

## Publication

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### Client Alert: Federal Circuit Upholds Joint Infringement Defense in On-Going Akamai Litigation

In a 2-1 decision handed down May 13, 2015, the Court of Appeals for the Federal Circuit upheld what has become known as the “joint infringement defense,” under which a method claim is not infringed where the claimed steps are divided between two or more parties acting independently. The opinion, *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 2009-1372, — F.3d — (Fed. Cir., May 13, 2015), is the latest in a long-running dispute that has already been before the Supreme Court. The case involves a “Content Delivery Network” service offered by Limelight, wherein Limelight houses certain web content for its clients and serves it to web users when those web users load the client’s webpage. Akamai offers a similar service, and has a patent covering methods of providing such a service. The issue is that in the Limelight system, certain steps are performed by Limelight, while other steps are performed by Limelight’s clients. In other words, no single party performs all the steps required under the Patent.

When it originally reviewed this case, the Federal Circuit held, in an *en banc* decision, that Limelight was inducing its clients to perform the missing steps. *Akamai*, 692 F.3d 1301 (Fed. Cir. 2012). The Supreme Court reversed, 134 S.Ct. 2011 (2014), noting that to reach the question of inducement (an indirect infringement theory) there must first be a direct infringer, i.e., someone that independently performed each step. The Supreme Court

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indicated that the prior case of *BMC Resources, Inc. v. Paymentech, LP*, 498 F.3d 1373 (Fed. Cir. 2007) should be applied to situations like that presented by *Akamai* to determine whether one party “directed or controlled” the actions of another, in such a way that one party essentially conducted each step as the “mastermind.” Thus, the Supreme Court forced the Federal Circuit to apply the “direction and control” standard to the *Akamai* case, which it had avoided doing in the prior *en banc* review.

The recent panel applied *BMC*, finding that Limelight did not “direct or control” the actions of its clients. Though there was a contract between Limelight and its clients, that contract did not obligate the clients to perform the steps that Limelight did not itself perform. Accordingly, there was no direct infringement by Limelight, and, consequently, there could be no indirect infringement.

In its opinion, the majority likened the “direction and control” standard to a pure agency relationship, where the agent is contractually obligated to perform any step that the principle does not perform. If anything, this expands the “joint infringement defense,” providing a strong non-infringement position against many older claims, and particularly those in a computer network environment where a user must take certain steps to interact with a third-party server that performs the other steps.

Though *en banc* review will likely be sought once again, this decision reinstates and reinforces the joint infringement defense, at least for the present. While parties may not “contract around infringement” by, for example, outsourcing a step of a method claim merely to avoid infringement, the opinion does likely doom claims that require action by two arms-length participants. As the opinion notes, such claims can almost always be avoided through careful claim drafting, which



underscores the importance of properly crafting method claims.

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

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