neither case did the Court even entertain the argument that the meaning of “infringement” for purposes of assessing potential liability for *indirect* infringement might be broader than the meaning of “infringement” for purposes of assessing liability for *direct* infringement. To the contrary, the fact that no one had directly infringed under § 271(a) instead provided sufficient reason to reject liability for both direct and indirect infringement. Accordingly, those cases control the question presented here. *See Seminole Tribe of Florida v. Florida*, 517 U.S. 44, 67 (1996) (“When an opinion issues for the Court, it is not only the result but also those portions of the opinion necessary to that result by which we are bound.”).

In *Deepsouth*, furthermore, this Court decisively rejected the Fifth Circuit’s view that requiring actionable direct infringement to impose liability for indirect infringement was “artificial” or “technical” or “allow[ed] an intrusion on a patentee’s rights.” 406 U.S. at 525 (internal quotations omitted). To the contrary, this Court held that it “would require a clear and certain signal from Congress before approving the position of a litigant who . . . argues that the beachhead of privilege is wider, and the area of public use narrower, than courts had previously thought.” *Id.* at 531. The Court left the matter to Congress, which, as noted above, eventually amended § 271 to address the issue by adding language that does not affect the result here.

This Court reaffirmed the same basic principle – that liability for indirect infringement requires proof

that some party has directly infringed – just three Terms ago in *Global-Tech*. It noted that § 271(b) has two “possible” readings, which differ with respect to the inducer’s state of mind; both such readings, however, *require* that the inducer “lead another to engage in conduct that . . . amount[s] to infringement, *i.e.*, the making, using, offering to sell, selling, or importing of a patented invention. See § 271(a).” 131 S. Ct. at 2065. The Court’s analysis started from the premise that a showing that some party has directly infringed within the meaning of § 271(a) is the necessary first step in showing that some other party induced infringement within the meaning of § 271(b).

2. As the five dissenting judges below recognized, “[t]he majority’s approach” – which permits imposition of liability under § 271(b) even though no party has directly infringed under § 271(a) – “is contrary . . . to the Supreme Court’s longstanding precedent.” App. 69a (Linn, J., dissenting); *see also* App. 49a (Newman, J., dissenting) (“For all forms of indirect infringement liability, it is necessary to establish that the claimed invention is directly infringed.”). The Federal Circuit expressly held that Akamai failed to prove that Limelight or its customers directly infringed. *See* App. 30a. That determination should have ended the case: because Limelight did not “lead another to engage in conduct that . . . amount[s] to infringement” under § 271(a), *Global-Tech*, 131 S. Ct. at 2065, the prerequisite for liability under § 271(b) is absent.

The Federal Circuit majority nevertheless attempted to distinguish this Court’s precedents by maintaining that there is a distinction between infringement as defined in § 271(a) and infringement as used in § 271(b): while the *en banc* majority acknowledged

that direct infringement under § 271(a) requires that a party “commit all the acts necessary to infringe the patent,” App. 5a, “[n]othing in the text indicates that the term ‘infringement’ in section 271(b)” is so limited, App. 10a. “Rather, ‘infringement’ in this context appears to refer most naturally to the acts necessary to infringe a patent, not to whether those acts are performed by one entity or several.” *Id.*; *see also* App. 24a (suggesting that performance of all method steps by independent entities constitutes “actual infringing conduct” even though it is not infringement under § 271(a)).

That analysis cannot be squared with *Aro I*, *Deepsouth*, or *Global-Tech*. As we have shown, each of those cases made a showing of direct infringement under § 271(a) a prerequisite for liability for indirect infringement. The Federal Circuit, however, did not discuss *Global-Tech* or *Deepsouth* at all. And it dismissed this Court’s statement in *Aro I* as dicta, stating that “it was because the purchaser of the fabric was engaged in repair rather than reconstruction – and thus was not guilty of infringement at all – that the Court found there could be no contributory infringement.” App. 24a. But that is no distinction from this case. As in *Aro I*, Limelight’s customers were not “guilty of infringement at all” because they did not perform all the steps of the claimed method. The Federal Circuit majority’s creation of an extra-statutory form of “infringement” unmoored to § 271(a) thus cannot be reconciled with this Court’s precedents.

**3.** This Court should adhere to the legal principles clearly articulated in its prior decisions. The understanding that, under the Patent Act, “if there is no *direct* infringement of a patent there can be no

[indirect] infringement,” *Aro I*, 365 U.S. at 341, has been consistently articulated in this Court’s cases for half a century. Those investing in technology and innovation should not see their reliance on that basic principle undermined.

Furthermore, Congress, despite making many other changes to the patent laws over the past decades, including changes to other parts of § 271, has never altered the indirect infringement provisions, § 271(b) and (c). Congress can therefore be understood to have accepted and endorsed this Court’s consistent interpretation of those provisions. See *Faragher v. City of Boca Raton*, 524 U.S. 775, 792, 804 n.4 (1998) (“the force of precedent . . . is enhanced” where Congress amends a statute that this Court has previously interpreted without “providing any modification of [the Court’s] holding”); *Square D Co. v. Niagara Frontier Tariff Bureau, Inc.*, 476 U.S. 409, 419-20 (1986) (when “Congress specifically address[es]” an “area” of the law, but “le[aves] . . . undisturbed” a rule established by this Court, it lends “powerful support” to that rule’s “continued viability”). Accordingly, it is for Congress to effect any change in the scope of liability for inducement under § 271(b). See *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238, 2252 (2011).

## II. THE FEDERAL CIRCUIT PROVIDED NO JUSTIFICATION FOR DISREGARDING THE STATUTE’S TEXT, STRUCTURE, AND PRECEDENT

The Federal Circuit shunned the straightforward interpretation of the statute and this Court’s precedents, reaching a contrary result based on purported analogies to criminal and tort law; snippets from the legislative history; and isolated pre-1952 court of

appeals cases. Because the statute is clear, this Court need not consider these materials; in any event, they fail to provide a basis for the Federal Circuit’s misreading of § 271(b).

**A. General Principles of Criminal and Tort Liability Provide No Support for the Decision Below**

In determining the “scope of conduct prohibited by” § 271(b), “the statute itself resolves the case.” *Central Bank of Denver*, 511 U.S. at 177, 178. Congress has defined the exclusive rights granted to patentees, modifying the scope of those exclusive rights as needed by amending the statute, and has calibrated liability rules in cases where greater or lesser protection was warranted. The specificity of the statutory language precludes judicial adoption of inconsistent common-law extensions. But even if the statute were less specific, criminal and tort law precedents further undermine the Federal Circuit’s decision.

1. The conclusion that no one can be liable under § 271(b) in the absence of direct infringement under § 271(a) is reinforced by a comparison to 18 U.S.C. § 2. The provision of that criminal statute that most closely approximates the language of § 271(b) is 18 U.S.C. § 2(a), which provides, in relevant part, that “[w]hoever . . . induces . . . [the] commission” of an offense against the United States “is punishable as a principal.” *Compare* 35 U.S.C. § 271(b) (“Whoever actively induces infringement of a patent shall be liable as an infringer.”).<sup>13</sup> As numerous courts of

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<sup>13</sup> Section 2 provides:

(a) Whoever commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal.

appeals have held, there can be liability under § 2(a) only when some underlying “offense” has been committed.<sup>14</sup>

Although the Federal Circuit sought to rely on *Standefer v. United States*, 447 U.S. 10 (1980), for its view that § 2 does not require proof of an underlying offense, the court misread that decision. In *Standefer*, this Court expressly pointed out that the government had proved the commission of an underlying offense, noting that it had “prov[ed] beyond reasonable doubt that [the principal] violated [the statute of conviction] *and* that [the defendant] aided and abetted him in that venture.” *Id.* at 26 (emphasis added). It even added that the defendant was “entitled to no less.” *Id.* By analogy, to establish liability under § 271(b), the patent owner must prove that the induced party has infringed the patent.

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(b) Whoever willfully causes an act to be done which if directly performed by him or another would be an offense against the United States, is punishable as a principal.

<sup>14</sup> See, e.g., *United States v. Andrade*, 135 F.3d 104, 110 (1st Cir. 1998) (Boudin, J.) (explaining that for liability under § 2(b), “[u]nlike . . . § 2(a), there is no requirement that the intermediary be shown to be criminally liable”); *United States v. Motley*, 940 F.2d 1079, 1082 (7th Cir. 1991) (describing § 2(a) as “traditional aiding and abetting, which requires proof that the principal committed some underlying offense,” and § 2(b) as a “variation” under which no such proof is required); *United States v. Ruffin*, 613 F.2d 408, 412 (2d Cir. 1979) (“It is hornbook law that a defendant charged [under § 2(a)] with aiding and abetting the commission of a crime by another cannot be convicted in the absence of proof that the crime was actually committed. . . . It is equally clear that under [§ 2(b)] one who *causes* another to commit a criminal act may be found guilty as a principal even though the agent who committed the act is innocent or acquitted.”) (collecting authorities).

The majority in the court of appeals argued that a comparison to 18 U.S.C. § 2 supported its position, App. 15a-17a, but it could reach that conclusion only by drawing an inapt analogy to § 2(b), which imposes liability on one who causes “an act to be done which if directly performed by him or another would be an offense” under further circumstances. 18 U.S.C. § 2(b).<sup>15</sup> Section 271(b) does not resemble § 2(b); it has nothing to say about acts that “would be” infringement if committed by the defendant, or by anyone else.<sup>16</sup>

The cases cited by the majority below – other than *Standefer* – all relied on § 2(b) rather than § 2(a).<sup>17</sup> *Gleason* even drew the distinction between § 2(a) and

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<sup>15</sup> Moreover, as the dissent explained, to establish a violation under § 2(b), the prosecution must prove that a criminal act was committed. That provision therefore does not support the Federal Circuit majority in any event: “[w]hen a person induces one or more entities to perform acts that do not constitute the statutorily defined act of *patent infringement* . . . that person does not induce any prohibited conduct under the statute.” App. 87a (Linn, J., dissenting).

<sup>16</sup> The Members of Congress who enacted § 271(b) would, moreover, have been aware of the significance of that omission. Both House and Senate Reports described § 271(b) as an “aiding and abetting” provision, H.R. Rep. No. 82-1923, at 28 (1952); S. Rep. No. 82-1979, at 28 (1952), suggesting that they had § 2 in mind when drafting it. Further, Congress enacted § 2 largely in its current form as part of the codification of the criminal code in 1948, *see* Act of June 25, 1948, ch. 645, § 2, 62 Stat. 683, 684, and made a substantive amendment to § 2(b) in 1951, *see* Act of Oct. 31, 1951, ch. 655, § 17b, 65 Stat. 710, 717, at the very time the Patent Act was under consideration.

<sup>17</sup> *See United States v. Tobon-Builes*, 706 F.2d 1092, 1099 (11th Cir. 1983); *United States v. Gleason*, 616 F.2d 2, 20 (2d Cir. 1979); *United States v. Rapoport*, 545 F.2d 802, 806 (2d Cir. 1976).

§ 2(b) discussed in the text. 616 F.2d at 20. Judge Linn’s dissent below made this point, *see* App. 84a-87a, but the majority offered no response.

2. Tort law analogies cannot override the terms of the statute and, in any event, would not support the result below. The majority noted that the Restatement recognizes the principle that “a person [may be] liable for tortious conduct if he ‘orders or induces the conduct, if he knows or should know of circumstances that would make the conduct tortious if it were his own.’” App. 16a (quoting Restatement (Second) of Torts § 877(a) (1979)); *see also* App. 17a (citing Restatement of Torts § 876 (1938)). But § 876 and § 877 of the Restatement encapsulate holdings from cases involving liability for “the tortious conduct of another” that causes “harm.” Under these general principles, the showing of “harm” necessary to impose any indirect liability depends on showing the invasion of the legally protected rights of the injured party. App. 87a-90a (Linn, J., dissenting).

Yet that is what Akamai failed to show. Even on the assumption that Limelight induced its customers to continue serving their base web pages and to “tag” website content while itself carrying out the remaining steps of the patented methods, neither Limelight nor its customers carried out all the steps of the patent either directly or vicariously. And, as the majority acknowledged, “[a]bsent an agency relationship between the actors or some equivalent, . . . a party that does not commit all the acts necessary to constitute infringement [is not] liable for direct infringement.” App. 6a; *see also* App. 30a. Because Akamai failed to show that any party directly infringed its patent, it failed to show any legally cognizable harm – *i.e.*, any invasion of a legally pro-



tected right to exclude – that would provide the basis for imposition of liability.

**B. The Legislative History of the 1952 Act Provides No Support for the Result Below**

Because the statutory text here is “not ambiguous,” there is no need for this Court to “look to . . . legislative history,” *Exxon Mobil Corp. v. Allapattah Servs., Inc.*, 545 U.S. 546, 567 (2005), and the court of appeals erred in doing so. But, in any event, the legislative history does not undermine what the statute says. Congress’s goal in replacing the pre-1952 common law of contributory (*i.e.*, indirect) infringement with § 271(b) and (c) was to “eliminate . . . doubt and confusion” and to “define and limit” the bases for liability. H.R. Rep. No. 82-1923, at 9, 28. The House Report accompanying the legislation marked it as a “major change[]” and characterized the provisions as “much more restricted than many proponents of contributory infringement believe[d] should be the case.” *Id.* at 5, 9.

Particularly in light of that history, the Federal Circuit erred in relying heavily on a statement by Giles (later, Judge) Rich from a hearing in 1948, in which he suggested that parties might be guilty of contributory infringement even if there is no direct infringer. *See* App. 13a. Such statements are entitled to little weight in interpreting a statute; for one thing, the statement of a hearing witness reveals nothing about the intent of legislators. In part for this reason, this Court has repeatedly admonished that isolated statements in legislative hearings and committee reports cannot be used to alter the meaning of a statute revealed through its language and structure. *See, e.g., Circuit City Stores, Inc. v. Adams*, 532 U.S. 105, 119-20 (2001).

Moreover, Judge Rich later testified that a claim of contributory infringement *would* require the existence of a direct infringer. In testimony that this Court quoted in *Aro I*, he said, “I should state at the outset that wherever there is contributory infringement there is somewhere something called direct infringement, and to that direct infringement someone has contributed.” *Patent Law Codification and Revision: Hearings on H.R. 3760 Before Subcomm. No. 3 of the H. Comm. on the Judiciary*, 82d Cong. 151 (1951) (testimony of G. Rich) (*quoted in Aro I*, 365 U.S. at 347 n.1 (Black, J., concurring)); *see also Contributory Infringement: Hearings on H.R. 3866 Before Subcomm. No. 4 of the H. Comm. on the Judiciary*, 81st Cong. 19 (1949) (stating – in response to question whether statutory recognition of contributory infringement would broaden the law of patents – “[d]efinitely not. As I have told you, *you can always go after the direct infringer*, if you are not misusing.”). Citing one of Judge Rich’s statements and ignoring the other rendered the court of appeals’ analysis an unpersuasive exercise in “looking over a crowd and picking out [its] friends.” *Exxon Mobil*, 545 U.S. at 568 (quoting an observation by Judge Leventhal).

### **C. Pre-1952 Cases Provide No Support for the Result Below**

Because Congress replaced common-law contributory infringement doctrine with two specific statutory provisions defining indirect infringement, the text of that statute now governs. As this Court has repeatedly explained, common-law precedent that precedes a statutory enactment is at best “a tool of construction, not an extratextual supplement,” and so “cannot overcome th[e] language” of the statute.

*Hartford Underwriters Ins. Co. v. Union Planters Bank, N.A.*, 530 U.S. 1, 10 (2000); see *United States v. Ron Pair Enters., Inc.*, 489 U.S. 235, 245 (1989) (pre-enactment practice is relevant only where “statutory language . . . [is] open to interpretation”); see also *Global-Tech*, 131 S. Ct. at 2065 (noting that “we turn to the case law that predates the enactment of § 271” only after “[f]inding no definitive answer in the statutory text”). Accordingly, where Congress “ha[s] adopted” not an “unelaborated concept” from older judicial decisions “but only a specifically narrowed” version of that concept, older cases are of little use. *Hartford Underwriters*, 530 U.S. at 11. That is the case here: the Patent Act did not adopt the common law of what had been known as “contributory” infringement wholesale, but rather defined two specific types of indirect infringement.

The Federal Circuit was accordingly wrong to treat inessential holdings from *Peerless Equipment Co. v. W.H. Miner, Inc.*, 93 F.2d 98 (7th Cir. 1937), and *Solva Waterproof Glue Co. v. Perkins Glue Co.*, 251 F. 64 (7th Cir. 1918), as providing a basis to ignore the language of the provisions that Congress adopted.<sup>18</sup> Even if pre-1952 cases were relevant here, two circuit cases would not be enough to establish “the type of ‘rule’ that [this Court] assume[s] Congress was aware of when enacting” a new statutory scheme. *Ron Pair*,

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<sup>18</sup> In both *Peerless* and *Solva*, statements with respect to contributory infringement of method claims were inessential to the finding of liability; in each case, the defendant was also found liable for contributing to the infringement of a product claim – that is, there was actionable direct infringement (*i.e.*, making or using the patented product) to which the defendant contributed. See *Peerless*, 93 F.2d at 105 (finding that “the accused structure” infringed product claim); *Solva*, 251 F. at 73-74 (finding contributory infringement of “product” claim).

489 U.S. at 246-47 (concluding that a rule adopted by “[s]everal Courts of Appeals” was not sufficiently “well recognized” to be incorporated in the Bankruptcy Code).

There is also pre-1952 authority to the contrary. The dissenting views expressed by Justices Roberts and Frankfurter in *Mercoïd* – which this Court later quoted in *Aro I* as accurately reflecting the pre-1952 law, 365 U.S. at 341 n.7 – firmly support Limelight’s position here. *See supra* pp. 27-28. Congress was aware of this Court’s decision in *Mercoïd* when it enacted § 271 and indeed intended to overrule it in part. *See Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 198-215 (1980). There is more reason to believe that Congress would have had those dissents in mind when it enacted § 271(b) than to think that it meant to codify unnecessary portions of two decisions from a single circuit.<sup>19</sup>

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<sup>19</sup> Also, there are pre-1952 circuit and district cases linking contributory infringement specifically to the existence of direct infringement. *See, e.g., Bullock Elec. & Mfg. Co. v. Westinghouse Elec. & Mfg. Co.*, 129 F. 105, 112 (6th Cir. 1904) (explaining that, for contributory infringement, “[t]here must be shown an intent to assist another *in an infringing use* of the patented method”) (emphasis added); *Conmar Prods. Corp. v. Tibony*, 63 F. Supp. 372, 375 (E.D.N.Y. 1945) (“It is not to be questioned that ordinarily there must be a completed direct infringement in order that additionally and separately there may be found infringement contributory thereto.”). Even the Seventh Circuit had recognized this principle in a pre-*Solva* case. *See Popular Mechanics Co. v. Brown*, 245 F. 859, 860 (7th Cir. 1917) (“For one to be guilty of contributory infringement, there must be a direct infringement, existing or threatened – something to which to contribute.”).

### III. IMPOSING LIABILITY FOR “DIVIDED INFRINGEMENT” UNDERMINES INCENTIVES TO DRAFT PRECISE PATENT CLAIMS, DISCOURAGES FUTURE INNOVATION, AND INVITES BURDENSOME LITIGATION

The Federal Circuit’s misreading of § 271(b) reflected its judgment that the statute, as written, fails adequately to protect patented methods that may be performed by multiple independent parties. As the United States describes the lower court’s concern, “there is no obvious reason why a party should be liable for inducing infringement when it actively induces another party to perform all the steps of the process, but not liable when it performs some steps and induces another party to perform the rest.” U.S. Cert. Br. 9; *see* App. 9a-10a. As the government rightly emphasizes, however, any such “intuitive” concern is beside the point in light of the clear terms of the statute. U.S. Cert. Br. 9-10. *See also Microsoft v. AT&T*, 550 U.S. at 457-59. Moving beyond intuitions, the lower court’s new rule is bad policy.

#### A. The Federal Circuit’s Rule Undermines Appropriate Incentives for Innovation

1. The Federal Circuit’s expansion of § 271(b) to cover cases of “divided infringement” is both unwarranted by and contrary to the Patent Act’s purpose of promoting innovation and competition. Patent exclusivity encourages innovation in two ways. First, it allows a patentee to reap a reward reflecting some portion of the value of the improvement represented by the invention over alternatives. *See* William M. Landes & Richard A. Posner, *The Economic Structure of Intellectual Property Law* 297-300 (2003). Granting such rewards to inventors provides an incen-

tive for investment in research and development. Second, the patent system requires disclosure, which enables future innovators to learn from, improve on, and invent around existing patents. *See* Janice M. Mueller, *Patent Law* 26-27 (3d ed. 2009) (“As soon as the application is published, members of the public . . . may . . . attempt to ‘invent around’ the patent; that is, they develop alternative devices or methods that accomplish the same purpose as the patented invention but that are sufficiently different to avoid infringement.”).

The Federal Circuit’s rule is bad for innovation because it improperly broadens the scope of method claims, significantly burdening rivals’ efforts to invent around – or simply to avoid – a patented method. Under the Federal Circuit’s rule, a patentee no longer needs to prove that the defendant carried out all the steps of the claimed method or that the defendant induced another to do so. Rather, the patentee can seek to establish liability by cobbling together the actions of multiple independent parties. And that is so even when, as in the case of Akamai’s patent, none of the steps of the method is new, and the independent party may simply be doing something that it was already doing on its own – here, for example, serving its own web page. If the justification for upholding the validity of a patent on a method depends on the precise way in which the steps are performed, permitting a patentee to prevent a rival from performing fewer than all the steps because its customer separately performs an additional, entirely conventional step dramatically expands the scope of a patentee’s rights and correspondingly narrows what remains in the public domain. *See* Christina Bohanna & Herbert Hovenkamp, *Creation without*

*Restraint: Promoting Liberty and Rivalry in Innovation* 10 (2012) (“Broad construction reduces rivals’ incentives to improve by turning their improvements into infringements.”).

The *Akamai* rule, moreover, exacerbates uncertainty by complicating companies’ efforts to determine whether the processes they employ infringe method claims. Before the *Akamai* decision, a company could evaluate the likelihood of an infringement claim by examining the steps of the method and determining whether the company performed each step. Because a company can control what activities it carries out (either directly or through agents or contractors subject to its legal control), it has the information it needs to compare its own conduct with the patent claims. Under the *Akamai* rule, by contrast, a company must attempt to take into account not only its own conduct, but also the conduct of other independent actors – for example, customers and suppliers. There may be no way to know the manner in which such independent actors carry out a particular function or use a particular service, and therefore no way to know in advance whether some combination of activities may include performance of each method step. The risk of unpredictable liability raises the costs of – and thus deters – innovation.

The requirement that a plaintiff prove intent under § 271(b), *see Global-Tech*, 131 S. Ct. at 2068, does not alleviate the problems that the Federal Circuit’s new rule creates. Under the decision below, a patent owner must prove that a defendant intended to induce performance of one or more method steps, knowing that such steps, when combined with the defendant’s own conduct (or other conduct the defendant “induced”), constitute all the steps of the

asserted method. *See* App. 29a-30a. Intent is too easy to plead (and too hard to disprove) to give defendants much comfort. A patent plaintiff can, for example, establish a prima facie case of intent simply by putting a potential defendant on notice – perhaps through a cease-and-desist letter, or even a mass mailing – that the defendant is allegedly engaged in joint infringement with other parties, for example, a customer, client, or patient.<sup>20</sup> A potential defendant – now on “notice” – may face the risk of liability for inducement going forward, or it may have to stop engaging in productive activity for fear of future liability.

Moreover, contrary to the Federal Circuit majority’s suggestion, *see* App. 7a n.1, the intent requirement does not protect consumers. A patent owner can put any user of an interactive service on notice that, by employing the service, it is performing some of the steps of a patented method and “inducing” the service provider to perform the others. For example, in this case, Akamai could send letters to Limelight’s customers informing them that, by continuing to serve their own web pages and redirecting requests for embedded objects to Limelight’s CDN, they are performing some of the steps of Akamai’s patent and inducing Limelight to carry out the remaining

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<sup>20</sup> *See, e.g., Telecom Innovations, LLC v. Ricoh Co.*, Civ. No. 12-1277-SLR, 2013 WL 4017096, at \*2-4 (D. Del. Aug. 6, 2013) (finding intent adequately pleaded based on decision to continue providing allegedly infringing device after notice); *see also In re Bill of Lading Transmission & Processing Sys. Patent Litig.*, 681 F.3d 1323, 1341-42 (Fed. Cir. 2012) (holding that cease-and-desist letter coupled with defendant’s advertising that its product could be used in conjunction with customer software to obtain the benefits of the patented method were facts sufficient to plead notice and intent for induced infringement).



steps. Limelight’s customers would be hardly better insulated from the risk of liability and vexatious litigation than Limelight itself.

On the other side of the scale, the *Akamai* rule is not needed to encourage future innovation because, as the Federal Circuit has previously acknowledged, “[a] patentee can usually structure a claim to capture infringement by a single party.” *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1381 (Fed. Cir. 2007); see also Mark A. Lemley et al., *Divided Infringement Claims*, 6 Sedona Conf. J. 117, 124 (2005) (“Most inventions that involve cooperation of multiple entities can be covered using claims drafted in unitary form simply by focusing on one entity.”). For this reason, an inventor can obtain appropriate protection for what she has invented by taking care to draft claims from the point of view of a single actor – including, as appropriate, multiple claims covering the actions of different actors.<sup>21</sup> If the single actor performs all the method steps, the inventor can pursue a claim against that single actor under § 271(a). No incentives to invent are lost.

2. The Federal Circuit’s rule also creates damaging incentives with respect to claim drafting. As commentators have recognized, it has been established practice for many years for patent attorneys to draft method claims from the perspective of a single actor. See Robert C. Faber, *Faber on Mechanics of*

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<sup>21</sup> If an inventor realizes that he has failed to claim precisely what he invented, the Patent Act provides a mechanism for claiming additional inventions disclosed by a single specification, authorizing the filing of “continuation” applications that have the same priority date as the parent application. See 35 U.S.C. § 120. *Akamai* still has continuation applications pending based on the specification of the ’703 patent.

*Patent Claim Drafting* § 7:3, at 7-7 (6th ed. 2012) (“Advice by this author for drafting a method claim remains as previously. Draft at least some of the method claims to focus on steps to be performed by a single entity.”); Harold C. Wegner, *E-Business Patent Infringement: Quest for a Direct Infringement Claim Model* 14 (SOFTIC 2001 Symposium) (noting the need to draft claims to have “a single, direct infringer for every claim”), available at [http://www.softic.or.jp/symposium/open\\_materials/10th/en/wegner-en.pdf](http://www.softic.or.jp/symposium/open_materials/10th/en/wegner-en.pdf). Such drafting adds precision, making clear not just *what must be done* but what each potential infringer *must do* to infringe. By contrast, patents that describe desired results without precisely defining how a particular step of the method is performed “may leave the outer boundaries of the claim difficult to decipher.” Federal Trade Comm’n, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition* 100 (Mar. 2011), available at <http://www.ftc.gov/reports/evolving-ip-marketplace-aligning-patent-notice-remedies-competition>; see also Executive Office of the President, *Patent Assertion and U.S. Innovation* 7-9 (June 2013) (“*Innovation Report*”), available at [http://www.whitehouse.gov/sites/default/files/docs/patent\\_report.pdf](http://www.whitehouse.gov/sites/default/files/docs/patent_report.pdf); James Bessen & Michael J. Meurer, *Patent Failure: How Judges, Bureaucrats, and Lawyers Put Innovators at Risk* 219 (2008).

The Federal Circuit’s rule – by expanding claims to reach conduct by multiple independent parties, albeit under § 271(b), not § 271(a) – affirmatively encourages patent applicants to avoid clarity in the hopes that the patent will reach unanticipated allocations of method steps. Patent rules should create the opposite incentive – *i.e.*, they should encourage clear

patent drafting *ex ante* to improve notice and enable incremental innovation.

### **B. The Federal Circuit’s Rule Inflates the Value of Patents That Contribute Least to Innovation**

The Federal Circuit’s expansion of § 271(b) is especially damaging because it is likely to apply primarily to computer-implemented “interactive” methods, many of them business methods embodying little if any technological innovation. Software-implemented method patents pose a special risk of “dampen[ing] incentives for future innovation,” because they frequently claim “exclusive rights over any device [or system] that performs a given function, regardless of how that function is performed.” *Innovation Report* at 2, 8. Because such functional claiming threatens excessive enforcement – including the targeting of techniques to achieve a useful result that were not within the contemplation of the inventor – courts should be particularly unwilling to expand the scope of the patentee’s monopoly by loosening the strict requirement that the accused product or process fall within the scope of the asserted claim in every respect. *See Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 851-52 (2014); *see also* Colleen V. Chien, *Reforming Software Patents*, 50 *Hous. L. Rev.* 325, 367 (2012) (“[C]opying’ a patent that is claimed in functional language can amount to just taking the idea from another’s product or description, rather than the specific embodiment of the idea.”). The Federal Circuit’s new divided infringement rule pushes the law in that unwelcome direction by permitting the aggregation of non-infringing conduct to establish infringement even when no individual party directly infringes.

Software patents that combine conventional or ill-defined steps are also unlikely to reflect significant, investment-backed innovation. Far from reflecting the desired “high standard of novelty and non-obviousness,” *Innovation Report* at 1, 13, such patents often combine known steps in ways that may reflect, at best, incremental advance over existing processes. In the case of functional claims, a patent may leave the major difficulties of implementation unaddressed, while blocking the use of innovations that would otherwise be available to perform the claimed functions in a new and more efficient way. *See id.* at 8. Legal rules that expand the exclusive right associated with such patents skew the incentives that the patent system creates in a way that encourages excessive efforts to secure and enforce patents and discourages productive innovation.

The cases in which divided infringement claims have been pursued illustrate the problem with so-called “interactive” patents.<sup>22</sup> In the short time the *Akamai* rule has been in place, it has revived several district court cases that had been dismissed because the plaintiff was unable to prove that anyone directly infringed the patent.<sup>23</sup> It is particularly unwarranted to distort the patent law to enhance the value of

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<sup>22</sup> *See, e.g., Aristocrat Techs. Australia Pty Ltd. v. International Game Tech.*, 709 F.3d 1348 (Fed. Cir. 2013) (method of awarding a progressive prize in electronic games); *Move, Inc. v. Real Estate Alliance Ltd.*, 709 F.3d 1117 (Fed. Cir. 2013) (method for displaying real estate listings on a map); *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008) (method of conducting bond auction over the Internet); *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007) (method claim covering use of a credit card over a telecommunications network).

<sup>23</sup> *See* Pet’r Cert. Reply Br. 2-3 nn.1-2.

precisely those patents that add the least and impose the greatest costs.

There were few cases implicating efforts to enforce patents based on “divided infringement” prior to 2000; now there are many. That likely reflects the fact that the issue arises primarily in response to efforts to pursue infringement claims based on interactions over communications networks – interactions that have multiplied exponentially with the rise of the Internet. We submit that allowing patentees to burden such interactions by broadening § 271(b) to reach so-called “divided infringement” is unnecessary to encourage innovation and an unwarranted tax on consumers. In any event, however, the policy balance is for Congress: “[i]f the patent law is to be adjusted better ‘to account for the realities’” of the Internet, “the alteration should be made after focused legislative consideration, and not by the Judiciary forecasting Congress’ likely disposition.” *Microsoft v. AT&T*, 550 U.S. at 458-59.

### **C. There Is No Unfairness in Confining Akamai’s Monopoly to the Scope of Its Claims**

Refusing to expand the scope of a method claim to reach conduct by multiple actors, none of whom directly infringes those claims, does not deprive patentees of any legitimate reward for their inventions. “It is a bedrock principle of patent law that the claims of a patent define the invention to which the patentee is entitled the right to exclude.” *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005) (en banc) (internal quotations omitted). The patent application process gives an inventor the ability to establish the boundaries of the inventor’s legitimate right to exclude; a patentee cannot legitimately

complain if a competitor achieves the same result without practicing the method that the patent claims. *See Sage Prods., Inc. v. Devon Indus., Inc.*, 126 F.3d 1420, 1425 (Fed. Cir. 1997) (“[A]s between the patentee who had a clear opportunity to negotiate broader claims but did not do so, and the public at large, it is the patentee who must bear the cost of its failure to seek protection for [a] foreseeable alteration of its claimed structure.”).

It is the Federal Circuit’s decision to preserve Akamai’s claim that creates unfairness in this case. There is no legitimate dispute that what Limelight does is different from what Akamai claimed. The patent recites, as one of the steps of each of the relevant method claims, “tagging” embedded objects in a webpage; three of the claims also include the step of serving the base web page. Limelight does not do either of these things. Content providers, moreover, have been serving their own base pages and redirecting requests for content since the early days of the World Wide Web. Akamai could have written a claim that included a step of “receiving a request for content wherein said content is an embedded object tagged by a content provider.” In that case, Akamai could have argued that Limelight performed the relevant step. Akamai instead wrote a different claim – one that requires that the accused direct infringer perform the “tagging” step. The Patent and Trademark Office therefore has not had the opportunity to say whether a claim that covers what Limelight does would be patentable. None of the claim steps, by itself or in combination with less than all the others, can be considered inventive. *See Schumacher v. Cornell*, 96 U.S. 549, 554 (1878). That principle – which is fundamental to the patent system – makes the imposition of any liability in this case improper.

**CONCLUSION**

The judgment of the court of appeals should be reversed.

Respectfully submitted,

ALEXANDER F. MACKINNON  
KIRKLAND & ELLIS LLP  
333 South Hope Street  
Los Angeles, CA 90071  
(213) 680-8400

DION MESSER  
SR. IP CORPORATE COUNSEL  
LIMELIGHT NETWORKS, INC.  
222 South Mill Avenue  
8th Floor  
Tempe, AZ 85281  
(602) 850-4833

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AARON M. PANNER  
*Counsel of Record*  
JOHN CHRISTOPHER  
ROZENDAAL  
GREGORY G. RAPAWY  
MICHAEL E. JOFFRE  
KELLOGG, HUBER, HANSEN,  
TODD, EVANS & FIGEL,  
P.L.L.C.  
1615 M Street, N.W.  
Suite 400  
Washington, D.C. 20036  
(202) 326-7900  
(apanner@khhte.com)