

Keywords: Divided Infringement; Direct Infringement

General: For direct infringement under § 271(a) of a method claim, an entity is responsible for others' performance of method steps where that entity directs or controls others' performance. Control or direction by an entity and principles of attribution are to be considered in the context of the particular facts presented to determine whether to attribute others' performance of method steps to a single actor.

Mankes v. Vivid Seats, Ltd. and Fandango, LLC

Nos. 2015-1500, 2015-1501

(Fed. Cir. April 22, 2016)

I. Facts

Robert Mankes owns U.S. Patent No. 6,477,503, which describes and claims methods for managing a reservation system that divides inventory between a local server and a remote Internet server. In October 2013, Mankes sued Vivid Seats Ltd. and Fandango, LLC, alleging that their operation of Internet based reservation systems, in conjunction with the operation of local reservation systems by movie theaters and other entertainment venues, infringes the '503 patent. Because it was undisputed that no one person performed all of the steps of the method claims, the case depended on establishing divided infringement.

In early 2015, the district court, applying the law on direct infringement liability (as it then stood), concluded that Mankes's allegations were insufficient to establish direct infringement under § 271(a), and on that basis the court granted judgment on the pleadings for Vivid Seats and Fandango. Mankes appealed.

While on appeal, the Federal Circuit, in *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 797 F.3d 1020 (Fed. Cir. 2015) (en banc), concluded that attribution is proper in a joint enterprise setting, and it also articulated a standard that permits liability "when an alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner or timing of that performance." *Akamai*, 797 F.3d at 1023. Thus, *Akamai* altered the standard for direct infringement during the course of the present appeal.

II. Issues

Should the district court's grant of judgment on the pleadings against Mr. Mankes stand when it was based on an earlier standard for direct infringement?

III. Discussion

No. The panel found that the district court reached its decision based on legal standards that are now too narrow in light of the intervening decision in *Akamai*. As *Akamai* sufficiently broadened the standard governing direct infringement liability for divided infringement, the panel concluded that the district court's judgment in this case should be vacated and the case remanded for further proceedings in light of the new articulation of divided infringement standards.

In addition, the panel found that *Akamai* stated that “[i]n the future, other factual scenarios may arise which warrant attributing others’ performance of method steps to a single actor. Going forward, principles of attribution are to be considered in the context of the particular facts presented.” *Akamai*, 797 F.3d at 1023. Thus, the panel found that the additional test for direction or control of others’ performance in *Akamai* of “when an alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner or timing of that performance,” should not be viewed as an exclusive addition to the test for direction or control; rather a factual analysis of a particular situations may warrant attributing others’ performance of method steps to a single actor separate from the holdings in *Akamai*.

IV. Conclusion

The test for control and direction when the acts of one are attributable to the other such that a single entity is responsible for infringement of a method claim is not necessarily fully outlined in *Akamai*. While an actor is liable for infringement under §271(a) if it acts through an agent (applying traditional agency principles), contracts with another to perform one or more steps of a claimed method, or when an alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner or timing of that performance, this list does not appear to be exhaustive and may be supplemented based on factual analysis on a case by case basis.