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Client Alert: Federal Circuit Resolves Divided Infringement Dispute by Broadening “Direction and Control” Standard

The United States Court of Appeals for the Federal Circuit, on remand from the United States Supreme Court, recently held that certain method claims in a patent owned by Akamai Technologies were infringed by Akamai’s competitor Limelight Networks despite the fact that Limelight did not perform each step of the method claims. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, ___ F.3d ___, 2009-1372 (Fed.Cir. Aug. 13, 2015)(en banc). This ruling is significant because it appears to finally resolve a long-running dispute over the viability of method claims written in a manner that requires performance by multiple actors.

Patent law demands strict adherence to the “all-elements” rule. That is, all elements of a claim must be present to support a finding of infringement. In the case of method claims, this has traditionally meant that all steps must be performed by a single alleged infringer. The only exception is where the accused infringer performs some steps and “directs or controls” a third party to perform the other steps. However, plaintiffs have found the direction and control standard hard to meet. Courts have required a contractual or agency relationship under which the third party is *obligated* to perform the missing step(s) for the accused infringer. This rules out the most prevalent area of multi-actor method claims: client-server operations. For example, a computer

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user visiting a website is not obligated to enter information into fields provided by the web server. Thus, under the former standard, there was no “direction and control” exhibited by the company controlling the web server.

Now, through its recent unanimous decision by the full court, the Federal Circuit has created a new way to find the requisite “direction and control.” Specifically, if the accused infringer “conditions participation in an activity or receipt of a benefit upon performance” of the missing step(s) and “establishes the manner and timing of that performance” by the third party, the accused infringer can be said to direct and control the third party’s performance of the step(s). Applying this broadened standard, the Court found that Limelight directed and controlled its clients’ tagging of content for use in Limelight’s content delivery system because the system would not work for the clients without their performance of this step. The clients could not “receive the benefit” of the service without tagging, and Limelight specified the “manner and timing” in which the tagging had to be done.

Though the Court made clear that this should be a case-by-case determination, it is obvious how this broader path to “direction and control” could be applied to a client-server scenario. Surely users must cooperate with the instructions from the web server in order to “receive the benefit” being offered by the web server, whether that benefit is to show a user their account information or simply to load the next webpage. Consequently, this ruling breathes new life into potentially thousands of older, sidelined patent claims covering various methods of interaction through computers (internet website functionality, software applications, etc.). The ruling effectively eliminates what was a rather formulaic, but simple and effective, defense to such claims. Clients relying on non-infringement opinions based on theories



of divided infringement should have those opinions reconsidered in light of this ruling.

If you have any questions about this ruling, please contact Mike Turner or your Neal Gerber Eisenberg attorney.

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