Divided Infringement Steps into the Limelight

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Implications of Limelight v. Akamai

The United States Supreme Court ruled Monday that a defendant cannot be liable for inducing infringement unless the induced party directly infringed the patent. This means, under current Federal Circuit law, that there is no induced infringement of a method patent unless every step of the method can be attributed to a single actor. The unanimous ruling in *Limelight Networks, Inc. v. Akamai Technologies, Inc.* reversed an *en banc* ruling of the Federal Circuit.

The *Limelight* case began when Akamai sued Limelight for infringement of a patented method for delivering internet content. Limelight argued in defense that neither Limelight nor its customers performed all of the claimed steps; Limelight performed most of the steps and instructed its customers to perform the remaining one, a step of "tagging" web content for storage.

Limelight relied on *Muniauction v. Thompson Corp.*, a case in which the Federal Circuit held that there can be no direct infringement of a method claim unless a single actor performs (or directs or controls) all of the steps. Direction or control may arise from an agency relationship or be imposed by contract. Because Limelight's customers were not Limelight's agents and were not contractually obligated to perform the "tagging" step that Limelight itself did not perform, under the *Muniauction* rule, there was no direct infringement by anyone.

Akamai had challenged the *Muniauction* rule in the Federal Circuit as too narrow, but that court reached its decision on other grounds. Because of that, the Supreme Court declined to address the *Muniauction* rule. However, in discussing *Muniauction*, the Court raised the "possibility that the Federal Circuit erred by too narrowly circumscribing the scope of [direct infringement under] § 271(a)." It noted that the Federal Circuit could revisit the scope of the *Muniauction* single-actor rule during further proceedings in *Limelight*, leaving the door open to alternative theories for attributing performance of all the claimed steps to a single entity.

Unless the Federal Circuit revisits the *Muniauction* rule, the practical impact of *Limelight* is that there can be no inducement liability unless a single actor performs, or directs or controls, all of the steps of the claimed method. This has significant implications for the enforcement – and hence the value – of claims drawn to methods, which have long been an important type of patent claim.

New Challenges in the Enforcement of Method Claims

The most immediate consequence of the *Limelight* ruling is that patent claims typically practiced by multiple actors may be difficult to enforce unless the patentee can show that one of the actors directed or controlled the activities of the others. The ruling will have broad impact on patents covering internet transactions, mobile telephony, and other distributed activities. In the life sciences, claims drawn to methods that include both diagnosis and treatment steps may be unenforceable if one person (such as a laboratory) provides or collects diagnostic information while another (a physician) treats the patient.

Patent prosecutors have long sought to avoid relying on claims that require multiple actors for infringement, but the 2012 Supreme Court ruling in *Mayo v. Prometheus* caused many patent prosecutors to alter that practice. In *Mayo*, the Court invalidated as unpatentable subject matter a method claim drawn to evaluating drug dosage. The claim might have been valid had it included the step of treating a patient in response to the evaluation, but in the wake of Monday's decision, that solution might make the claim effectively unenforceable unless the treating physician performed the diagnostic evaluation.

The *Limelight* ruling adds to other recently imposed hurdles to the enforcement of method claims under inducement theories. In 2011, the Supreme Court ruled in *Global-Tech v. SEB* that a company is not liable for inducing infringement of a method unless that company **knows**

that the "induced acts constitute patent infringement." The Federal Circuit extended this ruling last year, holding in *Commil v. Cisco* that if the inducer has a good-faith belief the patent is invalid, it may lack the knowledge required by *Global-Tech*. These developments have increased the difficulty of proving induced infringement of method claims.

Implications for Patent Litigation

The *Limelight* ruling confirms the potency of defenses based on divided infringement. It will also force courts to delve into disputes over the interpretation of claim elements that are not explicit about who performs a particular step or where it is performed.

Any plaintiff seeking to enforce a method claim should consider these issues early in the case, including the extent to which problems can be avoided through claim construction. And any defendant should be alert to opportunities to take advantage of inducement defenses based on these evolving doctrines.

Parties evaluating their freedom to operate in the face of possibly relevant method claims should consider design-around strategies that avoid a single actor performing, or directing or controlling, all of the steps of the claimed method. They must be mindful, however, that such strategies may ultimately fail if the *Muniauction* rule is altered.

Implications for Patent Prosecution

Unless the Federal Circuit reconsiders the *Muniauction* rule, prudence dictates that patent practitioners draft method claims that focus on the activities of a single actor even when the invention as a whole can potentially involve multiple actors.

For example, a diagnostic method could be drafted to describe only activities performed by a laboratory, so that the claim could involve both an assessment and a treatment recommendation. Similarly, a therapeutic method could be written to include assessing diagnostic information and treating based on the assessment. In either case, the company providing the diagnostic test could be sued for inducing the direct infringement of the laboratory (in the first case) or the physician (in the second). (Under 35 U.S.C. §287(c), the physician is immune from liability for infringement, but the immunity would not bar a suit against the diagnostic company for inducing the physician's infringement).

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