

Akamai Decision on Patent Infringement

On August 31, 2012, the Federal Circuit held that a party can be liable for inducing infringement of a method patent claim even where no single entity practices all of the claimed steps itself.

In *Akamai Technologies v. Limelight Networks, Inc.*, No. 2010-1291 (Fed Cir. Aug. 31, 2012), an *en banc* panel of the Federal Circuit expressly overruled its past precedent that inducement cannot be found unless a single actor performs all steps of the claimed method. Relying on the legislative history of the US patent laws, the court noted that premising inducement liability on the requirement that a single entity perform all of the steps of a claimed method is “wrong as a matter of statutory construction, precedent, and sound patent policy.”¹

The *Akamai* panel consolidated for appeal two district court decisions, each holding that the defendant had not induced asserted method claims. In the first underlying case, Akamai had accused Limelight of inducing infringement of the mirroring patents-in-suit by having its customers perform a URL tagging function required by the claims, while Limelight performed the remaining steps itself. The second case charged defendant Epic with inducing infringement by licensing software to customers who performed the steps of plaintiff McKesson’s method claims; there healthcare providers and patients collectively performed the different steps.

The *Akamai* panel expressly set out to reconsider whether a “defendant may be liable for induced infringement if the defendant has performed some of the steps of a claimed method and has induced other parties to commit the remaining steps (as in the *Akamai* case), or if the defendant has induced other parties to collectively perform all the steps of the claimed method, but no single party has performed all of the steps itself (as in the *McKesson* case).”²

Holding that no single entity must perform all of the steps to find induced infringement, the court expressly overruled its decision in *BMC Resources, Inc. v. Paymentech, L.P.*³ The *Akamai* court reasoned that *BMC* had conflated the requirements for direct infringement liability, which is a strict liability offense, with liability for inducing infringement, which has an intent element.⁴ Judge Linn’s dissent criticized the majority for making a “sweeping change to the nation’s patent policy” that goes beyond the proper scope of the court’s authority.⁵ The majority opinion responded that it was only correcting an error of reasoning reflected in *BMC* made evidence by the fact that Congress had not created a patent “regime in which parties could knowingly sidestep infringement liability simply by arranging to divide the steps of a method claim between them.”⁶

Given the vigorous and well-reasoned dissents penned by Judges Linn and Newman on behalf of five judges of the 11-member panel, this case is well positioned for possible review by the US Supreme Court. In the meantime, those who have sought to design around method patents (particularly in the software arena) by dividing the steps of the methods between themselves and others or between different actors will face a fair measure of uncertainty.

¹ Slip opin. at 10.

² *Id.* at 9.

³ 498 F.3d 1373 (Fed. Cir. 2007).

⁴ See slip opin. at 29-35.

⁵ *Id.* at 34-35.

⁶ *Id.*



For further information about the *Akamai* decision, please contact your principal Squire Sanders lawyer or one of the individuals listed below.

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