

Nos. 12-786 and 12-960

In the Supreme Court of the United States

LIMELIGHT NETWORKS, INC., PETITIONER

v.

AKAMAI TECHNOLOGIES, INC., ET AL.

AKAMAI TECHNOLOGIES, INC., ET AL., PETITIONERS

v.

LIMELIGHT NETWORKS, INC.

*ON PETITION AND CONDITIONAL CROSS-PETITION FOR A WRIT
OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT*

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

DONALD B. VERRILLI, JR.
*Solicitor General
Counsel of Record*

STUART F. DELERY
Assistant Attorney General

MALCOLM L. STEWART
Deputy Solicitor General

GINGER D. ANDERS
*Assistant to the Solicitor
General*

SCOTT R. MCINTOSH
PATRICK G. NEMEROFF
Attorneys

*Department of Justice
Washington, D.C. 20530-0001
SupremeCtBriefs@usdoj.gov
(202) 514-2217*

NATHAN K. KELLEY
*Solicitor and Deputy
General Counsel*
SCOTT C. WEIDENFELLER
BRIAN T. RACILLA
*Associate Solicitors
United States Patent and
Trademark Office
Alexandria, Va. 22313*

QUESTIONS PRESENTED

1. Whether a defendant that performs some steps of a patented method and that actively induces its customers to perform the remaining steps is liable for inducement of infringement under 35 U.S.C. 271(b).

2. Whether a defendant that performs some steps of a patented method, acting together with another entity that performs the remaining steps, may be liable for direct infringement under 35 U.S.C. 271(a).

TABLE OF CONTENTS

	Page
Interest of the United States	1
Statement.....	1
Discussion	7
I. Divided infringement presents substantial problems of statutory interpretation and patent policy, and the Patent Act as currently drafted may not provide a complete solution.....	8
II. The Court should grant the petition in No. 12-786 and hold that a party cannot be liable for inducement under 35 U.S.C. 271(b) if no party has directly infringed the patent.....	11
A. The court of appeals’ decision is incorrect	11
B. The question presented in No. 12-786 is important, and this Court’s review is warranted	18
III. The petition in No. 12-960 should be denied	21
Conclusion.....	23

TABLE OF AUTHORITIES

Cases:

<i>Aro Mfg. Co. v. Convertible Top Replacement Co.</i> , 365 U.S. 336 (1961)	13
<i>BMC Res., Inc. v. Paymentech, L.P.</i> , 498 F.3d 1373 (Fed. Cir. 2007)	3, 8, 19, 23
<i>Bill of Lading Transmission & Processing Sys. Patent Litig., In re</i> , 681 F.3d 1323 (Fed. Cir. 2012)	20
<i>Carbice Corp. of Am. v. American Patents Dev. Corp.</i> , 283 U.S. 27 (1931).....	21
<i>Central Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A.</i> , 511 U.S. 164 (1994)	16
<i>Commil USA, LLC v. Cisco Sys., Inc.</i> , 720 F.3d 1361 (Fed. Cir. 2013)	20

IV

Cases—Continued:	Page
<i>Deepsouth Packing Co. v. Laitram Corp.</i> , 406 U.S. 518 (1972)	5, 13
<i>eBay Inc. v. MercExchange, L.L.C.</i> , 547 U.S. 388 (2006)	9
<i>Fromson v. Advance Offset Plate, Inc.</i> , 720 F.2d 1565 (Fed. Cir. 1983)	18
<i>Global-Tech Appliances, Inc. v. SEB S.A.</i> , 131 S. Ct. 2060 (2011)	14
<i>Golden Hour Data Sys. Inc. v. emsCharts, Inc.</i> , 614 F.3d 1367 (Fed. Cir. 2010)	3, 8, 19, 23
<i>McKesson Techs., Inc. v. Epic Sys. Corp.</i> :	
133 S. Ct. 1520 (2013)	5
133 S. Ct. 1521 (2013)	5
<i>Mercoid Corp. v. Mid-Continent Inv. Co.</i> , 320 U.S. 661 (1966)	14
<i>Metro-Goldwyn-Mayer Studios Inc. v. Grokster Ltd.</i> , 545 U.S. 913 (2005)	14
<i>Meyer v. Holley</i> , 537 U.S. 280 (2003)	21
<i>Microsoft Corp. v. AT&T Corp.</i> , 550 U.S. 437 (2007)	10
<i>Muniauction, Inc. v. Thomson Corp.</i> , 532 F.3d 1318 (Fed. Cir. 2008), cert. denied, 556 U.S. 1105 (2009)	2, 3, 9, 21
<i>NTP, Inc. v. Research In Motion, Ltd.</i> , 418 F.3d 1282 (Fed. Cir. 2005), cert. denied, 556 U.S. 1105 (2009)	2, 11
<i>Peerless Equip. Co. v. W.H. Miner, Inc.</i> , 93 F.2d 98 (7th Cir. 1937), cert. denied, 303 U.S. 641 (1938)	17, 18
<i>Solva Waterproof Glue Co. v. Perkins Glue Co.</i> , 251 F. 64 (7th Cir. 1918)	17, 18

Statutes and rule:	Page
Patent Act of 1952, ch. 950, 66 Stat. 792 (35 U.S.C. 1 <i>et seq.</i>).....	6
35 U.S.C. 101.....	2, 3
35 U.S.C. 271.....	8, 10, 17, 19
35 U.S.C. 271(a).....	<i>passim</i>
35 U.S.C. 271(b).....	<i>passim</i>
35 U.S.C. 271(c).....	18
35 U.S.C. 271(f).....	10
35 U.S.C. 281.....	2, 12
35 U.S.C. 284.....	2
18 U.S.C. 2(a).....	15
18 U.S.C. 2(b).....	15
18 U.S.C. 371.....	16
Sup. Ct. R. 46.....	5
Miscellaneous:	
<i>Contributory Infringement: Hearings on H.R. 3866 Before Subcomm. No. 4 of the House Comm. on the Judiciary, 81st Cong., 1st Sess. (1950).....</i>	16
<i>Contributory Infringement in Patents: Hearings on H.R. 5988, H.R. 4061, and H.R. 5248 Before the Subcomm. on Patents, Trade-marks, and Copy- rights of the House Comm. on the Judiciary, 80th Cong., 2d Sess. (1948).....</i>	16
Tony Dutra, <i>Akamai/McKesson Inducement Rule Affects Wide Range of Industries, Practition- ers Say</i> , BNA Patent, Trademark & Copyright Law Daily (Sept. 7, 2012), http://www.bna.com/ akamaimckesson-inducement-rule-n17179869600/	19
Eugene Gressman et al., <i>Supreme Court Practice</i> (10th ed. 2013).....	20

VI

Miscellaneous—Continued:	Page
H.R. Rep. No. 1923, 82d Cong., 2d Sess. (1952)	11, 18
<i>Patent Law Codification and Revision: Hearings on H.R. 3760 Before Subcomm. No. 3 of the House Comm. on the Judiciary, 82d Cong., 1st Sess. (1951)</i>	17
Restatement (Second) of Torts (1979).....	15
S. Rep. No. 1979, 82d Cong., 2d Sess. (1952)	11

In the Supreme Court of the United States

No. 12-786

LIMELIGHT NETWORKS, INC., PETITIONER

v.

AKAMAI TECHNOLOGIES, INC., ET AL.

No. 12-960

AKAMAI TECHNOLOGIES, INC., ET AL., PETITIONERS

v.

LIMELIGHT NETWORKS, INC.

*ON PETITION AND CONDITIONAL CROSS-PETITION FOR A
WRIT OF CERTIORARI TO THE UNITED STATES COURT OF
APPEALS FOR THE FEDERAL CIRCUIT*

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

INTEREST OF THE UNITED STATES

This brief is submitted in response to the Court's order inviting the Solicitor General to express the views of the United States. In the view of the United States, the petition for a writ of certiorari in No. 12-786 should be granted, and the conditional cross-petition for a writ of certiorari in No. 12-960 should be denied.

STATEMENT

1. Any person who invents a "new and useful process, machine, manufacture, or composition of matter"

(1)

may obtain a patent in accordance with the conditions and requirements of the Patent Act. 35 U.S.C. 101. A patent holder may bring a civil action for infringement in order to enforce the exclusive rights granted by the Patent Act. 35 U.S.C. 271(a), 281, 284. In particular, Section 271(a) provides in relevant part that “whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States * * * infringes the patent.” 35 U.S.C. 271(a). Section 271(b) states that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. 271(b).

A patent claiming a process “is not infringed unless all steps or stages of the claimed process are utilized.” *NTP, Inc. v. Research In Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed. Cir. 2005) (citation omitted), cert. denied, 546 U.S. 1157 (2006). To establish that the defendant has “used” the process and has thereby committed direct infringement under Section 271(a), the patent owner ordinarily must prove that the defendant has performed all of the steps of the process. The Federal Circuit has recognized, however, that when two or more parties commit “divided infringement” (Pet. App. 2a-3a)¹ by collectively performing all of the steps of a patented process, a court may hold one of the parties liable under Section 271(a) if the acts of the other party are attributable to him under common-law vicarious-liability principles. See generally *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008), cert. denied, 556 U.S. 1105 (2009).²

¹ Unless otherwise noted, all references to “Pet.” and “Pet. App.” are to the petition and appendix in No. 12-786.

² By its nature, the “divided infringement” problem will arise only when the relevant patented invention is a “process” rather

Although the scope of that liability has evolved over time, the governing rule in the Federal Circuit is that “where the actions of multiple parties combine to perform every step of a claimed method, the claim is directly infringed only if one party exercises ‘control or direction’ over the entire process such that every step is attributable to the controlling party, i.e., the ‘mastermind.’” *Muniauction*, 532 F.3d at 1329; see *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1379-1381 (Fed. Cir. 2007). 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 that are required to complete performance of a claimed method.” *Muniauction*, 532 F.3d at 1330; see *Golden Hour Data Sys. Inc. v. emsCharts, Inc.*, 614 F.3d 1367, 1371, 1373, 1380-1381 (Fed. Cir. 2010) (finding insufficient evidence of control or direction where parties had an arms’-length “strategic partnership”).

2. Akamai Technologies, Inc. (Akamai) is the exclusive licensee of the patent at issue in this case, known as the ’703 patent, which claims a method of structuring websites and their supporting servers that allows the sites to handle internet traffic more efficiently. Pet. App. 101a-104a. The method involves placing some elements of a content provider’s website onto supporting servers and altering the provider’s

than a “machine, manufacture, or composition of matter.” 35 U.S.C. 101. “In the case of a product claim, the party that adds the final element to the combination ‘makes’ the infringing product and thus is liable for direct infringement even if others make portions of the product.” Pet. App. 25a. By the same token, a person who (acting with the requisite scienter) “actively induces” another to add that “final element” and thereby “make” the patented product can be held liable under Section 271(b).

website so that it is able to access the elements that have been stored on the supporting servers. *Ibid.*

In 2006, Akamai brought this infringement action against Limelight Networks (Limelight). Pet. App. 104a-105a. Akamai alleged that Limelight had performed some of the steps of Akamai's patented process and had caused Limelight's customers—website content providers—to perform the remaining steps of choosing elements to outsource and tagging them as instructed by Limelight. *Id.* at 105a-106a. A jury found that Limelight had not established that the '703 patent was invalid and that Limelight had infringed the patent. *Id.* at 105a.

The district court granted Limelight's motion for judgment as a matter of law, concluding that Akamai had not established that Limelight had directly infringed the '703 patent. Pet. App. 181a-194a. The court concluded that the performance by Limelight's customers of certain steps of the '703 patent could not be attributed to Limelight under *Muniauction* because establishing the requisite "direction or control requires something more than merely a contractual agreement to pay for a defendant's services and instructions or directions on how to utilize those services." *Id.* at 190a.

3. A panel of the court of appeals affirmed. Pet. App. 100a-135a. The panel held that "there can only be joint infringement when there is an agency relationship between the parties who perform the method steps or when one party is contractually obligated to the other to perform the steps." *Id.* at 112a. The panel concluded that Limelight and its customers lacked the requisite agency or contractual relationship. *Id.* at 113a-117a.

4. The Federal Circuit granted rehearing en banc.³ The court reversed the district court’s ruling that Limelight was not liable for infringement and remanded for further proceedings.

a. The court of appeals held that this case “and cases like [it] can be resolved through an application of the doctrine of induced infringement.” Pet. App. 3a. Specifically, the court held that a party that performs some steps of a patented process and actively induces another to commit the remaining steps may be liable for inducement of infringement under Section 271(b), even though no party in that scenario would be liable for direct infringement under Section 271(a).⁴ *Id.* at 9a.

The court of appeals acknowledged the “well settled” principle that “there can be no indirect infringement without direct infringement.” Pet. App. 8a (citing *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 526 (1972)). The court concluded, however, that “requiring proof that there *has been* direct infringement as a predicate for induced infringement is not the same as requiring proof that a single party would be *liable* as a direct infringer,” and that the

³ For purposes of the en banc proceedings, the court of appeals consolidated this case with *McKesson Technologies, Inc. v. Epic Systems Corp.*, No. 2010-1291, which raised similar issues. Pet. App. 4a-5a. After the en banc court issued its decision, the parties in the *McKesson* case sought this Court’s review, but then settled the case while their certiorari petitions were pending. The petitions were dismissed under Sup. Ct. R. 46. 133 S. Ct. 1520 (2013) (No. 12-800); *id.* at 1521 (No. 12-970).

⁴ The court found it unnecessary “to revisit” its precedents concerning the circumstances under which parties who commit divided infringement may be liable for direct infringement under Section 271(a). Pet. App. 6a.

latter is not required. *Id.* at 9a. The court reasoned that if a party has “knowingly induced others to commit the acts necessary to infringe” the patent, “there is no reason to immunize the inducer from liability for indirect infringement simply because the parties have structured their conduct so that no single defendant has committed all the acts necessary to give rise to liability for direct infringement.” *Ibid.*

The court of appeals concluded that its holding was “entirely consistent” with the text of Section 271(b). Pet. App. 10a. That provision requires that a defendant knowingly induce “infringement.” 35 U.S.C. 271(b). In the court of appeals’ view, “[n]othing [in Section 271(b)] indicates that the term ‘infringement’ * * * is limited to ‘infringement’ by a single entity.” Pet. App. 10a. Rather, the court explained, the term “infringement” in Section 271(b) “appears to refer most naturally to the acts necessary to infringe a patent.” *Ibid.* The court found additional support for its construction in legislative-hearing testimony by Giles Rich, a primary author of the Patent Act of 1952, ch. 950, 66 Stat. 792 (35 U.S.C. 1 *et seq.*), as well as in certain tort-law doctrines and criminal statutes that, in the court’s view, contemplated that someone who induces wrongful conduct may be liable even if the primary actor is not. Pet. App. 10a-19a.

The court of appeals accordingly remanded the case to the district court to permit Akamai to attempt to demonstrate that “(1) Limelight knew of Akamai’s patent, (2) it performed all but one of the steps of the method claimed in the patent, (3) it induced the content providers to perform the final step of the claimed method, and (4) the content providers in fact performed that final step.” Pet. App. 29a-30a.

b. Judge Linn, joined by Judges Dyk, Prost, and O'Malley, issued a dissenting opinion. Pet. App. 69a-99a. Judge Newman issued a separate dissent. *Id.* at 31a-68a. Both dissenting opinions argued that a party “induces infringement” under Section 271(b) only when the induced conduct itself constitutes direct infringement under Section 271(a), such that there is a potentially liable direct infringer. *Id.* at 49a-52a (Newman, J.); 71a-90a (Linn, J.).

With respect to liability for direct infringement under Section 271(a), Judge Linn would have held that a party may be directly liable when he performs some steps of the process and the performance of the remaining steps can be imputed to him through principles of vicarious liability. Pet. App. 92a-96a. Judge Newman proposed permitting direct liability whenever parties have performed the steps of a process “in collaboration or interaction.” *Id.* at 45a-46a.

DISCUSSION

This Court should grant Limelight’s petition for certiorari (No. 12-786). The court of appeals erred in holding that a defendant who performs some steps of a patented method and who induces another party to perform the remaining steps may be liable for active inducement of infringement under Section 271(b) even though no party has directly infringed the patent under Section 271(a). This Court’s review of that question is warranted to avert a significant expansion of the scope of inducement liability (and a corresponding increase in burdensome litigation) that is not justified under a proper understanding of Section 271.

The Court should deny Akamai’s conditional cross-petition (No. 12-960). There is no reason at this time for the Court to review the circumstances in which a

party may be liable for direct infringement when two or more parties perform the steps of a process. The Federal Circuit's overarching approach to that question—employing traditional common-law principles to determine when one person's conduct may be attributed to another—is correct, and the court did not revisit that approach in the decision below.

I. DIVIDED INFRINGEMENT PRESENTS SUBSTANTIAL PROBLEMS OF STATUTORY INTERPRETATION AND PATENT POLICY, AND THE PATENT ACT AS CURRENTLY DRAFTED MAY NOT PROVIDE A COMPLETE SOLUTION

The Federal Circuit's decision in this case reflects a considered effort to address the difficult issues that arise when two or more parties, acting without the authorization of the patent owner, collectively perform all the steps of a patented process. Divided infringement can occur in a variety of circumstances, including when one party directs or controls the actions of another, cf. *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1375 (Fed. Cir. 2007); when two parties collaborate in the context of an arms'-length cooperative arrangement, *Golden Hour Data Sys. Inc. v. emsCharts, Inc.*, 614 F.3d 1367, 1369 (Fed. Cir. 2010); or when (as here) a vendor offers a service in which the vendor performs some steps of the process and instructs its customers on how to perform the rest. In each circumstance, the process has been performed, and sound reasons of patent policy may support holding one or more parties liable.

Before this case, the Federal Circuit had addressed divided infringement exclusively under the rubric of direct infringement. The Federal Circuit's most recent decisions were correct to apply traditional princi-

ples of vicarious liability to determine when one party's performance of certain process steps may be attributed to another, rendering the latter liable for direct infringement under Section 271(a). That approach imposes direct infringement liability in situations in which "one party exercises 'control or direction' over the entire process such that every step is attributable to the controlling party, i.e., the 'mastermind.'" *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1329 (Fed. Cir. 2008), cert. denied, 556 U.S. 1105 (2009). That framework does not reach cases such as this one, in which the vendor instructs its subscribers how to perform the process's remaining steps but they are not contractually or otherwise obligated to do so. Pet. App. 115a-116a. Nor should courts attempt to devise patent-specific rules of vicarious liability in order to bring such scenarios within the coverage of Section 271(a). Cf. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006) (in the context of injunctive relief in patent infringement actions, "a major departure from the long tradition of equity practice should not be lightly implied") (citation omitted).

Perhaps because the Federal Circuit recognized the limitations of Section 271(a) in addressing cases like this one, the court turned instead to inducement liability under Section 271(b). That approach has intuitive force. As a matter of patent policy, there is no obvious reason why a party should be liable for inducing infringement when it actively induces another party to perform all the steps of the process, but not liable when it performs some steps and induces another party to perform the rest. On the other hand, the Federal Circuit's approach creates a significant

anomaly—namely, that a party may be liable for “actively induc[ing] infringement,” 35 U.S.C. 271(b), even though there is no potentially liable direct infringer. The Federal Circuit’s construction of Section 271(b) is also inconsistent with the most straightforward reading of the statutory text and unsupported by background legal principles. See pp. 11-16, *infra*.

The Federal Circuit’s inducement holding should accordingly be reversed. Doing so will likely permit vendors such as Limelight to avoid liability altogether, as inducement liability will not be available and traditional principles of vicarious liability would not support attributing customers’ voluntary actions to the vendor for purposes of direct-infringement liability. That statutory gap is unfortunate, but it reflects the better reading of the current statutory language in light of established background principles of vicarious liability. If the current provisions of Section 271 do not deal adequately with the relatively new phenomenon in which multiple parties collectively practice the steps of a patented method, the authority and responsibility for filling any perceived statutory gap belongs to Congress rather than the courts. See *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 452, 456-458 (2007) (stating that a potential “loophole” in 35 U.S.C. 271(f) “is properly left for Congress to consider, and to close if it finds such action warranted”).

II. THE COURT SHOULD GRANT THE PETITION IN NO. 12-786 AND HOLD THAT A PARTY CANNOT BE LIABLE FOR INDUCEMENT UNDER 35 U.S.C. 271(b) IF NO PARTY HAS DIRECTLY INFRINGED THE PATENT

A. The Court Of Appeals' Decision Is Incorrect

1. Under the court of appeals' decision, a defendant who performs some steps of a process and induces another to perform the rest may be liable for "actively induc[ing] infringement," 35 U.S.C. 271(b), even though no person has "infringe[d] the patent" within the meaning of Section 271(a). That holding is inconsistent with the text and structure of the Patent Act, and is unsupported by background principles of tort and criminal liability.

a. Section 271(a) defines the acts that constitute direct infringement by providing that "whoever without authority makes, uses, offers to sell, or sells any patented invention * * * infringes the patent." 35 U.S.C. 271(a). Section 271(a) is "a declaration of what constitutes infringement in the present statute." S. Rep. No. 1979, 82d Cong., 2d Sess. 8 (1952); H.R. Rep. No. 1923, 82d Cong., 2d Sess. 9 (1952) (*House Report*). Under Section 271(a), infringement of a patented method occurs when a defendant "uses" the method by performing all its steps. *NTP, Inc. v. Research In Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed. Cir. 2005), cert. denied, 546 U.S. 1157 (2006).

Sections 271(b) and (c) define two types of secondary liability. The inducement liability provision at issue here, Section 271(b), states that "[w]hoever actively induces infringement of a patent shall be liable as an infringer." 35 U.S.C. 271(b). The "infringement" to which Section 271(b) refers is the con-

duct defined in Section 271(a) as “infring[ing] the patent.” 35 U.S.C. 271(a). To be liable under Section 271(b), then, a person must “actively induce” conduct that constitutes “infringement.” If the induced conduct is not itself infringing, then the alleged inducer has not induced “infringement,” and he cannot be liable under Section 271(b). Put another way, a person cannot be liable under Section 271(b) for “induc[ing] infringement” unless he has induced a second person to commit direct infringement, for which that person could be liable under Section 271(a).

Section 281 of the Patent Act supports that construction of Sections 271(a) and (b). Section 281 provides that “[a] patentee shall have remedy by civil action for infringement of his patent.” 35 U.S.C. 281. That provision uses the term “infringement” to refer to a violation of law for which some party can be held civilly liable. The court of appeals, by contrast, held that “direct infringement as a predicate for induced infringement” can exist even though no “single party would be *liable* as a direct infringer,” Pet. App. 9a, on the theory that the term “infringement” in Section 271(b) “appears to refer most naturally to the acts necessary to infringe a patent,” *id.* at 10a. The court thus construed the term “infringement” in Section 271(b) to encompass primary conduct (the collective performance by different actors of all steps of a patented process) that does not violate the law and does not give rise to any civil remedy.

b. On several occasions, this Court has made statements that suggested or presupposed that a completed act of direct infringement is necessary before a party can be liable for secondary infringement. Although none of those statements addressed

the specific question presented here, they reflect a background understanding inconsistent with the expansive view of inducement liability that the court below adopted.

In *Aro Manufacturing Co. v. Convertible Top Replacement Co.*, 365 U.S. 336 (1961), the Court considered whether Aro, a company that sold replacement fabric for use with a patented convertible car roof, was liable for contributory infringement under Section 271(c). That provision defines contributory infringement as, *inter alia*, the knowing sale of a component for use in an “infringement” of a patent. *Id.* at 337-338, 340. The Court held that Aro’s sale of the replacement fabric could “constitute contributory infringement under [Section] 271(c), if, but only if, such a replacement by the purchaser himself would in itself constitute a *direct* infringement under [Section] 271(a), for it is settled that if there is no *direct* infringement of a patent there can be no *contributory* infringement.” *Id.* at 340-341. The Court further explained that Section 271(c) “defines contributory infringement in terms of direct infringement,” and that “[Section] 271(a) of the new Patent Code * * * defines ‘infringement.’” *Id.* at 341-342. Thus, “if the purchaser and user could not be amerced as an infringer certainly one who sold to him * * * cannot be amerced for contributing to a non-existent infringement.” *Id.* at 341 (citation omitted).

Similarly, in *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518 (1972), this Court held that Deepsouth was not liable for contributory infringement arising from its sale of the parts of a patented machine because the assembly and use of the machine was to occur outside the United States, beyond the

reach of the Patent Act. *Id.* at 523, 526-527. The Court stated that “there can be no contributory infringement without the fact or intention of a direct infringement,” and “[i]n a word, if there is no [direct] infringement of a patent there can be no contributory infringer.” *Id.* at 526 (quoting *Mercoide Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 677 (1966) (Frankfurter, J., dissenting on other grounds)). The Court has likewise stated in the copyright context that “[i]n addition to intent to bring about infringement and distribution of a device suitable for infringing use, the inducement theory of course requires evidence of actual infringement by recipients of the device.” *Metro-Goldwyn-Mayer Studios Inc. v. Grokster Ltd.*, 545 U.S. 913, 940 (2005).

Most recently, in *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011), the Court considered whether Section 271(b) requires the defendant to have *known* that the conduct he induced constituted infringement. In explaining that the text of Section 271(b) could reasonably be construed in either of two ways, the Court stated that the provision “may require merely that the inducer lead another to engage in conduct that happens to amount to infringement,” or may require “that the inducer must persuade another to engage in conduct that the inducer knows is infringement.” *Id.* at 2065 & n.2. The Court’s articulation of those alternatives presupposed that the conduct being induced must *in fact* constitute direct infringement.

2. In concluding that a defendant may be liable for inducing infringement even in the absence of conduct that itself constitutes direct infringement, the court of appeals relied in part on tort and criminal law second-

ary liability principles. Those principles, however, do not support the conclusions the court of appeals drew from them.

The court of appeals relied (Pet. App. 16a) on Section 877(a) of the Restatement (Second) of Torts (1979), which provides that a person is liable for “harm resulting to a third person from the tortious conduct of another” if he “orders or induces the conduct, if he knows or should know of circumstances that would make the conduct tortious if it were his own.” That provision, the court of appeals emphasized, contemplates that an inducer may be liable even if the induced actor would not be (for instance, because he lacks the requisite intent). Pet. App. 16a. The Restatement does not support the court’s holding, however, because Section 877(a) requires that the induced conduct be “tortious” if committed by the inducer. See also Restatement (Second) of Torts § 876 (similarly requiring “the tortious conduct of another”). Under the court of appeals’ construction of Section 271(b), by contrast, the induced conduct—performing some but not all steps of a patented process—does not in itself constitute infringement.

For the same reason, the criminal-law provision identified by the Federal Circuit, 18 U.S.C. 2(b), is inapt. Pet. App. 15a. That provision, similar to Restatement § 877(a), prohibits willfully “caus[ing] an act to be done which if directly performed [by the defendant] or another *would be an offense against the United States.*” 18 U.S.C. 2(b) (emphasis added); see Pet. App. 86a-87a (Linn, J., dissenting). As the dissenting judges below observed (*id.* at 84a-87a), moreover, the criminal statute that is textually most similar to Section 271(b) is 18 U.S.C. 2(a), which provides in

relevant part that whoever “induces” the “commission” of “an offense against the United States” is “punishable as a principal.” That provision requires that an underlying criminal “offense” have been committed—such that the person who commits it would be liable—before a defendant can be guilty of inducing that offense. See *Central Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A.*, 511 U.S. 164, 181 (1994).⁵

3. The court of appeals’ reliance on the testimony of Judge Giles Rich during a 1948 hearing on the proposed legislation that became the 1952 Patent Act is also misplaced. See Pet. App. 12a-14a. In that testimony, Rich stated that “[w]hen two people combine and infringe a patent in some way or other, they are joint tortfeasors, and it so happens that patents are often infringed by people acting in concert, either specifically or by implication, when neither one of them is a direct infringer.” *Contributory Infringement: Hearings on H.R. 3866 Before Subcomm. No. 4 of the House Comm. on the Judiciary*, 81st Cong., 1st Sess. 3 (1950) (*H.R. 3866 Hearings*); see *Contributory Infringement in Patents: Hearings on H.R. 5988, H.R. 4061, and H.R. 5248 Before the Subcomm. on Patents, Trade-marks, and Copyrights of the House Comm. on the Judiciary*, 80th Cong., 2d Sess. 5 (1948) (discussing situations in which “there is obvious in-

⁵ Crimes such as conspiracy do not require an underlying offense, but only because they are so defined by statute. See, e.g., 18 U.S.C. 371 (“If two or more persons conspire * * * to commit any offense against the United States, * * * and one or more of such persons do any act to effect the object of the conspiracy, each shall be” punished.). Section 271(b), by contrast, requires a predicate infringement.

fringement of the patent,” even though “there is no direct infringer of the patent but only two contributory infringers”).

Although the court of appeals inferred from these statements that Judge Rich “viewed indirect infringement as an available remedy even in the absence of any single direct infringer,” Pet. App. 14a, the testimony does not meaningfully clarify *Congress’s* intent in enacting Section 271. Indeed, Judge Rich made other statements suggesting that induced infringement under Section 271(b) requires that the induced conduct itself constitute direct infringement. See *H.R. 3866 Hearings* 5 (for there to be contributory infringement, “[s]omewhere along the line there must be a direct infringement”); *Patent Law Codification and Revision: Hearings on H.R. 3760 Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 82d Cong., 1st Sess. 151 (1951) (“[W]herever there is contributory infringement there is somewhere something called direct infringement, and to that direct infringement someone has contributed.”).

4. Finally, the court of appeals drew support from two pre-1952 Seventh Circuit decisions, but there is no evidence that Congress intended to codify those decisions in the 1952 Patent Act. In *Peerless Equipment Co. v. W.H. Miner, Inc.*, 93 F.2d 98, 105 (1937), cert. denied, 303 U.S. 641 (1938), and *Solva Waterproof Glue Co. v. Perkins Glue Co.*, 251 F. 64, 73-74 (1918), the court of appeals held, with little explanation, that a party could be liable for contributory infringement if it performed some steps of a patented process and sold the resulting product, knowing that the buyer would use the product to perform the remaining steps. In both cases, however, the court’s method-claim

holding was not necessary to subject the defendant to liability, as each defendant was also held liable for indirect infringement of product claims. See *Peerless Equip.*, 93 F.2d at 105; *Solva Waterproof Glue*, 251 F. at 73-74. And in any event, one of Congress’s purposes in enacting Section 271(b) and (c) in the 1952 Patent Act was to “eliminate” the “[c]onsiderable doubt and confusion as to the scope of contributory infringement [that] has resulted from a number of decisions of the courts in recent years.” *House Report 9*. Absent some indication that Congress knew of and intended to codify the Seventh Circuit’s understanding of inducement liability, those rulings do not support the decision below.⁶

B. The Question Presented In No. 12-786 Is Important, And This Court’s Review Is Warranted

1. The Federal Circuit’s decision substantially alters the doctrine and scope of patent infringement liability. Before the decision below, a party could be liable under Section 271(b) only if he had induced another actor to commit acts that themselves consti-

⁶ The court of appeals also cited a post-1952 decision, *Fromson v. Advance Offset Plate, Inc.*, 720 F.2d 1565, 1567 (Fed. Cir. 1983). Pet. App. 28a. *Fromson* involved both product claims (photographic printing plates) and method claims (the process for creating the printing plates). The Federal Circuit observed in dicta that, where the defendant’s customers completed the final step of the patented process to create the patented plates, the defendant “cannot be liable for direct infringement with respect to those plates but could be liable for contributory infringement.” 720 F.3d at 1568. But the Federal Circuit did not specify whether it believed the defendant might be liable for contributory infringement of the product claim (which the defendant’s customers would have directly infringed by completing the plates) or of the method claim. *Ibid.*; see note 2, *supra*.

tuted direct infringement. In turn, direct liability for infringing a patented process could be imposed under Section 271(a) only when a single actor was responsible for performing each of the process's steps, either because he had personally performed that step or because another actor's performance of the step could be imputed to him under established common-law tort principles of vicarious liability. See pp. 8-9, *supra*.

As a result of the decision below, parties who have ordered their conduct based on their understanding of the pre-*Akamai* state of the law may now face potential liability for inducing infringement. Companies in a wide range of industries—including the information technology, financial services, biotechnology, and wireless network industries—may be affected by the decision. See, e.g., Pet. App. 4a; *id.* at 34a n.1 (Newman, J., dissenting); *BMC Res., Inc.*, 498 F.3d at 1375; *Golden Hour Data Sys. Inc.*, 614 F.3d at 1369; Tony Dutra, *Akamai/McKesson Inducement Rule Affects Wide Range of Industries, Practitioners Say*, BNA Patent, Trademark & Copyright Law Daily (Sept. 7, 2012), <http://www.bna.com/akamaimckesson-inducement-rule-n17179869600/>. Because the Federal Circuit's decision gives rise to the prospect of expanded liability and increased litigation across a range of industries, this Court should grant review to determine whether the Federal Circuit's expansion of the scope of inducement liability rested on an incorrect construction of Section 271.⁷

⁷ As *Akamai* observes (Br. in Opp. 29-31), Section 271(b)'s scientist requirement limits the circumstances in which a party may be liable for inducement under the Federal Circuit's decision. Under Federal Circuit precedent, a party who has performed some steps of a process and induced others to perform the rest, but who is

2. This case is a suitable vehicle to resolve the question presented. Although the decision is interlocutory (see 12-786 Br. in Opp. 10-13), this Court's immediate review is warranted because the petition presents an "important and clear-cut issue of law" that "would otherwise qualify as a basis for certiorari" and "is fundamental to the further conduct of the case." Eugene Gressman et al., *Supreme Court Practice* 283 (10th ed. 2013) (citing cases). The further proceedings in this case, in which the parties will litigate whether Limelight is liable under Section 271(b), will not shed further light on, or affect the Court's ability to review, the legal question whether a party can be liable under Section 271(b) in the absence of a direct infringer. By resolving the issue now, this Court would bring certainty to the many parties potentially affected by the decision, before they have been subjected to the uncertainty and potentially burdensome litigation that may result from the decision.

unaware of the patent or possesses a good-faith belief that the parties' conduct is non-infringing, cannot be found liable under Section 271(b). See *Commil USA, LLC v. Cisco Sys., Inc.*, 720 F.3d 1361, 1366-1369 (2013). But while that scienter requirement will limit the circumstances in which defendants are ultimately held liable under the Federal Circuit's theory, it does not alter the fact that the court of appeals has expanded the range of conduct that may serve as the basis for a claim of induced infringement. See Pet. 31 n.6; Pet. Reply Br. 2-3 & n.1. And once such suits are filed, the scienter requirement may not shield defendants from extensive litigation, as the question of the defendant's knowledge may not be susceptible to pre-trial resolution. See, e.g., *In re Bill of Lading Transmission and Processing Sys. Patent Litig.*, 681 F.3d 1323, 1341 (Fed. Cir. 2012).

III. THE PETITION IN NO. 12-960 SHOULD BE DENIED

Akamai contends (12-960 Pet. 2-4) that, if this Court grants review to consider the Federal Circuit's inducement holding, the Court should also consider the proper framework for addressing divided infringement under Section 271(a). In its prior decisions, the Federal Circuit has correctly relied on established principles of vicarious liability to determine when joint performance of a patented method may be attributed to a single party for purposes of direct infringement under Section 271(a). Because the decision below did not further refine the court's approach to divided infringement under Section 271(a), review of that question is not warranted at this time.

"Infringement [of a patent], whether direct or contributory, is essentially a tort." *Carbice Corp. of Am. v. American Patents Dev. Corp.*, 283 U.S. 27, 33 (1931). "[T]he Court has assumed that, when Congress creates a tort action, it legislates against a legal background of ordinary tort-related vicarious liability rules and consequently intends its legislation to incorporate those rules." *Meyer v. Holley*, 537 U.S. 280, 285 (2003). Accordingly, the Federal Circuit's overarching approach to Section 271(a) liability for divided infringement is the correct one: the court permits liability "in situations where the law would traditionally hold the accused direct infringer vicariously liable for the acts committed by another party that are required to complete performance of a claimed method." *Muniauction*, 532 F.3d at 1330; Pet. App. 92a (Linn, J., dissenting) ("Our 'divided infringement' case law is rooted in traditional principles of vicarious liability.").

In this case, the court of appeals granted rehearing en banc to consider, *inter alia*, whether it should alter

its approach to divided infringement under Section 271(a). See No. 2009-1372 Docket entry No. 64, at 2 (Apr. 20, 2011). The court’s holding with respect to inducement liability obviated the need to address the appropriate scope of direct liability under Section 271(a).⁸ Pet. App. 3a, 6a. The court’s grant of en banc review on the Section 271(a) question may suggest, however, that the court will in the future continue to refine the application of established common-law attribution principles to particular instances of divided infringement. See, *e.g.*, *id.* at 94a-95a (Linn, J., dissenting) (discussing application of tort-law principles to direct infringement).⁹

The Federal Circuit’s general approach to joint infringement—its reliance on traditional vicarious-liability principles—is sound. To the extent that the court of appeals may wish to refine that framework in the context of the manifold factual scenarios in which

⁸ The court of appeals stated in passing that “the trial court correctly held that Limelight did not direct and control the actions of the content providers as those terms have been used in this court’s direct infringement cases.” Pet. App. 30a. The court did not elaborate on that observation, however, and the question of direct infringement will remain open on remand if this Court reverses the Federal Circuit’s holding on inducement liability.

⁹ Contrary to Akamai’s contention (12-960 Pet. 3), the questions presented in the two petitions are not “inextricably intertwined.” The question presented in Limelight’s petition concerns the interpretation of the phrase “actively induces infringement of a patent” in Section 271(b), whereas the question presented in Akamai’s petition involves the application of vicarious-liability principles to the direct-infringement tort defined by Section 271(a). The questions are also independent: the Court can resolve whether Limelight may be liable for inducement without considering whether, or in what circumstances, it would also be liable for direct infringement.

joint performance of patented methods arises, it should be permitted to do so in the first instance. See, e.g., *BMC Res., Inc.*, 498 F.3d at 1375; *Golden Hour Data Sys. Inc.*, 614 F.3d at 1369. This Court may then consider whether review is warranted in a future case in which, unlike this one, the court of appeals has addressed the application of the doctrine to the facts presented.

CONCLUSION

The petition for a writ of certiorari in No. 12-786 should be granted. The conditional cross-petition for a writ of certiorari in No. 12-960 should be denied.

Respectfully submitted.

NATHAN K. KELLEY
*Solicitor and Deputy
 General Counsel*
 SCOTT C. WEIDENFELLER
 BRIAN T. RACILLA
*Associate Solicitors
 United States Patent and
 Trademark Office*

DONALD B. VERRILLI, JR.
Solicitor General
 STUART F. DELERY
Assistant Attorney General
 MALCOLM L. STEWART
Deputy Solicitor General
 GINGER D. ANDERS
*Assistant to the Solicitor
 General*
 SCOTT R. MCINTOSH
 PATRICK G. NEMEROFF
Attorneys

DECEMBER 2013