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# Akamai Techs., Inc. v. Limelight Networks, Inc.: 692 F.3d 1301 (Fed. Cir. 2012)

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## Recommended Citation

Patrick McMahon, *Akamai Techs., Inc. v. Limelight Networks, Inc.*: 692 F.3d 1301 (Fed. Cir. 2012), 24 DePaul J. Art, Tech. & Intell. Prop. L. 235 (2013)  
Available at: <http://via.library.depaul.edu/jatip/vol24/iss1/8>

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## AKAMAI TECHS., INC. V. LIMELIGHT NETWORKS, INC.

### 692 F.3d 1301 (FED. CIR. 2012)

#### I. INTRODUCTION

In *Akamai Techs., v. Limelight Networks, Inc.*, the Federal Circuit reviewed the direct infringement requirement in the context of a method claim.<sup>1</sup> The specific question was whether the direct infringement requires a *single* actor to perform all the recited steps.<sup>2</sup> In short, the court decided it was not required.<sup>3</sup> Remarkably, despite precedent to the contrary, the court took a flexible view of inducement under § 271(b), essentially abolishing the single actor requirement in the context of method claims, and taking a substance-over-form approach to the issue.<sup>4</sup> Also, rather than wearing patent law blinders, the court admirably looked to agency principles in tort and criminal law contexts, exercising a broad view of the law in reaching its decision.<sup>5</sup>

In *Akamai Techs., Inc. v. Limelight Networks, Inc.*, the Federal Circuit consolidated two district court cases to consider the long standing rule that induced infringement of method claims required a single actor to perform all the elements to satisfy infringement.<sup>6</sup>

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1. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012), *cert dismissed*, 133 S. Ct. 1520 (2013), *cert dismissed*, 133 S. Ct. 1521 (2013).

2. *Id.* at 1305.

3. *Id.* at 1305-06.

4. *Id.* at 1306.

5. Some commentators, including Judge Rifkind and Judge Posner, worried that establishing specialized courts such as the Federal Circuit would be detrimental to the law. The commentators argued that having these specialized courts would deprive judges from being able to view legal issues in a broad context. This would deprive certain areas of law, such as patent law, from exposure to other areas of law that could provide valuable insight and improvements. Specialized courts could be at risk of going off on their own paths divergent from other general areas of law. Richard H. Seamon, *The Provenance of the Federal Courts Improvement Act of 1982*, 71 *GEO. WASH. L. REV.* 543, 557-58 (2003).

6. *Akamai Techs.*, 692 F.3d at 1305.

In the first case, Akamai Technologies, Inc. (“Akamai”) owned a patent with method claims covering efficient delivery of web content.<sup>7</sup> Akamai claimed that Limelight Networks, Inc. (“Limelight”) infringed its patent by completing several steps of the patent’s claimed method, but left the final step to be completed by Limelight’s customers.<sup>8</sup> In the second case, McKesson Information Solutions, LLC (“McKesson”) owned a patent with method claims covering communications between healthcare providers and their patients.<sup>9</sup> McKesson alleged that Epic Systems Corp. (“Epic”) induced infringement of its patent by providing software to its customers that allowed the healthcare providers and patients to infringe McKesson’s patent by performing every element of the patent.<sup>10</sup> In both cases, the patent holders claimed the alleged infringers induced infringement of their method patents.<sup>11</sup>

The trial courts in both cases relied on previous Federal Circuit decisions to hold no liability for induced infringement because no single actor performed all of the steps required for direct infringement.<sup>12</sup> On appeal, the two cases presented unique questions to the court. First, in the Akamai case, the issue was whether a defendant could be held liable for inducing infringement where the defendant performed some steps of a claimed method but induced other parties to complete the remaining steps.<sup>13</sup> Second, in the McKesson case, the issue was whether a defendant could be held liable for induced infringement where the direct infringement of the method claim was performed by multiple actors, but no single party performed the entire method itself.<sup>14</sup>

## II. BACKGROUND

Akamai owned a patent covering a method for the efficient

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7. *Id.* at 1306.

8. *Id.*

9. *Id.*

10. *Id.*

11. *Id.*

12. Akamai Techs., 692 F.3d at 1306-07.

13. *Id.* at 1305.

14. *Id.*

delivery of web content.<sup>15</sup> The method involved placing some of a content provider's content on a set of remote servers and then instructing the content provider's webpage to reach out to those servers when the page required that information, thereby modifying the content provider's webpage.<sup>16</sup> Limelight, the accused infringer, utilized a similar system for delivery of web content; however Limelight's system did not modify the content provider's webpage.<sup>17</sup> Instead, Limelight gave its customers instructions on how to modify the page.<sup>18</sup> Akamai sued, alleging both direct infringement under 35 U.S.C. § 271(a) and induced infringement under 35 U.S.C. § 271(b).<sup>19</sup>

McKesson owned a patent covering a method of electronic communication between healthcare providers and their patients.<sup>20</sup> McKesson sued Epic, a software company, which licensed healthcare software to healthcare organizations.<sup>21</sup> Epic's software system "MyChart" allowed healthcare providers to communicate with their patients.<sup>22</sup> McKesson alleged induced infringement under U.S.C. § 271(b) claiming Epic caused its customers to directly infringe McKesson's patent through the use of the "MyChart" system.<sup>23</sup> McKesson asserted that although Epic did not perform any of the steps that infringed the patented method itself, Epic's system provided a method for healthcare providers and patients to communicate electronically.<sup>24</sup> McKesson contended that the healthcare providers and patients collectively infringed its patent through the use of Epic's system, and since Epic provided the system, it should be liable for induced infringement.<sup>25</sup>

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15. *Id.* at 1306.

16. *Id.*

17. *Id.*

18. *Akamai Techs.*, 692 F.3d at 1306.

19. *Id.*

20. *Id.*

21. *Id.*

22. *Id.*

23. *Id.*

24. *Akamai Techs.*, 692 F.3d at 1306.

25. *Id.*

Both of the above controversies resulted in district court judgments finding neither Limelight nor Epic infringed the relevant patent.<sup>26</sup> Limelight was held not liable for infringement in a judgment as a matter of law because Limelight's customers performed some of the steps required to complete Akamai's patented method.<sup>27</sup> Epic was held not liable for infringement in a summary judgment motion because the patients, not Epic's direct customers, performed the step of initiating communication.<sup>28</sup>

Both cases demonstrated district court reliance on Federal Circuit cases, including specifically *BMC Resources, Inc. v. Paymentech, L.P.* and *Muniauction Inc. v. Thompson Corp.*<sup>29</sup> In *BMC*, the court held that in order for a party to be liable for induced infringement, some other *single entity* must be liable for direct infringement.<sup>30</sup> Similarly, in *Muniauction*, the court rejected direct infringement claims of method patents in which several parties collectively committed the acts that constituted infringement, with no single party completing all of the elements on its own.<sup>31</sup>

### III. LEGAL ANALYSIS

#### A. History of Direct Infringement with Respect to Inducement

The court in *Akamai* began by discussing the statutes defining direct infringement and induced infringement.<sup>32</sup> Direct infringement under 35 U.S.C. § 271(a) requires a single actor to perform all the elements of a claim to be liable.<sup>33</sup> Under 35 U.S.C. § 271(b), induced infringement requires an actor to induce another

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26. *Id.*

27. *Id.*

28. *Id.* at 1307.

29. *Id.* at 1307 (citing *BMC Resources, Inc v. Paymentech L.P.*, 498 F.3d 1373 (Fed. Cir. 2007), overruled by *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012); *Muniauction Inc. v. Thompson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008).

30. See *BMC Res.*, 498 F.3d at 1381-82.

31. *Muniauction*, 532 F.3d at 1329.

32. *Akamai Techs.*, 692 F.3d at 1305.

33. *Id.* at 1307.

actor to commit all the elements to satisfy a claim for infringement.<sup>34</sup> Here, the court recognized that a unique problem presented itself when the acts completing direct infringement were shared between multiple parties.<sup>35</sup> The court then clearly stated the problems addressed in this case were whether a single defendant may be held liable for induced infringement where the defendant performed some of the steps of a claimed method, and induced other parties to commit the remaining steps, or if the defendant induced other parties to collectively perform all the steps of the claimed method but no single party performed every element on its own.<sup>36</sup> This problem of divided infringement in induced infringement cases usually only occurs when asserting method claims.<sup>37</sup> In product or apparatus claims, the law is clear that when an actor installs the final piece to complete the claimed invention, said actor is then liable for direct infringement.<sup>38</sup> In method claims, however, parties may practice the claimed method jointly and, furthermore, it may even be more natural for parties to work together to complete the method's elements.<sup>39</sup> Precedent stated that unless a party controlled or induced a party to perform all the steps of the method, the patent holder was not entitled to a finding of direct infringement.<sup>40</sup> The court believed this reasoning was flawed and found a need to change precedent to fix this problem.<sup>41</sup> The Federal Circuit did not, however, address the problem of divided infringement as it applied to direct infringement, but rather only focused its analysis on divided infringement's relationship to induced infringement.<sup>42</sup>

### *B. The Court's Analysis of Inducement Claims Precedent*

In the past, the Federal Circuit held that for a party to be liable

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34. *Id.*

35. *Id.*

36. *Id.* at 1305.

37. *Id.*

38. *Akamai Techs.*, 692 F.3d at 1306.

39. *Id.* at 1306.

40. *Id.*

41. *Id.*

42. *Id.*

for direct infringement, that party must commit all the acts required to infringe, either directly or vicariously.<sup>43</sup> For method claims, this would require an actor to complete every step of the claim, or complete them through an entity directly under the actor's control.<sup>44</sup> Direct infringement of method claims had not been extended to multiple parties that collectively complete all of the steps of a method claim.<sup>45</sup> Since direct infringement is a strict liability tort, there was a fear that some parties may be found guilty of infringement when they unknowingly completed some of the infringement elements.<sup>46</sup> Direct infringement by multiple parties would not be found without some kind of agency relationship, and the court saw no reason to change that view.<sup>47</sup>

Induced infringement, on the other hand, extends to any party who advises, encourages, or otherwise induces others to engage in infringing conduct.<sup>48</sup> This form of liability fits the *Akamai* and *McKesson* fact patterns well and gave the court the opportunity to determine if liability should be extended to a party who induced infringing conduct when a single "induced" entity did not complete all the required steps for direct infringement.<sup>49</sup> Because induced infringement is not a strict liability tort, the inducing party must act with knowledge that the induced acts would constitute direct infringement.<sup>50</sup> The law was also clear that there could be no induced infringement without direct infringement, or in other words, there could be no indirect infringement without direct infringement.<sup>51</sup> This is based off the principle that there is no such thing as attempted patent infringement.<sup>52</sup>

The court found its holdings in *BMC* and *Muniauction* troubling.<sup>53</sup> In those cases, the Federal Circuit held that in order to

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43. *Id.* at 1307.

44. *Akamai Techs.*, 692 F.3d at 1307.

45. *Id.*

46. *Id.*

47. *Id.*

48. *Id.*

49. *Id.* at 1307-08.

50. *Akamai Techs.*, 692 F.3d at 1308.

51. *Id.*

52. *Id.*

53. *Id.*

support a finding of induced infringement, there needed to be direct infringement and that all of the elements of direct infringement needed to be completed by a single actor.<sup>54</sup> The court noted that there was a distinction between direct infringement being committed and a single actor being held liable for direct infringement.<sup>55</sup> By focusing its rationale on the overall impact felt by the patentee, the court found little reason to insulate an inducer from liability simply because the induced parties' manifested their conduct in way that a single party did not complete every step of the claim.<sup>56</sup> A party who induced a single party to complete all the steps for infringement has an identical effect to a patentee as a party that induces multiple parties to complete all of the steps.<sup>57</sup> Additionally, if one party completes some of the steps of a patented claim and then induces another party to complete the rest, the patentee feels the same effect as if the first party completed all of the steps itself.<sup>58</sup> The court said it would be a bizarre result to allow a party to evade liability simply because it created a scheme where it completed nearly all the elements of infringement but directed another party to complete the final step.<sup>59</sup> The court further reasoned that the text of the inducement statute was consistent with this line of reasoning.<sup>60</sup> The court found nothing in the statute that would limit liability to infringement completed by a single party and the statute focused more on the steps required for infringement rather than the number of parties required to complete it.<sup>61</sup>

### *C. Legislative History of the 1952 Patent Act*

The court also pointed to the legislative history of the 1952 Patent Act to support its view that induced infringement does not require a single induced party complete all the acts necessary to

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54. *Id.*

55. *Id.* at 1308-09.

56. *Akamai Techs.*, 692 F.3d at 1309.

57. *Id.* at 1309.

58. *Id.*

59. *Id.*

60. *Id.*

61. *Id.*

constitute direct infringement.<sup>62</sup> One of the principal drafters of the statute, Giles Rich, made it clear during hearings about contributory infringement that the revised provisions on infringement were intended to reach cases of divided infringement even if no one party could be held liable for direct infringement.<sup>63</sup> The drafters believed that obvious infringement should be remediable even if there is an absence of a direct infringer.<sup>64</sup>

#### *D. Examination of Other Areas of Law*

The court next examined other areas of law where a principal can be held liable if the principal induces an agent or an innocent intermediary to complete an unlawful act.<sup>65</sup> As an example, the court noted that an individual can be convicted for aiding and abetting the commission of a crime even when the principal is not found liable for the unlawful conduct.<sup>66</sup> As long as the induced criminal conduct occurred, the accessory can be held liable regardless of whether or not the principal is held liable.<sup>67</sup> Even more persuasively, tort law recognizes liability for inducing innocent actors to commit tortious acts if the inducer knew or should have known the acts would be tortious if the inducer committed the acts himself.<sup>68</sup> This is persuasive reasoning because under 35 U.S.C. § 271(b) courts will look to joint tortfeasance common law when considering induced infringement.<sup>69</sup> The First and Second Restatement of Torts also support the idea that a party that induces an act can be held liable even if the person actually committing the induced act does not know the act is injurious and escapes liability.<sup>70</sup>

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62. *Akamai Techs.*, 692 F.3d at 1309.

63. *Id.* at 1310.

64. *Id.* at 1311.

65. *Id.*

66. *Id.*

67. *Id.*

68. *Akamai Techs.*, 692 F.3d at 1312.

69. *Id.*

70. *Id.* at 1312-13.

*E. Majority's Argument Against Dissent*

The majority next addressed Judge Linn's dissent.<sup>71</sup> Judge Linn contended that the majority defined infringement differently under §§ 271(a) and (b), and instead argued that these two subsections should be read with a consistent definition of infringement.<sup>72</sup> The majority countered this assertion by saying that a reading of both sections reveals that the acts defining infringement are not necessarily the same between the two sections, and in reality describe two different types of conduct.<sup>73</sup> The majority went into further examples within section 271 that showed that infringement is not uniformly defined throughout the section.<sup>74</sup> The dissent also relied on section 281 to show that a civil action for infringement required a single actor to complete all the steps of infringement.<sup>75</sup> The majority indicated,—however,—that section 281 was merely meant as a preamble to ensure a claim would be triable to a jury.<sup>76</sup> Additionally, the legislative history of section 281 does not indicate that the scope of liability for induced infringement should be limited to infringement committed by a single actor.<sup>77</sup>

The majority also faulted the dissent for its misplaced reliance on the holding in the Supreme Court case *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476 (1964).<sup>78</sup> While the majority contended that the dissent misunderstood the holding in *Aro* by asserting that infringement must be committed by a single entity; the majority believed that case stood for the principle that there cannot be contributory infringement without actual infringement. This dissent, however, erroneously asserted that *Aro* held that infringement must be committed by a single entity.<sup>79</sup> Additionally, the majority noted that *Aro* stood for product claims

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71. *Id.* at 1314.

72. *Id.*

73. *Id.*

74. *Akamai Techs.*, 692 F.3d at 1314.

75. *Id.*

76. *Id.*

77. *Id.* at 1315.

78. *Id.*

79. *Id.* at 1315-16.

whereas the present case deals with a method claim.<sup>80</sup> The difference is significant because the party that places the final piece in an infringing product is said to directly infringe a patent, whereas a method claim requires multiple steps of a method to be completed for infringement to occur.<sup>81</sup> The majority noted that most other early cases dealing with the problem of induced infringement dealt with product claims, so divided infringement was not an issue.<sup>82</sup> Cases that dealt with the divided infringement problem in method claims looked to contributory infringement doctrine and held that when a party completes several steps of a method and knew the next party completed the final step, the first party would be liable for contributory infringement but not direct infringement.<sup>83</sup> The majority said that this logic stands for two major propositions in this case: (1) that a party cannot be held liable for direct infringement of a method claim unless that party personally or vicariously completed all the steps of the method and (2) induced infringement can be found even if there is no single party who would be liable for direct infringement.<sup>84</sup>

In total, the majority believed that if one either believed the majority's opinion or the dissent's, either could be viewed as a change in the law.<sup>85</sup> The dissent argued that the majority's opinion constituted a "sweeping change to the nation's patent policy" and that such a change should be left to Congress, rather than the courts.<sup>86</sup> But the majority asserted that based on the legislative history, general tort principles, and prior case law, precedent such as *BMC* altered the original view of induced infringement and that view needed to be corrected.<sup>87</sup>

### F. Conclusion

In sum, the court found induced infringement for method claims

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80. *Akamai Techs.*, 692 F.3d at 1316.

81. *Id.*

82. *Id.* at 1317.

83. *Id.*

84. *Id.* at 1317-18.

85. *Id.* at 1318.

86. *Akamai Techs.*, 692. F.3d at 1318.

87. *Id.*

did not require a single party to complete all the elements for direct infringement.<sup>88</sup> The court overruled the holding in *BMC* that required a single entity to complete every element of a claim for direct infringement.<sup>89</sup> The court also noted that it did not believe that Congress intended to create a “single entity rule” that allowed a party to avoid infringement liability by arranging a system by which the party would complete only some of the steps of a method claim and then influence another party to complete the final steps of the method.<sup>90</sup>

The court held in the *McKesson* case that Epic could be held liable for inducing infringement if it is demonstrated Epic (1) knew of McKesson’s patent, (2) induced the performance of the steps in the method patent, and (3) all of those steps were performed.<sup>91</sup> Similarly, in the *Akamai* case, Limelight could be held liable if it could be shown (1) Limelight knew of Akamai’s method patent, (2) Limelight performed all but one of the steps of the patent, (3) it induced the content providers to complete the final step of the method patent, and (4) the content providers actually performed the final step.<sup>92</sup> Both cases were therefore reversed and remanded for further proceedings based upon the court’s new finding regarding the theory of induced infringement.<sup>93</sup>

#### IV. FUTURE IMPLICATIONS

There are several implications that may stem from the Federal Circuit’s holding, some having impacts on forthcoming patents and others suggesting trends in the Court’s view of similar cases in the future. At the outset, it should be noted that the decision should have no affect on product claims: a single direct infringer is still required in the context of indirect infringement product claims as the court does not address that issue in the case.<sup>94</sup>

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88. *Id.*

89. *Id.*

90. *Id.*

91. *Id.*

92. *Akamai Techs.*, 692 F.3d at 1318.

93. *Id.* at 1318-19.

94. *Id.* at 1307.

Instead, the essential reasoning in the case was twofold. First, the inducement statute itself does not expressly limit direct infringement to one single actor.<sup>95</sup> Second, it would be a bizarre result to allow a bad actor to avoid liability by simply creating a scheme in which two or more parties collectively practiced the claimed steps.<sup>96</sup>

This new standard makes it clear to both patent holders and bad actors alike that liability for method claim infringement can stem from knowingly inducing two or more parties to collectively infringe the claim. This will and should make practitioners more aware of how they draft their patent claims. There may be a temptation for drafters to be more lax in crafting patent claims since liability has been extended to situations where liability may not have been found in the past. This would be faulty reasoning. Patent drafters should still draft claims that target a single party's actions so patentees have a lower burden of proof for proving infringement.

Finally, the Federal Circuit showed that it could step away from rigid rules it applied in the past and adopt a new standard in response to bad actors. This is a positive sign for the Federal Circuit. Although not exclusively, a large part of the Federal Circuit's docket is related to new technologies. With that comes new ways of applying existing technologies that could not be anticipated at their inception. As the technology and ways to apply it change, the Court must be able to adjust its views on the law to compensate for the change. This ruling suggests the Federal Circuit is willing to do that in some situations.

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95. *Id.* at 1306.

96. *Id.* at 1309.

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