

Nos. 12-786 & 12-800

---

---

IN THE  
**Supreme Court of the United States**

---

LIMELIGHT NETWORKS, INC., *Petitioner*

v.

AKAMAI TECHNOLOGIES, INC., ET AL., *Respondents*

---

EPIC SYSTEMS CORP., *Petitioner*

v.

MCKESSON TECHNOLOGIES, INC., *Respondents*

---

**On Petition for a Writ of Certiorari to the  
United States Court of Appeals for  
the Federal Circuit**

---

**BRIEF OF GOOGLE, INC.; CISCO SYSTEMS,  
INC.; ORACLE CORP.; RED HAT INC.;  
SAP AMERICA INC.; SYMANTEC CORP.;  
XILINX, INC. AS *AMICI CURIAE*  
IN SUPPORT OF PETITIONER**

---

KATHLEEN M. SULLIVAN

*Counsel of Record*

DAVID PERLSON

MICHELLE CLARK

QUINN EMANUEL URQUHART &

SULLIVAN LLP

51 Madison Avenue, 22<sup>nd</sup> Floor

New York, NY 10010

(212) 849-7000

kathleensullivan@quinnemanuel.com

February 1, 2013 *Counsel for Amici Curiae*

## TABLE OF CONTENTS

	<u>Page</u>
INTERESTS OF <i>AMICI CURIAE</i> .....	1
SUMMARY OF ARGUMENT .....	5
REASONS FOR GRANTING CERTIORARI .....	7
I. The Federal Circuit’s Decision Conflicts With The Patent Statute And Prior Decisions of This Court.....	7
A. The Decision Conflicts With The Patent Act .....	7
B. The Decision Conflicts With This Court’s Precedents .....	9
II. The Petition Raises An Issue Of Great Importance To Information Technology Markets .....	10
A. The <i>Akamai</i> Rule Invites Expansive Liability In Information Technology Markets .....	12
B. The <i>Akamai</i> Rule Exacerbates The Exorbitant Cost And Potential For Abuse In Patent Litigation.....	14
C. Limiting Divided Infringement Liability to Indirect Claims Does Not Resolve The Inefficiency And Unfairness of the <i>Akamai</i> Rule .....	18
D. The <i>Akamai</i> Rule Is Unnecessary Because Proper Claim Drafting Can Prevent Any Abusive Infringement Involving Multiple Actors.....	20

E. The <i>Akamai</i> Rule Invites Improper Liability for Practicing The Prior Art.....	24
CONCLUSION .....	25

**TABLE OF AUTHORITIES**

	<b><u>Page</u></b>
<b><u>Cases</u></b>	
<i>Akamai Technologies Inc. v. Limelight Networks, Inc.</i> , 692 F.3d 1301 (Fed. Cir. 2012) .....	passim
<i>Aro Manufacturing Co. v. Convertible Top Replacement Co.</i> , 365 U.S. 336 (1961) .....	8
<i>Aro Mfg. Co. v. Convertible Top Replacement Co.</i> , 377 U.S. 476 (1964) .....	8
<i>Aronson v. Quick Point Pencil Co.</i> , 440 U.S. 257 (1979) .....	17
<i>BMC Resources Inc. v. Paymentech LP</i> , 498 F.3d 1373 (Fed. Cir. 2007) .....	9
<i>In re Bill of Lading Transmission and Processing Sys. Patent Litig.</i> , 681 F.3d 1323 (Fed. Cir. 2012) .....	18
<i>CIVX-DDI LLC v. Hotels.com LP</i> , ___ F. Supp. 2d ___, 2012 WL 5383268 (N.D. Ill. Nov. 1, 2012) .....	12
<i>Chef-Am. Inc. v. Lamb-Weston Inc.</i> , 358 F.3d 1371 (Fed. Cir. 2004) .....	23
<i>Deepsouth Packing Co. v. Laitram Corp.</i> , 406 U.S. 518 (1972) .....	8

*Faroudja Labs v. Dwin Elecs. Inc.*,  
 No. 97-20010 SW, 1999 WL 111788 (N.D. Cal.  
 Feb. 24, 1999) .....22

*Festo Corp v. Soketsu Kinzoku Kogyo Kabushiki Co.*,  
 535 U.S. 722 (2002) .....9

*Global-Tech Appliances Inc. v. SEB S.A.*,  
 131 S. Ct. 2060 (2011) .....8, 18

*I4i Ltd. Partnership v. Microsoft*,  
 598 F.3d 831 (Fed. Cir. 2010) ..... 18

*Lucent Techs. Inc. v. Gateway Inc.*,  
 580 F.3d 1301 (Fed. Cir. 2009) ..... 18

*Metro-Goldwyn-Mayer Studios Inc. v. Grokster Ltd.*,  
 545 U.S. 913 (2005) .....17

*Sage Prods Inc. v. Devon Indus., Inc.*,  
 126 F.3d 1420 (Fed. Cir. 1997) .....22

*Shuttlesworth v. City of Birmingham*,  
 373 U.S. 262 (1963) .....7

*Sontag Chain Stores Co. v. Nat’l Nut Co.*,  
 310 U.S. 281 (1940) .....23

*Voter Verified Inc. v. Premier Election Solutions, Inc.*,  
 698 F.3d 1374 (Fed. Cir. 2012) ..... 10

**Statutes**

35 U.S.C. § 271(a).....3, 4, 6, 8

35 U.S.C. § 271(b).....7, 8, 17

35 U.S.C. § 271(c) .....	8
35 U.S.C. § 281 .....	7
U.S. Const. Art. I, § 8, cl. 8 .....	16
Rule 37.2(a) .....	1
Rule 37.6 .....	1

### **Miscellaneous**

eMarketer.com, <i>Number of Apps Used Daily</i> (Sept. 2012), available at <a href="http://www.emarketer.com">www.emarketer.com</a> .....	10
B. Ferrall, et al., <i>The Complicated Relationship Between Multiple Party Patent Infringement Liability and Common Law Principles</i> , 13 Sedona Conf. J. 63 (Fall 2012).....	7
Mark Lemley, et. al., <i>Divided Infringement Claims</i> , 33 Am. I.P. Ass'n Q. J. 255 (2005).....	15, 21
Michael J. Meurer, <i>Controlling Opportunistic and Anti-Competitive Intellectual Property Litigation</i> , 44 B.C. L. Rev. 509 (2003) .....	15, 16
Randall R. Rader, U.S. Court of Appeals for the Federal Circuit, <i>The State of Patent Litigation</i> , E.D. Texas Judicial Conference at 20 (Sept. 27, 2011), available at <a href="http://www.patentlyo.com/files/raderstateofpatentlit.pdf">www.patentlyo.com/files/raderstateofpatentlit.pdf</a> .....	14, 16, 17
Restatement (Second) of Torts § 876 (1979).....	7

## INTERESTS OF *AMICI CURIAE*<sup>1</sup>

*Amici Curiae* are leading businesses and innovators in information technology industries. The goods and services they provide comprise numerous subsidiary components and operate amid complex supply and distribution chains. For example, some *amici* provide software products, such as operating systems, that comprise the platform to support communication between networks of hardware components like mobile phones, tablets, and personal computers. Other *amici* provide hardware products over which the majority of all IP-based network traffic travels.

As holders and licensees of numerous patents, *amici* are well aware of the import of effective patent protection. However, *amici* are also frequently the subject of threatened and actual patent litigation, including frivolous or abusive claims brought in hopes of coercing lucrative settlements. As participants on both sides of the caption in substantial patent litigation, *amici* are interested in ensuring that patent law is interpreted in a manner consistently with the letter and the intent of the law and in a manner that is fundamentally fair to both sides.

*Amicus* Google Inc. is a global technology leader whose mission is to organize the world's information and make it universally accessible and useful for individuals and business. Google's products, which

---

<sup>1</sup> Counsel for the parties were timely notified of *amici*'s intent to file this brief under Rule 37.2(a) and have consented to the filing of this brief; their consents have been filed with the Clerk of this Court. No counsel for either party had any role in authoring this brief, and no person other than the named *amici* and their counsel has made any monetary contribution to the preparation and submission of this brief. *See* Rule 37.6.

started with its Internet search engine, now encompass tools for helping people use mobile devices and applications; find and publish online content; advertise their businesses; share, save, and access content of all types from documents to video; find where they are or where they want to be using maps and other geographic services; and connect with others all over the world. Google relies on a complex network of partners and suppliers to deliver its products to customers and make them as useful as possible. In providing these products and services, Google uses many patented technologies, some of which it owns and others of which it licenses.

*Amicus* Cisco Systems, Inc. is a leader in designing, manufacturing, and selling Internet Protocol based networking and other products related to the communications and IT sectors and provides services associated with their product.

*Amicus* Oracle is the world's largest provider of enterprise software and a leading provider of computer hardware products and services. Oracle's software, hardware systems, and services businesses develop, manufacture, market, host and support database and middleware software, applications software, and hardware systems, including engineered systems integrating hardware and software for optimized performance. Oracle offers products and services that are built upon industry standards, are engineered to work together or independently within existing customer information technology environments, and run securely on a wide range of customer IT environments, including cloud computing environments.

*Amicus* Red Hat, Inc. is the world's leading provider of open source software and related services to enterprise customers. Its supply chain involves hundreds of open source projects, which work independently of each other and collaborate over the Internet. Its software products are used by Wall Street investment firms, hundreds of Fortune 500 companies, and the United States government.

*Amicus* SAP America, Inc. is a leading technology company focused on developing innovative software and computer-based business solutions. It conducts significant research and development and invests heavily in commercializing innovative technologies.

*Amicus* Symantec Corporation is a global leader in security, backup and availability solutions. Symantec's innovative products and services protect people and information in any environment—from the smallest mobile device, to the enterprise data center, to cloud-based systems. Symantec's world-renowned expertise in protecting data, identities and interactions gives its customers confidence in a connected world.

*Amicus* Xilinx, Inc. is the world's leading provider of programmable platforms. Xilinx products are complex integrated circuits with sophisticated design software to support those circuits, that incorporate hundreds of patented technologies. Xilinx devices are highly flexible systems to be configured by its customers, enabling Xilinx to serve a wide range of end markets, including wired and wireless communications, aerospace and defense, automotive, and consumer products.

*Amici* believe that the Federal Circuit's ruling that, for a finding of induced infringement, it is not necessary to prove there was an act of direct infringement pursuant to § 271(a), will broaden the scope, burden and cost of patent litigation in ways that present a question of great importance to high technology industries.

## SUMMARY OF ARGUMENT

The Federal Circuit’s decision in *Akamai Technologies Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012) (“*Akamai*”), by eliminating the requirement that there be a direct infringer in order to find an entity liable for induced patent infringement, departs from the Patent Act’s plain language and decades of this Court’s precedent. This Court has long recognized that liability for indirect infringement must be based on at least one instance of direct infringement as defined by 35 U.S.C. § 271(a). The Federal Circuit’s decision, in contrast, holds that there no longer is a requirement of a finding of § 271(a) infringement as a predicate to inducement liability.

*Amici* agree with Petitioners that the Federal Circuit’s decision warrants this Court’s review because it conflicts with statute and precedent, permitting inducement liability unmoored from the requirements of § 271(a) and inconsistent with the well-established rules of patent law that have informed and governed the marketplace for the last half century.

*Amici* respectfully submit that the decision further warrants this Court’s review because it presents an issue of national importance to corporations and consumers. The Federal Circuit’s elimination of the “all-elements” or “single-entity” rule<sup>2</sup> for induced in-

---

<sup>2</sup> *Amici* note, as discussed further herein, that the “single-entity rule” may impose liability on one entity for the actions of another entity but only in circumstances where the actions of the second entity are legally attributable to the first entity, for example if the second entity is an agent of the first entity. As

fringement will exacerbate the growing problem of high-cost and abusive patent litigation. Whereas before, both direct and indirect infringement accusations could be assessed based on the uniform single-entity rule, the Federal Circuit’s decision means that accusations of infringement now implicate consideration and investigation of every link along the supply, distribution, and use chains—even where patent defendants lack knowledge or control of the activities of their customers, end users, or suppliers.

The effects of the new rule will be especially deleterious for providers of complex goods and services, including manufacturers of software, hardware and network technologies. The new rule opens the door to unpredictable potential theories of divided infringement liability based on the actions of an unlimited number of participants in the complex networks that characterize current information technology markets. Moreover, any potential problems addressed by the new rule are overstated and can be better addressed by proper claim drafting.

Accordingly, *amici* respectfully urge the Court to grant the petition.

---

used herein, “single-entity rule” includes these traditional control situations.

## REASONS FOR GRANTING CERTIORARI

### I. THE FEDERAL CIRCUIT'S DECISION CONFLICTS WITH THE PATENT STATUTE AND PRIOR DECISIONS OF THIS COURT

In the decision below, a divided Federal Circuit eliminated the longstanding rule that liability for induced patent infringement requires a predicate act of direct infringement as defined by 35 U.S.C. § 271(a). *See Akamai*, 692 F.3d at 1306, 1308. As one of the dissenting opinions correctly observes, this ruling ignores the limitations imposed by the definition of “infringement” in 35 U.S.C. § 271(a), as well as in this Court’s precedents. *See* 692 F.3d at 1342-44 (Linn, J., dissenting).

#### A. The Decision Conflicts With The Patent Act

As both dissenting opinions below point out, the majority’s determination improperly ascribes to the term “infringement” different meanings depending on its context. This not only conflicts with the plain language of § 271(a) giving a single definition to “infringement,” but also violates basic canons of statutory construction requiring that like terms be interpreted alike. *See* 692 F.3d at 1337 (Linn, J., dissenting) (“[T]he majority effectively rewrites [the Act], telling us that the term ‘infringement’ was not as previously thought defined by Congress in Section 271(a), but instead can mean different things in different contexts.”); *see also id.* at 1328 (Newman, J., dissenting) (“I need not belabor the quandary of how there can be direct infringement but no direct infringers.”).

The decision also conflicts with 35 U.S.C. § 281, the provision of the Patent Act that provides that, when there is an “infringement,” “a patentee *shall* have remedy by civil action.” As one of the dissenting opinions notes, “[u]nder the majority’s approach, if two or more parties independently practice the elements of a claim, an act of ‘infringement’ to support a charge of induced infringement under Section 271(b) has occurred” even though “there is no statutory basis for concluding that such independent acts constitute infringement and no basis for asserting a cause of action for infringement against any of those independent parties.” 692 F.3d at 1341 (Linn, J., dissenting). Thus, under the Federal Circuit’s interpretation of the statute, there will be cases of direct infringement without a direct infringer, thereby creating an inappropriate disjunction between the statute’s treatment of liability and remedy.

The Federal Circuit’s interpretation not only conflicts with the plain language of the statute, but also broadens inducement liability beyond the intent of Congress. Though *Akamai* acknowledges that § 271(b) was intended to codify common law applications of indirect liability for patent infringement, it ignores the canonical principle that indirect liability must be predicated on a legally cognizable underlying offense. See, e.g., *Shuttlesworth v. City of Birmingham*, 373 U.S. 262, 265-66 (1963). In other words, “torts, quite simply, do not exist independent of a tortfeasor.” B. Ferrall, et al., *The Complicated Relationship Between Multiple Party Patent Infringement Liability and Common Law Principles*, 13 Sedona Conf. J. 63, 73-74 (Fall 2012) (citing Restatement (Second) of Torts § 876 (1979)). The majority’s ruling assumes that inducement liability under

§ 271(b) may encompass a broader swath of conduct than that captured by § 271(a), but “there is no known rule that says the elements of a tort are different when considered as a predicate” for indirect liability as compared to elements for proving direct liability. *Id.*

### **B. The Decision Conflicts With This Court’s Precedents**

In *Aro Manufacturing Co. v. Convertible Top Replacement Co.*, 365 U.S. 336 (1961) (“*Aro I*”), this Court articulated the requirement that indirect infringement liability be predicated on an act that violates 35 U.S.C. § 271(a) and thus constitutes direct infringement. *See id.* at 341 (“[M]anufacture and sale with that knowledge might well constitute contributory infringement under § 271(c) if, but only if, such a replacement by the purchaser himself would in itself constitute a direct infringement under § 271(a).”). Since then, this Court has repeated and applied this rule. *See, e.g., Global-Tech Appliances Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2065 (2011); *Deep-south Packing Co. v. Laitram Corp.*, 406 U.S. 518, 526 (1972); *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 483 (1964) (“*Aro II*”).

Moreover, this Court has held that the “special force” of *stare decisis* must apply to the rule articulated in *Aro I* in view of its half century of existence and acceptance as the defining case on indirect infringement. *Global-Tech*, 131 S. Ct. at 2068. As this Court recognized, the rule requiring that one actor be legally responsible for all steps of the patented process as a predicate to both direct and indirect liability has survived nearly 50 years unscathed by

judicial or legislative review, including by the America Invents Act, and has become a bedrock tenet of patent law upon which inventors and businesses alike rely. *See id.*; *see also Festo Corp v. Soketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 724 (2002). This Court has repeatedly cautioned against the Federal Circuit’s adoption of “changes that disrupt the settled expectations of the inventing community.” *Id.* at 724, 738-39 (citing *Warner-Jenkinson Inc. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 28 (1997)). Such “fundamental alteration” of well-settled principles of intellectual property law is the exclusive responsibility of Congress. *Id.* To find otherwise “risks destroying the legitimate expectations” of inventors and other participants in the technology market. *Id.* The Circuit’s departure from precedent here thus warrants this Court’s review.

## **II. THE PETITION RAISES AN ISSUE OF GREAT IMPORTANCE TO INFORMATION TECHNOLOGY MARKETS**

By crafting a new rule that dramatically expands the scope of potential induced infringement liability, the Federal Circuit has imposed new costs and burdens on producers of complex products and services, especially in information technology markets. Under the previous rule, courts faced with divided infringement theories “generally refused to find liability where one party did not control or direct each step of the patented process.” *BMC Resources Inc. v. Paymentech LP*, 498 F.3d 1373, 1380 (Fed. Cir. 2007). This was the rule regardless of whether indirect or direct infringement was asserted.

Under *Akamai*, however, inducement liability may be predicated on the acts of multiple parties,

each of whom performs one or more steps of the process. *Akamai*, 692 F.3d at 1308. Under this new rule, “the fact that no single entity performs all of the steps of a patented method does not resolve the issue of indirect infringement.” *Voter Verified Inc. v. Premier Election Solutions, Inc.*, 698 F.3d 1374, 1384 (Fed. Cir. 2012). As a result, inducement liability is more likely to be found and the costs of litigating inducement liability will potentially skyrocket, as potential patent defendants now must take into account geographically and temporally disparate actors and actions.

These detrimental effects of the new rule will be especially great for participants in today’s information technology environment. High technology companies like *amici* provide products and services that can be used in an almost infinite combination of ways by other companies and consumers. While the market’s evolution toward specialized, complementary provision of components by numerous, separate suppliers has resulted in substantial gains for consumers (*e.g.*, smartphones that provide mobile telephony, Internet browsing, geographic services, and access to hundreds of thousands of applications at the tap of a finger), it makes technology companies particularly vulnerable to divided infringement claims. *See, e.g.*, eMarketer.com, *Number of Apps Used Daily* (Sept. 2012), *available at* [www.emarketer.com](http://www.emarketer.com) (finding that more than half of smartphone users in the United States use three or more mobile applications on a daily basis). The impact of the new rule on such a significant portion of the U.S. economy underscores the importance of the question presented.

### **A. The *Akamai* Rule Invites Expansive Liability In Information Technology Markets**

Today's information technology environment is densely populated by a diverse lattice of suppliers of complementary goods and services, ranging from hardware and software companies to mobile phone carriers and independent application developers. *Amici* build their products and services for maximum flexibility, to be compatible with many combinations of other products and services, which greatly enhances utility and facilitates a robust compatible goods market. Suppliers like *amici* thus might know of, and even cooperate with, other companies that supply products and services that are complementary to or interoperable with the supplier's products and services without being fully aware of, much less maintaining control over, all of the other companies' products and services.

Smartphones provide an illustrative example. E-commerce and delivery of content-on-demand to consumers' mobile phones—two types of transactions that have become a staple of the smartphone generation—by their nature require the technical collaboration of multiple supplier actors. The original equipment manufacturer (“OEM”) provides the hardware (the mobile phone or tablet); the carrier provides the data connection; and multiple software companies provide the platform and the specific software applications enjoyed by the consumer. Each of the suppliers provides a piece of the process without controlling the whole. Yet, under the Federal Circuit's *Akamai* rule, any (or all) of the participants may be accused of and potentially held liable for in-

direct infringement based on their creation of a product or provision of a service that satisfies only a limited number of claim steps if they are also found to facilitate or enable the practice of other claim steps. The very large number of requisite participants in ecommerce and mobile applications increases the complexity of the patent scheme and exposure of business far beyond what was anticipated by the statute or precedent.

Given these features of today's information technology markets, the Federal Circuit's new rule allowing divided infringement claims will increase the cost and complexity of investigating allegations of patent infringement. The new rule forces companies like *amici* to consider numerous possible configurations and combinations of hardware and software to determine whether any permutation permitted or facilitated by their platforms could be interpreted to perform all the steps of any asserted claim—a costly, and often impossible, proposition.

For example, several *amici* who provide software for mobile applications have been accused under the *Akamai* rule of induced infringement of claims that contain elements that may be practiced by the hardware components, software, and end user (none of which are commonly controlled). See, e.g., *CIVX-DDI LLC v. Hotels.com LP*, \_\_ F. Supp. 2d \_\_, 2012 WL 5383268 (N.D. Ill. Nov. 1, 2012) (finding that the claim steps may be done by Hotels.com (defendant) with one or more of third parties Expedia, DoubleClick, and/or iFrame).

*Amici* who provide hardware components that may be used in a network face a similar conundrum. The networks by their nature include multiple dis-

aggregated users and terminal devices. The users connect to and configure the network in a variety of ways, many of which are not known to *amici*. Cloud computing enhances this flexibility as well as the independence of the user. *Amici* build their hardware so that it can be used in a highly adaptable fashion and used in a large number of configurations. Under the *Akamai* rule, that very configurability which is beneficial to consumers, allowing them to use multiple types of devices and applications over the Internet and other networks, now subjects *amici* to unknowable and almost unlimited potential liability for these uses.

**B. The *Akamai* Rule Exacerbates The Exorbitant Cost And Potential For Abuse In Patent Litigation**

Patent infringement claims (whether ultimately litigated or not) force companies to divert valuable resources away from research and development towards investigating and defending infringement claims. The litigation newly encouraged by *Akamai* will exacerbate this problem. Every dollar spent defending against patent suits is a dollar that could be used to research new products, improve existing products, or simply bring products and services to customers more efficiently and at cheaper prices. See, e.g., C. Dugg, *The Patent, Used as a Sword*, N.Y. Times (Oct. 7, 2012) (reporting that Apple and Google spent more “on patent lawsuits and unusually big-dollar patent purchases” than “research and development of new products”).

The expansion of liability engendered by *Akamai* has led and will continue to lead to an escalation of such litigation costs, undermining the fairness and

efficacy of the patent system. In 2011, Chief Judge Randall Rader warned that increasing costs of patent litigation threatened to become “an unwieldy, unpredictable, and unaffordable burden on innovation.” Randall R. Rader, U.S. Court of Appeals for the Federal Circuit, *The State of Patent Litigation*, E.D. Texas Judicial Conference at 20 (Sept. 27, 2011), *available at* [www.patentlyo.com/files/raderstateofpatentlit.pdf](http://www.patentlyo.com/files/raderstateofpatentlit.pdf). Judge Rader’s remarks were based on statistics that show a steady and continuous increase in both volume and costs of patent litigation over the last decade. *See, e.g.*, PricewaterhouseCoopers LLP, *2012 Patent Litigation Study: Litigation continues to rise amid growing awareness of patent value* (2012) (reporting a record 22% increase in patent cases from 2010 to 2011). Today, it costs nearly the value of the case to litigate a patent claim worth \$1 million. “The AIPLA Report of the Economic Survey 2011 reports that the total cost of patent litigation where the damages at risk are less than \$1,000,000 average \$916,000, where the damages at risk are between \$1,000,000 and \$25,000,000 average \$2,769,000, and where the damages at risk exceed \$25,000,000 average \$6,018,000.” USPTO, *Changes to Implement Inter Partes Review Proceedings*, Federal Register 7055 (Feb. 10, 2012)). This cost estimate does not take into account the substantial monetary burden shouldered by courts and taxpayers in complex, frequently lengthy patent cases.

It is widely understood that “the driving factor for that expense is discovery excesses,” Rader, *supra*, at 8, a problem that will only intensify under the new rule, which puts the actions of potentially numerous third parties at issue. As Judge Rader noted, without tighter controls on the scope of patent litigation,

“[o]ur courts are in danger . . . of becoming an intolerably expensive way to protect innovation or provide freedom to operate. These vast expenses can force accused infringers to acquiesce to non-meritorious claims.” *Id.* Far-reaching discovery into the geographically, temporally, and functionally disparate operations of unrelated suppliers of complementary goods and services will provoke settlements driven by cost rather than the merits of the parties’ claims.

The manner in which *Akamai* expands liability also exacerbates the problem of abusive patent lawsuits. Armed with an expansive rule that can impose liability on a company for supplying otherwise non-infringing products and services, opportunistic plaintiffs are likely to pursue even more companies to seek extortionate settlements largely divorced from consideration of the merits of the claims. And companies that decline to settle meritless cases will be forced to invest even more money in investigating and litigating divided infringement claims before they can effectively evaluate the merits and settlement value.

The complexity of the new rule also injects additional uncertainty for both parties, impeding efficient settlement even of otherwise meritorious claims. *Compare* Michael J. Meurer, *Controlling Opportunistic and Anti-Competitive Intellectual Property Litigation*, 44 B.C. L. Rev. 509, 511-14 (2003) (discussing the costs imposed on both parties by the complexity of the rules and procedures governing patent litigation); *see also* Mark Lemley, et. al., *Divided In-*

*fringement Claims*, 33 Am. I.P. Ass'n Q. J. 255, 280 (2005).<sup>3</sup>

The risk of litigation, particularly uncertain litigation, distorts business decisions and undermines market efficiency. Rader, *supra*, at 8 (characterizing abusive litigation as “as an unhealthy tax on innovation and open competition”). For smaller businesses, the risk of litigation may be a major consideration in deciding whether to engage in research and development or to deploy technological improvements that may make them the target of patent litigants. Meurer, *supra*, at 518. This risk is aggravated by the potential of being held liable for the unknown (and potentially unknowable) activities of others. Larger companies are affected as well. These companies may often seek and acquire patents they would not otherwise prosecute or purchase, merely to have defensive ammunition against opportunistic plaintiffs. The funds required to not only investigate and litigate patent lawsuits, but also to take preemptive measures of patent acquisition, divert funds away from more productive pursuits.

The consequences of litigation uncertainty, frivolous claims, and tactical abuse undermine the constitutional purpose of the patent system to “promote the Progress of Science and the Useful Arts.” U.S. Const. Art. I, § 8, cl. 8. This Court has recognized as the ultimate goal of patent law to encourage innovation and bring new, useful technologies into public

---

<sup>3</sup> Such uncertainty has a detrimental effect on plaintiffs as well, as they cannot know until claim construction whether a court will agree that their claims may encompass the actions of multiple parties or instead find that the claims are unitary.

use. See, e.g., *Metro-Goldwyn-Mayer Studios Inc. v. Grokster Ltd.*, 545 U.S. 913, 919 (2005); *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979). Permitting divided infringement theories to form the basis of indirect liability does not encourage or promote the balanced and sustainable patent system envisioned by the Constitution. Instead, it will tend to discourage legitimate commerce and productive enterprise, stifle innovation, and undermine cooperation among suppliers of technological components who will be leery of being held liable for the independent acts of others who provide complementary goods and services. *Grokster*, 545 U.S. at 919; see also Rader, *supra* at 20.

### **C. Limiting Divided Infringement Liability to Indirect Claims Does Not Resolve The Inefficiency And Unfairness of the *Akamai* Rule**

The Federal Circuit, recognizing that eliminating the single-entity rule might dramatically increase inducement liability, suggested that defendants are protected from excessive liability based on the preservation of the single-entity rule for direct infringement and by the intent element of § 271(b). See *Akamai*, 692 F.3d at 1308-09. As a practical matter, however, preserving the single-entity rule for direct infringement does not ameliorate *Akamai*'s harmful impact. Instead, it merely invites inducement liability claims to be used instead of direct liability to reach those who practice some, but not all, of the steps of a patented method.

Nor does the *scienter* requirement for indirect infringement suffice to protect defendants. It requires

that the defendant have knowledge of the patent and knowledge that the induced acts constitute patent infringement, *Global-Tech*, 131 S. Ct. at 2070, but not that the defendant have specific knowledge regarding the acts constituting direct infringement, *In re Bill of Lading Transmission and Processing Sys. Patent Litig.*, 681 F.3d 1323, 1336 (Fed. Cir. 2012); *see also I4i Ltd. Partnership v. Microsoft Corp.*, 598 F.3d 831 (Fed. Cir. 2010). Indeed, no particular direct infringer need be identified much less known to the defendant to impose inducement liability. *In re Bill of Lading*, 681 F.3d at 1336 (“[T]his court has upheld claims of indirect infringement premised on circumstantial evidence of direct infringement by unknown parties.”) (quoting *Lucent Techs. Inc. v. Gateway Inc.*, 580 F.3d 1301, 1318 (Fed. Cir. 2009)).

The broad scope of potential inducement liability under the combined rulings in *Akamai* and *In re Bill of Lading* becomes particularly clear when one considers the extensive list of actions the Circuit identified as potentially “inducing” behavior, including “causing, urging, encouraging, and aiding others to engage in infringing conduct.” 692 F.3d at 1307. Accused indirect infringers may be found in many scenarios to have constructive knowledge regarding potentially infringing configurations or uses for their technology, without exercising any control or having any actual knowledge regarding whether (or how) other companies configure their system or perform the claimed steps. Inducement liability may be predicated on nearly infinite permutations of potential configurations by a wide variety of actors, substantially mitigating the effectiveness of inducement liability’s intent requirement.

**D. The *Akamai* Rule Is Unnecessary Because Proper Claim Drafting Can Prevent Any Abusive Infringement Involving Multiple Actors**

In *Akamai*, the majority expressed concern about leaving inventors without recourse for infringement of their patents simply because certain steps of the claimed process are outsourced to different parties. But the Federal Circuit’s rule is a solution in search of a problem. *First*, there is no evidence that high-technology companies alter their practices so that different entities practice different steps of a patent claim in order to avoid infringement liability. *Second*, were such intentional evasion to occur, the traditional “vicarious liability test also reaches joint enterprises acting together to infringe a patent.” *Akamai*, 692 F.3d at 1349 (Linn, J., dissenting).

Assertion of a divided infringement theory is most likely to occur in instances where the plaintiff seeks to expand the scope of its claims beyond the original intent of the drafter. Since patentees have long been on notice of the need to draft claims to cover the activities of a single entity, the likelihood of unintentional, but nonetheless legitimate, divided claims is relatively small. Rather, it is likely that the patentee intended that each step be performed by a single entity—and did not intend a construction whereby the steps are performed disparately, by multiple actors. There is thus no support for the Court’s attempts to stretch claims to cover conduct that was neither described nor contemplated at the time of claim drafting.

Moreover, any such problems are more appropriately remedied by proper claim drafting. The

*Akamai* case itself is instructive. In the district court, Akamai asserted three patents, which shared the same specification, all directed at a “system for allowing a content provider to outsource the storage and delivery of discrete portions of its website content.” 692 F.3d at 1315. “All three patents include method claims directed to a content delivery service that delivers the base document of a website from a content provider’s computer while individual embedded objects of the website are stored on an object-by-object basis on a Content Delivery Network (“CDN”).” *Id.*<sup>4</sup> Though all of the patents cover various aspects of the same process, only the ’703 patent, which is at issue in this appeal, implicates the joint infringement issue. *Id.* at 1322 (citing Oral Arg. 10:35-11:10) (further noting that Akamai stipulated to a finding of noninfringement of the other two patents that included only unitary claims). In other words, by Akamai’s own admission, it was able to effectively capture its invention in unitary claims, which not only proves that resolution of the perceived problem by proper claim drafting is possible, but also that the interpretation of the ’703 patent as encompassing distributed claims likely diverges from the original intent of the patentee.

---

<sup>4</sup> To allow users accessing a content provider’s web page to receive embedded objects from the CDN, the URL of the embedded object must be modified to point to the CDN hosting the object rather than the content provider’s domain. *Id.* The patented process is described in the specification, and no indication is given that the inventors contemplated a process in which a content provider would have the option of choosing the embedded objects and then independently modifying the corresponding URLs to direct traffic to objects stored on the CDN.

Since the limitations on joint infringement have been well-established for at least half a century, patent prosecutors are well aware of the necessity of drafting appropriate claims. *See, e.g., See* Larry S. Nixon, *Preparing and Prosecuting a Patent to Win in Litigation*, 423 PLI/Pat 39, 53-54 (1995). For example, “[m]ost inventions that involve cooperation of multiple entities can be covered using claims drafted in unitary form simply by focusing on one entity and whether it supplies or receives any given element.” Lemley, *supra*, at 272. If the actions of multiple entities are intended to be covered, separate claims can be drafted to cover each. *Id.* Such drafting avoids the necessity of relying on divided infringement to establish liability and has the additional benefit of identifying the intended invention in a manner that most clearly puts potential infringers on notice of the activities that constitute infringement. *Id.*

By comparison, the new rule leads to *post hoc* speculation by courts and patent owners (many of whom are not the original inventors) regarding whether the claim is properly construed to encompass the acts of multiple actors or conversely was always intended to be done by one actor. Lemley, *supra* at 280; *see also Faroudja Labs v. Dwin Elecs. Inc.*, No. 97-20010 SW, 1999 WL 111788 (N.D. Cal. Feb. 24, 1999) (declining to impose liability based on plaintiff’s divided infringement theory because the plaintiff, as the drafter of the claims, could have included only those steps performed by the defendant). This is a particularly perverse result considering that the majority of the claims to be construed in the near future are likely to have been drafted under the old regime, where divided infringement claims were prohibited. Thus, for a Court to conclude that a

claim drafted before *Akamai* implicates the activities of multiple actors, it either has to find that the patentee intentionally drafted a claim that was then-unenforceable or find that the construction supports divided infringement despite the contrary intent of the drafter.

Divided infringement issues can be avoided not only by drafting unitary process claims but also by drafting apparatus claims (since all elements by their nature are generally included in a single product). “Physical objects typically accumulate the contributions of multiple actors, so in many situations, some act of making, using, selling or importing will eventually correspond to the claimed apparatus, even if based originally on contributions from multiple parties. Direct and/or indirect infringement remedies may therefore be more readily available.” Lemley, *supra*, at 275. “[I]t is much harder (though not impossible) to *accidentally* draft distributed patent claims to systems, and virtually impossible to draft distributed patent claims to articles of manufacture.” *Id.* Similarly, by their nature, apparatus claims more clearly put infringers on notice of potential infringement since all of the elements must be reflected in the accused device.

Ultimately, the cost of poorly drawn claims is best borne by patent drafters rather than by future litigants and the courts who have to grapple with the claim construction issues and ambiguity inherent in such claims. See *Sage Prods Inc. v. Devon Indus., Inc.*, 126 F.3d 1420, 1425 (Fed. Cir. 1997) (“Given a choice of imposing the higher costs of careful prosecution on patentees, or imposing the costs of foreclosed business activity on the public at large, this

court believes the costs are properly imposed on . . . the patentees.”). It has long been recognized that litigation is an inappropriate forum for the redrafting of claims, “whether to make them operable or to sustain their validity.” *See, e.g., Chef-Am. Inc. v. Lamb-Weston Inc.*, 358 F.3d 1371, 1374 (Fed. Cir. 2004) (collecting cases). Permitting the *Akamai* rule to stand undermines the public notice function of patents and the longstanding policy against relying on judicial intervention to resurrect improperly-drafted claims. *Id.*; *see also Sontag Chain Stores Co. v. Nat’l Nut Co.*, 310 U.S. 281, 293 (1940) (“[T]he patentee might have included in the application for the original patent, claims broad enough to embrace petitioner’s accused machine, but did not. This ‘gave the public to understand’ that whatever was not claimed did not come within his patent and might rightfully be made by anyone.”).

### **E. The *Akamai* Rule Invites Improper Liability for Practicing The Prior Art.**

Finally, *Akamai*, by permitting divided infringement claims, provides patentees with new opportunities to add steps, including known prior art steps, in order to avoid validity challenges and artificially expand the scope of their claims beyond the inventive elements.

For example, a software claim may apply known data processing steps to a particular hardware configuration. The software company, whose software process is not infringing, may nonetheless be liable for induced infringement merely because it makes its software compatible with a particular hardware configuration that is adopted by a user—even though

the same software company could not be held liable for direct infringement because all the steps it performs are within the prior art.

The absence of any temporal limitation on the *Akamai* rule makes the inequity of the rule particularly stark. For example, assume Company A has been making and selling a router for twenty years, well before the patentee even existed. However, after the patentee received its patent, which includes divided claims, a new company, Company B, introduces a new wireless device. Company A provides support to its customers who purchased the router years ago, but now want to use it with Company B's wireless device. Company A may even provide instructions for how to set up its router to be used with the wireless device. Even though it is undisputed that neither the wireless device nor the router infringes the patent and that the patentee's invention long post-dates Company A's introduction of its router, Company A can be accused and potentially held liable under the *Akamai* rule for selling its prior art router merely because the patent includes multi-actor claims that cover the combination of Company A's router and a device sold by an entirely unrelated entity. Such results are antithetical to patent law's purpose of protecting only novel, useful inventions.

For all these reasons, the decision below raises issues of great importance to information technology markets and warrants this Court's review.

## CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,  
KATHLEEN M. SULLIVAN  
*Counsel of Record*  
DAVID PERLSON  
MICHELLE CLARK  
QUINN EMANUEL URQUHART &  
SULLIVAN LLP  
51 Madison Avenue, 22<sup>nd</sup> Floor  
New York, NY 1001  
(212) 849-7000  
kathleensullivan  
@quinnemanuel.com

February 1, 2013