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The Supreme Court's Limelight Continues to Rein in the Federal Circuit

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For the second time in less than two months the Supreme Court unanimously redefines patent law by overturning a Federal Circuit case regarding induced infringement.[1]

In *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, the Supreme Court overturned an *en banc* Federal Circuit decision that had previously expanded liability for induced infringement to include defendants that only performed some of the claimed method steps of an asserted claim. Specifically, the Supreme Court held that a defendant cannot be liable for induced infringement under 35 U.S.C. § 271(b) when no single entity directly infringes the patent under §271(a) or any other statutory provision.

Akamai is the exclusive licensee of U.S. Patent No. 6,108,703 (the '703 patent), which claims a method of delivering electronic data using a "content delivery network" (CDN). Limelight operates a CDN that purportedly performed all of the claimed limitations of the '703 patent except for elements relating to "tagging," which is a process of designating components to be stored on web servers. Although it was undisputed that Limelight does not tag the components to be stored on its server as required by the '703 patent, there was some evidence that Limelight requires its customers to do their own tagging, and that Limelight provided instructions and technical assistance regarding how to tag. The Federal Circuit's 2012 *en banc* opinion reasoned that this evidence could support a judgment in favor of Akamai on a theory of induced infringement because induced infringement liability arises when a defendant carries out some steps constituting a claimed method and encourages others to carry out the remaining steps. The court explained that requiring proof that there has been direct infringement is not the same as requiring proof that a single party would be liable as a direct infringer.

The Supreme Court disagreed and found that the "Federal Circuit's analysis fundamentally misunderstands what it means to infringe a method patent."[2] Indeed, "'[e]ach element contained in a patent claim is deemed material to defining the scope of the patented invention,' … and a patentee's rights extend only to the claimed combination of elements, and no further."[3] The Supreme Court's holding is rooted in the Federal Circuit's own precedent "that a method's steps have not all been performed as claimed by a patent unless they are all attributable to the same defendant, either because the defendant actually performed those steps or because he directed or controlled others who performed them."[4]

In *Muniauction*, the Federal Circuit rejected a claim that the defendant's method directly infringed the plaintiff's patent where the defendant performed some of the steps of the patented method, and its customers performed the remaining steps. Moreover, the divided

actions by the defendant and its customers in *Muniauction* was held not to be direct infringement because the defendant did not exercise control or direct its customers' performance of those steps. Based on the assumption that the Federal Circuit's *Muniauction* decision was correct—that a method patent is not directly infringed unless a single actor is responsible for the performance of all the steps of the patent—the Supreme Court held that Limelight could not be liable for induced infringement, because there has been no direct infringement under current Federal Circuit's precedent.

Although the Supreme Court acknowledged that its interpretation of induced infringement under §271(b) may permit would-be-infringers to evade liability by having someone that the defendant neither directs nor controls perform some of the method steps, the Supreme Court reasoned that such anomaly would result from the Federal Circuit's current precedent regarding direct infringement under §271(a) in *Muniauction*. Finally, despite eviscerating induced infringement of method claims for the time being, the Supreme Court refused to review the merits of *Muniauction* and remanded the case back to the Federal Circuit to revisit the issue of direct infringement.

Limelight and other recent Supreme Court opinions signal a movement toward reining in overly broad and vague infringement allegations that have brought the U.S. patent system under scrutiny.

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[1] *Limelight Networks, Inc. v. Akamai Technologies, Inc., et al.,* Case No. 12-786, slip opinion, 572 U.S. __ (2014).

[2] *Id.* at 5.

[3] *Id.* (citations omitted).

[4] *Id.* at 5-6 (citing *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. 2008)).