

12-786

IN THE
Supreme Court of the United States

LIMELIGHT NETWORKS, INC.,

Petitioner,

—v.—

AKAMAI TECHNOLOGIES, INC., ET AL,

Respondents.

ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

**BRIEF OF *AMICUS CURIAE*
AMERICAN INTELLECTUAL PROPERTY
LAW ASSOCIATION (“AIPLA”)
IN SUPPORT OF RESPONDENT**

WAYNE P. SOBON

President

American Intellectual Property
Law Association
241 18th Street South, Suite 700
Arlington, Virginia 22202

JEFFREY I. D. LEWIS

Counsel of Record

SCOTT B. HOWARD
PATTERSON BELKNAP WEBB
& TYLER LLP
1133 Avenue of the Americas
New York, New York 10036
(212) 336-2000

Counsel for Amicus Curiae

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INTEREST OF AMICUS CURIAE¹

The American Intellectual Property Law Association (“AIPLA”) is a national bar association of approximately 15,000 members engaged in private or corporate intellectual property practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly and indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. The members represent both owners and users of intellectual property.

¹ Pursuant to Supreme Court Rule 37.6, the Association states that this brief was not authored in whole or in part by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the Association and its counsel. After reasonable investigation, AIPLA believes that (i) no member of its Board or Amicus Committee who voted to file this brief, or any attorney in the law firm or corporation of such a member, represents a party to this litigation in this matter, (ii) no representative of any party to this litigation participated in the authorship of this brief, and (iii) no one other than AIPLA, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.

Petitioners have provided written consent, on file with the clerk, to the filings of briefs in support of either, or neither, party. Respondents have provided written consent for the filing of this brief, which is being submitted herewith.

AIPLA files this brief not to advocate for any ultimate outcome in this dispute, but rather to present the Association's views as *amicus curiae* on the correct rule of law that should apply to joint direct patent infringement that should be applied by the district court on remand.

SUMMARY OF THE ARGUMENT

The cornerstone of Petitioner's argument is that it follows from the language and simple structure of Sections 271(a) and 271(b) of Title 35 "that § 271(b) proscribes conduct that induces *actionable direct infringement of a patent as described in § 271(a)*." Pet. Br. at 1 (emphasis added). In doing so, Petitioner focuses on the elements of a claim for induced infringement under 35 U.S.C. § 271(b), but hides the true issues of this case – what is the meaning of "infringement" and is there patent liability when someone causes all of the steps of a method patent to be performed but no single entity performs *all* of the steps of the method claim by him or herself?

Recent Federal Circuit law has, without any statutory basis, limited infringement under Section 271(a) to the actions of a single entity, and some *amici* have even mistakenly characterized the single entity rule as settled law, *e.g.*, Brief of Amici Curiae Cargill, Inc. *et al.* at 4 (but it is not, as shown below and in district court cases in the accompanying footnote²). It

² Consider, for instance, pre-Federal Circuit cases like *Mobil Oil Corp. v. W.R. Grace & Co.*, 367 F. Supp. 207, 253 (D. Conn. 1973), where the district court found that defendant liable for
(footnote continued ...)

is that erroneous limitation that leads to confusion over whether or not direct infringement is necessary for a finding of indirect, induced infringement.

AIPLA believes that the so-called “single entity” rule for deciding method claim infringement under 35 U.S.C. § 271(a), where multiple actors perform the claim steps, as set out in recent Federal Circuit panel decisions³ as well as in the instant case, is based both on an incorrect construction of Section 271(a) and of the statutory structure of Section 271 as a whole. In concluding that *only* principles of agency law determine the ambit of such infringement liability, the Federal Circuit has mistakenly strayed from the traditional tort law basis of patent infringement and has created loopholes for method

infringement of several patent claims related to catalyst preparation where the defendant’s customers performed several of the claimed steps. *See Ralston Purina Co. v. Far-Mar-Co., Inc.*, 586 F. Supp. 1176, 1226 (D. Kan. 1984) (“It is well settled that a party cannot avoid infringement merely by having a third party practice one or more of the required steps”); *E. I du Pont de Nemours & Co. v. Monsanto Co.*, 903 F. Supp. 680, 735 (D. Del. 1995), *aff’d*, 1996 U.S. App. LEXIS 17512 (Fed. Cir. July 17, 1996) (The “cases establish that a party cannot avoid liability for infringement by having someone else perform one or more of the steps of a patented process for them.”).

³ *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008); *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007); *Cross Med. Products, Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293 (Fed. Cir. 2005); *see Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 629 F.3d 1311 (Fed. Cir. 2010), *vacated for en banc review*, 2011 U.S. App. LEXIS 17130 (Fed. Cir. Aug. 10, 2011) (“*Akamai I*”).

claim infringement that drastically reduce the exclusive rights conferred by validly issued patents – it has, in effect, reduced the scope of method patents until they have little relevancy.

Section 271 generally, and Section 271(a) in particular, must be construed to allow for infringement of a method claim by more than one entity – in doing so, however, AIPLA suggests it also is fair and appropriate to separate participation in infringement from actual liability. Specifically, the Court should clarify that infringement occurs when actions representing all the claimed elements are present, *without* regard to the number of actors. But, identifying the party or parties *responsible* for that harm, *i.e.* those who may be held liable and subject to paying damages, should be separately assessed under traditional principles of tort law liability for joint tortfeasors, especially as developed in the case law both before and after the 1952 Patent Act.

As the panel decisions in *Muniauction* and *BMC* set out, it is inequitable to let the party(ies) who masterminded the infringement avoid responsibility, and they should be liable for damages, whether or not the mastermind conducted any infringing step. However, those who practice a claimed method step without substantive comprehension of the overall method being practiced should not be liable, *e.g.*, for damages. (For instance, the mere user of a website who fills in a database or follows instructions should not ordinarily be liable for infringement even if that was a claimed method step, whereas those who ran

the website or provided the instructions could be subject to liability.⁴)

Infringement of a method claim under Section 271(a) requires that every step be performed, but it does not require that every step of the claimed method be performed by a single entity or person. That is clear from both the actual language of Section 271(a) and the statutory structure of 271 as a whole.

At the textual level, the subject of Section 271(a) is “whoever.” Congress set forth in 1 U.S.C. § 1 that singular terms include plurals unless the context indicates otherwise, *e.g.*, “a single person,” and therefore Section 271(a) applies to one or more persons.⁵ There is nothing in the context or history of Section 271(a) that indicates Congress intended to limit Section 271(a) to “single entities” and immunizing joint tortfeasors. While proof of infringement requires evidence that all steps of a

⁴ For instance, the district court in *Applied Interact, LLC v. Vermont Teddy Bear Co.*, No. 04 Civ. 8713 (HB), 2005 U.S. Dist. Lexis 19070 (S.D.N.Y. Sept. 6, 2005), at *16-17, set out that because customers perform the claimed steps “in accordance with [defendant’s] instructions,” that was sufficient to show a “connection” between the defendant and the customers to deny defendant’s judgment motion.

⁵ “In determining the meaning of any Act of Congress, unless the context indicates otherwise— **words importing the singular include and apply to several persons**, parties, or things; words importing the plural include the singular; ... the **words “person” and “whoever” include corporations**, companies, associations, firms, partnerships, societies, and joint stock companies, as well as individuals; ... ” 1 U.S.C. § 1 (emphasis added).

method claim are performed, nothing in the language of Section 271(a) requires they be done by a single entity. Moreover, the legislative history and overall statutory structure of Section 271 indicate that Congress wrote the direct infringement provision of Section 271(a) very broadly, but went into more detail in the subsequent paragraphs on indirect infringement.

Having established that infringement exists when all steps are performed even by multiple actors, there is the separate question of liability for the principal director of the actions, *i.e.* the “mastermind”. Such liability should not require a formal agency relationship between a principal and other actors (as the Federal Circuit posits, carving out a special patent rule for patent tortfeasors). Instead, Section 271(a) *liability* should be based on a traditional joint tortfeasor analysis by showing that the liable party(ies) (1) performed at least one claimed step, and (2) substantially participated in producing the performance of the method steps (*e.g.*, by the others involved). *See* Restatement of Torts §§ 875 cmt. c and 834 cmt. d (must show substantial participation to establish liability). Thus, liability should attach only to each named defendant who has had (a) some involvement in *performing* the claim steps, and (b) a substantial involvement in *causing* the infringing harm. This balances both the interests of patent owners and the unsuspecting public in accordance with traditional tort law.

This Section 271(a) analysis for direct infringement, however, is distinguishable from

induced or contributory infringement under Sections 271(b) and (c); for those two indirect infringement categories a party may be held liable without personally practicing any of the steps of the claim. *See, e.g., Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. ___, 131 S. Ct. 2060 (2011) (as to Section 271(b) induced infringement), and *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176 (1980) (as to Section 271(c) contributory infringement). Accordingly, AIPLA's position does not risk undermining the statutory structure that distinguishes direct from indirect infringement.

Direct infringement should not be limited only to an agency-type relationship between parties who perform the method steps or to a contractual obligation to another to perform the steps, and that liability for that infringement should attach to the principal director of the infringing actions. The law of direct patent infringement under 35 U.S.C. § 271(a) should conform to the traditional tort law basis for liability, without an alternate standard for patent infringement. Once direct infringement, properly understood, has been found under Section 271(a), whether a party is liable for indirect infringement can then be correctly assessed.

ARGUMENT**A. Infringement Of A Method Claim Does Not Require That A Single Entity Performed Every Step Of The Claimed Process**

In this case, a panel of the Federal Circuit concluded that direct infringement under 35 U.S.C. § 271(a) was not shown because the steps of the method claim at issue were not all performed by a single entity and there was no formal agency relationship to permit the actions of parties not named in the lawsuit to be attributed to Limelight. *Akamai I*, 629 F.3d at 1311. Although the Federal Circuit took that issue *en banc*, the *en banc* majority opinion avoided the panel's issue. *See Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1319-20 (Fed. Cir. 2012) (*en banc*) ("*Akamai II*") (Newman, J., dissenting). But as pointed out by the United States in this case, it is likely that the Federal Circuit's blind, incorrect adherence to the single entity test for direct infringement led it to rule as it did in *Akamai II*, *i.e.*, as an attempt to find a vehicle for liability based upon the actions of multiple parties. *See* Brief of the United States as *Amicus Curiae* ("U.S. Br.") at 13-14.

AIPLA submits that owners of method patents must not be restricted to enforcing their rights against single entities that perform all of the steps in the method claim and/or where all steps are performed by multiple parties acting in an agency-type relationship. Yet, that is what the Federal Circuit has done with its single entity

requirement for direct infringement; it created a gaping loophole that renders issued and future patents in important technologies virtually unenforceable. To allow this situation to go uncorrected will encourage the development of business models designed to misappropriate the patented methods of others by ensuring that one or more steps of those methods are performed by separate third parties.⁶

Federal Circuit panels have suggested that this is merely a claim drafting problem,⁷ but that is wrong. AIPLA (representative of those who draft and prosecute claims) and the United States (representative of the U.S. Patent & Trademark Office that examines and issues claims), both agree that this is an incorrect characterization. *See* U.S. Br. at 33 (“It is not clear, however, that drafting claims from the perspective of one actor is always possible. Some inventions may not be susceptible to framing from the perspective of a single actor or hub, and applicants are also constrained by the patentability requirements contained in Sections 102, 103 and 112 of the Patent Act.”). It is unfair to assume any drafter could anticipate all of the possible

⁶ In *Akamai II*, the Federal Circuit attempted to correct the situation by expanding indirect infringement. However, the better approach would focus on section 271(a) and direct infringement.

⁷ *E.g.*, *Akamai I*, 629 F.3d at 1322; *BMC*, 498 F.3d at 1381 (“patentee can usually structure a claim to capture infringement by a single party.”).

schemes that could be devised to achieve the performance of some portion of a claimed method by a second actor. *E.g.*, *Golden Hour Data Sys., Inc. v. emCharts, Inc.*, 614 F.3d 1367 (Fed. Cir. 2010) (where two co-equal parties divided infringement steps, Federal Circuit held neither “controlled or directed” the other so there was no infringement liability). Nor should a drafter be required to anticipate such schemes at the risk of losing the ability to draft a claim that unambiguously defines the claimed method. The suggestion that this problem can be resolved by better claim drafting dodges the challenge of finding a proper remedy for the real harm to the owner of a validly issued patent.

i. Congress Has Defined “Whoever”

The *Akamai II* decision avoided the statutory question of whether Section 271(a) includes multiparty infringement. The answer to the question must begin with the actual language of 35 U.S.C. § 271(a) (emphasis added), which is as follows:

Except as otherwise provided in this title, *whoever* without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

The controlling language for purposes of the method claims in this case is “whoever ... uses ... any patented invention ... infringes the patent.” Nothing

in the language of Section 271(a) confines its scope to infringement by a “single entity.”

While the term “whoever,” the subject of the statutory phrase, is a singular pronoun for grammatical purposes, its statutory construction also was dictated by Congress in 1 U.S.C. § 1, ¶2, which states that “words importing the singular include and apply to several persons, parties, or things.” In addition, Section 1, ¶7 states “the words ‘person’ and ‘whoever’ include corporations, companies, associations, firms, partnerships, societies, and joint stock companies, as well as individuals,” i.e., those words include the plurals of the entities listed. (1 U.S.C. § 1 is quoted in relevant part in *note 5 above*) The construction of “whoever” mandated by 1 U.S.C. § 1 is consistent with the plain meaning of the term in its dictionary definition: “[w]hatever person **or persons**.” The American Heritage® Dictionary of the English Language (4th ed. 2000) (emphasis added). Using the ordinary meaning of “whoever,” *e.g.*, as found in 35 U.S.C. § 271(a), a patent is directly infringed by any person (single entity) who uses a patented invention, **or** by any group of “persons” (multiple entities) who together use a patented invention.

The term “whoever” also is used elsewhere in the Patent Code (35 U.S.C.) to include the plural, so it should be treated consistently to include multiple actors here too for purposes of determining infringement. *Gustafson v. Alloyd Co.*, 513 U.S. 561, 568 (1995) (the same term is presumed to have the same meaning when used in separate sections of a

statute); *Voracek v. Nicholson*, 421 F.3d 1299, 1304 (Fed. Cir. 2005) (accord). For instance, it is used in 35 U.S.C. §101 to define patentable subject matter with the phrase “Whoever invents.” This grammatically singular form has the meaning of one or more allowing for joint-inventors, as also evidenced by the provision for joint inventors at 35 U.S.C. §116 and as consistently interpreted by the courts and U.S. Patent Office to mean whatever one or more persons invent. *E.g.*, *Burroughs Wellcome Co. v. Barr Laboratories, Inc.*, 40 F.3d 1223, 1227 (Fed. Cir. 1994) and 37 C.F.R. §§ 1.41 & 1.45 (provisions for joint inventors). Thus, the term “whoever” is presumed to have the same meaning in Section 271(a) that it has for Sections 101 and 116, encompassing one or more actors.

ii. **Statutory Construction of “Uses ... Any Patented Invention”**

Infringement under Section 271(a) pertains to the use of “any patented invention.” As the case law makes clear, such a use occurs whenever every element of the claimed invention has been practiced. *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17 (1997) (holding that the doctrine of equivalents, like literal infringement, must be tested element by element); *Canton Bio-Med., Inc. v. Integrated Liner Technologies, Inc.*, 216 F.3d 1367, 1370 (Fed. Cir. 2000); *Gen. Foods Corp. v. Studiengesellschaft Kohle gmbH*, 972 F.2d 1272, 1274 (Fed. Cir. 1992). For method patent claims, infringement occurs when all of the steps of the

process are performed. *Joy Technologies, Inc. v. Flakt, Inc.*, 6 F.3d 770, 773 (Fed. Cir. 1993).

Where such an infringement exists, nothing in the statute, or in the rule requiring that all claim steps are performed, suggests that a remedy for patent infringement will lie only when the “use” of the patented invention results from a single person’s activities, rather than from the combined actions of two or more persons.

To the extent Federal Circuit opinions have held otherwise, they did not analyze the issue by applying the historical tort principles that have traditionally been applied *inter alia* in patent cases. For example, while the *BMC* case held that the defendant could not be liable for direct infringement because it did not perform all of the claimed method steps, it did so based on *Fromson v. Advance Offset Plate, Inc.*, 720 F.2d 1565, 1568 (Fed. Cir. 1983), and *Cross Med.*, 424 F.3d at 1311. In *Fromson*, the Federal Circuit held that a finding of no infringement was based on an erroneous claim construction and remanded the case for further consideration. A passing comment in the opinion that the defendant could not be liable for direct infringement (but it could be liable for contributory infringement) where its customers performed one of the claimed steps was *dicta*, providing no analysis of the joint tortfeasor issue and no citation to any authority. *Cross Medical* held that the presence of the defendant’s representatives in the operating room advising doctors was insufficient to attribute the doctors’ conduct to the defendant for Section 271(a) purposes.

However, this decision was also reached in a conclusory way with no cited authority.

These decisions, and others like them, stem from a conflation of the proper analysis of infringement liability. Correctly performed, the analysis should:

- (1) see whether an unauthorized use of the claimed invention occurred, and
- (2) analyze whether one or more of the persons involved in creating that harm may be fairly held liable for it.

Under this two-step approach, the first question is the traditional one: has every element of the patent claim been practiced such that an infringement has resulted? Once that harm to the patentee has been established, the next question involves two parts: (a) who participated in causing that harm, and (b) was that participation substantial enough to fairly hold that party liable for causing any harm? This is simply basic tort liability.

This analytical framework subsumes not only single-actor and actor-agent infringements, but other situations, as in the case at bar, where several persons acting together produce the infringing harm and at least one of them has had such a substantial involvement in orchestrating the actions such that it fairly should be held liable for causing that harm. It also protects innocent actors from liability – such as users who merely log onto a website and/or provide

customer-type information – and instead looks to the principal actor(s) for liability.

iii. Statutory Construction of Section 271 As a Whole

The history of Section 271 is consistent with the application of traditional tort doctrine to direct patent infringement, without the limitation of a “single entity” requirement. This Court long ago recognized that remedies for violating patent rights have their roots in traditional tort law. *Dowagiac Mfg. Co. v. Minn. Moline Plow Co.*, 235 U.S. 641, 648 (1915) (holding that patent infringement was a “tortious taking”).

Before the Patent Act of 1952, no statute included a provision on patent infringement. Congress left it to the judicial branch to settle the question of infringement when requested to do so by patent owners. P.J. Federico, “Commentary on the New Patent Act,” 75 J. Pat. & Trademark Off. Soc’y 161, 212 (1993) (reprinted from Title 35, United States Code Annotated (1954 ed.)). After 162 years of judge-made law in this area, Congress took the reins to remedy problems that had arisen with the common law of contributory infringement and patent misuse by enacting Sections 271(a), (b), and (c). G. Rich, “Infringement Under Section 271 of the Patent Act of 1952,” 35 J. Pat. & Trademark Off. Soc’y 476 (1953).

Section 271(a) is generally referred to as the “direct infringement” provision, although the word “direct” does not appear in the provision. It sets out

the fundamental exclusive rights to make, use or sell a patented product or process (later expanded to include offering for sale and importing into the United States). Noting that the primary impetus for enacting Section 271 was the contributory infringement and patent misuse problem. The late Judge Giles Rich, one of the principal drafters of the 1952 Act, had the following observation:

Paragraph (a) defines direct infringement and is present only for the sake of completeness. We got along without it for 162 years and we could again. Its omission would change nothing.

Id. at 491. Sections 271(b) and (c), on the other hand, are directed to specific types of “indirect” joint tortfeasor offenses by those who “induce” or “contribute” to infringement. As observed by another contemporaneous commentator, “The new act [in §271(a)] makes no effort to codify the ‘common law’ rules relating to direct infringement except to state broadly that whoever uses the invention without authority infringes the patent.” K. Lutz, “The New 1952 Patent Statute,” 35 J. Pat. Off. & Trademark Soc’y 155, 157 (1953).

Thus, the statute first sets out the most basic category of infringement in Section 271(a); given the statutory meaning of the term “whoever” under 1 U.S.C. §§ 1 and 7, this could involve a single party or multiple parties under a joint tortfeasance theory. It then addresses other more specific types of

infringement in Sections 271(b) and (c) that may fall outside of the language of Section 271(a).

**iv. Statutory Construction: Section 271(a)
Actions Against Multiple Parties Will
Not Render Remaining Provisions of
Section 271 Superfluous**

It has been said that the statutory scheme for indirect infringement under Sections 271(b) and (c) will be subverted by permitting Section 271(a) actions against multiple parties, each performing less than all of the claim steps but together performing all of them.⁸ It will not. The correct consideration is not the statutory scheme for indirect infringement, but rather the statutory scheme for infringement as a whole. Each separate paragraph of the statute is not an entirely discrete category of prohibited activity, and there may be a degree of overlap in the applicability of those paragraphs to a specific accused infringer's conduct to ensure that the patent grant is protected from misappropriation. *Cf. Graver Tank & Mfg., Co. v. Linde Air Products Co.*, 339 U.S. 605, 607 (1950) (The purpose of the doctrine of equivalents is to prevent others from misappropriating an invention by merely making “unimportant and insubstantial changes and substitutions in the patent.”); *Winans v. Denmead*, 56 U.S. 330, 342-43 (1853) (reversing

⁸ *BMC*, 498 F.3d at 1381; *McKesson Technologies, Inc. v. Epic Sys. Corp.*, No. 2010-1291, 2011 US App LEXIS 7531 (Fed. Cir. Apr. 12, 2011), *rev'd*, *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2013) (en banc).

non-infringement holding, “the property of inventors would be valueless, if it were enough for the defendant to say, your improvement consisted in a change of form; you describe and claim but one form; I have not taken that, and so have not infringed.”).

The approach to Section 271(a) proposed by AIPLA does not render Sections 271(b) and (c) “meaningless” or “superfluous” because those paragraphs continue to apply in circumstances where (a) does not.⁹ Sections 271(a), (b) and (c) provide both complementary and overlapping bases for imposing liability.¹⁰ For example, Section 271(a) does not apply to an entity that performs no steps of a patented method. However, that same entity could be liable for inducing infringement under Section 271(b), where it could be shown to have actively induced acts meeting each and every element of the claim.¹¹ That entity

⁹ *Conn. Nat’l Bank v. Germain*, 503 U.S. 249, 253 (1992) (overlapping statutory sections not superfluous where each “confers jurisdiction over cases that the other section does not reach”); *James v. Santella*, 328 F.3d 1374, 1381-82 (Fed. Cir. 2003) (interpretation not superfluous where “prevailing party” not always “substantially innocent”).

¹⁰ *See, e.g., Arthrocare Corp. v. Smith & Nephew, Inc.*, 310 F. Supp. 2d 638, 657-61 (D. Del. 2004), *aff’d in part, vacated in part*, 406 F.3d 1365 (Fed. Cir. 2005) (“*Arthrocare II*”); *Drexelbrook Controls, Inc. v. Magnetrol Int’l, Inc.*, 720 F. Supp. 397, 407 (D. Del. 1989), *aff’d without opinion*, 904 F.2d 45 (Fed. Cir. 1990).

¹¹ *See, e.g., Arthrocare II*, 406 F.3d at 1376-77. The Supreme Court recently addressed the requirements for establishing inducement of infringement under Section 271(b) in *Global-Tech*, 131 S. Ct. 2060 (2011).

could also be liable for contributory infringement under Section 271(c) by providing a non-staple, material component to perform the steps of the process. *See, e.g., Preemption Devices, Inc. v. Minn. Mining & Mfg. Co.*, 803 F.2d 1170, 1174 (Fed. Cir. 1986). Moreover, when seeking liability for inducement or contributory infringement, a patent owner can obtain broader injunctive relief to prevent the aiding and abetting of a direct infringement. The same conduct that constitutes induced or contributory infringement may also independently constitute an act of direct infringement. For example, selling an infringing product is a direct infringement and may also be an act of inducing a customer to sell or use the infringing device. *See, e.g., Union Carbide Chemicals & Plastics Tech. Corp. v. Shell Oil Co.*, 425 F.3d 1366, 1369 (Fed. Cir. 2005).

Sections 271(b) and (c) were enacted to codify existing law of indirect infringement, not to change existing law of direct infringement. There is no indication in the statutory history that Congress intended to exclude joint infringement when it enacted Sections 271(a), (b) and (c). In *Aro*, this Court drew upon common-law principles, not a new “rule of law,” in stating that “a contributory infringer is a species (not a genus) of joint-tortfeasor, who is held liable because he has contributed with another to the causing of a single harm to the plaintiff.” *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 500 (1964).

Accordingly, the statute and its application in the case law support the conclusion that Section

271(a), in addition to Sections 271(b) and (c), is available for actions against multiple actors infringing method patent claims.

B. Joint Tortfeasor Law, Not Agency Law, Is the Correct Basis for Determining Infringement by Multiple Parties Sued Under Section 271(a)

In its brief, the United States acknowledges that under current Federal Circuit law there are “difficult issues that arise[] when two or more parties, acting without the authorization of the patent owner, collectively perform all of the steps of a patented process.” U.S. Br. at 10. The United States suggests that this is due to traditional tort liability theory (*id.* at 12) and leaves it to Congress to devise a solution (*id.* at 30-34). While AIPLA agrees with the government to some extent, it also disagrees.

There is no need for *additional* Congressional action – Congress already has spoken as set out above, such as in its enactment of 1 U.S.C. § 1. The United States is correct in stating that traditional tort theory should apply; the agency theory embraced by the Federal Circuit is not the only basis for assessing infringement by multiple parties sued for infringement under Section 271(a). (While an agency or vicarious liability test can establish joint infringement, it certainly is not the only test.) Instead, the answer can be readily found by properly applying joint tortfeasor law. Recent Federal Circuit decisions that require a principal’s direction or control of an agent to determine which actions are attributable to a “single entity” incorrectly leave

behind the tort law basis of infringement and foreclose many interactive technologies from obtaining enforceable patent rights.¹²

As explained above, a direct infringement determination should establish whether there has been a tortious harm inflicted on the patentee by the unauthorized practice of all of the method steps in the patent claim, without regard to the number of actors engaged in the performance of such steps. Where that infringement is demonstrated, the actors liable for the harm are determined by the substantial and causative nature of their participation in producing the infringing harm to the patentee.

In shorthand, the query is: (1) were all of the claim steps practiced to demonstrate infringement; (2) who were the actors engaged in the performance of the claim steps; and (3) was the performance of the claim step(s) by the named defendant a substantial and causative part of the harm inflicted on the patentee? This analysis permits the liability determination to be made according to the specific conduct presented in a wide variety of factual settings, rather than by looking for formal

¹² See *Bloomer v. McQuewan*, 55 U.S. 539, 549 (1852) (“The franchise which the patent grants, consists altogether in the right to exclude everyone from making, using, or vending the thing patented, without the permission of the patentee.”); see also *McKesson*, 2011 US App LEXIS 7531 at *22 (Newman J. dissenting) (“A patent that can never be infringed is not a patent in the definition of the law, for a patent that cannot be infringed does not have the ‘right to exclude.’”).

relationships between actors, which can easily be manipulated to circumvent the patent owner's enforcement rights. Where direct infringement under traditional joint tortfeasor principles is established, an agency relationship between defendants certainly may provide grounds for direct infringement liability, but the agency issues are not relevant to the determination of direct infringement itself.

i. The Authority Cited Below Fails to Provide a Theory of Liability Consistent with Patent Enforcement Rights

The principal Federal Circuit cases setting forth the single-entity requirement for of a method claim under Section 271(a) are *BMC*, *Muniauction* and *Akamai*. Each of these cases refused to find direct infringement where some steps in the method claim were not performed by the named defendant but by another actor not sued by the patentee.

In *BMC*, the Federal Circuit found the defendant had inadequate direction and control of financial institutions practicing some of the claimed steps of the accused process. In *Muniauction*, the steps performed by bidders were not attributable to the defendant auctioneer for lack of direction or control. In *Akamai*, the tagging of web site code by web content providers was not attributable to the defendant provider of Internet content delivery services. These rulings were made against a background of *On Demand Mach. Corp. v. Ingram Indus., Inc.*, 442 F.3d 1331 (Fed. Cir. 2006), where the Federal Circuit approved of a jury instruction that

the participation and combined actions of two separate entities could demonstrate joint direct method claim infringement.¹³

Those decisions turn on the relationship between the named defendant who performs some of the claim steps and the unnamed actors who perform the remaining claim steps. This is not the appropriate analysis because it invites a defendant to simply outsource steps to avoid infringement, a practice repudiated under established rules of tort law.¹⁴ Moreover, the requirement of a formal agency relationship in *Akamai* severely limits the use of vicarious liability, which has long been recognized as an alternative theory of liability. None of the cases

¹³ The jury instruction was: “It is not necessary for the acts that constitute infringement to be performed by one person or entity. When infringement results from the participation and combined action(s) of more than one person or entity, they are all joint infringers and jointly liable for patent infringement. Infringement of a patented process or method cannot be avoided by having another perform one step of the process or method. Where the infringement is the result of the participation and combined action(s) of one or more persons or entities, they are joint infringers and are jointly liable for the infringement.” *Id.* at 1344-45. The Federal Circuit “discern[ed] no flaw in this instruction as a statement of law.” *Id.* at 1345.

¹⁴ Although not presented by the facts of this case, a “mastermind” theory of liability could also be applied to other settings where the performance of claim steps by unnamed actors could be attributed to a Section 271(a) defendant that orchestrates the steps of others, knows that all of the steps are being performed, and enjoys the commercial benefit of the infringement.

cited in *BMC, Muniauction* or *Akamai* support the limitations placed on proving joint method claim infringement, whereas numerous district courts have recognized that a different balance for finding liability is necessary and justified.¹⁵

ii. **The Federal Circuit Strayed from Tort Law Basis of Patent Infringement**

The Federal Circuit decisions on actions involving multiple parties who together practice all

¹⁵ See, e.g., *Cordis Corp. v. Medtronic AVE, Inc.*, 194 F. Supp. 2d 323, 349 (D. Del. 2002), *aff'd in part on other grounds, rev'd in part on other grounds*, 339 F.3d 1352 (Fed. Cir. 2003) (finding infringement when one step was performed by a manufacturer and the remaining steps by a customer); *W.R. Grace & Co. v. Interact, Inc.*, 60 F. Supp. 2d 316, 326-27 (D. Del. 1999); *E.I. du Pont de Nemours & Co.*, 903 F. Supp. at 735 (The “cases establish that a party cannot avoid liability for infringement by having someone else perform one or more steps of a patented process for them.”); *FMC Corp. v. Up-Right, Inc.*, 816 F. Supp. 1455, 1461 (N.D. Cal. 1993), *aff'd*, 21 F.3d 1073 (Fed. Cir. 2004) (“Under federal patent law, when infringement results from the participation and combined or successive action of several parties, those parties are joint infringers, and are jointly liable.”); *McDermott v. Omid Int'l*, 723 F. Supp. 1228, 1236 (S.D. Ohio 1988) (“Where the infringement is the result of the participation and combined actions of the defendants, they are joint infringers and are jointly liable for the infringement.”); *Shields v. Halliburton Co.*, 493 F. Supp. 1376, 1389 (W.D. La. 1980), *aff'd*, 667 F.2d 1232 (5th Cir. 1982) (“When infringement results from the participation and combined action of several parties, **they are all joint infringers and jointly liable for patent infringements**. Infringement of a patented process or method cannot be avoided by having another perform one step of the process or method.”) (citation omitted; emphasis added).

claim steps but individually practice less than all have strayed from the longstanding tort law basis for establishing infringement. Concern for enforcement of patent rights against defendants who outsource – or otherwise shift – the performance of one or more claim steps to avoid liability has been a matter of concern in the law for a long time. Although it arose in the context of a combination utility patent, the seminal decision in *Wallace v. Holmes*, 29 F. Cas. 74 (No. 17,100) (C.C. Conn. 1871), is instructive.

The claim at issue in *Wallace* was directed to an improved lamp comprising the combination of a chimney and a burner, and infringement was alleged against the maker and seller of the burner, although it was useless without the chimney. The court acknowledged that one who uses some but not all of the parts, is not an infringer, but it did not find this an adequate answer where the defendant is one of several joint infringers.

It cannot be, that, where a useful machine is patented as a combination of parts, two or more can engage in its construction and sale, and protect themselves by showing, that, though united in an effort to produce the same machine, and sell it, and bring it into extensive use, each makes and sells one part only, which is useless without the others, and still another person, in precise conformity with the purpose in view, puts them together for use. If it were so, such patents would, indeed, be

of little value. In such case, all are tort-feasors, engaged in a common purpose to infringe the patent, and actually, by their concerted action, producing that result.

Id. at 80. The *Wallace* decision rejected the possibility of avoiding infringement by showing only partial performance by individuals where entire performance is accomplished by concerted action. This principle applies to method claims as well as to combination apparatus claims where performing the steps of the claimed method is analogous to combining elements of the claimed apparatus. In this respect, the *Wallace* decision repudiates a “single entity” rule.¹⁶

The Restatement of Torts states: “it is implicit that any one of a number of persons whose tortious conduct is a substantial factor in causing harm is liable for the harm in the absence of a superseding cause.” Restatement (Second) of Torts § 875 cmt. c (1979). Another comment explains :

When a person is only one of several persons participating in carrying on an activity, his participation must be substantial before he can be held liable

¹⁶ This proposition is presented in two leading treatises of the day together with the relevant case law. 3 William Robinson, The Law of Patents For Useful Inventions § 924, p. 101 (1890), and George Ticknor Curtis, A Treatise on the Law of Patents for Useful Inventions, § 309b, p. 401 (4th ed. 1873).

for the harm resulting from it. This is true because to be a legal cause of harm a person's conduct must be a substantial factor in bringing it about. (*See* §§ 431-433, and § 876). When there is reasonable doubt, the question is for the trier of fact. (*See* § 434). Thus if the operation of a dance hall unreasonably interferes with the comfortable enjoyment of a neighboring residence, the proprietor is liable, but a patron normally does not participate in the objectionable activity to such an extent as to justify imposing liability upon him for the invasion. Likewise, a workman employed with others to dig a cesspool does not participate to a sufficient extent to justify holding him liable for harm to another's land caused by its negligent use.

Restatement (Second) of Torts § 834 cmt. d (1979)

This assessment of an actor's substantial participation in producing the infringement is consistent with the approach taken elsewhere in the patent statute, balancing the interests of patent owners and the public. The following provisions illustrate that the substantiality of the conduct in causing the infringing harm is a factor in determining whether liability attaches and whether conduct is exempt from liability as insubstantial:

- Section 271(c) requires, for contributory infringement, the provision of a “material part of the invention” while exempting activity relating to “a staple article or commodity of commerce suitable for substantial noninfringing use.”
- Section 271(f)(1) requires the provision of “a substantial portion of the components of a patented invention”;
- Section 271(f)(2) requires the supply of a “component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article”; and
- Section 271(g)(2) provides an exemption for products which “become[] a trivial and nonessential component of another product.”

Applying these tort principles in the patent context, a direct infringement may take place, even in the absence of an agency relationship, when two or more persons acting together practice all the steps of a method claim. However, liability for that infringement will attach only to those persons whose conduct was a substantial factor in causing the infringement.²¹ *See Lexmark Int’l, Inc. v. Static*

²¹ This would requirement would alleviate the concern raised by Petitioner that consumers would be subject to infringement suits for *de minimis* activity. *See* Pet. Br. at 44.

Control Components, Inc., No. 12-873, __ U.S. __, 2014 U.S. LEXIS 2214 at *26-27 (Mar. 25, 2014) (“Second, we generally presume that a statutory cause of action is limited to plaintiffs whose injuries are proximately caused by violations of the statute. . . . The question it presents is whether the harm alleged has a sufficiently close connection to the conduct the statute prohibits.”). While it will generally be left for the fact-finder to decide the issue of substantiality, the statute provides safe harbors relating to the provision of staple products and commodities of commerce suitable for substantial noninfringing uses.

Customers or transient users who simply carry out a few steps of a patented method, or deploy certain modules of a patented software application, should not ordinarily be liable for schemes or systems set up by a commercial party. Rather, the commercial party should remain liable for the infringement, even if, as the commercial actor clearly intends and as a reasonable proximate result of their actions, those additional steps or claimed components are carried out by such customers.

CONCLUSION

There is no black letter rule in the statute or in the case law that provides a simple answer to the questions presented in this case. Instead, there is a confluence of legal principles that need to be harmonized in a way that preserves the effectiveness of the statute for vindicating the rights conferred by a patent and in a way that is consistent with

longstanding doctrines that have informed the application of the statute. Tort law as applied to joint infringement, not agency law, provides the best set of principles to apply toward that end.

The Federal Circuit properly ruled that there can be infringement of a method claim under Section 271(b) even when no single entity performs all of the steps of the claimed method. The judgment below remanding the case to the district court should be affirmed with proper instructions on how to determine infringement under Section 271(b) as well as under Section 271(a).

Respectfully submitted,

WAYNE P. SOBON
President
AMERICAN INTELLECTUAL
PROPERTY LAW
ASSOCIATION
241 18th Street South
Suite 700
Arlington, VA 22202

JEFFREY I. D. LEWIS
Counsel of Record
SCOTT B. HOWARD
PATTERSON BELKNAP WEBB
& TYLER LLP
1133 Avenue of the
Americas
New York, NY 10036
(212) 336-2000