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Induced Infringement of Method Claims Can Be Found Even When No Single Party Performs All of the Claimed Steps

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(September 7, 2012). On Friday, August 31, 2012, the Federal Circuit issued its much anticipated *en banc* decision in *Akamai Technologies, Inc., et al. v. Limelight Networks, Inc.,* and *McKesson Technologies, Inc. v. Epic Systems Corp.,* No. 2009-1372, -1380, -1416, -1417, 2010-1291, 2010 U.S. App. LEXIS 18532 (Fed. Cir. Aug. 31, 2012)(collectively "*Akamai*"). The *Akamai* decision significantly changes the standard for joint infringement of method claims, and, in particular, holds that a patentee may establish inducement of a method claim under 35 U.S.C. § 271(b) even where separate entities perform the claimed steps.

In this consolidated appeal, the full court sought briefing on the following questions concerning infringement in circumstances where more than one party performs the steps of a method:

1. 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?

2. If separate entities each perform separate steps of a method claim, under what circumstances, if any, would either entity or any third party be liable for inducing infringement or for contributory infringement?

3. Does the nature of the relationship between the relevant actors—e.g., service provider/user; doctor/patient—affect the question of direct or indirect infringement liability?

Akamai Techs., Inc. v. Limelight Networks, Inc., 419 Fed. App'x 989 (Fed. Cir. 2011) (en banc); *McKesson Techs. Inc. v. Epic Sys. Corp.*, 463 Fed. App'x 906, 907 (Fed. Cir. 2011) (en banc).

In a split decision (6-1-4), that demonstrates a sharp divide among the court on this issue, the *en banc* panel of the Federal Circuit reversed the current law and held that there can be induced infringement of a method claim when multiple entities perform the steps of the method. *Akamai Techs.*, 2012 U.S. App. LEXIS 18532, at *10. While reiterating that

there can be no induced infringement without each step of the claim being performed, the Federal Circuit overruled its prior precedent in *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed.Cir.2007), which required that a single entity (or agents of a single entity acting under its "direction or control") perform all of the steps of a method claim in order for there to be direct or indirect infringement. *Id.* at *19-20.

Notably, the majority limited its holding to finding that it is possible to induce infringement of a method claim in circumstances where separate entities perform the steps of the method. *Id.* In reaching its decision, the court did not reach the first or third questions above, nor did it address the issue of whether and under what circumstances multiple parties can be liable for direct infringement under 271(a).

By way of background, in both *Akamai* and *McKesson* cases, the district court had granted judgment of non-infringement against the patentee because an entity different from the accused infringer performed at least one of the method steps. In *Akamai* the district court held that a patent for the delivery of Internet based content was not infringed because one of the steps of the method claims was performed by customers of the accused infringer, rather than by the accused infringer itself. Likewise, in the *McKesson* case, the district court held that a patent covering electronic communication between health care providers and their patients was not infringed because patients performed one of the method steps by using the accused infringer's software. *Id.* at *12-13.

Both district court rulings were reversed and remanded in light of the *en banc* decision that induced infringement could be found without having to establish that only one entity performs the steps of a method claim.

The first dissenting opinion, authored by Judge Newman, criticizes the majority for finding that there could be induced infringement without resolving the circumstances under which method steps of a claim performed by multiple parties could result in direct infringement. In her view, direct infringement occurs when all of the claimed steps are performed, whether by a single entity or by multiple entities, with liability in the latter case being apportioned on a case-by-case basis. *Id.* at Newman, J., dissenting at *72-103.

Judge Linn also dissented, authoring a separate opinion that was joined by three other judges. Based on a rationale founded on statutory construction, the Linn dissent argues that neither direct nor indirect infringement can occur when more than one entity performs the steps of a method. Accordingly, Judge Linn would have affirmed the non-infringement rulings of the district courts. *Id.* at Linn, J., dissenting at *143.

Given the disparate analyses provided by the majority and the two dissents, it would not be surprising if a petition for certiorari to the U.S. Supreme Court is made and the Supreme Court accepts the appeal.

We will continue to monitor any further developments in these cases which might again change the law as to whether multiple entities can infringe a method claim when no single entity performs all of the method steps.

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