MBHB *snippets* Alert **June 2, 2014**

The Standard for Joint and Induced Infringement in Light of *Limelight Networks, Inc. v. Akamai Technologies, Inc.*

By: Grantland G. Drutchas

In the U.S. Supreme Court's decision today in *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, the Supreme Court reversed the Federal Circuit's *en banc* holding that a defendant need not perform all of the steps of a claim to infringe where it performs some and induces third parties to perform the rest. No. 12-786, slip op. at 1 (June 2, 2014). The Federal Circuit previously reached its holding in the *en banc* decision by finding that direct infringement under 35 U.S.C. §271(a) was not required; inducement merely required that the claimed steps be performed. In doing so, the Federal Circuit had essentially set up a separate standard for direct infringement in the inducement setting.

In today's opinion, the Supreme Court first reiterated the basic tenet that inducement can occur "if, but only if," there is direct infringement. *Id.* at 5. The Court then stated, rather forcefully, that the Federal Circuit's evaluation of direct infringement here was flawed:

> The Federal Circuit's analysis fundamentally misunderstands what it means to infringe a method patent. A method patent claims a number of steps; under this Court's case law, the patent is not infringed unless all the steps are carried out.
>
> . . . .
>
> The Federal Circuit's contrary view would deprive §271(b) of ascertainable standards. If a defendant can be held liable under §271(b) for inducing conduct that does not constitute infringement, then how can a court assess when a patent holder's rights have been invaded?

Id. at 5-6.

Ironically, the Supreme Court relied on the Federal Circuit's own decision in *Muniauction, Inc. v. Thomson Corp.,* 532 F. 3d 1318 (Fed. Cir. 2008) for its holding that all steps must be performed by the same actor for direct infringement of a method claim. It noted several times, however,

that it was not reviewing *Muniauction*, and was simply "[a]ssuming without deciding that the Federal Circuit's holding in *Muniauction* is correct …." Slip op. at 6.

The Supreme Court acknowledged the anomalous result that *Muniauction* and its decision here would permit; "a would-be infringer [can] evade liability by dividing performance of a method patent's steps with another whom the defendant neither directs nor controls." But this is the natural consequence of the cases and the statute and avoids the nebulous double standard for direct infringement proposed by the Federal Circuit in its decision below.

As with the *Nautilus, Inc. v. Biosig Instruments, Inc.* case also decided today, the Supreme Court's decision here defines additional limits on the scope of patent protection. Note that *Limelight* does not present a situation where the secondary actors were under the "direction or control" of the principal actor, but instead were customers who could not be treated as agents of Limelight. This holding further establishes the requirement for careful analysis of who will be performing the steps when drafting and prosecuting method claims, as well as deciding which claims to enforce in litigation.

No. 12–786. Argued April 30, 2014—Decided June 2, 2014

The opinion can be found at http://www.supremecourt.gov/opinions/13pdf/12-786_664d.pdf.

Grantland G. Drutchas is a partner with McDonnell Boehnen Hulbert & Berghoff LLP. Mr. Drutchas has more than 20 years of experience in the practice of intellectual property law, with a particular emphasis on litigation, licensing, and client counseling. His trial experience includes both jury and bench trials. His litigation experience encompasses disciplines ranging from recombinant DNA technology and cell signaling, pharmaceuticals, medical diagnostic instruments, and medical devices to conference phones, lampposts, and injection molds. drutchas@mbhb.com