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Joint/Divided Infringement

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35 U.S.C. § 271(a)

- "Except as otherwise provided in this title, **whoever** without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent."

BMC Resources, Inc. v. Paymentech, L.P.

- 498 F.3d 1373 (Fed. Cir. 2007):
  - "Infringement requires . . . a showing that a defendant has practiced **each and every element** of the claimed invention."
  - "[L]iability for infringement requires a party to make, use, sell, or offer to sell the patented invention, **meaning the entire patented invention**."

BMC Resources, Inc. v. Paymentech, L.P.

- 498 F.3d 1373 (Fed. Cir. 2007):
  - "Courts faced with a divided infringement theory have also generally refused to find liability where one party did not **control or direct** each step of the patented process."
  - "A party cannot avoid infringement, however, simply by contracting out steps of a patented process to another entity. In those cases, the party in control would be liable for direct infringement."

BMC Resources, Inc. v. Paymentech, L.P.

- 498 F.3d 1373 (Fed. Cir. 2007):
  - "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. Nonetheless, this concern does not outweigh **concerns over expanding the rules governing direct infringement**. For example, expanding the rules governing direct infringement to reach independent conduct of multiple actors would subvert the statutory scheme for indirect infringement."

Muniauction v. Thompson Corp.

- 532 F.3d 1318 (Fed. Cir. 2008):
  - "[W]here the actions of multiple parties combine to perform every step of a claimed method, the claim is directly infringed only if one party exercises 'control or direction' over the entire process such that every step is attributable to the controlling party, i.e., the '**mastermind**.'"
  - "[M]ere '**arms-length cooperation**' will not give rise to direct infringement by any party."

Akamai Techs. v. Limelight Networks

- Panel decision (629 F.3d 1311 (Fed. Cir. 2010)):
  - "[W]hat is essential is not merely the exercise of control or the providing of instructions, but whether the relationship between the parties is such that acts of one may be attributed to the other."
  - "[T]here can only be joint infringement when there is an **agency relationship** between the parties who perform the method steps or when one party is **contractually obligated** to the other to perform the steps."

Limelight Networks v. Akamai Techs.

- *En banc* decision (692 F.3d 1301 (Fed. Cir. 2012))
  - 10–1: single actor must perform or direct or control performance of all steps to be liable for direct infringement under Section 271(a)
  - 6–4–1: can be found liable for *inducing* parties to infringe in combination even in the absence of an act of direct infringement
    - Majority: Rader, Lourie, Bryson, Moore, Reyna, Wallach
    - Dissent: Linn, Dyk, Prost, O'Malley
    - Newman dissent:

Limelight Networks v. Akamai Techs.

- “The majority opinion is rooted in its conception of what Congress ought to have done rather than what it did. It is also an abdication of this court's obligation to interpret Congressional policy rather than alter it. When this court convenes en banc, it frees itself of the obligation to follow its own prior precedential decisions. But it is beyond our power to rewrite Congress's laws. Similarly, we are obliged to follow the pronouncements of the Supreme Court concerning the proper interpretation of those acts.”

Limelight Networks v. Akamai Techs.

- **Supreme Court**
  - QP: "Whether the Federal Circuit erred in holding that a defendant may be held liable for inducing patent infringement under 35 U.S.C. § 271(b) even though no one has committed direct infringement under § 271(a)?"
  - A: "The statutory text and structure and our prior case law require that we answer this question in the negative."

Limelight Networks v. Akamai Techs.

- **Held**:
  - Defendant cannot induce infringement under § 271(b) unless someone is liable for direct infringement under § 271(a).
  - Refused to adopt—or even endorse—Federal Circuit's "direction or control" standard
    - ". . . on remand, the Federal Circuit will have the opportunity to revisit the § 271(a) question if it so chooses."

Limelight Networks v. Akamai Techs.

- **Panel rehearing – Sept. 11th**
  - Prost, Linn, Moore
  - Must be careful to avoid "expanding the rules governing direct infringement." *BMC Resources.*
  - Panel bound by *Muniauction*
  - Discussed common law joint tortfeasor rules and upsetting expectations of prior claim drafters
- ***En banc* - ?**

Tensions

- Direct infringement is a strict liability tort
  - No intent required
- Indirect infringement requires intent
  - Knowledge of the patent a required element
- Joint tortfeasor rules
  - require knowledge of the damage being inflicted

Geographical Issues

- ***NTP, Inc. v. Research in Motion, Ltd*., 392 F.3d 1336 (Fed. Cir. 2004):**
  - "Even though one of the accused components in RIM's BlackBerry system may not be physically located in the United States, it is beyond dispute that the location of the beneficial use and function of the whole operable system assembly is the United States."

Geographical Issues

- ***NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1318 (2005):**
  - Method claims cannot be infringed where the defendant practiced some steps of the claimed method outside the United States.

Closing the Loopholes

- **Claim Drafting**
  - "The concerns over a party avoiding infringement by arms-length cooperation can usually be offset by proper claim drafting." *BMC Resources.*

- **Techniques**
  - Infringer perspective: User or provider—or both
  - Minimize claim steps
  - Reissue Claims

Closing the Loopholes

- **System Claims**
  - *Centillion Data Sys. LLC v. Qwest Commc'ns Int'l*, 631 F.3d 1279 (Fed. Cir. 2011):
  - "By causing the system as a whole to perform this processing and obtaining the benefit of the result, the customer has 'used' the system under § 271(a). It makes no difference that the back-end processing is physically possessed by Qwest. The customer is a single 'user' of the system and because there is a single user, there is no need for the vicarious liability analysis from *BMC* or *Cross Medical*."

Closing the Loopholes

- **Legislative Action**
  - 271 has been amended to address loopholes:
    - 271(f): addresses *Deepsouth Packing Co v. Laitram Corp.*, which allowed for supplying components of a patented product in the U.S. for assembly abroad.
    - 271(g): imposing infringement liability for importing, selling, or using a product made abroad by a patented process.
  - 271(h)?
    - Joint tortfeasor
    - Conspiratorial infringement