

ALERT

Federal Circuit Patent Bulletin: *Akamai Techs., Inc. v. Limelight Networks, Inc.*

August 17, 2015

On August 13, 2015, in *Akamai Techs., Inc. v. Limelight Networks, Inc.*, the U.S. Court of Appeals for the Federal Circuit en banc (Prost, Newman, Lourie, Linn, Dyk, Moore, O'Malley, Reyna, Wallach, and Hughes), on remand from the Supreme Court of the United States, reversed the district court's judgment as a matter of law that Limelight did not infringe under 35 U.S.C. § 271(a) U.S. Patent No. 6,108,703, which related to methods for delivering content over the Internet. The Federal Circuit, *per curiam*, stated:

Direct infringement under § 271(a) occurs where all steps of a claimed method are performed by or attributable to a single entity. Where more than one actor is involved in practicing the steps, a court must determine whether the acts of one are attributable to the other such that a single entity is responsible for the infringement. We will hold an entity responsible for others' performance of method steps in two sets of circumstances: (1) where that entity directs or controls others' performance, and (2) where the actors form a joint enterprise. To determine if a single entity directs or controls the acts of another, we continue to consider general principles of vicarious liability. . . .

We conclude, on the facts of this case, that liability under § 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. In those instances, the third party's actions are attributed to the alleged infringer such that the alleged infringer becomes the single actor chargeable with direct infringement. Whether a single actor directed or controlled the acts of one or more third parties is a question of fact, reviewable on appeal for substantial evidence, when tried to a jury.

Alternatively, where two or more actors form a joint enterprise, all can be charged with the acts of the other, rendering each liable for the steps performed by the other as if each is a single actor. A joint enterprise requires proof of 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. As with direction or control, whether actors entered into a joint enterprise is a question of fact, reviewable on appeal for substantial evidence. . . . 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.

Today we outline the governing legal framework for direct infringement and address the facts presented by this case. In the future, other factual scenarios may arise which warrant attributing others' performance of method steps to a single actor. Going forward, principles of attribution are to be considered in the context of the particular facts presented. . . .

The jury heard substantial evidence from which it could find that Limelight directs or controls its customers' performance of each remaining method step, such that all steps of the method are attributable to Limelight. Specifically, Akamai presented substantial evidence demonstrating that Limelight conditions its customers' use of its content delivery network upon its customers' performance of the tagging and serving steps, and that Limelight establishes the manner or timing of its customers' performance. We review the evidence supporting "conditioning use of the content delivery network" and "establishing the manner or timing of performance" in turn.

First, the jury heard evidence that Limelight requires all of its customers to sign a standard contract. The contract delineates the steps customers must perform if they use the Limelight service. These steps include tagging and serving content. As to tagging, Limelight's form contract provides: "Customer shall be responsible for identifying via the then current [Limelight] process all [URLs] of the Customer Content to enable such Customer Content to be delivered by the [Limelight network]." In addition, the contract requires that Limelight's customers "provide [Limelight] with all cooperation and information reasonably necessary for [Limelight] to implement the [Content Delivery Service]." As for the serving step, the form contract states that Limelight is not responsible for failures in its content delivery network caused by its customers' failure to serve content. If a customer's server is down, Limelight's content delivery network need not perform. Thus, if Limelight's customers wish to use Limelight's product, they must tag and serve content. Accordingly, substantial evidence indicates that Limelight conditions customers' use of its content delivery network upon its customers' performance of the tagging and serving method steps.

Substantial evidence also supports finding that Limelight established the manner or timing of its customers' performance. Upon completing a deal with Limelight, Limelight sends its customer a welcome letter instructing the customer how to use Limelight's service. In particular, the welcome letter tells the customer that a Technical Account Manager employed by Limelight will lead the implementation of Limelight's services. The welcome letter also contains a hostname assigned by Limelight that the customer "integrate[s] into [its] webpages." This integration process includes the tagging step. Moreover, Limelight provides step-by-step instructions to its customers telling them how to integrate Limelight's hostname into its webpages if the customer wants to act as the origin for content. If Limelight's customers do not follow these precise steps, Limelight's service will not be available. Limelight's Installation Guidelines give Limelight customers further information on tagging content. Lastly, the jury heard evidence that Limelight's engineers continuously engage with customers' activities. Initially, Limelight's engineers assist with installation and perform quality assurance testing. The engineers remain available if the customer experiences any problems. In sum, Limelight's customers do not merely take Limelight's guidance and act independently on their own. Rather, Limelight establishes the manner and timing of its customers' performance so that customers can only avail themselves of the service upon their performance of the method steps.