Keywords: direct infringement, induced infringement

General: When determining the circumstances of induced infringement, consider the "activity," the "benefit," and the "manner" of performance of claim steps by a third party.

Travel Sentry, Inc. v. David Tropp
United States Court of Appeals for the Federal Circuit
No. 2016-2386, 2016-2387, 2016-2714, 2017-1025
Decided: December 19, 2017

I. Background

David A. Tropp was issued U.S. Patent Nos. 7,021,537 ("the '537 patent") and 7,036,728 ("the '728 patent") directed to methods of improving airline luggage inspection that use special locks. The '537 patent included special locks that have two portions: a combination lock portion and a master key lock portion. The first two steps of the method claim generally entails providing the special lock on a luggage, which will contain a distinguishing design. The final two steps of the method claim relate to identifying the special lock and using a master key to open the special lock. Tropp, through his company Safe Skies, LLC, implemented a lock system permitting the Transportation Security Administration ("TSA") to inspect a locked baggage by unlocking with distributed master keys, inspecting the baggage, and relocking the baggage with the master keys.

Travel Sentry has a similar system to permit the TSA to inspect locked baggage. In October 2003, Travel Sentry entered into a Memorandum of Understanding ("MOU") with TSA. The MOU sets forth the responsibilities of TSA to accept distributed keys and replacements from Travel Sentry and to distribute such items to where baggage is screened. As such, in a manner, Travel Sentry performs the first two steps of the method claim and TSA performs the other two steps of the method claim.

In December 2006, Travel Sentry sued Tropp seeking a declaratory action to invalidate the '537 and the '728 patents. Tropp countersued for infringement of the method claims. In September 2010, the district court ruled Travel Sentry did not directly or indirectly infringe because Travel Sentry does not necessarily control TSA's screening of baggage, even with the MOU in place. Tropp appealed the district court's decision to the Federal Circuit. In 2012, the Federal Circuit affirmed the district court in regards to direct infringement, but remanded the case to the district court for indirect infringement in light of a recent decision on *Akamai Technologies, Inc. v. Limelight Networks, Inc. (Akamai II)*, 692 F.3d 1301 (Fed. Cir. 2012) regarding direct and induced infringement. In 2016, the district court ruled that TSA did not necessarily need to carry out the steps in the MOU to satisfy luggage screening mandated by Congress and TSA could screen baggage using other methods. Thus, Travel Sentry did not have "control" over the TSA in performing the claim steps. Tropp appealed to the Federal Circuit.

II. Issue

Did the district court err in determining that Travel Sentry did not direct TSA's performance of patented method steps?

III. Discussion

Yes. The Federal Circuit concluded that the district court mischaracterized the facts in their analysis. Specifically, the Federal Circuit found the district court misidentified the "activity" at issue, the "benefits" of performing the claims steps, and if Travel Sentry "conditions" TSA to perform the claim steps. In its decision, the Federal Circuit applied facts from *Akamai Technologies, Inc. v. Limelight Networks, Inc. (Akamai V)*, 797 F.3d 1020 (Fed. Cir. 2015) (en banc).

Akamai V was a Federal Circuit *en banc* decision after the Supreme Court remanded subsequent to Limelight's appeal of *Akamai II*. The Federal Circuit's decision in *Akamai II* had established that not all of the steps need to be committed by a single entity for infringement. When the case was brought to the Supreme Court, the Supreme Court ruled a single entity must perform all steps or a single entity must control others to perform all steps and remanding to the Federal Circuit. In light of the decision by the Supreme Court, the Federal Circuit, in its *en banc* decision, determined that direct infringement can where all steps of a claimed method are performed by or attributable to a single entity and when more than one actor is involved in practicing the steps, a court must determine whether the acts of one are attributable to the other such that a single entity is responsible for the infringement. The Federal Circuit set forth two situations when an entity will be held responsible for others' performance of method steps: 1) where that entity directs or controls others' performances and 2) where the actors form a joint enterprise. Determining when an entity directs or controls others' performances includes factual determinations of 1) whether an actor acts through an agent (applying traditional agency principles) or contracts with another to perform one or more steps of a claimed method and 2) whether 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.

In regards to whether or not Travel Sentry conditioned the TSA's performance patented method steps, the court determined that the district court's determination of the "activity" at issue, screening luggage as mandated by Congress, was too broad. The court specified that the "activity" at issue was screening luggage that uses the special locks of Travel Sentry. The district court's mischaracterization of the relevant activity also led to an improper identification of the "benefits" of performing portions of the patented steps, whereby the district court determined the benefit was resolving its mandate to Congress instead of "any purported intangible benefits." Rather, the court characterized the benefit as opening luggage that uses Travel Sentry's special key. As such, TSA must perform patented claim steps to realize a benefit, thus establishing that Travel Sentry indeed "conditions" TSA to perform the steps.

Additionally, since Travel Sentry creates its own identifying mark on the special lock and controls the design of the locks and passkeys, Travel Sentry establishes "the manner and timing" of TSA's performance of the steps. Furthermore, Travel Sentry used the decision of *Akamai V* that established that "[i]f Limelight's customers do not follow [certain] precise steps, Limelight's service will not be available." Similarly, the Federal Circuit determined that if TSA does not follow the claimed steps, then "[Travel Sentry's] service will not be available." Although Travel Sentry is not requiring TSA to perform a series of steps nor does Travel Sentry supervise TSA in its conduct, Travel Sentry provides training for TSA's screening of the special locks and Travel Sentry distributes the master keys that must be used to open the special locks, conditioning TSA's performance of the steps. TSA is not required to adhere to the MOU, but TSA cannot adhere to the MOU without performance of the claimed steps. The fact that TSA can screen luggage by other means to satisfy the screening mandate is irrelevant, as TSA would not be participating in the relevant activity. Furthermore, TSA cannot furnish its own components to avoid performing the claimed steps, as set forth by the MOU.

IV. Conclusion

The Federal Circuit broadened the circumstances of induced infringement to support direct infringement. When attributing control by an entity as established by the two-prong test of *Akamai V*, consider the "activity" at issue, the "benefit" of performing claim steps, and the "manner" of performance of claim steps by a third party.

IV. Endnotes

1. A method of improving airline luggage inspection by a luggage screening entity, comprising:

[a] making available to consumers a special lock having a combination lock portion and a master key lock portion, the master key lock portion for receiving a master key that can open the master key lock portion of this special lock, the special lock designed to be applied to an individual piece of airline luggage, the special lock also having an identification structure associated therewith that matches an identification structure previously provided to the luggage screening entity, which special lock the luggage screening entity has agreed to process in accordance with a special procedure,

[b] marketing the special lock to the consumers in a manner that conveys to the consumers that the special lock will be subjected by the luggage screening entity to the special procedure,

[c] the identification structure signaling to a luggage screener of the luggage screening entity who is screening luggage that the luggage screening entity has agreed to subject the special lock associated with the identification structure to the special procedure and that the luggage screening entity has a master key that opens the special lock, and

[d] the luggage screening entity acting pursuant to a prior agreement to look for the identification structure while screening luggage and, upon finding said identification structure on an individual piece of luggage, to use the master key previously provided to the luggage screening entity to, if necessary, open the individual piece of luggage.

2. With respect to TSA, the MOU provides that:

(a) TSA will accept passkey sets, as well as back-up replacement sets, from Travel Sentry and distribute the sets to all areas where baggage is being screened;

(b) the passkeys will be stamped "Property of TSA" and "Unlawful to Duplicate," may include the DHS logo if desired and authorized, and will be marked with a tracking number in a TSA-agreed format so that they can be easily integrated into the TSA property management system;

(c) Travel Sentry will coordinate the content of public announcement with the TSA in advance of the program launch, tentatively scheduled for November 12, 2003, including promotional materials, press releases and similar media; and

(d) TSA may offer the same terms and conditions in this agreement to any other entity that seeks to provide similar services.