



## **ARE Patent Litigation Alert: The Full Federal Circuit Clarifies Law on Divided Infringement Under 35 USC 271(a) in *Akamai v. Limelight***

Author(s): Charles R. Macedo,

(August 13, 2015) Today, the Federal Circuit issued a unanimous per curiam en banc opinion (with three Judges not participating) in *Akamai Technologies, Inc. v. Limelight Networks, Inc.* In vacating its prior panel decision, the Court has extended the conditions under which there can be direct infringement under Section 271(a) by more than one actor, beyond the Muniuction “direction or control” rule, to include “(1) where that entity directs or controls others’ performance, and (2) where the actors form a joint enterprise.” (Opinion at 4).

With respect to the “direction or control” standard, the Court confirmed that “we continue to consider general principles of vicarious liability” to determine whether “a single entity directs or controls the acts of another.” (Opinion at 4).

In order to show that two or more actors form a “joint enterprise,” plaintiff must prove four elements:

1. “an agreement, express or implied, among the members of the group;
2. a common purpose to be carried out by the group;
3. a community of pecuniary interest in that purpose, among the members; and
4. an equal right to a voice in the direction of the enterprise, which gives an equal right of control.” (Opinion at 5).

The Court further noted that, “liability under Section 271(a) can also be found when an alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner or timing of that performance.” (Opinion at 5).

Notably, the Court made way for other forms of direct infringement by multiple actors in the future:

“Section 271(a) is not limited solely to principal-agent relationships, contractual arrangements, and joint enterprise, as the vacated panel decision held. Rather, to determine direct infringement, we consider whether all method steps can be attributed to a single entity. ... In the future, other factual scenarios may arise which warrant attributing others’ performance of method steps to a single actor.” (Opinion at 6).

Ultimately, the Court determined that the Jury had “substantial evidence from which it could



find that Limelight directs or controls its customers' performance of each remaining method step." (Opinion at 7). Such evidence included Limelight's conditioning customers' use of its network upon customers' performance of the "tagging" and "serving" steps, Limelight establishing the "manner or timing of its customers' performance," and Limelight providing "step-by-step instructions to its customers." (Opinion at 8-9). Thus, the Court vacated the District Court's grant of summary judgment of noninfringement as a matter of law, and returned the case to the original three judge panel to resolve remaining disputes.

Please feel free to check in with our attorneys for more on this development. We will continue to monitor and report on other significant developments in patent law.

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[Charles R. Macedo](#) is a partner and [Jessica A. Capasso](#) is an associate at Amster, Rothstein & Ebenstein LLP. Their practice specializes in intellectual property issues. Their practice focuses on all facets of intellectual property law. They represented Broadband iTV, Inc. and other amici curiae in briefing leading up to this decision. They may be reached at [cmacedo@arelaw.com](mailto:cmacedo@arelaw.com) and [jcapasso@arelaw.com](mailto:jcapasso@arelaw.com).