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IP Alert: U.S. Supreme Court Says Induced Infringement Requires Direct Infringement, But Leaves Direct Infringement Standard to Federal Circuit

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U.S. Supreme Court Says Induced Infringement Requires Direct Infringement, But Leaves Direct Infringement Standard to Federal Circuit

By H. Wayne Porter

In a decision dated June 2, 2014, in the case *Limelight Networks, Inc. v. Akamai Technologies, Inc.* (No. 12-786), the U.S. Supreme Court held that a defendant is not liable for induced patent infringement under 35 U.S.C. § 271(b) if no one has directly infringed under 35 U.S.C. § 271(a) or any other statutory provision.

Normally, liability for direct infringement of a method claim requires that a single party perform all steps of that method. Under the Federal Circuit Court of Appeals decision in *Muniauction, Inc. v. Thomson Corp*., 552 F.3d 1318 (2008), this requirement can be satisfied when steps are undertaken by multiple parties, but only if a single defendant exercises control or direction over the entire process such that every step is attributable to the controlling party. The patent claim in question, which relates to a method of delivering electronic data using a “content delivery network”

(CDN), includes a step that requires "tagging" components to be stored on servers. Limelight operates a CDN and performs several steps of the patent claim. However, instead of tagging components of its customers' websites for storage on Limelight's servers, Limelight requires those customers to perform the tagging.

Akamai, an exclusive licensee of the patent at issue, won a jury verdict against Limelight for direct infringement under 35 U.S.C. § 271(a). After that verdict, *Muniauction* was decided. Relying on *Muniauction*, the trial court found that Limelight was not liable.

Akamai then appealed to the Federal Circuit. After vacating an initial panel decision that affirmed the trial court, the Federal Circuit considered the case en banc. In its ensuing decision, however, the Federal Circuit sidestepped the issue of direct infringement under 35 U.S.C. § 271(a). Instead of revisiting the *Muniauction* standard, the Federal Circuit found that Limelight could be liable under 35 U.S.C. § 271(b) for induced infringement, even though nobody would be liable for direct infringement.

Limelight and Akamai both filed petitions for certiorari to the Supreme Court, but the Court only granted Limelight's petition. The Supreme Court reversed and remanded the case back to the Federal Circuit. Under the reasoning of the reversed Federal Circuit decision, and as explained by the Supreme Court, a defendant could be liable for inducing infringement under 35 U.S.C. § 271(b) if no one directly infringed under § 271(a) because direct infringement can exist independently of a § 271(a). The Supreme Court found that such an analysis fundamentally misunderstood method patent infringement and would deprive
§ 271(b) of ascertainable standards.

The Supreme Court decision in *Limelight* assumed that the *Muniauction* decision was correct. However, the Supreme Court was careful to note that it was not deciding the correctness of *Muniauction*. Declining Akamai's request to review the *Muniauction* standard for multi-actor direct infringement under § 271(a), the Supreme Court stated that "the Federal Circuit will have the opportunity to revisit the § 271(a) question if it so chooses." Whether the Federal Circuit will accept this invitation remains to be seen.

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