

United States Court of Appeals
for the
Federal Circuit

AKAMAI TECHNOLOGIES, INC., THE MASSACHUSETTS
INSTITUTE OF TECHNOLOGY,

Plaintiffs-Appellants,

– v. –

LIMELIGHT NETWORKS, INC.,

Defendant-Cross-Appellant.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT
OF MASSACHUSETTS IN CASE NOS. 06-CV-11109 AND 06-CV-11585,
JUDGE RYA W. ZOBEL

**BRIEF OF *AMICUS CURIAE* BROADBAND iTV, INC.
IN SUPPORT OF PETITION FOR REHEARING *EN BANC***

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CERTIFICATE OF INTEREST

Counsel for *amicus curiae* state the following:

1. The full names of every party or *amicus* represented by me are:

Broadband iTV, Inc.

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

Not applicable.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or *amicus curiae* represented by me are:

None.

4. The names of all law firms and the partners or associates that appeared for any of the parties or *amicus* now represented by me in the trial court or agency or are expected to appear in this Court are:

Charles R. Macedo and Jessica A. Capasso of Amster, Rothstein & Ebenstein LLP.

Dated: June 24, 2015

By: /s/ Charles R. Macedo
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STATEMENT OF INTEREST OF *AMICUS CURIAE*

Broadband iTV, Inc. (“BBiTV”) respectfully submits this *amicus curiae* brief in support of rehearing *en banc* in order for the Court to address the issue of joint infringement under 35 U.S.C. § 271(a). BBiTV is a former practicing entity and patent holder that built, developed, and commercialized technology and which patented the results of its research and development. BBiTV maintains a substantial interest and investment in the fruits of its research and development in the form of its patent portfolio. The current state of the law on joint infringement, as the latest panel majority decision reflects (*Akamai Techs., Inc. v. Limelight Networks, Inc.*, Nos. 2009-1372, -80, -1416, -17, 2015 U.S. App. LEXIS 7856 (Fed. Cir. May 13, 2015)) (ECF No. 316-2), is a rigid and narrow interpretation of 35 U.S.C. § 271(a) which creates a loophole in the law of patent infringement liability and substantially threatens the value of method patent claims. It also reflects a conflict in this Circuit as highlighted by Judge Moore’s dissent (ECF No. 316-2 at 22-23 (Moore, J., dissenting)), Judge Newman’s dissenting opinion in this Court’s *en banc* decision (*Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012) (en banc) (Newman, J. dissenting)) (ECF No. 257-2 at 15-16), and earlier conflicting opinions of this Court such as *On Demand Mach. Corp. v. Ingram Indus., Inc.*, 442 F.3d 1331 (Fed. Cir. 2006) and *Fromson v. Advance Offset Plate, Inc.*, 720 F.2d 1565 (Fed. Cir. 1983). Thus, BBiTV believes it is

important for this Court to rehear this case and establish a balanced standard for joint infringement under 35 U.S.C. § 271(a).¹

ARGUMENT

The issue of divided or joint infringement is at the core of the dispute in this case. It is this issue that this Court recognized was worthy of *en banc* review more than four years ago. *See Akamai Techs., Inc. v. Limelight Networks, Inc.*, 419 Fed. Appx. 989, 989 (Fed. Cir. 2011) (ECF No. 69 at 2) (“If separate entities each perform separate steps of a method claim, under what circumstances would that claim be directly infringed and to what extent would each of the parties be liable?”). Unfortunately, the *en banc* Court never addressed this issue. In their cross-petition for certiorari to the Supreme Court, Petitioner raised this important issue of joint infringement once again, but it was not decided at the time. The Supreme Court recognized the possibility that this Court “erred by too narrowly circumscribing the scope of § 271(a),” but declined to address the issue and instead left open for this Court to address on remand. *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S.Ct. 2111, 2119 (2014).

¹ BBiTV files, concurrent with this brief, a motion requesting leave to file. Pursuant to Federal Rule of Appellate Procedure 29(c)(5), no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than BBiTV or its counsel made a monetary contribution to fund the preparation or submission of this brief. BBiTV notes that its counsel does represent Petitioner, The Massachusetts Institute of Technology, in other unrelated matters.

The panel's divided decision created a dangerous loophole in the law on joint infringement and modified prior rules set forth by this Court in *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007) and *Muniacution, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008). The majority panel decision is also in conflict with earlier decisions of this Court, including *On Demand* and *Fromson*. Thus, Amicus Curiae BBiTV respectfully submits that this Court should grant Appellants' request for rehearing *en banc* in order to establish a fair standard for joint infringement under 35 U.S.C. § 271(a).

I. DIVIDED INFRINGEMENT PRESENTS A REAL CONCERN FOR BUSINESSES

In this case, Akamai Technologies, Inc. ("Akamai") owns a patent directed to a method for delivering web content. Limelight Networks, Inc. ("Limelight")—a direct competitor of Akamai—carries out all but a few of the steps claimed in the patent-in-suit, requiring its customers to carry out the remaining steps. This Court's overly strict and rigid rule of limiting direct infringement by multiple parties to situations arising out of "a principal-agent relationship," "a contractual arrangement," or "a joint enterprise" (ECF No. 316-2 at 6-7) creates a "gaping loophole" in the law which leads to unfortunate results. As a result of this Court's overly narrow interpretation of § 271(a), patent infringers may avoid liability by dividing the steps of a patented method and ensuring that the structure of their business arrangement does not rise to the level of a principal-agent or contractual

relationship or a joint enterprise.

While in some instances issues of divided infringement can be addressed with better claims drafting for method claims, the issue can be raised, as was the case here, by a competitor having a different business model. Moreover, as cloud computing develops and portions of a previously unified task are segregated and outsourced, single actors perform complete processes with increasing scarcity. Thus, method patents with claims that are carried out in this technological context are at risk of being rendered virtually unenforceable by this Court's narrow interpretation of § 271(a). The inability of a patent claim to capture and predict which portions will be performed by which actors in the twenty years following filing is problematic for our patent system and weakens the incentives offered in exchange for disclosing one's invention.

Because patents play a vital role in the economy, and the judicial standards used to enforce patent rights inevitably affect the value of those patents, the outcome of this case may have far-reaching effects beyond the parties directly involved. It is time for this Court to address the issue *en banc* and correct the course of the law on joint liability by returning to a flexible rule that recognizes more than three judicially created situations where entities acting in concert can be held responsible for direct infringement.

II. THIS COURT HAS PREVIOUSLY RECOGNIZED THE NEED TO CLARIFY THE CURRENT STATE OF JOINT INFRINGEMENT UNDER 35 U.S.C. § 271(a)

This Court has previously observed a conflict in the law where different parties perform different parts of a patented method. In fact, the *en banc* Court in *this case* “was convened in order to resolve inconsistencies in past panel rulings for situations in which different entities perform separate parts of a patented method.” (ECF No. 257-2 at 3 (Newman, J., dissenting)).

Specifically, this Court was called upon to address the question, “[i]f separate entities each perform separate steps of a method claim, under what circumstances would that claim be directly infringed and to what extent would each of the parties be liable?” (ECF No. 69 at 2). Indeed, just one week prior to agreeing to hear this question, at least one Judge on this Court noted in a concurring opinion the need for this Court to consider whether the law on joint infringement is correct as set forth in *BMC Resources, Muniauction*, and *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 629 F.3d 1311 (Fed. Cir. 2010). Specifically, Judge Bryson considered the question of whether the law set forth in those decisions is correct to be “close enough and important enough that it may warrant review by the en banc court in an appropriate case.” *McKesson Techs. Inc. v. Epic Sys. Corp.*, No. 2010-1291, 2011 U.S. App. LEXIS 7531, at *15 (Fed. Cir.

Apr. 12, 2011) (Bryson, J., concurring)².

Unfortunately, despite raising the question and noting its importance, this Court did not address the § 271(a) issue in its *en banc* decision. Specifically, this issue was not resolved on the grounds that it was not necessary since Limelight could be found liable for inducing infringement even though it did not itself perform all of the steps of the claim. *See* ECF No. 257-2 at 13 (“Because the reasoning of our decision today is not predicated on the doctrine of direct infringement, we have no occasion at this time to revisit any of those principles regarding the law of divided infringement as it applies to liability for direct infringement under 35 U.S.C. § 271(a).”).

The scope of joint infringement liability under § 271(a) still warrants review.

III. THE SUPREME COURT’S RECENT DECISION FURTHER SUPPORTS EN BANC REVIEW

Following this Court’s *en banc* decision, both Limelight and Akamai filed cross-petitions for certiorari. The Supreme Court granted Limelight’s petition, which asked the Supreme Court to decide whether a party may be liable for

² In Judge Newman’s dissent in *McKesson*, she noted that the *BMC Resources*, *Muniauction*, and *Akamai Technologies* line of authority was actually in conflict with at least one earlier panel decision in *Fromson*. *See McKesson*, 2011 U.S. App. LEXIS 7531, at *27-36 (“The common-law concept of joint tortfeasor has long been established in the patent arena and in its application the cases have turned on their particular facts, not on some indefeasible ‘single entity’ bar created as a new rule of law. Questions of joint liability turned on participation, collaboration, or other relevant facts, as courts applied the experience of the common law in a variety of factual situations.”) (quoting *On Demand*, 442 F.3d at 1344-45).

inducing infringement even though no party has committed direct infringement. The Supreme Court's decision confirmed that the reasoning by which this Court avoided the issue of joint infringement was misplaced, and the law of inducement was not appropriately applied here. *Limelight*, 134 S.Ct. at 2117-18.

In a unanimous opinion, the Supreme Court held that a party cannot be liable for inducing infringement under § 271(b) without an underlying act of direct infringement under § 271(a). *Id.* However, in reaching this decision, the Supreme Court noted that the *Muniauction* rule of law may be suspect (like other rigid rules that have been struck by that Court in recent years) and expressly authorized, but did not require, this Court to consider anew on remand the same question that was originally presented for *en banc* review on April 20, 2011, *i.e.*, “[i]f separate entities each perform separate steps of a method claim, under what circumstances would that claim be directly infringed and to what extent would each of the parties be liable?” Importantly, the Supreme Court noted “the possibility that [this Court] erred by too narrowly circumscribing the scope of § 271(a).” *Id.* at 2119.

Now that the Supreme Court has addressed the relationship between infringement under § 271(a) and induced infringement under § 271(b), a reconsideration of the standard for joint infringement under § 271(a) is especially important.

IV. THE DIVIDED PANEL DECISION FURTHER REFLECTS A CONFLICT IN NEED OF RESOLUTION THAT IS WORTHY OF THE FULL COURT'S CONSIDERATION

The panel majority's opinion conflicts with the longstanding precedent of this Court. As this Court has recognized, principles of joint liability have long been incorporated into the Patent Act. *See McKesson*, 2011 U.S. App. LEXIS 7531, at *27-36 (“The common-law concept of joint tortfeasor has long been established in the patent arena and in its application the cases have turned on their particular facts, not on some infeasible ‘single entity’ bar created as a new rule of law. Questions of joint liability turned on participation, collaboration, or other relevant facts, as courts applied the experience of the common law in a variety of factual situations.”). Judge Moore explained in her dissent here, “[t]he common law prior to the 1952 Patent Act recognized joint liability for patent infringement in a broader set of circumstances than proposed today by the majority, such as where one party directs or controls the actions of another to infringe a patent, or where two parties act in concert to perform the claimed method steps pursuant to a common goal, plan, or purpose.” (ECF No. 316-2 at 16-17 (Moore, J., dissenting)). However, this Court's recent decision now narrows joint infringement under § 271(a) far beyond the flexible standards advocated by *On Demand* and *Fromsom*.

In *On Demand*, this Court made clear that the law on joint infringement precluded the results of the now narrow reading of § 271(a) that limits joint

infringement to three scenarios: “a principal-agent relationship,” “a contractual arrangement,” or “a joint enterprise.” *See On Demand*, 442 F.3d at 1344-5 (“When infringement results from the participation and combined action(s) of more than one person or entity, they are all joint infringers and jointly liable for patent infringement. Infringement of a patented process or method cannot be avoided by having another perform one step of the process or method. Where the infringement is the result of the participation and combined action(s) of one or more persons or entities, they are joint infringers and are jointly liable for the infringement.”)

Thus, this Court’s most recent ruling on joint infringement under § 271(a) has narrowed the law far beyond the flexible standards set forth in *On Demand*, and this warrants rehearing *en banc*. The panel majority’s requirement that potential joint infringers fall into one of three specific categories “divorces patent law from mainstream legal principles by refusing to accept that § 271(a) includes joint tortfeasor liability. The majority’s rule creates a gaping hole in what for centuries has been recognized as an actionable form of infringement.” (ECF No. 316-2 at 1 (Moore, J., dissenting)).

V. THIS IS THE PROPER CASE TO CONSIDER THE ISSUE OF JOINT INFRINGEMENT UNDER 35 U.S.C. § 271(a)

The issues raised during the history of this case below, as well as the dire need for guidance in this area of law, make this case an appropriate choice for addressing the scope of joint infringement. It is not insignificant that this Court

has previously determined that inconsistencies need to be resolved in the law on joint infringement. Unfortunately, this issue was not resolved in this Court's prior *en banc* decision and this Court's recent majority panel decision reflects a rigid and narrow interpretation of 35 U.S.C. § 271(a) that is in further conflict with the Patent Act and prior precedent of this Court.

Furthermore, the parties are sufficiently motivated to argue the issue, counsel is more than capable of presenting and arguing the issue, and more than sufficient *amici* have provided this Court with input. In fact, the majority of the briefing for the *en banc* decision was focused on the issue of joint infringement under § 271(a). Additionally, this case has garnered significant input from third parties, including multiple *amicus curiae* briefs filed during briefing for the *en banc* decision in this Court and at the Supreme Court. Those briefs, representing the views of patent practitioners, companies in biotechnology and pharmaceutical industries, and more collectively confirm that this case involves an "important question of federal law."

Amicus Curiae respectfully submit that this is the right case and right time for the Court to consider *en banc* the issue of under what circumstances there can be direct infringement when a method step is performed by multiple parties.

CONCLUSION

Amicus Curiae respectfully submit that rehearing *en banc* should be granted.

June 24, 2015

Respectfully submitted,

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CERTIFICATE OF FILING AND SERVICE

I, Robyn Cocho, hereby certify pursuant to Fed. R. App. P. 25(d) that, on June 24, 2015 the foregoing Brief of Amicus Curiae Broadband iTV, Inc. in Support of Petition for Rehearing *En Banc* was filed through the CM/ECF system and served electronically on the individual registered on the courts CM/ECF site.

The required copies will be forwarded to the court on the same date as above.

/s/ Robyn Cocho
Robyn Cocho