

No. 12-960

IN THE
Supreme Court of the United States

AKAMAI TECHNOLOGIES, INC. AND
THE MASSACHUSETTS INSTITUTE OF TECHNOLOGY,
Cross-Petitioners,

v.

LIMELIGHT NETWORKS, INC.,
Cross-Respondent.

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

REPLY TO BRIEF IN OPPOSITION

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REPLY BRIEF FOR CROSS-PETITIONERS

I. INTRODUCTION

As explained in Akamai's brief in opposition, this Court should deny Limelight's petition. The question presented by Limelight is not ripe for this Court's review.

But, if this Court grants the petition, electing to consider the issue of joint infringement under 35 U.S.C. § 271(b), it should grant this conditional cross-petition. Otherwise the Court cannot adequately consider the broader, more important question of whether and in what circumstances there is infringement liability under either § 271(a) or § 271(b) when two parties join together to perform all the steps of a patent claim. The § 271(a) and § 271(b) issues are so closely related that the Court should not consider one without the other. Indeed, Limelight itself continually discusses § 271(a) in its analysis of the § 271(b) issue. Granting this petition ensures that this Court, like the appellate court before it, would have the benefit of considering the entirety of the infringement statute when addressing the question of liability for infringement by two or more parties.

Nothing in Limelight's brief undermines this conclusion. Indeed, many of Limelight's arguments are incorrect and irrelevant. For example, Limelight spends much of its brief questioning the validity and value of the claimed inventions. But the jury found none of the asserted claims invalid and Limelight did not appeal that finding.

Limelight also conflates the all-elements rule—which requires performance of each step of a method claim for a finding of infringement—with liability for joint infringement, which applies only when each step of a method claim has been performed, albeit by separate entities acting together. In addition, Limelight incorrectly accuses Akamai of failing to cite case law to support its position when, in fact, it did. Finally, Limelight incorrectly posits that the Federal Circuit found that direct infringement is not required for indirect infringement even though the court expressly acknowledged the opposite. At bottom, Limelight cannot adequately explain why this Court should consider joint infringement under § 271(b) without also considering § 271(a) and, accordingly, should this Court grant Limelight’s petition, it should also grant the conditional cross-petition.

**II. THIS COURT SHOULD NOT GRANT
THE PETITION BUT, IF IT DOES, IT
SHOULD GRANT THIS
CONDITIONAL CROSS-PETITION**

**A. If Any Question Is Premature for
Review, It Is Limelight’s Question
Presented**

At the outset, Limelight argues that the § 271(a) issue is not ripe for this Court’s review because, according to Limelight, the “more orderly resolution” would involve remanding the case to give the Federal Circuit another opportunity to decide whether and how to address the issue. Opp’n 11-12. But the § 271(a) issue is certainly more ripe than the § 271(b) issue, which was not factually developed by

the parties or even considered by the district court. A “more orderly resolution” would thus involve the denial of both petitions, allowing the district court and the Federal Circuit to decide, in the first instance, the § 271(b) issue in the context of this case.

**B. The Federal Circuit Did Not Hold That
There Can Be Induced Infringement
Without Direct Infringement**

In urging this Court to grant its petition but deny the cross-petition, Limelight sensationalizes the Federal Circuit’s holding below, suggesting that it wholly ignored this Court’s precedent that there can be no indirect infringement without direct infringement. Opp’n 8. This is simply not so. As Akamai noted in its brief in opposition to Limelight’s petition at 13-14, the Federal Circuit repeatedly acknowledged that a determination of indirect infringement requires a predicate finding of direct infringement (*see* Pet. App. 3a, 8a, 9a, 20a, 23a, 25a, 26a). One cannot read these statements in the court’s opinion and conclude that the court held that there need not be a determination of direct infringement. Accordingly, the only real basis for granting Limelight’s petition is for consideration of whether and in what circumstances a party is liable for joint infringement under § 271(b), and that question should not be considered without also considering the same question under § 271(a). There is no reasonable justification for limiting this Court’s review to just one section of the infringement statute.

**C. Full Consideration of the Question
Presented in Limelight's Petition Calls
for Consideration of the Premise
Underlying Limelight's Question**

Limelight next argues that granting the petition does not *require* this Court to also consider the direct-infringement issue. Opp'n 7-11. Akamai agrees that there is no per se *requirement*.

Akamai's position is simply that the two questions on which the Federal Circuit granted appellate review, concerning direct and indirect infringement, are so closely related that this Court should not consider one without the other. The ultimate question in this case involves whether and under what circumstances a party would be liable for infringement of an interactive invention requiring performance by multiple actors. If this Court elects to consider that question, it should have the benefit of considering both direct and indirect infringement instead of considering the issue in a truncated form. Indeed, as Limelight admits (Opp'n 8-9), the indirect-infringement question in Limelight's petition is premised on the conclusion that no one is liable for direct infringement. The cross-petition simply puts that premise at issue instead of assuming that it is correct.

In addition, construing Congress's intent, as reflected in the statute as a whole, necessarily requires consideration of both direct and indirect infringement. Accordingly, if the Court grants the petition, it should also grant the cross-petition.

This Court has recognized that, in circumstances like this, the issues are so related that a conditional cross-petition might not even be necessary. *See, e.g., Ohio v. Robinette*, 519 U.S. 33, 38 (1996). As a “predicate to an intelligent resolution” of the question presented in Limelight’s petition, the standard for direct-infringement liability might be “fairly included therein.” *Id.* (quoting *Vance v. Terrazas*, 444 U.S. 252, 258-59 n.5 (1980)). Out of an abundance of caution, however, Akamai submitted its conditional cross-petition to ensure that this Court would be free to consider both the § 271(a) and § 271(b) issues.

Limelight cites several cases for the proposition that this Court may decline to address issues that would remain open for the respondent to argue on remand. Opp’n 8-9. But this does not mean that this Court must decline such issues. Indeed, this Court routinely considers alternative grounds for affirming the judgment, *see, e.g., United States v. Tinklenberg*, 131 S. Ct. 2007, 2017 (2011); *Morgan Stanley Capital Grp. Inc. v. Pub. Util. Dist. No. 1 of Snohomish Cnty., Wash.*, 554 U.S. 527, 552 (2008), and has repeatedly addressed issues that were not considered by the appellate court below, *see, e.g., 14 Penn Plaza LLC v. Pyett*, 556 U.S. 247, 273 (2009); *Carlson v. Green*, 446 U.S. 14, 17 n.2 (1980).

D. Limelight Understates the Relative Importance of the § 271(a) Issue

In its cross-petition, Akamai asserted that the § 271(a) issue was at least as important as the § 271(b) issue. Cross-pet. 24. In response, Limelight attempts to show that the § 271(a) issue is “settled”

at the Federal Circuit and thus not worthy of this Court's review. Opp'n 7, 12. Indeed, Limelight repeatedly asserts that "[o]nly Judge Newman disagreed" with whether to leave in place the prior panel decisions on direct joint infringement. Opp'n 11, 18. But this is not true.

The four other dissenters would have expanded liability under § 271(a) to hold that parties that enter into a joint enterprise to perform collectively a patented method are liable for direct infringement. Pet. App. 95a-96a (Linn, J., dissenting). Thus, five out of the eleven active judges on the Federal Circuit have opined that further adjustment to the court's recent direct-infringement jurisprudence is necessary, and none has disagreed.

Further, post-*Akamai* decisions have shown that the direct-infringement law is not "settled." Indeed, some Federal Circuit panels have held that there can be no direct infringement "absent that agency relationship or joint enterprise." See *Aristocrat Techs. Austl. Pty Ltd. v. Int'l Game Tech.*, 709 F.3d 1348, 1363 (Fed. Cir. 2013). At the same time, other Federal Circuit panels have described a more flexible, fact-based standard, holding that direct infringement under the "control or direction" test may be satisfied "whether the accused direct infringer 'provides instructions or directions' to another entity," "contract[s] out steps of a patented process to another entity," or "[a]lternatively, 'the control or direction standard is satisfied in situations where the law would traditionally hold the accused direct infringer vicariously liable for the acts committed by another party.'" See, e.g., *Travel*

Sentry, Inc. v. Tropp, 497 F. App'x 958, 965 (Fed. Cir. 2012) (nonprecedential) (first alteration in original).

E. Contrary to Limelight's Assertion, the Federal Circuit's Law Governing Joint Infringement Under § 271(a) Is Not Correct

1. The All-Elements Rule Does Not Support the Federal Circuit's Interpretation of § 271(a)

To support its view that this Court need not review the Federal Circuit's rule that § 271(a) requires that a single party perform every step of a claim, Limelight cites numerous decisions from this Court invariably holding that "each element contained in a patent claim is deemed material." Opp'n 13. But Limelight conflates the all-elements rule—i.e., the rule that all steps of a claim must be performed—with the question of whether a party can be liable when it divides the performance of the claim steps between itself and another party. None of the cases Limelight cites addresses the latter question.

Limelight also asserts that "Akamai cites no case to suggest that the Federal Circuit's construction of § 271(a) departs from any prior understanding." Opp'n 17. But there are numerous cases decided prior to *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007), that hold a party liable for infringement where multiple parties collectively performed the steps of the method claim.

For example, courts have held a manufacturer liable when it performed some steps of a patented

method and knew that its customer would perform the remaining steps. *See, e.g., Peerless Equip. Co. v. W.H. Miner, Inc.*, 93 F.2d 98, 105 (7th Cir. 1937); *Solva Waterproof Glue Co. v. Perkins Glue Co.*, 251 F. 64, 73 (7th Cir. 1918); *Shields v. Halliburton Co.*, 493 F. Supp. 1376 (W.D. La. 1980). Describing the state of the law as it existed prior to the enactment of the 1952 Patent Act, one prominent patent treatise explained, “[t]o use in part with intent that others shall complete the operation, . . . , is likewise an infringement.” 3 William C. Robinson, *The Law of Patents for Useful Inventions* § 904, at 63-64 (1890). Federal Circuit opinions decided prior to *BMC* also support a finding of infringement in such cases. Indeed, as recently as 2006, the Federal Circuit “discern[ed] no flaw” in a jury instruction stating that the defendants were liable for direct infringement if “the infringement is the result of the participation and combined action(s) of one or more persons or entities” *On Demand Mach. Corp. v. Ingram Indus., Inc.*, 442 F.3d 1331, 1345 (Fed. Cir. 2006); *see also Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1312, 1324 (Fed. Cir. 2005) (remanding for a determination of indirect infringement where no one party performed all steps of the claim).

2. Common-Law Tort Principles Support a Broader Attribution Rule

Both parties agree that Congress intends its legislation to incorporate background common-law tort principles. Opp’n 15 (citing *Meyer v. Holley*, 537 U.S. 280, 285 (2003)). But Limelight’s opposition

ignores many of those common-law tort principles when it defends the Federal Circuit's rule limiting liability for direct joint infringement to situations involving an agency relationship.

Contrary to Limelight's assertion, agency or contract are not the only bases in tort law for attributing conduct of one person to another. The common law has long imposed liability in additional circumstances, including "where the acts of each of two or more parties, standing alone, would not be wrongful, but together they cause harm to the plaintiff." W. Page Keeton et al., *Prosser & Keeton on Torts* § 52, at 354 (5th ed. 1984). For example, courts have held two defendants jointly liable where each put a different substance in a river and the substances combined to form a toxin, even though they would have been harmless individually. *See, e.g., Town of Sharon v. Anahma Realty Corp.*, 123 A. 192, 193 (Vt. 1924) (parties' actions "caused and could cause no damage" independently); *Blair v. Deakin*, 57 L.T. 522, 525-26 (1887). In such circumstances, neither actor could have been liable if its action had not combined with the other party's action, but its conduct is "wrongful because it is done in the context of what others are doing." *Prosser & Keeton on Torts* § 52, at 354. Otherwise, the defendants "might all laugh at [the plaintiff] and say, 'You cannot sue any one of us because you cannot prove that what each one of us does would of itself [have been] enough to cause you damage.'" *Blair*, 57 L.T. at 525. Because that "would be a most unjust law," it is not the law. *Id.*

Another related common-law doctrine attributes one party's conduct to another if the party directed, controlled, induced, or failed to exercise a right to control that conduct. Restatement (Second) of Torts § 877 (1979); *see also id.* § 876(a). As the Restatement explains, "one who accomplishes a particular consequence is as responsible for it when accomplished through directions to another as when accomplished by himself." *Id.* § 877 cmt. a.

Another common-law doctrine applies when a party "does a tortious act in concert with the other or pursuant to a common design." *Id.* § 876(a). As described in the comment:

Parties are acting in concert when they act in accordance with an agreement to cooperate in a particular line of conduct or to accomplish a particular result. The agreement need not be expressed in words and may be implied and understood to exist from the conduct itself. Whenever two or more persons commit tortious acts in concert, each becomes subject to liability for the acts of the others, as well as for his own acts.

Id. § 876(a) cmt. a.

In *BMC*, the Federal Circuit correctly recognized that a principal is responsible for the combination of its actions and its agents because the agent's actions are attributable to the principal. *See BMC*, 498 F.3d at 1380-81. The Federal Circuit relied on common-law tort principles to reach that

conclusion. But there is no basis in logic for limiting the analysis to just this subset of the common-law tort principles, and the Federal Circuit should have also considered all of the other common-law tort principles discussed above. Thus, the Federal Circuit erred not in the incorrect application of a correct rule as *Limelight* suggests (Opp’n 17), but rather in imposing an attribution rule that is too narrow.

Limelight incorrectly states that Akamai has not “explain[ed] what alternative to the vicarious-liability standard it would have this Court adopt to govern claims of ‘divided’ direct infringement.” Opp’n 17. But Akamai has clearly identified at least two legal theories in addition to the narrow vicarious-liability standard applied by the Federal Circuit. Akamai Pet. Opp’n 35-38. As Akamai explained, consistent with the common-law tort principles above, liability should be imposed if one party “directs or controls” another to perform steps of a method claim. In that situation, the steps may be attributed to the directing or controlling party (the “mastermind”) as if it performed such steps itself. Such direction or control is not limited to an agency or contractual relationship. *See, e.g., Gershwin Publ’g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971). Second, where parties “act in concert,” each such party should be jointly and severally liable for direct infringement under § 271(a).

**F. Contrary to Limelight's Assertion,
Forcing Patentees to Draft Claims
Directed to Single-Entity Methods Does
Not Adequately Protect Inventors**

Limelight asserts that “most inventions that involve cooperation of multiple entities can be covered using claims drafted in unitary form simply by focusing on one entity” and, as such, liability for joint infringement under § 271(a) should be very narrow. Opp’n 20-21. First of all, in its use of the word “most,” even Limelight admits that not all inventions can be claimed in a way that covers only one entity. There is no basis in the Patent Act for not providing protection for such inventions.

Furthermore, the fallacy of Limelight’s argument is aptly demonstrated by *Golden Hour Data Systems, Inc. v. emsCharts, Inc.*, 614 F.3d 1367 (Fed. Cir. 2010). There, the claims were drafted to cover a single actor carrying out the steps, but the defendants nonetheless divided the performance of the different steps between them and thus avoided a finding of direct infringement. It is extremely difficult for any claim draftsman to contemplate all the ways in which would-be copyists might evade infringement by designing their activities to jointly perform a method. Accordingly, contrary to Limelight’s suggestion, claim drafting cannot mitigate the problem created by the Federal Circuit’s current law on direct joint infringement.

CONCLUSION

For the foregoing reasons, the petition should be denied. But, if this Court were to grant the petition, it should also grant the conditional cross-petition.

Respectfully submitted,

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