12-960
No. 12-

IN THE

Supreme Court of the United States

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

Cross-Petitioners,

v.

LIMELIGHT NETWORKS, INC.,

Cross-Respondent.

On Cross-Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

CONDITIONAL CROSS-PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Cross-petitioners Akamai Technologies, Inc. and the Massachusetts Institute of Technology (collectively, "Akamai") respectfully file this conditional cross-petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case. The Court should deny the petition for a writ of certiorari in No. 12-786 and, if the Court does so, it need not consider this cross-petition. If the Court grants that petition, however, it should also grant this conditional cross-petition so the Court can fully consider the question of liability for joint infringement, not just under one provision of the patent infringement statute (35 U.S.C. § 271(b)) as Limelight requests, but under all relevant provisions of that statute. The question presented by this conditional cross-petition is:

Whether a party may be liable for infringement under either 35 U.S.C. § 271(a) or § 271(b) where two or more entities join together to perform all of the steps of a process claim?

PARTIES TO THE PROCEEDINGS

Cross-petitioners are Akamai Technologies, Inc. and the Massachusetts Institute of Technology.

Cross-respondent is Limelight Networks, Inc.

CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 29.6 of the Rules of this Court, cross-petitioner Akamai Technologies, Inc. states the following:

Akamai Technologies, Inc. has no parent company, and no publicly held company owns 10 percent or more of Akamai's stock.

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Tonya M. Gray, *Contract Clauses Offer Protection in Infringement Suits*, In-House Texas, vol. 25, no. 41 (Jan. 11, 2010) 25

OPINIONS BELOW

The district court opinion in this case is reported at 614 F. Supp. 2d 90 and reproduced at Pet. App. 136a-194a. The en banc decision, reversing and remanding the district court's grant of judgment as a matter of law to petitioner, is reported at 692 F.3d 1301 and reproduced at Pet. App. 1a-99a.

JURISDICTION

The court of appeals granted a petition for rehearing en banc on April 20, 2011, and the en banc court of appeals entered its judgment on August 31, 2012. The Supreme Court docketed Limelight's petition for a writ of certiorari on January 2, 2013. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The Patent Infringement Statute, 35 U.S.C. § 271, is reprinted at Pet. App. 200a-206a.

STATEMENT OF THE CASE

I. INTRODUCTION

This case involves the issue of "joint" or "divided" infringement, where two or more entities collaborate to practice every step of a method claim. Sitting en banc, the Federal Circuit asked the parties to address whether, in these circumstances, a party may be held liable for either direct infringement under 35 U.S.C. § 271(a) or for indirect infringement under 35 U.S.C. § 271(b). The Federal Circuit held that liability for indirect (induced) infringement under 35 U.S.C. § 271(b) may arise where a party performs some steps of a method claim and induces another to perform the remaining steps of the claim. Pet. App. 2a-3a. The Federal Circuit thus noted that it "[had] no occasion at this time to revisit . . . the law of divided infringement as it applies to liability for direct infringement under 35 U.S.C. § 271(a)." Pet. App. 6a. At the same time, however, the court held that the district court had correctly applied the then-existing case law when it determined that Akamai had failed to prove joint infringement under § 271(a), which the Federal Circuit interpreted as requiring "an agency relationship between the actors or some equivalent" to prove such infringement. *Id.*

Limelight filed a petition in No. 12-786, asking this Court to consider whether a defendant may be held liable for inducing patent infringement under 35 U.S.C. § 271(b) when no single entity commits direct infringement under § 271(a). For the reasons set forth in Akamai's brief in opposition, that issue does not merit this Court's review.

But the question presented here by Akamai—whether two parties who collaborate to perform every step of a method claim are liable for infringement, whether under § 271(a) or § 271(b)—is so inextricably intertwined with the question presented in Limelight's petition that, should this Court grant Limelight's petition, it should also grant this petition. Limelight's petition assumes that there is no liability under § 271(a) in order to challenge the propriety of liability under § 271(b), thus begging for consideration of the broader question raised in this conditional cross-petition. Moreover, this conditional cross-petition would allow the Court to consider liability under both § 271(a) and § 271(b) so that the Court would not be procedurally barred from reaching any of the possible conclusions about the proper standard for joint-infringement liability. Indeed, if the Court decides to consider joint infringement at all, it should interpret Congress's statutory framework for infringement as a whole, analyzing both of the potentially relevant provisions of the Patent Infringement Statute—§ 271(a) and (b)—not just one of those provisions.

Accordingly, if the Court grants review to consider the question of induced infringement under § 271(b) raised in No. 12-786, it should also consider the question of direct infringement under § 271(a) raised by this petition, to allow the Court to completely and efficiently address the issue of joint infringement.

II. FACTUAL BACKGROUND

A. Akamai's Invention

Akamai's patent-in-suit, U.S. Patent No. 6,108,703 ("the '703 patent"), is directed to an improved method of delivering web page content. Pet. App. 103a. The inventions described in the '703 patent were developed by Tom Leighton, then a professor at the Massachusetts Institute of Technology ("MIT"), and the late Danny Lewin, one of his graduate students. A263.[1] Prior to Akamai's invention, the web page content on most commercial websites was delivered from centralized locations that were reachable over a small set of Internet routes, and such sites would become unreachable when large numbers of users, many from far away locations, sought the same content at the same time. Pet. App. 101a-103a. From 1995 through 1998, many others tried to solve this "flash crowd" problem, attempting a variety of different technical approaches. *Id.*; A337. Meanwhile, Dr. Leighton and Mr. Lewin, who were not involved in a commercial endeavor at the time, considered the problem from their theoretical background and eventually developed the solution that was ultimately described and claimed in the '703 patent. Pet. App. 103a.

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[1] References to "A__" are to the appendix filed in the Federal Circuit.

After many false starts, Dr. Leighton and Mr. Lewin developed the criteria that they believed the solution would need to possess to be commercially successful: it would have to be easy and economical for Content Providers (i.e., the entities that provide websites) to implement, invisible to Internet users, highly responsive to changes in demand for content, and exhibit no single point of failure. A337-38. Their solution involved positioning a large number of computer servers with special properties in multiple locations to create a "[s]hared, distributed and flexible" network or what they later called a "Content Delivery Network" or "CDN." A269, 5:42-6:34; A338. As Dr. Leighton and Mr. Lewin envisioned their solution, by "sharing" their computers among lots of different websites, each Content Provider would benefit and be assured that its content could be delivered, given that flash crowds from different sites would not be expected to occur at the same time. A338-39. By "distributing" these servers in multiple locations around the Internet, end users could get the content from servers that were close by. A339. Finally, the inventors envisioned that their solution would be "flexible," in that the number of servers allocated to serve a Content Provider's content would be dynamic and vary depending on the level of demand for that content and where that demand originated. *Id.* After they identified these key criteria, Dr. Leighton and Mr. Lewin had to develop a way for Internet end users to get to and use this "[s]hared, distributed and flexible" set of computer servers. As

Dr. Leighton told the jury, this was the "hard part [and] key to the invention." *Id.*

As Dr. Leighton explained to the jury, their invention required two main technical aspects to meet the key criteria: (1) a way to direct an Internet end user's request for content from the Content Provider's website to the CDN; and (2) a way for the CDN service provider to provide the content from "servers" that would be "good" for that end user making the particular request. With those two design goals, the shared, distributed, and flexible system could then be used by large numbers of Content Providers and an even larger number of Internet end users seeking to obtain content from those Content Providers. A267, 2:53-57; A342-43. As the jury heard, the first technical aspect was implemented by what Dr. Leighton referred to as a "CDN virtual hostname" (in the step that the '703 patent claims refer to as "tagging"), while the second aspect was implemented by what Akamai called a "CDN intelligent Domain Name System or DNS." A268, 3:17-36; A343.

Prior to the invention, when an end user requested content from a website, that request would be directed to the site's address (such as www.cnn.com) on the Internet. Pet. App. 102a. Using the conventional Domain Name System (or DNS) used by the Internet, that request would be sent to an address of the physical machine that would host the content. *Id.* Dr. Leighton's and Mr. Lewin's invention (through the "tagging" step), in contrast, changed this basic operation by effectively replacing the old hostname in the request (www.cnn.com) with the CDN virtual hostname, which had several special features: it pointed to the CDN (so that the request would be serviced by the CDN instead of the Content Provider), it included information about the content being requested, and, most importantly, it was "virtual" in the sense it pointed to a "continually changing set or group of computers" in the CDN. Pet. App. 104a; A343-44. As Dr. Leighton explained, by using a CDN virtual hostname instead of the regular hostname, the CDN would be responsible for delivering the objects (or content) in the web page. To this end, the CDN would use the second aspect of the invention—the CDN intelligent Domain Name System or DNS—to select the "good" servers to respond to the particular request from the end user. A342-44. In particular, the intelligent DNS would use information in the CDN virtual hostname to "select servers" that are preferably close to the requesting Internet end user, not overloaded, and likely to have the content being requested. A344. As the Federal Circuit noted, this invention was a breakthrough in web content delivery, as it "provide[d] a scalable solution that could efficiently deliver large amounts of web content and handle flash crowds." Pet. App. 103a.

The '703 patent specification emphasizes the "joint" nature of this inventive content delivery process. As explained in the specification, the invention relieves Content Providers—the first entities—from delivering certain of their web page content by having that content delivered by another entity, the CDN, while still enabling the Content Providers "to retain control" over that content through the tagging step. A268, 3:1-3. None of the prior art taught the features described above.

The asserted claims require that the objects in the web page be "tagged" so that requests by end-user computers for the objects are directed to the CDN (as opposed to the Content Provider). Pet. App. 104a-105a. The Content Provider (the first entity) performs this tagging step, as it is the Content Provider who decides what content (or objects) it wishes to have delivered by the CDN. The other steps of the claim, including delivery of the content, are performed by the CDN (the second entity). In particular, Akamai asserts that Limelight infringes independent claims 19 and 34 and dependent claims 20-21 of the '703 patent. Claim 34 recites (with the tagging step in italics):

> 34. A content delivery method, comprising:
>
> distributing a set of page objects across a network of content servers managed by a domain other than a content provider domain, wherein the network of content servers are organized into a set of regions;

> for a given page normally served from the content provider domain, *tagging at least some of the embedded objects of the page so that requests for the objects resolve to the domain instead of the content provider domain*;
>
> in response to a client request for an embedded object of the page:
>
> resolving the client request as a function of a location of the client machine making the request and current Internet traffic conditions to identify a given region; and
>
> returning to the client an IP address of a given one of the content servers within the given region that is likely to host the embedded object and that is not overloaded.

A276, 20:32-52 (emphasis added); Pet. App. 105a-106a.

Asserted claim 19 differs from claim 34 in that it requires two steps that are performed by the Content Provider, including "tagging" (A276, 19:11) and "serving [i.e., delivering] the given page from the content provider domain" (A276, 19:15-16).

Thus, as originally conceived and implemented, and as described and claimed in the

’703 patent specification, Akamai’s invention was directed to two or more entities—the CDN service provider and its Content Provider customers. These entities join together to perform the steps of the invention, and the resulting commercial benefits of the invention have been significant. Over the last decade, thousands of businesses and institutions that desired an on-line presence but could not afford the otherwise necessary capital expenditures have used Akamai’s CDN invention to provide reliable and efficient Internet-based content delivery. A355.

B. Limelight’s Accused Infringing Process

After Akamai experienced significant commercial success implementing the invention in the ’703 patent, Limelight, Akamai’s direct competitor, instituted a process that includes every step of the asserted claims of the ’703 patent. According to that process, Limelight performs almost all the steps of the asserted claims, while its customers (following the directions provided by Limelight) perform the remaining one or two steps of tagging (claims 19-21 and 34) and serving (claims 19-21). Pet. App. 106a.

Limelight representatives assist the Content Providers in performing the claim steps of tagging and serving. Limelight provides Content Providers with a unique hostname tag (“xyz.vo.llnwd.net”) that the Content Provider must use to tag the objects and explicit instructions on how to perform the claim steps of tagging and serving. Pet. App. 115a. Limelight and its customers also have a contractual relationship. *Id.* When Limelight's customers (the Content Providers) choose to use Limelight's services for delivery of web page content, they are contractually obligated to perform the tagging and/or serving steps if they want Limelight's service guarantee. A17807. As the Federal Circuit panel recognized, the contract explicitly sets forth the "divided process," including the specific claim steps that the Content Providers perform. Pet. App. 106a-107a. Limelight fully expects and desires that customers who sign Limelight's contract and receive Limelight's detailed directions and a unique tag will, in fact, perform the missing claim steps because, otherwise, Limelight will not get paid.

C. The Proceedings Below

In the district court, Limelight argued it was not liable for direct infringement of Akamai's '703 patent because Limelight performed only some of the claim steps, while others were performed by its customers. Pet. App. 181a-182a. At the time of trial, then-existing Federal Circuit law required Akamai to show that Limelight "directed or controlled" the performance of the steps of the method claim that it itself did not perform in order to prove direct infringement under 35 U.S.C. § 271(a). *See BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1380 (Fed. Cir. 2007). The issue was tried before a jury.

The jury was properly instructed on the *BMC* "direction or control" standard and heard evidence that Limelight: (1) provides the Content Provider a unique hostname tag; (2) provides explicit step-by-step instructions to perform the tagging step; (3) offers technical assistance to help Content Providers perform the tagging and serving steps; and (4) contractually requires Content Providers to perform the tagging and serving steps if they want Limelight's service guarantee. After a three-week trial, the jury returned a verdict of direct infringement. Pet. App. 186a. Following the verdict, the district court denied Limelight's JMOL motion, finding that "unlike in *BMC Resources*, here there was evidence that not only was there a contractual relationship between Limelight and its customers, but that [Limelight] provided those customers with instructions explaining how to utilize its content delivery service." *Id.*

Shortly thereafter, the Federal Circuit issued its decision in *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008). In *Muniauction*, the Federal Circuit interpreted *BMC* as being "founded on the proposition that direct infringement requires a single party to perform every step of a claimed method." *Id.* at 1329. Based on this so-called "single-entity rule," the Federal Circuit held that "[u]nder *BMC Resources*, the control or direction standard is satisfied in situations where the law would traditionally hold the accused direct infringer vicariously liable for the acts committed by another party that are required to complete performance of a claimed method." *Id.* at 1330. Limelight then filed a renewed JMOL motion in view of *Muniauction.* Although the district court did not interpret *Muniauction* to require an agency relationship to establish joint infringement under § 271(a), the district court nevertheless analogized the facts before it to those in *Muniauction* and granted JMOL of noninfringement. Pet. App. 188a-194a.

On appeal, a panel of three judges at the Federal Circuit affirmed the district court's JMOL that Limelight did not infringe Akamai's '703 patent under 35 U.S.C. § 271(a). The panel held that direct infringement of a method claim occurs only when a single entity performs every step of the claim and that acts of another party may be attributed to an accused infringer only if the other party is the accused infringer's agent or contractually obligated to perform the steps the accused infringer does not perform. Pet. App. 111a-112a. Because Limelight's customers (the Content Providers) were not its agents and the contract between Limelight and its customers did not require the customers to perform the tagging step unless the customers wished to use Limelight's service, the panel held that Limelight did not directly infringe the claims of the '703 patent. Pet. App. 116a-117a.

Akamai petitioned the Court for rehearing en banc. On April 20, 2011, the en banc Court vacated the prior panel decision and granted Akamai's petition for rehearing en banc. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 419 F. App'x

989 (Fed. Cir. 2011). The Court asked the parties to address the following question:

> 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?

Pet. App. 196a (per curiam) (emphasis added).

McKesson Technologies, Inc. ("McKesson") and Epic Systems Corp. ("Epic") were parties to a separate appeal in the Federal Circuit, stemming from an unrelated district court proceeding. *McKesson Techs., Inc. v. Epic Sys. Corp.*, 463 F. App'x 906 (Fed. Cir. 2011). After granting en banc rehearing in the *Akamai* case, the Federal Circuit granted en banc rehearing in the *McKesson* case and scheduled argument in the *Akamai* and *McKesson* cases for the same day. The Court asked the parties in the *McKesson* case to address the related question of induced infringement where separate entities each perform separate steps of a method claim.

The Federal Circuit issued its en banc decision on August 31, 2012, deciding both cases under § 271(b). The appeals court 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." Pet. App. 3a. The court then reversed and remanded the case to the district court, holding:

> Limelight would be liable for inducing infringement if the patentee could show that (1) Limelight knew of Akamai's patent, (2) it performed all but one of the steps of the method claimed in the patent, (3) it induced the content providers to perform the final step of the claimed method, and (4) the content providers in fact performed that final step.

Pet. App. 30a.

While, as explained below, the § 271(a) and (b) issues are closely related, the Federal Circuit en banc majority did not reach the additional question regarding the circumstances under which two or more parties would directly infringe a method claim under § 271(a). Instead, the court explained that, "[b]ecause 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)." Pet. App. 6a. At the same time, however, the majority discussed its case law relating to § 271(a) (including *BMC* and *Muniauction*), and noted that, under that law,

> [a]bsent an agency relationship between the actors or some

> equivalent, . . . a party that does not commit all the acts necessary to constitute infringement has not been held liable for direct infringement even if the parties have arranged to "divide" their acts of infringing conduct for the specific purpose of avoiding infringement liability.

Id.

Following this strict standard, the Federal Circuit held that, "although the jury found that the content providers acted under Limelight's direction and control, the trial court correctly held that Limelight did not direct and control the actions of the content providers as those terms have been used in this court's direct infringement cases." Pet. App. 30a.

Judge Newman dissented, disagreeing with the single-entity rule announced in *BMC* and *Muniauction.* Pet. App. 36a. Judge Newman explained that, as properly construed, § 271(a) provides that even "when more than one entity performs all of the steps [of a claim], the claim is directly infringed." Pet. App. 38a-39a. Judge Newman also explained that the single-entity rule is contrary to the legislative history of the 1952 Patent Act (Pet. App. 40a), as well as prior case law (Pet. App. 43a).

Judge Linn, joined by three other judges, also dissented. Judge Linn argued that, without liability for direct infringement, a party could not be liable for induced infringement. He thus concluded that "the question of 'joint infringement' liability under § 271(a) is essential to the resolution of these appeals." Pet. App. 71a.

Although the en banc court issued a single opinion reversing and remanding both cases for further proceedings in district court, a separate judgment was issued in each appeal. Thus, McKesson and Epic are not parties to this proceeding. Limelight filed a petition for writ of certiorari, No. 12-786, on December 28, 2013. Epic filed a separate petition for writ of certiorari, No. 12-800, on December 28, 2013.

REASONS FOR GRANTING THE CONDITIONAL CROSS-PETITION

I. THE QUESTION HERE ALLOWS THE COURT TO CONSIDER ALL RELEVANT PROVISIONS OF THE INFRINGEMENT STATUTE AND IS INEXTRICABLY INTERTWINED WITH THE QUESTION RAISED IN LIMELIGHT'S PETITION

Akamai's brief in opposition outlines the reasons this Court should decline to review the Federal Circuit's decision. If this Court were to grant Limelight's petition, however, it should also grant this conditional cross-petition so that it could fully assess and apply the patent infringement statute, 35 U.S.C. § 271, to the issue of joint infringement.

There are two basic types of patent infringement: direct infringement and indirect infringement. The majority of cases assessing liability where two or more parties collectively perform all steps of a method claim rely on an analysis of direct infringement under § 271(a). *See Muniauction*, 532 F.3d at 1329; *BMC*, 498 F.3d at 1380; *Halliburton v. Honolulu Oil Corp.*, 98 F.2d 436 (9th Cir. 1938); *N.J. Patent Co. v. Schaeffer*, 159 F. 171, 173 (E.D. Pa. 1908), *aff'd*, 178 F. 276 (3d Cir. 1909); *see also Jackson v. Nagle*, 47 F. 703, 704 (N.D. Cal. 1891). Other cases, including the en banc opinion below, assess liability for such joint infringement based on principles of indirect infringement under § 271(b). This conditional cross-petition puts both options squarely before the Court, so that it would not be procedurally barred from reaching any of the possible conclusions about the proper standard for joint infringement.

Indeed, this Court should consider both the direct and indirect infringement questions at the same time because they are closely related, as Limelight itself argues in its petition. Pet. 20-22. For example, Limelight asserts that § 271(b) cannot be understood without reference back to language in § 271(a). *Id.* Limelight likewise asserts that liability under § 271(b) is contingent on liability under § 271(a). *Id.* While Akamai does not agree with Limelight's specific contentions in this regard, both parties agree that the direct and indirect infringement questions are closely related and, accordingly, this Court should not consider one without the other.

This is the same approach that the Federal Circuit took when granting rehearing en banc. Although it ultimately focused on indirect infringement under § 271(b), the Federal Circuit, in granting rehearing en banc, specifically considered both § 271(a) and (b), asking the parties in *Akamai* to address direct infringement under § 271(a) and the parties in *McKesson* to address indirect infringement under § 271(b). This Court should follow the same approach, allowing the Court to decide this case on either or both grounds, as did the Federal Circuit.

Limelight's own question presented also removes any doubt about the need to consider the two questions at the same time. The premise (albeit incorrect) in Limelight's question is that there is no indirect infringement under § 271(b) because there is no direct infringement under § 271(a). This conditional cross-petition would allow the Court to address the predicate assertion—whether there was direct infringement under § 271(a)—in Limelight's question presented.

The need to consider both questions at the same time is further demonstrated by Limelight's arguments below. At the Federal Circuit, Limelight repeatedly argued that there was no direct liability under § 271(a) because Congress dealt with the question of joint infringement through indirect liability under § 271(b) and (c). Yet, Limelight now argues that there was no indirect liability under § 271(b) because there was no liability under § 271(a). While Akamai disagrees with Limelight's argument, Limelight's approach shows the inextricable relationship between the two issues and demonstrates the need to read Congress's statutory provisions as a whole. It also confirms the mischief that would otherwise result were the Court to consider Limelight's petition alone: considering the two issues in isolation would enable Limelight to play a divide-and-conquer shell game between direct and indirect infringement.

II. THE FEDERAL CIRCUIT'S SINGLE-ENTITY RULE CONFLICTS WITH THE INFRINGEMENT STATUTE, PATENT POLICY, AND PRIOR CASES

The Federal Circuit's single-entity rule is incorrect. While the Federal Circuit's *BMC* decision was written more broadly to include liability under § 271(a) where an accused infringer controls or directs another in the performance of the steps of a method claim, subsequent cases have restricted the control or direction test such that a party is liable for direct infringement under § 271(a) only if a single entity commits all acts to infringe the patent, either personally or vicariously (i.e., through an agency relationship or a contractual obligation). Pet. App. 5a. As explained below, the addition of an agency requirement is a significant restriction on the broader control or direction standard and finds no support in the statute, case law, or patent policy.

Initially, § 271(a) broadly imposes liability on "whoever . . . uses . . . any patented invention." There is nothing in this language to suggest that "whoever" refers to a single entity. Rather, "whoever" commonly means "[w]hatever person or *persons*." *See American Heritage College Dictionary* 1540 (3d ed. 1997) (emphasis added). Moreover, 1 U.S.C. § 1 states: "In determining the meaning of any Act of Congress, unless the context indicates otherwise—words importing the singular include and apply to several persons, parties, or things . . . ."

Accordingly, consistent with the plain meaning and as indicated by Congress in 1 U.S.C. § 1, "whoever" in § 271(a) means person or persons and, accordingly, liability should be imposed on persons who join together to perform all steps of a claim.

Nothing in this Court's precedent holds otherwise. While it is well established under this Court's precedent that a method claim can only be directly infringed when all the steps of the method are performed, there is no basis in this Court's precedent, or the policy underlying the Patent Act, to restrict direct infringement of a method claim to only a single entity. While the Federal Circuit cited numerous cases in *BMC* as purportedly supporting the single-entity rule—including *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997); *Canton Bio-Medical, Inc. v. Integrated Liner Technologies, Inc.*, 216 F.3d 1367 (Fed. Cir. 2000); *General Foods Corp. v. Studiengesellschaft Kohle mbH*, 972 F.2d 1272 (Fed. Cir. 1992); *Joy Technologies, Inc. v. Flakt, Inc.*, 6 F.3d 770 (Fed. Cir. 1993); *Fromson v. Advance Offset Plate, Inc.*, 720 F.2d 1565 (Fed. Cir. 1983); and *Cross Medical Products, Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293 (Fed. Cir. 2005)—none of these cases so holds. In *Warner-Jenkinson*, this Court, in the context of clarifying the doctrine of equivalents, merely held that "[e]ach element contained in a patent claim is deemed material to defining the scope of the patented invention, and thus the doctrine of equivalents must be applied to individual elements of the claim, not to the invention as a whole." 520 U.S. at 29. Similarly, *Canton Bio-Medical*, 216 F.3d at 1370, and *General Foods*, 972 F.2d at 1274, hold that each and every element of a method claim must be practiced to constitute infringement. But none of these cases addresses whether it is a single party who must practice each element. Likewise, *Joy Technologies*, 6 F.3d at 773, referencing § 271(a), notes that "[t]he making, using, or selling of a patented invention is the usual meaning of the expression 'direct infringement.'" Accordingly, although these cases suggest *what* constitutes direct infringement of a method claim—that is, the practice of each and every step of the method—not one of these cases addresses the issue of *who* must practice the steps.

The Federal Circuit's single-entity interpretation of § 271(a) also conflicts with patent policy: it amounts to a rigid bright-line rule, which has been disfavored by this Court. The problem of bright-line rules is particularly acute where a rigid new rule has been adopted that alters a previous, more flexible standard. *See, e.g.*, *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 415 (2007) ("We begin by rejecting the rigid approach of the Court of Appeals. Throughout this Court's engagement with the question of obviousness, our cases have set forth an expansive and flexible approach inconsistent with the way the Court of Appeals applied its TSM test here."); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 392-93 (2006) (rejecting the Federal Circuit's bright-line grant of permanent injunctions when validity and infringement have been found); *Pfaff v.*

Wells Elecs., Inc., 525 U.S. 55, 63 (1998) (rejecting a bright-line rule that an invention cannot be "on sale" unless and until it is reduced to practice). Simply put, there is no precedent to support the Federal Circuit's narrow, inflexible single-entity rule. Rather, proper statutory construction and ordinary tort-related vicarious liability rules support a flexible fact-based analysis that balances the concerns of expanding direct infringement against the unfairness of allowing competitors to split up the steps of a method claim to avoid a finding of direct infringement.

To be sure, this Court should deny the petition in No. 12-786. But, should it grant that petition, it should also grant this closely related petition so the Court can confirm that the control or direction standard for determining direct-infringement liability is a flexible fact-based standard, not a rigid bright-line rule requiring vicarious liability in the form of an agency relationship or contractual obligation as the Federal Circuit has required.

III. THE QUESTION HERE IS AT LEAST AS IMPORTANT AS THE QUESTION RAISED IN LIMELIGHT'S PETITION

While the Federal Circuit correctly held that § 271(b) is "well suited to address the problem" presented by most joint infringement cases (Pet. App. 7a), § 271(b) would not adequately address all such situations. For example, under the current law, multiple parties may try to avoid indirect-infringement liability by forming strategic partnerships that practice patented methods with immunity, so long as the partnership is organized such that no single party is inducing the other party within the meaning of § 271(b).

Given the requirements for proving inducement under § 271(b), the Federal Circuit's narrow single-entity interpretation of § 271(a) leaves a significant gap in the protection of method patents. *Cf. Golden Hour Data Sys., Inc. v. emsCharts, Inc.*, 614 F.3d 1367, 1380-81 (Fed. Cir. 2010) (where two independent companies evaded direct-infringement liability by forming a strategic partnership to jointly practice every step of a patented method). Articles directed to in-house counsel provide specific instructions on how to structure language of contracts to "specifically disclaim any agency relationship" in order to avoid direct-infringement liability. Tonya M. Gray, *Contract Clauses Offer Protection in Infringement Suits*, In-House Texas, vol. 25, no. 41 (Jan. 11, 2010). Even the Federal Circuit has acknowledged that the single-entity rule interpretation of § 271(a) leaves a significant gap in the protection of method patents. *See, e.g.*, *BMC*, 498 F.3d at 1381 ("This court acknowledges that the standard requiring control or direction for a finding of joint infringement may in some circumstances allow parties to enter into arms-length agreements to avoid infringement."); *McKesson Techs. Inc. v. Epic Sys. Corp.*, 98 U.S.P.Q. 2d 1281, 1285 (Fed. Cir. 2011) (Bryson, J., concurring) ("[T]he decision in this case is correct in light of this court's decisions in

BMC Resources, *Muniauction*, and *Akamai Technologies*. Whether those decisions are correct is another question, one that is close enough and important enough that it may warrant review by the en banc court . . . ."). Indeed, recognizing this gap in protection, the Federal Circuit specifically requested en banc briefing regarding the appropriateness of its single-entity rule as applied to § 271(a).

Thus, should the Court expend its valuable efforts to hear the issue of joint infringement under § 271(b), it should also consider the equally important issue of joint infringement under § 271(a).

CONCLUSION

The Court should deny Limelight's petition for a writ of certiorari. But if this Court were to grant Limelight's petition, it should also grant this cross-petition.

Respectfully submitted,

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