

Supreme Court Unanimously Reverses Federal Circuit's *En Banc* Decision In *Limelight v. Akamai* and Rejects The Application Of Induced Infringement Under § 271(b) To Situations Where There Is No Direct Infringer Under § 271(a)line

On June 2, 2014, the Supreme Court in *Limelight Networks, Inc. v. Akamai Techs., Inc.*, No. 12-786, ruled that a party can be liable for induced infringement under § 271(b) only when one party has committed direct infringement under § 271(a). This decision reinstated the so-called “single-entity rule” for inducement.

The dispute in this case arose when Akamai brought allegations of direct infringement against Limelight. The asserted claims were directed to methods for content delivery for websites, and Limelight did not perform one of the steps of the asserted claim; Limelight's customers performed the last step. The district court overturned a jury verdict of infringement and held that there was no infringement by Limelight as a matter of law. The Federal Circuit affirmed that decision under the “direction or control” standard set forth in *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (2008), finding that, because there was no agency relationship or contractual obligation between Limelight and its customers, Limelight could not be liable for direct infringement.

The Federal Circuit reviewed *en banc* the *Akamai* case and another case involving joint infringement, *McKesson Techs. Inc. v. Epic Sys. Corp.* The Federal Circuit found that both cases could be resolved based only on indirect infringement liability. The *en banc* court rejected the “single entity” rule for induced infringement and differentiated between *acts* of direct infringement, which are a predicate to inducement, and the need for *liability* for those acts. The court held that indirect infringement under § 271(b) was independent from the conduct described in § 271(a) for direct infringement, and that the predicate act of infringement for liability under § 271(b) did not need to qualify as an act that would make a person liable as a direct infringer under § 271(a). The Federal Circuit held further that a party could be liable for inducement if it induced another to perform some of the steps of the claimed method and performed the remaining steps itself.

The U.S. Supreme Court granted *certiorari* for both cases. The *McKesson* case settled before oral argument, so only the *Akamai* case was argued before the Court. Limelight argued that inducement requires proof of actionable direct infringement. Akamai argued both that no actionable direct infringement is required for a finding of inducement under § 271(b) and that Limelight should also be found liable for direct infringement under § 271(a) because it directed or controlled its customers.

In its unanimous decision, the Court rejected the Federal Circuit's analysis of § 271(b) as “fundamentally misunderstand[ing] what it means to infringe a method patent.” *Limelight Networks, Inc.*, No. 12-786, slip op. at 5. The Court reasoned that the standard applied by the Federal Circuit would “deprive § 271(b) of ascertainable standards” and “would require the courts to develop two parallel bodies of infringement law: one for liability for direct infringement, and one for liability for inducement.” *Id.* at 6.

The Court declined to review the Federal Circuit's *Muniauction* decision, and noted that the Supreme Court rendered its decision on the assumption that the direct infringement standard set forth in *Muniauction* was correct. Applying that standard, the Court held that there was no direct infringement of the asserted method claims because the performance of all of the claimed steps “is not attributable to any one person.” *Limelight*

Networks, Inc., No. 12-786, slip op. at 6. The Court thus determined that, because there was no direct infringement, “Limelight cannot be liable for inducing infringement that never came to pass.” *Id.* at 6-7.

Citing the history and origins of § 271(f) as an example, the Court also noted that any change to liability under § 271(b) should come from Congress: “[W]hen Congress wishes to impose liability for inducing activity that does not itself constitute direct infringement, it knows precisely how to do so. The courts should not create liability for inducement of non-infringing conduct where Congress has elected not to extend that concept.” *Id.* at 7.

The Court reversed and remanded the case for further proceedings consistent with the opinion. Though it declined to address the Federal Circuit’s *Muniauction* decision, the Court noted that the Federal Circuit, on remand, “will have the opportunity to revisit the § 271(a) question if it so chooses.” *Limelight Networks, Inc.*, No. 12-786, slip op. at 10.

To find out how the Supreme decision in *Limelight* affects your interest, please contact your usual Ropes & Gray attorney or one of the Ropes & Gray attorneys listed below.

[Gene W. Lee](#)

[Michael P. Kahn](#)

[Beth Finkelstein](#)