Keywords: divided infringement; inducement

General: The Supreme Court holds if direct infringement has not occurred, there can be no inducement of infringement under 35 U.S.C. § 271(b).

Limelight Networks, Inc. v. Akamai Technologies, Inc.
Supreme Court 2014
Decided June 2, 2014

I. Facts

Akamai owns U.S. Patent No. 6,108,703 (the '703 patent), which includes method claims for a content delivery service that delivers a base document of a webpage from a content provider's domain while individual embedded objects of the webpage are stored on and delivered from a separate domain. To enable proper delivery of the embedded objects to a user viewing the webpage, the objects are "tagged" to link to the separate domain.

In 2006, Akamai sued Limelight, claiming both direct and induced infringement of the '703 patent. Like certain methods in the '703 patent, Limelight stores embedded objects on servers other than those of the content provider's computer system. However, Limelight's customers performed the tagging step (based on instructions from Limelight). Limelight performed the remaining steps.

The District Court found that Limelight could not have directly infringed the '703 patent because Limelight did not perform the tagging step. This was upheld by the Federal Circuit appellate panel, which held that a defendant that does not itself undertake all of a patent's steps can be liable for direct infringement only "when there is an agency relationship between the parties who perform the method steps or when one party is contractually obligated to the other to perform the steps." Akamai filed a petition for panel rehearing, which was denied, or a rehearing en banc, which was granted. The en banc Federal Circuit reversed, holding that a defendant who performed some steps of a method patent and encouraged others to perform the rest of the steps could be liable from inducement of infringement even if no one was liable for direct infringement. The en banc court remanded for further proceedings based on the theory of induced infringement. Limelight sought certiorari, which the Supreme Court granted.

II. Issue

With respect to method claims, is a party liable for inducing infringement of a patent under 35 U.S.C. § 271(b) when no one has directly infringed the patent under 35 U.S.C. § 271(a) or any other statutory provision?

III. Discussion

No. As set forth in *Aro Manufacturing Co. v. Convertible Top Replacement Co.*, there can be no liability for inducing patent infringement under 35 U.S.C. § 271(b) if there has been no direct infringement under 35 U.S.C. § 271(a) or any other statutory provision. A method patent is not infringed unless performance of all claimed steps is attributable to the same defendant, either because the defendant actually performed the steps, or because the defendant directed or controlled others who performed the steps. In this case, the Supreme Court held that Limelight is not liable for inducing infringement of the '703 patent, because Limelight's customers, not Limelight, performed the "tagging" steps. Thus, the performance of all of the claimed method steps is not attributable to any single party. As such, there is no direct infringement and no inducement of infringement.

The Supreme Court stressed that the Federal Circuit's reasoning that a defendant can be liable for inducing infringement when fewer than all of a method's steps have been performed indicates a fundamental misunderstanding of what it means to infringe a method claim. Further, the Supreme Court indicated that such a decision would require the courts to develop two parallel bodies of infringement law: one for liability for direct infringement and one for liability for inducement. Additionally, the Supreme Court concluded that it is evident that Congress knows how to impose liability for inducing activity that does not itself constitute direct infringement, and the courts should not create liability for inducement of non-infringing conduct where Congress has not intended to impose such liability.

IV. Conclusion

Liability for inducement is predicated on direct infringement, and a method claim is only infringed if all of the steps are performed by a single party, or if a party controls others to perform the steps. Going forward, draft method claims to include steps that may be performed by a single party.

35 U.S. CODE § 271 - INFRINGEMENT OF PATENT

(a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.