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## Whodunnit? Divided Patent Infringement in Light of Akamai Technologies, Inc. v. Limelight Networks, Inc.

Mark Tomlinson

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# WHODUNNIT? DIVIDED PATENT INFRINGEMENT IN LIGHT OF AKAMAI TECHNOLOGIES, INC. V. LIMELIGHT NETWORKS, INC.

MARK TOMLINSON\*

*Give me a place to stand and I will move the earth. — Pappus of Alexandria<sup>1</sup>*

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<sup>1</sup> Pappus of Alexandria, COLLECTION, BOOK VIII 1060 (Friedrich Otto Hultsch ed., 1878).

## I. INTRODUCTION

Commodore VIC-20, the wonder computer of the 1980s.<sup>2</sup> But what if this relic was all you had to use today? While cutting-edge in its day, participation in the age of the digital download—an unthinkable idea in 1980—requires modern hardware. One might expect this precept to ring true for statutes governing technology as well. It may be surprising, then, to consider that patent infringement in the United States is governed by legislation written in 1952, decades before computing for personal or business use was even feasible. The Patent Act is by no means perfect, as its history is replete with legislative indolence and patchwork solutions.

Given the lamentable state of affairs, courts have struggled to make sense of this antiquated legislation in circumstances where steps of a patented process are performed digitally. This is especially visible in *Akamai Technologies, Inc. v. Limelight Networks, Inc.*,<sup>3</sup> in which the Federal Circuit sought to bring clarity to the problem of divided infringement—infringement in which one party seeks to avoid directly infringing a patent by dividing the infringing conduct between two or more entities.<sup>4</sup> In *Akamai*, a sharply divided court<sup>5</sup> overturned the old rule from *BMC Resources, Inc. v. Paymentech, L.P.*,<sup>6</sup> which provided no remedy in cases of divided infringement unless the patent holder could prove one party directly infringed the patent and another controlled or directed the infringing entity. The court instead held that liability for induced infringement under 35 U.S.C. § 271(b) may arise if an entity knowingly induces one or more actors to perform the steps of a patented process and all steps of the patented process are performed.<sup>7</sup> This decision represents a shift in the prerequisite for induced infringement from liability for direct infringement to what the court called “actual infringement”—any injury to the patent holder.<sup>8</sup> While this represents a step toward increased protection for method patent holders, it is also a judicial bandage on a gaping wound in the Patent Act, which was designed primarily to

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<sup>2</sup> morrisonAV, *Commodore VIC-20 ad with William Shatner*, YOUTUBE (June 9, 2010), <http://www.youtube.com/watch?v=UK9VU1aJvTI>.

<sup>3</sup> 692 F.3d 1301 (Fed. Cir. 2012) (en banc).

<sup>4</sup> *Id.* at 1305–06.

<sup>5</sup> Only six members (Judges Rader, Lourie, Bryson, Moore, Reyna, and Wallach) of the eleven-member panel joined the opinion. *Id.* at 1305.

<sup>6</sup> 498 F.3d 1373 (Fed. Cir. 2007), *overruled by Akamai*, 692 F.3d 1301.

<sup>7</sup> *Akamai*, 692 F.3d at 1318.

<sup>8</sup> *Id.* at 1308.

address infringement claims based on the conduct of a single actor.<sup>9</sup>

This Note provides background information on divided patent infringement in the United States with emphasis on landmark cases and the previous understanding of the Patent Act. Part II provides background information on the underlying controversies and the software at issue in each case. Part III discusses the opinions of the factions of the court, and Part IV dissects the reasoning of each. Part V examines the implications of *Akamai* on businesses and other method patent holders while acknowledging that the future of the court's holding remains uncertain.

## II. BACKGROUND

Patent infringement in the United States was originally a matter of common law.<sup>10</sup> This changed in 1952 with the passage of the Patent Act, which codified patent infringement in Title 35 of the U.S. Code.<sup>11</sup> Accordingly, modern claims of patent infringement are often a matter of statutory interpretation.

The Patent Act identifies two types of infringement. The first is direct infringement, the typical form of which is set forth in § 271(a): “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.”<sup>12</sup> At common law, direct infringement operated as an ordinary tort;<sup>13</sup> an entity that did not complete all the steps necessary to constitute infringement still may have been liable under tort doctrines such as respondeat superior<sup>14</sup> or joint and several liability.<sup>15</sup> Modernly, direct infringement is governed by § 271(a) together with the Federal Circuit's single-entity rule (also called the single-actor rule), whereby a single entity must perform all the steps of a patented process either personally or

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<sup>9</sup> Alice Juwon Ahn, *Finding Vicarious Liability in U.S. Patent Law: The “Control or Direction” Standard for Joint Infringement*, 24 BERKELEY TECH. L.J. 149 (2009); see 35 U.S.C. § 271(a) (2012) (requiring an accused infringer to perform every step of a patented process to be liable for direct infringement).

<sup>10</sup> *Akamai*, 692 F.3d at 1338.

<sup>11</sup> 35 U.S.C. § 271 (2012).

<sup>12</sup> 35 U.S.C. § 271(a) (2012).

<sup>13</sup> *Carbice Corp. of Am. v. Am. Patents Dev. Corp.*, 283 U.S. 27, 33 (1931).

<sup>14</sup> Respondeat superior is the doctrine holding an employer or principal liable for the employee's or agent's wrongful acts committed within the scope of the employment or agency. BLACK'S LAW DICTIONARY 1426 (9th ed. 2009).

<sup>15</sup> Joint and several liability is the doctrine that apportions liability, either among two or more parties or to only one or a few select members of the group, at the adversary's discretion. *Id.* at 997.

vicariously,<sup>16</sup> otherwise the entity has not directly infringed the patent.<sup>17</sup> Direct infringement can assume other forms as well. Congress has thrice amended the Patent Act to provide additional situations constituting direct infringement. These are set forth in § 271(e), (f), and (g), respectively, each reflecting Congress's intent to close a loophole in the § 271(a) infringement scheme.<sup>18</sup>

The second type of infringement is indirect infringement. Historically, this was also known as contributory infringement.<sup>19</sup> Modernly, however, contributory infringement is considered to be one of two types of indirect infringement, the other being induced infringement.<sup>20</sup> The subsection governing induced infringement states: “[w]hoever actively induces infringement of a patent shall be liable as an infringer.”<sup>21</sup> This language “recites in broad terms that one who aids and abets an infringement is likewise an infringer.”<sup>22</sup> A finding of indirect infringement requires a showing that the induced conduct constitutes a direct infringement.<sup>23</sup>

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<sup>16</sup> Vicarious liability is a form of respondeat superior in which “a supervisory party (such as an employer) bears for the actionable conduct of a subordinate or associate (such as an employee) based [solely] on the relationship between the two parties.” *Id.* at 998. A finding of vicarious liability is predicated upon the existence of an agency relationship between the parties. *Id.*

<sup>17</sup> *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1380 (Fed. Cir. 2007), *overruled by* *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012) (en banc) (“Infringement requires, as it always has, a showing that a defendant has practiced each and every element of the claimed invention.”); *see generally* *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17 (1997).

<sup>18</sup> H.R. REP. NO. 1984 U.S.C.C.A.N. 5827, 5828; *see also* S. REP. NO. 98-663, at 3 (1984) (explaining the policy goal of preventing entities from “circumvent[ing] a patent”). Certain peculiarities in these subsections demonstrate that the infringement in these subsections is distinct from that of § 271(a). For example, the Federal Circuit has found direct infringement under § 271(f)(2) even though an infringing machine had not yet been assembled. *Waymark Corp. v. Porta Systems Corp.*, 245 F.3d 1364, 1368 (Fed. Cir. 2001). Because the assembly was to occur in a foreign country, the court found infringement because no remedy would have otherwise been available despite plain injury to the patent holder. *Id.* *But see* *NTP, Inc. v. Research in Motion*, 418 F.3d 1282, 1317–18 (Fed. Cir. 2005) (holding that users of a patented system in the United States did not infringe the patent because one step of the method was performed in Canada).

<sup>19</sup> *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2067 (2011).

<sup>20</sup> *Id.* The concept of inducement varies depending on the area of law. In contract law, the concept often arises as “fraud in the inducement.” *See* *Oi Tai Chan v. Soc’y of Shaolin Temple, Inc.*, 910 N.Y.S.2d 872 (N.Y. 2010). In criminal law, it arises as inducement to commit a crime. *See* *Arizona v. Gray*, 258 P.3d 242 (Ariz. Ct. App. 2011). In patent law, it connotes “active inducement” of infringement. 35 U.S.C. § 271(b) (2012). While each form of inducement is independent from the others, Congress has considered the criminal law iteration to be analogous to patent law. *See* H.R. REP. NO. 82-1923, at 9 (1952); S. REP. NO. 82-1979, at 8 (1952).

<sup>21</sup> 35 U.S.C. § 271(b). “The term ‘induce’ means ‘[t]o lead on; to influence; to prevail on; to move by persuasion or influence.’” *Global-Tech*, 131 S. Ct. at 2065 (quoting Webster’s New International Dictionary 1269 (2d ed. 1945)). “The addition of the adverb ‘actively’ suggests that the inducement must involve the taking of affirmative steps to bring about the desired result.” *Id.*

<sup>22</sup> S. REP. NO. 1979, 82nd Cong., 2d Sess., at 9 (1952).

<sup>23</sup> *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 526 (1972); *Aro Mfg. Co. v.*

Doctrinal problems arise “when the acts necessary to give rise to liability for direct infringement are shared between two or more actors.”<sup>24</sup> This is the situation of divided infringement (also known as joint infringement).<sup>25</sup> A method patent is subject to divided infringement when one party seeks to avoid directly infringing on a patented process by having another perform one or more steps of that process.<sup>26</sup> In the past, this conduct often fell under the ambit of direct infringement.<sup>27</sup> The reasoning was straightforward: “[i]nfringement of a patented process or method cannot be avoided by having another perform one step of the process or method.”<sup>28</sup> Thus, “[w]here the infringement [was] the result of the participation and combined action(s) of one or more persons or entities,” each would be jointly liable for the infringement.<sup>29</sup>

Before *Akamai* was decided, the leading case on divided infringement was *BMC*, under which a finding of direct infringement necessary for inducement required an entity to perform or cause the performance of every step of a patented method.<sup>30</sup> The court claimed to derive this proposition from § 271(a) itself.<sup>31</sup> Yet the court recognized a tension between this proposition and the well-settled rule that “a defendant cannot . . . avoid liability for direct infringement by having someone else carry out one or more of the claimed steps on its behalf.”<sup>32</sup> The court accordingly held that direct infringement could be found “if one party exercises ‘control or direction’ over the entire process such that every step is attributable to the controlling party” (i.e., the “mastermind”);<sup>33</sup> arms-length cooperation would not result in direct infringement by any party.<sup>34</sup> The court downplayed the fear that an entity might “escape infringement by

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Convertible Top Replacement Co., 377 U.S. 476, 483 (1964); *Met-Coil Sys. Corp. v. Korners Unlimited, Inc.*, 803 F.2d 684, 687 (Fed. Cir. 1986). This proposition is well-established, though its interpretation would become the focal point of contention in *Akamai*. See *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1308–309 (Fed. Cir. 2012) (en banc).

<sup>24</sup> *Akamai*, 692 F.3d at 1305.

<sup>25</sup> *Id.*

<sup>26</sup> *Id.* Divided infringement is only possible when a method or process is at issue. *Id.* “When claims are directed to a product or apparatus, direct infringement is always present, because the entity that installs the final part and thereby completes the claimed invention is a direct infringer.” *Id.* at 1305–06.

<sup>27</sup> *On Demand Mach. Corp. v. Ingram Indus., Inc.*, 442 F.3d 1331, 1344–45 (Fed. Cir. 2006).

<sup>28</sup> *Id.* at 1345.

<sup>29</sup> *Id.* This is similar to tort theory whereby a tortfeasor may be directly liable for his own actions and vicariously liable for the actions of others within his control. See RESTATEMENT (FIRST) OF TORTS § 877 (1938).

<sup>30</sup> *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1382 (Fed. Cir. 2007), *overruled by Akamai*, 692 F.3d 1301.

<sup>31</sup> *Id.* at 1380.

<sup>32</sup> *Id.* at 1379; see also *On Demand*, 442 F.3d at 1345.

<sup>33</sup> *BMC*, 498 F.3d at 1380–81; see Restatement (Second) of Agency § 220 cmt. d (1958).

<sup>34</sup> *BMC*, 498 F.3d at 1371.

having a third party carry out one or more of the claimed steps on its behalf,” claiming that the law imposed vicarious liability<sup>35</sup> on the delegation of infringement under its control-or-direction standard.<sup>36</sup>

### III. THE FACTS

Enter *Akamai*. The case is actually a consolidation of two controversies, *Akamai Technologies, Inc. v. Limelight Networks, Inc.*<sup>37</sup> and *McKesson Information Solutions LLC v. Epic Systems Corp.*<sup>38</sup> Both presented the same central questions: “[i]f separate entities each perform separate steps of a method claim, under what circumstances would that claim be directly infringed?” and “[t]o what extent would each of the parties be liable?”<sup>39</sup>

#### *A. Akamai Technologies, Inc. v. Limelight Networks, Inc*

Akamai Technologies, Inc. (“Akamai”) owned a patent that covered a method for the efficient delivery of web content.<sup>40</sup> The method consisted of placing certain content elements on a set of replicated servers and redirecting end user requests for that content to retrieve the content from those servers.<sup>41</sup> Limelight Networks, Inc. (“Limelight”) maintained a network of servers that, as in Akamai’s patented method, allowed for efficient content delivery by placing some content elements on its servers.<sup>42</sup> Unlike Akamai’s patented process, however, Limelight did not modify the content providers’ web pages itself.<sup>43</sup> Limelight instead instructed its customers on how to perform the redirection manually.<sup>44</sup>

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<sup>35</sup> See *supra* text accompanying note 17.

<sup>36</sup> *BMC*, 498 F.3d at 1379.

<sup>37</sup> 614 F. Supp. 2d 90 (D. Mass. 2009), *rev’d*, 692 F.3d 1301.

<sup>38</sup> 2009 WL 2915778 (N.D. Ga. Sept. 8, 2009), *rev’d sub nom. Akamai*, 692 F.3d 1301.

<sup>39</sup> Principal Brief for Plaintiff-Appellant Akamai Techs., Inc. on Rehearing En Banc at 1, *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012) (Nos. 2009-1372, 2009-1380, 2009-1416, 2009-1417); Principal and Response Brief of Defendant-Cross-Appellant Limelight Networks, Inc. at 1, *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012) (Nos. 2009-1372, 2009-1380, 2009-1416, 2009-1417). The court decided to answer the first question in a way that makes the second question essentially irrelevant. See *Akamai*, 692 F.3d at 1307. Judge Linn would have answered the second question in the affirmative, while answering the first question by requiring one party (or joint enterprise) to direct or control the performance of all steps of the claimed method, i.e., the single-entity rule. *Id.* at 1350 (Linn, J., dissenting).

<sup>40</sup> *Akamai*, 692 F.3d at 1306.

<sup>41</sup> *Id.*

<sup>42</sup> *Id.*

<sup>43</sup> *Id.*

<sup>44</sup> *Id.*

Akamai filed a complaint against Limelight in June 2006, alleging both direct and induced infringement of its patent.<sup>45</sup> The jury initially found in favor of infringement on the grounds that the content providers acted under Limelight's direction and control.<sup>46</sup> Limelight, in response, moved for judgment as a matter of law, arguing that, "there was no substantial evidence that it direct[ed] or control[led] another party to perform several steps of the asserted claims."<sup>47</sup> The Massachusetts district court agreed, holding that the agreements between Limelight and Limelight's customers for content delivery services were an example of the arms-length dealing specifically exempted in *BMC*.<sup>48</sup> The court reasoned that the content provider performed the first step of the patented process, regardless of whether it subscribed to competitor's services, while the customers modified embedded objects of the web pages because they wanted Limelight's services, not because of any contractual obligation on their part.<sup>49</sup> Akamai appealed.<sup>50</sup>

*B. McKesson Information Solutions LLC v. Epic Systems Corp.*

McKesson Information Solutions LLC ("McKesson") owned a patent covering an automated system of electronic communications between healthcare providers and their patients.<sup>51</sup> Epic Systems Corp. ("Epic") licensed a software application called MyChart, which permitted healthcare providers to communicate electronically with patients in a way that was substantially similar to McKesson's patented method.<sup>52</sup> However, Epic did not perform any steps of the patented method.<sup>53</sup> Rather, the steps were performed by patients, who initiated communications, and healthcare providers, who performed the remainder of the steps.<sup>54</sup>

In 2006, McKesson filed a complaint against Epic, alleging that Epic induced its customers to infringe McKesson's patent.<sup>55</sup> The North Georgia

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<sup>45</sup> *Id.*

<sup>46</sup> *Id.* at 1318.

<sup>47</sup> *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 614 F. Supp. 2d 90, 119 (D. Mass. 2009), *rev'd*, 692 F.3d 1301 (Fed. Cir. 2012) (internal quotation marks omitted).

<sup>48</sup> *Id.* at 122.

<sup>49</sup> *Id.*

<sup>50</sup> *See Akamai Techs., Inc. v. Limelight Networks, Inc.*, 629 F.3d 1311 (Fed. Cir. 2010), *vacated*, *Akamai*, 692 F.3d 1301 (2012).

<sup>51</sup> *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1306 (Fed. Cir. 2012).

<sup>52</sup> *Id.*

<sup>53</sup> *Id.*

<sup>54</sup> *Id.*

<sup>55</sup> *McKesson Info. Solutions LLC v. Epic Sys. Corp.*, 495 F. Supp. 2d 1329, 1332 (N.D. Ga. 2007).



District Court disagreed, finding no infringement because MyChart users initiated the communications in order to perform the method, and thus Epic exercised no “direction or control” over the users’ conduct.<sup>56</sup> The court further held that controlling access and instructing patients on how to use the online method was insufficient to establish that Epic directed and controlled the users.<sup>57</sup> McKesson Appealed.<sup>58</sup>

### *C. The Federal Circuit, Take One*

On appeal, the Federal Circuit consolidated the two cases because of the similarity of the issues presented.<sup>59</sup> Judge Linn, who later led the dissenting faction of the court on the rehearing en banc, affirmed both holdings in this initial appeal.<sup>60</sup> After applying the control-or-direction standard of *BMC*, he held that because neither company’s customers were acting as agents of the companies, neither was vicariously liable for their customers’ infringing conduct.<sup>61</sup> Akamai then filed for a rehearing en banc, which the court granted.<sup>62</sup>

## IV. THE FEDERAL CIRCUIT, REHEARING EN BANC

### *A. The Majority Opinion*

On rehearing en banc, the court split into two factions. Six members of the court<sup>63</sup> held that liability for induced infringement of a method patent may arise if an entity has performed some steps of a patented process and induced other parties to perform the remaining steps.<sup>64</sup> The majority further held that liability for induced infringement arises if the entity has induced other parties to collectively perform all the steps of a patented process, even if no single party has performed all the steps itself.<sup>65</sup> In so holding, the court overruled its prior decision in *BMC* that the act of direct infringement necessary for a finding of

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<sup>56</sup> *McKesson Info. Solutions LLC v. Epic Sys. Corp.*, No. 1:06-CV-2965-JTC, 2009 WL 2915778, at \*6 (N.D. Ga. Sept. 8, 2009), *rev’d*, *Akamai*, 692 F.3d 1301.

<sup>57</sup> *Id.* (citing *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1330 (Fed. Cir. 2008)).

<sup>58</sup> *See Akamai Techs., Inc. v. Limelight Networks, Inc.*, 629 F.3d 1311 (Fed. Cir. 2010), *vacated*, *Akamai*, 692 F.3d 1301 (2012).

<sup>59</sup> *See id.*

<sup>60</sup> *Id.*

<sup>61</sup> *Id.* at 1320. *See supra* Part I for a discussion on agency relationship and vicarious liability.

<sup>62</sup> *See Akamai Techs., Inc. v. Limelight Networks, Inc.*, 419 F. App’x 989 (Fed. Cir. 2011).

<sup>63</sup> Judges Rader, Lourie, Bryson, Moore, Reyna, and Wallach joined the majority opinion per curiam. *Id.* at 1305.

<sup>64</sup> *Akamai*, 692 F.3d at 1305.

<sup>65</sup> *Id.*

induced infringement meant that some party would be liable for direct infringement under § 271(a).<sup>66</sup>

Though the purported goal of the appeal was to clarify the law of direct infringement,<sup>67</sup> the court expressly declined to reexamine the law of direct infringement, believing a finding of induced infringement sufficient to resolve the case.<sup>68</sup> The court reasoned that § 271(b) does not specifically require the direct infringement necessary for a finding of inducement to amount to a violation of § 271(a) or to be limited to a single entity.<sup>69</sup>

The court restated § 271(b) as “extend[ing] liability to a party who advises, encourages, or otherwise induces others to engage in infringing conduct.”<sup>70</sup> This laid the groundwork for the major policy shift brought about by the court, which led the court to announce a controversial alteration: “inducement gives rise to liability only if the inducement leads to *actual infringement*.”<sup>71</sup> “Actual infringement” is the court’s term for what results when all the steps of a patented process are performed, even if no party is liable for direct infringement under § 271(a).<sup>72</sup> Having acknowledged the Supreme Court’s dicta that “there can be no contributory infringement in the absence of direct infringement,”<sup>73</sup> the court considered actual infringement to be synonymous with direct infringement, saying, “The reason for that rule is simple: There is no such thing as attempted patent infringement, so if there is no infringement, there can be no indirect liability for infringement.”<sup>74</sup>

The court also reasoned that “[§] 271(a) does not define the term ‘infringement[;]’ [i]nstead it simply sets forth a type of conduct that qualifies as infringing.”<sup>75</sup> The majority believed § 271(a) could not define infringement because other infringing conduct is set forth both within and without the section,

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<sup>66</sup> *Id.* at 1306.

<sup>67</sup> Principal Brief for Plaintiff-Appellant Akamai Techs., Inc. on Rehearing En Banc, *supra* note 38, at 1; Principal and Response Brief of Defendant-Cross-Appellant Limelight Networks, Inc., *supra* note 38, at 1.

<sup>68</sup> *Akamai*, 692 F.3d at 1307.

<sup>69</sup> *Id.* at 1314. While this perhaps hints that liability for direct infringement under § 271(a) may arise at the hands of more than one entity, the court’s reluctance to settle the issue en banc is disappointing.

<sup>70</sup> *Id.* at 1307.

<sup>71</sup> *Id.* at 1308 (emphasis added).

<sup>72</sup> *See id.* at 1308. A similar concept has long been used in the context of design patents. *See* *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1467 (Fed. Cir. 1998) (“To prove literal infringement, the patentee must show that the accused device contains every limitation in the asserted claims.”).

<sup>73</sup> *Akamai*, 692 F.3d at 1308 (citing *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 526 (1972); *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 483 (1964)).

<sup>74</sup> *Akamai*, 692 F.3d at 1308.

<sup>75</sup> *Id.* at 1314.

and thus, the concept of infringement existed independently of any single subsection.<sup>76</sup> For support, the court highlighted the language employed in each subsection: “infringes the patent,”<sup>77</sup> “shall be liable as an infringer,”<sup>78</sup> “shall be liable as a contributory infringer,”<sup>79</sup> and “shall be an act of infringement.”<sup>80</sup>

According to the court, this was not a novel interpretation.<sup>81</sup> It found support in the statements of Giles S. Rich,<sup>82</sup> who said § 271(a) was “present only for the sake of completeness” and “[i]ts omission would change nothing.”<sup>83</sup> The court also cited its own precedent for the proposition that “a method or process claim is directly infringed only when the process is performed.”<sup>84</sup> Though the court had later explained that infringement occurs when a process is “performed at the control or direction of the alleged direct infringer,”<sup>85</sup> this clarification, the majority said, was erroneous—a departure from the former, correct policy.<sup>86</sup>

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<sup>76</sup> *Id.* Though the court did not reference § 154 explicitly, the court’s position does suggest that it would at least affirm the second sentence of the legislative commentary quoted above.

<sup>77</sup> 35 U.S.C. § 271(a) (2012).

<sup>78</sup> 35 U.S.C. § 271(b), (f)–(g).

<sup>79</sup> 35 U.S.C. § 271(c).

<sup>80</sup> 35 U.S.C. § 271(e)(2); *see Akamai*, 692 F.3d at 1314.

<sup>81</sup> *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1309 (Fed. Cir. 2012).

<sup>82</sup> Giles S. Rich was a prominent patent lawyer who served as president of the New York Patent Law Association (now the New York Intellectual Property Law Association) from 1950 to 1951. Philip C. Swain, *A Brief Biography of Giles Sutherland Rich*, 3 J. FED. CIR. HIST. SOC’Y 9, 17–18 (2009). His interest in patent law, specifically his interest in codifying the then-developing doctrine of contributory infringement, led him to become one of the principal drafters of the Patent Act of 1952. *Id.*

<sup>83</sup> *Akamai*, 692 F.3d at 1323 (quoting Giles S. Rich, *Infringement Under Section 271 of the Patent Act of 1952*, 21 GEO. WASH. L. REV. 521, 537 (1953)). Curiously, this “support” expressly contradicts the court’s previous assertion that “[§] 271(a) does not define the term ‘infringement.’” *See id.* at 1314. Mr. Rich did not consider § 271(a) to delineate “a type” of infringing conduct, but infringing conduct itself. Rich, *supra*.

<sup>84</sup> *Joy Techs., Inc. v. Flakt, Inc.*, 6 F.3d 770, 773 (Fed. Cir. 1993). The court also cited a similar case in which Judge Newman said that “process claims . . . are infringed only when the process is used.” *Atl. Thermoplastics Co. v. Faytex Corp.*, 974 F.2d 1279, 1284 (Fed. Cir. 1992) (Newman, J., dissenting). However, neither case conclusively supports the proposition for which the *Akamai* court cited it. In their contexts, the statements established the moment at which an infringement by a direct infringer had occurred. The possibility that infringement could exist apart from the context of liability for infringement did not arise and was not at issue in either case, and both statements are just as sensibly interpreted to mean that liability for direct infringement arises when the process is performed. Unless her philosophy of patent infringement had changed since *Atlantic Thermoplastics*, this is certainly what Judge Newman meant.

<sup>85</sup> *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1323 (Fed. Cir. 2008) (citing *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1380–81 (Fed. Cir. 2007), *overruled by Akamai*, 692 F.3d 1301).

<sup>86</sup> *Akamai*, 692 F.3d at 1308–09. The state of the law before *BMC* was by no means clear as the court later admitted. *Id.* at 1318. “[A]t that time there were relatively few cases in which that issue had arisen.” *Id.*

For the *Akamai* situation, the court therefore held that “all the steps of a claimed method must be performed in order to find induced infringement, but that it is not necessary to prove that all the steps were committed by a single entity.”<sup>87</sup> The court further held that an entity is liable for inducing infringement if the patentee can show that (1) the entity knew of the patent, (2) the entity performed all but one of the steps of the method claimed in the patent, (3) the entity induced other parties to perform the final step of the claimed method, and (4) those parties in fact performed that final step.<sup>88</sup> For the *McKesson* situation, the court devised a similar approach whereby an entity “can be held liable for inducing infringement if it can be shown that (1) it knew of [the] patent, (2) it induced the performance of the steps of the method claimed in the patent, and (3) those steps were performed.”<sup>89</sup>

To reach its holding, the court analogized 35 U.S.C. § 271(b) to criminal law principles, specifically those found in 18 U.S.C. § 2, which concerns principals in the commission of a crime.<sup>90</sup> Section 2(a) provides, “Whoever . . . aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal.”<sup>91</sup> Section 2(b) provides, “Whoever willfully causes an act to be done which if directly performed by him or another would be an offense against the United States, is punishable as a principal.”<sup>92</sup> The majority cited a host of authorities<sup>93</sup> for the proposition that § 2(b) “permit[s] the

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<sup>87</sup> *Id.* at 1306.

<sup>88</sup> *Id.* at 1318. This rule is of course not limited to entities that perform “all but one of the steps of the method.” *Id.* Because the same injustice occurs regardless of how many steps the inducing entity assigns to other parties, a court may find liability for inducement if all the steps of the patented process have been performed regardless of how many steps the inducing entity had performed itself. *Cf. id.* at 1309.

<sup>89</sup> *Id.* This formulation is an extension of the previous. It states in clear terms that a court may find liability for inducement even if the inducing party performed no steps itself, as long as the induced entities collectively performed all the steps of the patented process.

<sup>90</sup> *See* 18 U.S.C. § 2 (2012). The validity of an analogy to criminal law principles is well-established. First, the legislative history of the Patent Act expressly endorses an analogy to criminal law. *Accord* S. REP. NO. 82–1979, at 8 (1952); *See* H.R. REP. NO. 82–1923, at 9 (explaining how § 271(b) “recites in broad terms that one who aids and abets an infringement is . . . an infringer”). Second, the Supreme Court itself has analogized patent law to criminal law. *See* *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011); *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 936 (2005). Third, patent law scholarship supports an analogy to criminal law. 4 D. Chisum § 17.04[1] at 17–44.2 (interpreting § 271(b) to “impose[] liability upon persons who aid or abet direct infringement by others”). Fourth, infringement is not exclusive to civil law. The Copyright Act, for example, assigns criminal penalties to certain forms of copyright infringement. *See* 17 U.S.C. § 506 (2012). These offenses can even rise to the level of felonies. *See* 18 U.S.C. § 2319 (2012).

<sup>91</sup> 18 U.S.C. § 2(a) (2012).

<sup>92</sup> 18 U.S.C. § 2(b) (2012).

<sup>93</sup> These include *Standefer v. United States*, 447 U.S. 10, 19 (1980) (permitting “the conviction of accessories to federal criminal offenses despite the prior acquittal of the actual perpetrator of the offense.”); *United States v. Hornaday*, 392 F.3d 1306, 1313 (11th Cir. 2004) (“Section 2(b) . . . is

conviction of an accessory who induces or causes a criminal offense even when the principal is found not liable for the unlawful conduct.”<sup>94</sup> Holding both subsections to be analogous to patent law, the court could permit the conviction of the inducing entities in the present case even though there was no direct infringer.<sup>95</sup>

The court’s ruling beckoned a shift in focus from direct infringement as a violation of § 271(a) to direct infringement as actual infringement.<sup>96</sup> Previously, the direct infringement necessary for a finding of inducement meant that some entity would be liable for direct infringement.<sup>97</sup> Liability arose when a party committed all the acts necessary to infringe the patent, either personally or vicariously.<sup>98</sup> Under the majority’s rule, however, infringement occurs when the steps of a claimed method are performed, even if no liability for direct infringement under § 271(a) could arise.<sup>99</sup> Actual infringement must be established before a court may consider whether to hold the participants liable for causing that harm.<sup>100</sup>

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obviously designed for . . . the situation in which . . . the defendant supplies the intent and maybe another element or two while getting someone else to supply at least one additional element that is necessary to the commission of the crime.”); *United States v. Tobon-Builes*, 706 F.2d 1092, 1099 (11th Cir. 1983) (holding a defendant liable for causing an intermediary to commit a criminal act, even though the intermediary had no criminal intent and was thus innocent of the crime charged); *United States v. Pearson*, 667 F.2d 12, 13 (5th Cir. 1982) (allowing “a jury to find a person guilty of a substantive crime even though that person did not commit all acts constituting the elements of the crime”); *United States v. Gleason*, 616 F.2d 2, 20 (2d Cir. 1979) (“[A] person who causes an innocent party to commit an act which, if done with the requisite intent, would constitute an offense may be found guilty as a principal even though he personally did not commit the criminal act”); and *United States v. Rapoport*, 545 F.2d 802, 806 (2d Cir. 1976) (affirming that “one who puts in motion or assists in the illegal enterprise or causes the commission of an indispensable element of the offense by an innocent agent or instrumentality, is guilty”) (internal quotation marks omitted).

<sup>94</sup> *Akamai*, 692 F.3d at 1311 (citing *Standefer*, 447 U.S. at 19).

<sup>95</sup> *Id.*

<sup>96</sup> *Id.* at 1308. The court held this proposition to be “sound and uncontroversial.” *Id.* at 1315. However, both dissents took issue with this statement, not because it was untrue, but because of implied synonymy with what the Supreme Court actually said: “[T]here can be no contributory infringement in the absence of a *direct* infringement.” *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 341 (1961) (emphasis added). The dissenters took this to mean the full breach of the subsection for direct infringement, but the majority contended that actual infringement was what the Supreme Court had meant all along and that it was only *BMC* and its progeny that changed the status quo. See *Akamai*, 692 F.3d at 1315. This perceived sleight of hand was the principal reason nearly half the bench dissented. See *id.* at 1340–41 (Linn, J., dissenting).

<sup>97</sup> See *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1379 (Fed. Cir. 2007), *overruled by Akamai*, 692 F.3d 1301 (“Indirect infringement requires, as a predicate, a finding that some party . . . has committed the . . . act of direct infringement.”).

<sup>98</sup> See *Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1311 (Fed. Cir. 2005); *Fromson v. Advance Offset Plate, Inc.*, 720 F.2d 1565, 1568 (Fed. Cir. 1983).

<sup>99</sup> *Akamai*, 692 F.3d at 1309.

<sup>100</sup> *Id.* at 1308.

*B. Judge Linn's Dissent*

Judge Linn authored the principal dissent, joined by three members of the court.<sup>101</sup> In it, Judge Linn condemned the majority's adventures in policy-making, believing the court's approach to be contrary to both the language of § 271(a) and Supreme Court precedent.<sup>102</sup> He also faulted the majority for "impermissibly bend[ing] the statute to define direct infringement differently for the purposes of establishing liability under § 271(a) and (b)."<sup>103</sup> In his view, the court effectively rewrote the statute to say, "Whoever actively induces infringement of [*or induces two or more separate parties to take actions that, had they been performed by one person, would infringe*] a patent shall be liable as an infringer."<sup>104</sup> He believed the court should have performed the "straightforward exercise" of reading § 271(b) in light of § 271(a), resorting instead to interpretive gymnastics in order to achieve the desired result.<sup>105</sup>

Judge Linn also criticized the majority opinion's analogy to 18 U.S.C. § 2(b), noting that "the operative language of 18 U.S.C. § 2(b)—'would be an offense'—is not found in 35 U.S.C. § 271(b)."<sup>106</sup> He further noted that Congress included similar language—"would infringe"—in § 271(f)(1), so the absence of such language in § 271(b) led him to believe that Congress did not consider infringing conduct to be all that is necessary to find inducement.<sup>107</sup>

While Judge Linn found more in common with Judge Newman than he did the majority, he nonetheless criticized Judge Newman for her willingness to abandon *BMC*'s single-entity rule.<sup>108</sup> He posited that under a multiple-entity rule for direct infringement, the person who provided the nuts, bolts, or gears that hold together an infringing machine "would be responsible for full damages for infringement by the machine," since direct infringement is a strict-liability offense.<sup>109</sup> This, he reasoned, would "essentially eviscerate[]" the need for

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<sup>101</sup> *Id.* at 1337. Judges Dyk, Prost, and O'malley. *Id.*

<sup>102</sup> *Id.* (Linn, J., dissenting); *see also* Aro Mfg. Co. v. Convertible Top Replacement Co., 365 U.S. 336, 341–42 (1961).

<sup>103</sup> *Akamai*, 692 F.3d at 1339 (Linn, J., dissenting).

<sup>104</sup> *Id.* (brackets in original). Here Judge Linn's satire begins to wander. The court did not read the bracketed language into the statute in addition to infringement, but found it embedded in the word itself. *Id.* at 1314 (purporting to set forth "a type of conduct that qualifies as infringing"). To the court, infringement meant infringing conduct, rather than a full violation of § 271(a). *Id.* at 1307.

<sup>105</sup> *Id.* at 1339 (Linn, J., dissenting). This also mischaracterizes the majority's position. The court did read § 271(b) in light of § 271(a), but separated the requirements that made the conduct infringing from the requirements for liability under § 271(a). *Id.* at 1308–09. In any event, Judge Linn's approach is certainly the more "straightforward exercise" of the two.

<sup>106</sup> *Id.* at 1345 (Linn, J., dissenting).

<sup>107</sup> *Id.*

<sup>108</sup> *Id.* at 1350 (Linn, J., dissenting).

<sup>109</sup> *Id.* This situation can never occur, obviously. *See supra* note 26. The illustration is only

indirect infringement.<sup>110</sup>

Judge Linn would have decided the case under the then-current law of *BMC*, as he had previously ruled, whereby the act of direct infringement required for inducement means one party has performed or was vicariously liable for the performance of all the steps of a patented process.<sup>111</sup> His interpretation of the statute is straightforward: § 271 defines direct infringement as a violation of § 271(a), and §§ 271(b)–(c) require this finding of direct infringement before liability for indirect infringement can arise.<sup>112</sup> Thus, the direct infringement required for a finding of inducement is inextricably tied to a statutory finding of direct infringement.

### C. Judge Newman's Dissent

Judge Newman, writing for herself, criticized the court's "new theory of patent infringement . . . whereby any entity that 'advises, encourages, or otherwise induces,' or 'causes, urges, encourages, or aids the infringing conduct' is liable for infringement."<sup>113</sup> By this, she criticized both the choice of language and the sufficiency of infringing conduct alone for a finding of induced infringement.<sup>114</sup> She also observed that none of the numerous briefs of *amici curiae* filed by various patent law interest groups advocated an inducement-only rule as the court did.<sup>115</sup>

Judge Newman also argued that the majority opinion overstated and improperly analogized to criminal law principles.<sup>116</sup> As she declared, "[t]he analogy between accomplice liability and contributory infringement fails given careful consideration of the reasons behind imposing criminal sanctions on indirect actors."<sup>117</sup>

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meant to bring the problem from the abstraction of "process" into a more tangible form.

<sup>110</sup> *Id.* at 1350 (Linn, J., dissenting).

<sup>111</sup> *Id.* at 1337–38 (Linn, J., dissenting). "The well-established doctrine of vicarious liability is the proper test for establishing direct infringement liability in the multi-actor context." *Id.* at 1349 (Linn, J., dissenting).

<sup>112</sup> *Id.* at 1338 (Linn, J., dissenting).

<sup>113</sup> *Id.* at 1319 (Newman, J., dissenting) (internal citations omitted). Strictly speaking, Judge Newman, as well as many commentators, is incorrect in characterizing the court's formulation as "new." As noted in the majority opinion, the concept that liability for indirect infringement may be based on more than one actor performing all the steps of a claimed method goes back to the 1983 case of *Fromson v. Advance Offset Plate, Inc.*, 720 F.2d 1565 (Fed. Cir. 1983). *Akamai*, 692 F.3d at 1317–18.

<sup>114</sup> *Id.* at 1320 (Newman, J. dissenting).

<sup>115</sup> *Id.* at 1333.

<sup>116</sup> *Id.* at 1326.

<sup>117</sup> *Id.* (quoting Mark Bartholomew, *Cops, Robbers, and Search Engines: The Questionable Role of Criminal Law in Contributory Infringement Doctrine*, 2009 BYU L. REV. 783, 786 (2009)).

Her criticisms did not stop at the majority opinion. She would have abandoned the single-entity rule in favor of the more expansive common-law approach based on tort, importing lessons from copyright law that whoever “infringes vicariously by profiting from direct infringement while declining to exercise a right to stop or limit it” should be liable for induced infringement.<sup>118</sup> She responded bluntly to Judge Linn’s hypothetical that an entity that provided the nuts, bolts, or gears that hold an infringing machine together could be responsible for direct infringement under her “multiple-entity rule,” saying that the example did not “pass the chuckle test.”<sup>119</sup>

Despite their differences, Judge Newman agreed with Judge Linn that the case warranted a different outcome. Like Judge Linn, Judge Newman would not have held any of the parties liable for direct infringement in the case at hand, though she went further by seeking to clear a pathway of liability for direct infringers and not only inducers.<sup>120</sup> She was also concerned about remedies, and observed that the majority opinion said nothing about how to measure compensation for induced infringement.<sup>121</sup> Under her tort-based approach, a court would assign damages according to each entity’s particular contribution to the infringement.<sup>122</sup>

## V. ANALYSIS

The key point of contention in the case was whether or not § 271(a) implicitly defines infringement as a violation of its terms. Interestingly, both factions of the court cited the same authorities to support opposing interpretations. It is necessary to trace this confusion in order to arrive at a correct interpretation of the statute.

### *A. When Direct Infringement Is Not So Direct*

First, it is worth noting that the statute is by no means clear. Section 271(a) does not purport to define infringement, and § 271(b) does not explicitly rely on § 271(a) for a definition of infringement.<sup>123</sup> It is equally true, however, that the language of § 271(a) (“Whoever [does X or Y] infringes the patent.”) can be read to suggest as much. In light of this ambiguity, each faction of the

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<sup>118</sup> *Id.* at 1325 (quoting *Metro-Goldwyn-Mayer Studios Inc. v. Gorkster, Ltd.*, 545 U.S. 913, 914 (2005)).

<sup>119</sup> *Id.* at 1332.

<sup>120</sup> *Id.* at 1320.

<sup>121</sup> *Id.* at 1330.

<sup>122</sup> *Id.*

<sup>123</sup> *See* 35 U.S.C. § 271(a)–(b) (2012).



court offered a different take on the understanding of the statute, and both found it necessary to consider what the authorities had to say concerning the correct meaning of the statute, though each would have very different ideas about what these authorities actually stood for.<sup>124</sup>

*i. The Supreme Comprehension, Strike One*

The two factions of the court both claimed to derive support for their respective positions from the Supreme Court in *Aro Mfg. Co. v. Convertible Top Replacement Co.*,<sup>125</sup> which, over fifty years prior, had stated “there can be no contributory infringement in the absence of a direct infringement.”<sup>126</sup> The majority believed the meaning was that “there can be no contributory infringement in the absence of [conduct amounting to] a direct infringement.”<sup>127</sup> Judge Linn interpreted otherwise, believing “there can be no contributory infringement in the absence of [liability for] a direct infringement.”<sup>128</sup> Each also accused the other of misunderstanding the state of the law in the years leading to *BMC*. The majority believed “*BMC* and the cases that ha[d] followed it changed the pre-existing regime,”<sup>129</sup> but Judge Linn believed the *BMC* interpretation to

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<sup>124</sup> See *infra* Part V(A)(ii).

<sup>125</sup> See *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1308 (Fed. Cir. 2012); *id.* at 1337 (Linn, J., dissenting).

<sup>126</sup> 365 U.S. 336, 341 (1961). It may seem strange that the court attributed such importance to a case that did not actually present a problem of divided infringement. *Aro* concerned a company that supplied replacement fabrics for use in the repair of automobile convertible tops. *Id.* at 338. The *Aro* court held that the repairs did not constitute contributory infringement because there was no underlying act of direct infringement. *Id.* at 341. There was no problem of divided infringement in *Aro* because the underlying patent concerned a machine, not a method. See *supra* note 26. Because the parties’ arguments did not turn on a division between “infringing conduct” and infringement under § 271(a), the Court made no specific claims about such a distinction. Nevertheless, the court had important things to say about how to interpret the Patent Act, and both sides understood that this is the groundwork on which any interpretation necessarily rests. See *Akamai*, 692 F.3d at 1308; *id.* at 1337 (Linn, J., dissenting).

<sup>127</sup> *Akamai*, 692 F.3d at 1315 (citing *Aro*, 365 U.S. at 341). The court said, “If an entity has induced conduct that infringes a patent, there is no justification for immunizing the inducer from liability simply because no single party commits all of the components of the appropriative act.” *Id.* This is certainly true. A contrary rule illogically rewards plans specifically calculated to infringe another’s intellectual property. However, this focus on enacting good policy rather than construing the language of the statute provided Judge Linn with fertile ground for criticism. *Id.* at 1337 (Linn, J., dissenting) (“In its opinion today, this court assumes the mantle of policy maker.”).

<sup>128</sup> *Akamai*, 692 F.3d at 1340 (Linn, J., dissenting) (citing *Aro*, 365 U.S. at 341). The Federal Circuit had seemed to hint at this standard well before *BMC* was decided, having stated, “[T]here can be no inducement of infringement without direct infringement by some party.” *Epon Gas Sys., Inc. v. Bauer Compressors, Inc.*, 279 F.3d 1022, 1033 (Fed. Cir. 2002); *Chiuminatta Concrete Concepts, Inc. v. Cardinal Indus., Inc.*, 1 F. App’x 879, 882 (Fed. Cir. 2001) (emphasis added).

<sup>129</sup> *Akamai*, 692 F.3d at 1318.

be the historic understanding of the court.<sup>130</sup>

So what is “a direct infringement” anyway? The answer may seem unambiguous given the Supreme Court’s explication: conduct amounts to a direct infringement “if, but only if, such [conduct] would in itself constitute a direct infringement under § 271(a).”<sup>131</sup> While it is tempting to think the matter settled, the statement does not actually resolve much,<sup>132</sup> though the statement does damage the notion that infringement is an extra-statutory concept, a frequent but overstated accusation of Judge Linn.<sup>133</sup> The majority’s concept of infringement is also inextricably bound to the statute; the court merely shifted the focus from the violation to the conduct. According to the majority in *Akamai*, the Supreme Court meant only that the conduct necessary for a finding of inducement must amount to that of a direct infringement under § 271(a) regardless of whether any auxiliary requirements (e.g. being performed by a single-entity) are met.<sup>134</sup> This interpretation assumes that the statute implicitly defines infringement as any injury to the patent-holder so that § 271(a) exists only to provide liability for that direct infringement in certain cases.<sup>135</sup>

Admittedly, both interpretations are at least possible under the Supreme Court’s dicta. The Court’s statement on its face does not distinguish infringing conduct from liability for that conduct.<sup>136</sup> The distinction does, however, rely on a peculiar interpretation of the word “constitute,” which implies that the conduct combines to cause a breach of § 271(a), resulting in liability. It also must give a different meaning to “a direct infringement under § 271(a)” than is intuitive—“one harm to the patentee” rather than “one count of direct infringement.”<sup>137</sup>

This is not the only excerpt that plagues the majority’s interpretation. The Supreme Court also referenced liability for direct infringement as a predicate for indirect infringement, remarking that “if the purchaser and user could not be amerced as an infringer certainly one who sold to him . . . cannot be amerced for

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<sup>130</sup> *Id.* at 1337–38 (Linn, J., dissenting).

<sup>131</sup> *Aro*, 365 U.S. at 341. The Federal Circuit parroted a similar statement in *Joy Techs., Inc. v. Flakt, Inc.*, 6 F.3d 770, 773 (Fed. Cir. 1993) (“The making, using, or selling of a patented invention is the usual meaning of the expression ‘direct infringement.’”), though this statement has ambiguities of its own concerning the issue at hand. Is direct infringement the “making, using, or selling,” or was that merely judicial shorthand for the requirements of § 271(a)?

<sup>132</sup> *See Akamai*, 692 F.3d at 1315.

<sup>133</sup> *See id.* at 1340 (Linn, J., dissenting).

<sup>134</sup> *Id.* at 1308.

<sup>135</sup> *Id.* at 1309 (“A party who knowingly induces others to engage in acts that collectively practice the steps of the patented method . . . has had precisely the same impact on the patentee as a party who induces the same infringement by a single direct infringer. . .”).

<sup>136</sup> *But see supra* note 121.

<sup>137</sup> *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 341 (1961).

contributing to a non-existent infringement.”<sup>138</sup> The majority acknowledged this difficulty, but downplayed its importance outside the context of direct infringement involving only a single party.<sup>139</sup>

Perhaps the most damning statement is the Supreme Court’s declaration that “§ 271(a) of the new Patent Code . . . defines ‘infringement.’”<sup>140</sup> Having boldly touted the opposite (“[s]ection 271(a) does not define the term ‘infringement[;]’ . . . it simply sets forth a type of conduct that qualifies as infringing.”),<sup>141</sup> it is somewhat bizarre that the majority did not address *Aro* on this point at all. Rather, it chose to gamble the point on *Aro*’s limited relevance to cases of divided infringement.<sup>142</sup> This is surprising given the plainness of the contradiction, but this language does not necessarily destroy the ultimate holding in *Akamai*. A compatibilist interpretation is possible, though it requires § 271(a) to perform double-duty, defining direct infringement and providing liability in some circumstances for direct infringers. Perhaps this is possible, but it is certainly not what a plain reading of *Aro* or the statute suggests.

In any event, the cumulative weight and particular formulation of the Supreme Court’s language suggests that the Court did not anticipate the majority’s distinction. This does not mean the distinction is unviable, but the distinction requires hindsight coupled with creative argumentation. It is true that *Aro* is not directly on point for the situation in *Akamai*,<sup>143</sup> but it does not need to be. The Supreme Court’s treatment of § 271(a)–(b) and the broad nature of its statements concerning infringement represent outer bounds that the Federal Circuit may not cross. The majority might have believed that the facts of *Aro* lent themselves to a sloppy rendering of the statute. However, this determination is not for the lower courts to make, and, in any event, this belief would be a kind of admission that the law is contrary to the ruling one would hope to render. At least for the Supreme Court in *Aro*, it seems that “a direct infringement” meant a full breach of § 271(a). The implication is that the Federal Circuit erred in holding otherwise.

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<sup>138</sup> *Id.* (quoting *Mercoid Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 674 (1944) (Roberts, J., dissenting)).

<sup>139</sup> *Akamai*, 692 F.3d at 1316. Recall that *Aro* did not present a problem of divided infringement. See *supra* note 121. The majority’s treatment of *Aro* effectively limits the case to its context of single-party infringement.

<sup>140</sup> *Aro*, 365 U.S. at 342 (adding via footnote that Congress added § 271(a) because “[t]he prior statute had no section defining . . . infringement of a patent”).

<sup>141</sup> *Akamai*, 692 F.3d at 1314.

<sup>142</sup> *Id.* at 1315.

<sup>143</sup> *Id.* at 1315–1316.

*ii. The Confusing Clarification, Strike Two*

If *Aro* is truly ambiguous (or if it suffers from a lack of relevancy), it becomes helpful to look at the legislative discussion surrounding the Patent Act. Curiously (and perhaps tellingly), only the dissents cited instructional language from the House and Senate to buttress their interpretations of the statute. It is especially unusual that the majority did not find supporting language in the Congressional Report on the Patent Act considering the majority's particularly forward recognition of this responsibility: "[our] task is to attempt to determine what Congress had in mind when it enacted the induced infringement statute in 1952."<sup>144</sup> Instead, the majority turned to the statements of Mr. Rich and to the structure of the Patent Act itself.<sup>145</sup>

The relevant excerpt from the House Committee Report states that § 271(a) "is a declaration of what constitutes infringement in the present statute. . . . It is not actually necessary because the granting clause [(35 U.S.C. § 154)] creates certain exclusive rights and infringement would be any violation of those rights."<sup>146</sup> As one might expect, Judge Linn cited the first sentence for the proposition that § 271(a) defines direct infringement,<sup>147</sup> but Judge Newman cited both, intimating as the majority might that direct infringement really means any breach of patent rights under § 154.<sup>148</sup>

In any event, the legislature did not perceive a contradiction between the two sentences, or it would have drafted otherwise. Section 271(a) is duplicative; Congress envisioned every breach of patent rights under § 154 falling under the ambit of § 271(a). If one assumes Congress had a *BMC*-like understanding of § 271(a), then here lies evidence that Congress did not foresee some idiosyncrasies of divided infringement when it drafted the Patent Act. Of course, the majority would dispute that Congress understood the Patent Act this way, yet the majority offered no support from the House or Senate beyond illustrating possibility.

Still, the elephant in the room is Congress's declaration that § 271(a) defined infringement for the purposes of the statute.<sup>149</sup> It is difficult to escape express language in contradiction to the court's bold declaration, even if sound public policy would hold otherwise, lest we forget the many questionable points

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<sup>144</sup> *Id.* at 1318.

<sup>145</sup> *See id.* at 1314.

<sup>146</sup> H.R. REP. NO. 82-1923, at 9 (1952); S. REP. NO. 82-1979, at 8 (1952).

<sup>147</sup> *Akamai*, 692 F.3d at 1338 (Linn, J., dissenting).

<sup>148</sup> *Id.* at 1323 (Newman, J., dissenting). With no hint of irony, Judge Newman looked back another sixty years, citing Professor Robinson's 1890's classic *The Law of Useful Inventions* for additional scholarly support. *Id.*

<sup>149</sup> H.R. REP. NO. 82-1923, at 9 (1952); S. REP. NO. 82-1979, at 8 (1952).

that were skirted to reach this point in analysis in the first place. The same problems arise here as for the Supreme Court's similar statement.<sup>150</sup>

*iii. A Criminal Analogy, Strike Three*

One may excuse the court for its otherwise dubious interpretation if its analogy to criminal law is justified. As before, both factions of the court analogized the situation before them to criminal law.<sup>151</sup> Judge Linn analogized infringement to 18 U.S.C. § 2(a),<sup>152</sup> while the majority favored an analogy to both § 2(a) and § 2(b).<sup>153</sup>

The majority compared accomplice liability under § 2(b) with divided infringement, claiming support from a host of authorities.<sup>154</sup> For each case, “the inducer’s liability d[id] not turn on whether the intermediary [wa]s factually guilty or even capable of committing the charged offense,” but on whether the induced act was performed and whether the act would have been a crime if the inducing party performed it.<sup>155</sup>

Though case law supports an analogy to criminal law generally, the limits of this analogical framework, if any, are unclear.<sup>156</sup> Certain concepts (causation, for example) make for comfortable analogies to patent law because the underlying concepts are virtually identical.<sup>157</sup> Section 2(b) is trickier because it invokes the doctrine of criminal intent, for which there is no comparable term in patent law.<sup>158</sup> Knowledge of a patent is an element of indirect infringement, but it is not a comfortable analogy because the reasons for finding an indirect actor liable in criminal and infringement situations differ.<sup>159</sup>

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<sup>150</sup> See *supra* Part IV(a)(i); see also *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 342 (1961) (adding via footnote that Congress added § 271(a) because “[t]he prior statute had no section defining . . . infringement of a patent”).

<sup>151</sup> See *supra* note 87 for a discussion about the validity of an analogy to criminal law generally.

<sup>152</sup> Compare 18 U.S.C. § 2(a) (2012) (“Whoever . . . induces or procures [the] *commission* [of a crime], is punishable as a principal.”) (emphasis added) with 35 U.S.C. § 271(b) (“Whoever actively induces *infringement* of a patent shall be liable as an infringer.”) (emphasis added).

<sup>153</sup> Compare 18 U.S.C. § 2(b) (“Whoever willfully causes an *act* to be done which if directly performed by him or another would be an offense, . . . is punishable as a principal.”) (emphasis added) with 35 U.S.C. § 271(b) (“Whoever actively induces *infringement* of a patent shall be liable as an infringer.”) (emphasis added).

<sup>154</sup> See cases cited *supra* note 90.

<sup>155</sup> *Akamai*, 692 F.3d at 1311.

<sup>156</sup> Note that the validity of *an* analogy to criminal law does not validate *every* analogy to criminal law.

<sup>157</sup> See Bartholomew, *supra* note 114; see also *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2068–70 (2011) (analogizing the criminal law concept of “willful blindness” to the knowledge requirement of induced patent infringement).

<sup>158</sup> *Akamai*, 692 F.3d at 1308.

<sup>159</sup> Bartholomew, *supra* note 114 (“The analogy between accomplice liability and contributory

Another cause for doubt is the fact that “the operative language of 18 U.S.C. § 2(b)—‘would be an offense’—is not found in 35 U.S.C. § 271(b).”<sup>160</sup> As Judge Linn argued, if Congress had intended infringing conduct to be all that is necessary for a finding of inducement, it would have included language similar to that of 18 U.S.C. § 2(b) and 35 U.S.C. § 271(f)(1) (e.g. “would infringe”).<sup>161</sup> The absence of such easily included language in § 271(b), Judge Linn reasoned, is evidence that Congress did not agree with the *Akamai* court.<sup>162</sup> The majority again failed to address this concern.

Given that the court’s analogy was a cornerstone of its holding, it is surprising that the court assumed its validity. This is especially unfortunate for the skeptic because there is nothing one can read to help understand the court’s thought process on this point. In the absence of support, and encumbered by the weight of contrary evidence, observers are forced to conclude that the court simply got it wrong.

### *B. A New Theory of Patent Infringement?*

Though worth mentioning, Judge Newman’s accusation that the court greatly enlarged the grounds for acts that constitute direct infringement is somewhat unfair. The legal doublet “aid and abet” “comprehends all words or deeds which may support, encourage or incite the commission of a crime.”<sup>163</sup> Judge Newman may be correct insofar as the Federal Circuit had never used the term *advise* to refer to “aid and abet,” but the court never had the occasion to determine boundaries for the term, allowing one to argue that the court’s descriptors have been implicit all along.

### *C. Impact on Direct Infringement*

While the court formally overruled *BMC*, it is still unclear whether the single-entity rule established by *BMC* remains good law, given that the court expressly declined to reexamine the jurisprudence of direct infringement.<sup>164</sup> Judge Newman seemed to believe that the majority “overrule[d] only a single sentence of *BMC*,”<sup>165</sup> in which case the rest of *BMC*, including the single-entity

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infringement fails given careful consideration of the reasons behind imposing criminal sanctions on indirect actors.”).

<sup>160</sup> *Akamai*, 692 F.3d at 1345 (Linn, J., dissenting).

<sup>161</sup> *Id.*

<sup>162</sup> *Id.*

<sup>163</sup> *Stewart v. Wolfenbarger*, 595 F.3d 647, 653 (6th Cir. 2010) (quoting *People v. Palmer*, 392 Mich. 370, 378 (1974)).

<sup>164</sup> *Akamai*, 692 F.3d at 1307.

<sup>165</sup> *Id.* at 1321 (Newman, J., dissenting); see *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d

rule, would remain valid. It may be imprudent to rely on this rule, however. Because the court's holding relies on a broad interpretation of statute, it may be inconsistent for the court to uphold the single-entity rule, which is the progeny of strict construction, should it come to their attention in the near future. Even so, the *Akamai* court offered no guidance one way or another. It may, therefore, be helpful to discuss the merits of the single-entity rule and whether the rule is even good policy.

At the textual level, infringement of a method patent under § 271(a) requires every step of a patented process to be performed, but it does not require that a single entity or person perform every step of the claimed process.<sup>166</sup> The subject of the statute is “whoever,” a term that typically applies to one or more persons unless context indicates otherwise.<sup>167</sup> The single-entity rule, however, recognizes this fact, so the rule is something of a misnomer. Under *BMC*,

the law impose[d] vicarious liability on a party for the acts of another in circumstances showing that the liable party controlled the conduct of the acting party. In the context of patent infringement, a defendant [could not] thus avoid liability for direct infringement by having someone else carry out one or more of the claimed steps on its behalf.<sup>168</sup>

However, *BMC*-style vicarious liability does not account for every injustice conceivable for the tort of direct infringement. Under the single-entity rule, if two entities conspire to commit conduct that together infringes a patent, neither can be held liable for direct infringement if there is no evidence that one induced the other.<sup>169</sup> At common law, the doctrine of joint and several liability would provide liability in this situation,<sup>170</sup> but a strict application of *BMC* would not. A loose application of *BMC* may provide appropriate liability when the relationship between the entities is so close that a court would consider them joint tortfeasors and treat them as a single entity. However, this closely resembles a common law tortfeasor analysis. If a “single entity” simply means an “entity” in tort, there is no need for a separate rule. Such a rule already

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1373, 1380 (Fed. Cir. 2007), *overruled by Akamai*, 692 F.3d 1379 (“Indirect infringement requires, as a predicate, a finding that some party amongst the accused actors has committed the entire act of direct infringement.”).

<sup>166</sup> *Akamai*, 692 F.3d at 1309.

<sup>167</sup> 1 U.S.C. § 1 (2012). The word “whoever” “include[s] corporations, companies, associations, firms, partnerships, societies, and joint stock companies, as well as individuals.” *Id.* A concrete example appears in Title 35. Section 101 of Title 35 begins, “Whoever invents.” 35 U.S.C. § 101. This “whoever” expressly includes two or more persons as joint inventors. § 116.

<sup>168</sup> *BMC*, 498 F.3d at 1379.

<sup>169</sup> *Id.* at 1380 (“Infringement requires, as it always has, a showing that a defendant has practiced each and every element of the claimed invention.”); *see generally* Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17 (1997).

<sup>170</sup> *See supra* note 16.

exists.

The differences, however, are striking. As Judge Linn remarked to Judge Newman, the danger of a multiple-entity rule is “permit[ting] joint actor infringement liability whenever independent parties collectively infringe a patent.”<sup>171</sup> Because there is nothing inherently wrong about performing a single step of another’s process,<sup>172</sup> a proper rule should not extend liability to parties who find themselves unwitting participants in another’s infringement scheme, especially because direct infringement is a strict liability tort.<sup>173</sup>

In any event, neither a broad single-entity rule nor a common-law tortfeasor analysis would impose liability upon the doctors, patients, and customers in *Akamai*. Thus, the danger may be less pronounced than it seems. Nevertheless, restoring the common law of joint tortfeasor for patent infringement would be misguided because, as Judge Linn pointed out, the Supreme Court has held that “[d]irect infringement has long been understood to require no more than the unauthorized use of a patented invention . . . [in other words,] a direct infringer’s knowledge or intent is irrelevant.”<sup>174</sup>

## VI. AN IDEALIZED PATH FOR DIVIDED INFRINGEMENT

### *A. Making Sense of the Current Statute*

Although not without its problems and mischaracterizations, Judge Linn’s approach seems most consistent with the statute and the precedent construing it. Neither the Patent Act, nor the Supreme Court, nor the legislature, nor a proper analogy to criminal law positively endorses a distinction between direct infringement as infringing conduct and direct infringement as a violation of § 271(a). While the majority’s approach is probably viable under these authorities, they certainly do not suggest the approach. The majority’s broad construction is an uncomfortable fit. While, from a policy perspective, holding divided infringers liable for induced infringement may be preferable to finding no liability at all, honest statutory interpretation may demand otherwise, in spite of the court’s inclinations.

The single-entity rule is a different issue. Because the statute neither embraces nor shuns the single-entity rule, the court is free to decide it on its own terms. However, the fact that a multiple-entity rule may improperly extend full

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<sup>171</sup> *Akamai*, 692 F.3d at 1350 (Linn, J., dissenting).

<sup>172</sup> This is because a patent covers only the product of steps performed together and not the steps themselves. *Id.* at 1318.

<sup>173</sup> *Id.* at 1307.

<sup>174</sup> *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2074 n.2 (2011); *see id.* at 1350 (Linn, J., dissenting).



liability to unwitting parties favors the continued existence of a single-entity rule.

While perhaps truest to the language and history of the Patent Act, this approach is likely still not ideal, even if patent law were a blank slate. One could argue from the plain injuries to the patent holders in each case that the court arrived at the correct result, provided it had rendered its ruling in a vacuum. It was only through having to reconcile its ruling with the statute and precedent that problems arose. This cannot, therefore, be the ultimate solution.

### *B. Reconsideration*

In the months following the ruling en banc, Limelight Networks successfully petitioned the Supreme Court to review the Federal Circuit's decision.<sup>175</sup> However, the recent trend suggests that the Supreme Court is likely to affirm the holding. The Supreme Court in the past few years has heard a small handful of patent cases originating in the Federal Circuit, and the results generally have been relaxations of narrow views adopted by the Federal Circuit.<sup>176</sup> In *Akamai*, however, the court adopted the broad view of the statute, meaning this case will be something of an anomaly among Federal Circuit cases reaching the Supreme Court. The decision also achieves a worthwhile policy goal, and reversal would be a regression, so to speak, from the ideal, insofar as an ideal exists under the current statute.

The appeal, however, is beside the point. The underlying issue is the Patent Act itself, which is riddled with ambiguities and patchwork solutions. Statutes, by nature, do not keep up with changes in science and technology, and the Patent Act is no exception. How you interpret its provisions depends on whether you think § 271(a) defines direct infringement or not, which in turn depends on whether you think infringement can be committed by more than one entity, which really depends on whether you think the entity in question should be liable as a matter of policy (because the statute is ambiguous). This is merely one among the many issues that have troubled the Federal Circuit and other courts over the years.

The diverse and fragmented views of the en banc court simply confirm that § 271 and its patchwork of subsections are outdated and obsolete. When ambiguities in a statute allow a court to hold however it chooses, the need for a

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<sup>175</sup> *Limelight Networks Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 895 (2014).

<sup>176</sup> *See Caraco Pharm. Labs., Ltd. v. Novo Nordisk A/S*, 132 S. Ct. 1670, 1683 (2012) (imposing a broad meaning to statutory language the Federal Circuit had narrowly construed); *Bilski v. Kappos*, 130 S. Ct. 3218, 3226 (2010) (reprimanding the Federal Circuit for inferring "limitations and conditions which the legislature has not expressed"); *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 415 (2007) (rejecting the Federal Circuit's "rigid approach" to the issue decided).

better statute is apparent. Comprehensive legislative overhaul of § 271 is necessary to effectively, consistently, and fairly deal with infringement issues involving interactive computer-based technologies. Ideally, Congress should conduct a comprehensive review of U.S. patent law with a view toward updating the law to accommodate technological advances that have occurred in recent years. This update should provide liability for entities that induce the steps that together constitute a patented process, and clear a pathway of appropriate liability for direct infringers.

Legislative action is an ordinary solution for closing obvious loopholes in the law, though action is much more likely in the face of an adverse holding.<sup>177</sup> Unfortunately, Congress missed an excellent opportunity to address this issue with the Leahy-Smith America Invents Act (“AIA”), which President Obama signed into law in 2011.<sup>178</sup> Despite being “the most significant reform to the Patent Act since 1952,”<sup>179</sup> the AIA did not address any of the ambiguities examined by the Federal Circuit in *Akamai*.<sup>180</sup> Even more, in light of the AIA, the legislature may erroneously believe the Patent Act is fixed and thus fail to take the steps necessary to clarify the latent ambiguities in § 271.

### *C. An Idealized Approach*

The vague nature of the material the court drew from serves as evidence that legislative intervention is the best prescription to remedy this problem in the law. This vagueness does not reflect poorly on the drafters per se. This distinction only assumed importance because of advances in computing which could not have been foreseen at the time.<sup>181</sup> However, lower courts cannot step

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<sup>177</sup> A recent example is the Shark Conservation Act of 2010, H.R. 81, 111th Cong. (2011), signed into law by President Barack Obama in 2011, which closed a legal loophole identified, but not patched by the Ninth Circuit in *United States v. Approximately 64,695 Pounds of Shark Fins*, 520 F.3d 976 (9th Cir. 2008). See 16 U.S.C. §§ 1801-54 (2012); H.R. REP. NO. 110-740, at 3 (2008). There are examples at the state level too. See, e.g., *In re Marriage of Lucas*, 614 P.2d 285 (Cal. 1980), *superseded by statute* CAL. FAM. CODE §§ 2580-81, 2640 (2012).

<sup>178</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 1, 125 Stat. 284 (2011); *Implementation of the Leahy-Smith America Invents Act: Hearing Before the H. Comm. on the Judiciary*, 112th Cong. 4 (2012) (Statement of Rep. John Conyers, Jr.).

<sup>179</sup> *Implementation of the Leahy-Smith America Invents Act: Hearing Before the H. Comm. on the Judiciary*, 112th Cong. 4.

<sup>180</sup> These ambiguities were made known to Congress through the prior cases of *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007), and *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1323 (Fed. Cir. 2008). It is noteworthy that Congress did not intervene when the court applied its former interpretation of the Patent Act. If this decision represents tacit approval, perhaps the contrary ruling of *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012) (en banc), *cert. dismissed*, 133 S. Ct. 1520 (U.S. 2013), can motivate Congress to consider the issue.

<sup>181</sup> *Aro*, 365 U.S. 336 (1961), for example, did not raise a divided infringement issue.

beyond the fence posts the Supreme Court has set in place. Thus, discerning whether the Supreme Court has in fact spoken to the issue is of critical importance.

The court's decision still allows entities to avoid liability for direct infringement by dividing performance.<sup>182</sup> This is unfair to the patent holder, who must have cleared several hurdles to acquire the patent in the first place.<sup>183</sup> Entities that go to these lengths to acquire their method or process should benefit from the protection their patent affords.<sup>184</sup> One can hardly fault the Federal Circuit for seeking to prevent efforts to circumvent patents by dividing the patented steps between entities so as not to infringe. Unfortunately, the *Akamai* Court's approach imposes a separate definition of "direct infringement" for the purposes of liability and inducement. Not only are the implications on statutory construction of concern, the approach also fails to curtail the underlying injustice. One can almost hear Judge Newman's laconic refrain, "And it is wrong."<sup>185</sup>

So who should be liable for direct infringement? While a user's conduct can create liability in certain contexts,<sup>186</sup> patent holders gain nothing in penalizing users of an inducing company's software when the users' conduct was unknowing. Users of commercial software should be free to presume that the intended use of the software is legal. They should not fear prosecution for performing the setup directions necessary to use the software. Extending liability might ensnare actors "who had no way of knowing that others were acting in a way that rendered their collective conduct infringing."<sup>187</sup> The majority opinion was certainly correct that "there is no reason to immunize the

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<sup>182</sup> See *Akamai*, 692 F.3d at 1308.

<sup>183</sup> Having a utility patent means the inventor has overcome several hurdles to patentability. Michael Donovan, *The Impact of Medimmune, Inc. v. Genentech, Inc. and its Progeny on Technology Licensing*, 3 J. BUS. ENTREPRENEURSHIP & L. 39, 41 (2009). First, the subject matter must be patentable under 35 U.S.C. § 101. *Id.* Inventions must also be novel under § 102, meaning no one has done the same thing already, and non-obvious under § 103, meaning the invention would not be obvious to someone familiar with then-current knowledge in the field. *Id.* at 42–43. Even if an entity satisfies all the statutory requirements, the patent may still be denied. See *id.* at 43. On average, the United States Patent and Trademark Office will reject twenty patents for every allowance for certain kinds of patents such as business method patents. Mark Nowotarski, *Reducing Patent Backlog and Prosecution Costs Using PAIR Data*, IPWATCHDOG (Aug. 16, 2010, 7:07 PM), <http://www.ipwatchdog.com/2010/08/16/reducing-patent-backlog-prosecution-costs-using-pair-data/>.

<sup>184</sup> But see Kyle Rozema, *Modifying RAND Commitments to Better Price Patents in the Standards Setting Context*, 6 J. BUS. ENTREPRENEURSHIP & L. 23 (2012) (suggesting that patents are often overvalued).

<sup>185</sup> *Akamai*, 692 F.3d at 1321 (Newman, J., dissenting).

<sup>186</sup> See Douglas Fretty, *Note: Both a License and a Sale: How to Reconcile Self-Replicating Technology with Patent Exhaustion*, 5 J. BUS. ENTREPRENEURSHIP & L. 1, 26 (2011).

<sup>187</sup> *Akamai*, 692 F.3d at 1307.

inducer from liability for indirect infringement simply because the parties have structured their conduct so that no single defendant has committed all the acts necessary to give rise to liability for direct infringement.”<sup>188</sup>

The most agreeable approach must be the one proposed by the American Intellectual Property Law Association:

[L]iability for a demonstrated infringement . . . should be based on a traditional joint tortfeasor analysis showing (1) performance of at least one claimed step, and (2) substantial participation in producing the performance of the method steps. Thus, liability would 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 public in accordance with traditional tort law.<sup>189</sup>

This approach respects the historic roots of patent law and the “tort of infringement,” while avoiding concerns arising from the application of an unmodified traditional joint tortfeasor analysis.

As previously noted, however, this approach is remarkably similar to the current state of affairs under *Akamai*. One may question the need for legislative action at all if the practical changes would be few, if any. This would be true if it were not for the sharp division within the court and the dubious nature of the court’s reasoning. Barring legislative action to codify the court’s interpretation of the statute, it is conceivable that a court with a slightly different membership might reconvene to reconsider the issue if presented with the proper fact-pattern. There are no signs this will happen soon, but legislative amendment is the only means by which to remove all doubt that may otherwise impede future developments in technology and the law.

## VII. THE IMPACT OF *AKAMAI* ON BUSINESSES AND ENTREPRENEURS

The immediate effect of *Akamai* is to afford heightened protection to holders of method patents. The threshold for finding liability for inducement in cases of divided infringement is now much lower than it was under *BMC*, allowing courts to find inducement in cases of divided infringement where none would have existed under the previous scheme. This has eased the prospective plaintiff’s job of proving infringement in divided infringement lawsuits. Plaintiffs in divided infringement litigation no longer need to prove that a particular entity had “direction or control” over the infringing entities.<sup>190</sup> A

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<sup>188</sup> *Id.* at 1309.

<sup>189</sup> Brief of Amicus Curiae Am. Intellectual Prop. Law Ass’n in Support of Reversal, But in Support of Neither Party at 2-3, *Akamai*, 692 F.3d 1301 (Nos. 2009-1372, 2009-1380, 2009-1416, 2009-1417), 2011 WL 4735207.

<sup>190</sup> *Akamai*, 692 F.3d at 1306.

complaint need not even mention direct infringement.<sup>191</sup> A plaintiff must prove only that the defendant induced the conduct that collectively infringed the patent.<sup>192</sup> In practice, this difference will be marginal because plaintiffs must still prove intent in order to show active inducement, which means proving the inducing entity knew of that patent.<sup>193</sup>

There is good news for defendants, too. Importantly, *Akamai* left jurisprudence on the single-entity rule intact, meaning divided infringement is still a viable defense to accusations of direct infringement.<sup>194</sup> Entities that independently commit conduct that taken together would infringe the patent may avoid liability for infringement absent proof that one induced the other because no single entity could be found liable for direct infringement under § 271(a).

Because the court's holding affects the interpretation of the statute, it is unlikely that district courts will be able to limit *Akamai* to its facts. One possible area of uncertainty concerns the court's previous decision of *NTP, Inc. v. Research in Motion, Ltd.*, in which users of a patented system did not infringe the method patent because one step of the method was performed in Canada.<sup>195</sup> *Akamai* does not expressly overturn *NTP*, but a court presented with the same facts might now reach a different result because the rule from *Akamai* contains no words of geographic limitation.<sup>196</sup> *Akamai* only requires "all the steps of a claimed method [to] be performed in order to find induced infringement."<sup>197</sup> Businesses should therefore not expect to escape liability for infringement by outsourcing one or more steps of a patented process.

The decision also reaches beyond court proceedings. Prospective patentees who fail to reduce the number of steps claimed in the process seeking patent protection may suffer less of a penalty than before because the patentee need not attribute each step of the process to a particular entity.<sup>198</sup> For the best protection, however, patentees should still seek to reduce the number of steps claimed in the process seeking patent protection.

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<sup>191</sup> *Id.* at 1318.

<sup>192</sup> *Id.* at 1318.

<sup>193</sup> *Id.*

<sup>194</sup> See *supra* Part V(c).

<sup>195</sup> 418 F.3d 1282 (Fed. Cir. 2005).

<sup>196</sup> The petitioners actually recognized this potential conflict in their brief, where they proposed: "A method claim is directly infringed when every step of the claim is practiced in the United States . . ." Principal Brief for Plaintiff-Appellant Akamai Techs., Inc. on Rehearing En Banc, *supra* note 38, at 1. The court's decision to exclude this language likely evidences a hidden desire to overturn *NTP*.

<sup>197</sup> *Akamai*, 692 F.3d at 1306.

<sup>198</sup> *Id.*

## VIII. CONCLUSION

Having twisted the arm of the Patent Act with creative interpretation, the Federal Circuit has cemented a dubious interpretation of the statute and the precedent construing it. There is no case in which the court's reasoning can be clearly seen, and, despite an abundance of precedent concerning the underlying concepts, each can only be stretched to accommodate the court's understanding. Even if the court merely articulated what the drafters had intended all along, as it supposed, one would have expected the court to muster support to more convincingly show that this was the case. Instead, the court has failed to dispel fears that it has overhauled the prior understanding entirely.

Time has marched on, but the intense disagreement concerning such a fundamental interpretative issue is no less disturbing. Regardless of the arguments put forth by the two factions of the court, it is beyond debate that sound patent policy should afford reasonable protection to patent holders. But this goal should not come at the expense of honest statutory interpretation. The disagreement within the court should serve as a call to the legislature for action. In any event, the next great Patent Act is long overdue.