

# Akamai/McKesson: Divided Patent Infringement in the Inducement Context

by Mher Hartoonian

*Patentees now have another means of challenging those who induce patent infringement. In August 2012, the U.S. Court of Appeals for the Federal Circuit, in a sharply divided en banc opinion, ruled that inducing infringement may be found even where multiple entities perform the claimed method steps. The practical implications are far-reaching and impact patent prosecutors, litigators, and even those who provide opinions and counseling.*

Intellectual property lawyers for years have recognized a hole in the law for indirect infringement with respect to method patents. An inducer could escape liability for infringement as long as more than one entity performed the underlying patented method steps. This is no longer true. In an opinion that consolidated for appeal two decisions, the Federal Circuit ruled *en banc* (6–5) that to find induced infringement of method claims, “it is not necessary to prove that all the steps were committed by a single entity.”<sup>1</sup> The court overruled a 2007 Federal Circuit decision<sup>2</sup> to the extent it required one party to have committed the entire act of infringement, and arguably loosened the standards for induced infringement under § 271(b).

The nearly three dozen *amici curiae* briefs filed in *Akamai Tech., Inc. v. Limelight Networks, Inc.* and *McKesson Tech., Inc. v. Epic Systems Corp.* highlight the significance of the ruling for a wide range of industries. Fully understanding the implications of the Federal Circuit’s opinion requires an examination of the basic principles of patent infringement and an analysis of the Federal Circuit’s decisions.

## Basic Principles of Patent Infringement

Patent infringement can be direct or indirect.<sup>3</sup> Direct patent infringement requires that a single party make, use, sell, offer to sell, or import a device that contains all the limitations of a patent claim, or perform a method that contains all the limitations of a patent claim.<sup>4</sup> Intent is entirely irrelevant for purposes of direct

infringement.<sup>5</sup> The applicable statute creates strict liability for anyone who directly infringes.<sup>6</sup>

When an actor has direction or control through an agency relationship over one or more entities that collectively perform all the limitations of a patent claim, direct infringement is said to exist; the mastermind is the direct infringer.<sup>7</sup> To establish direction or control, every step must be attributable to the controlling party.<sup>8</sup> Simply providing instructions to a third party or cooperating at arm’s length are insufficient.<sup>9</sup> The mere existence of a contractual relationship between two parties does not necessarily suggest direction or control. The contract must obligate the third party to perform the claimed method steps.

The U.S. patent laws also recognize two species of indirect infringement: induced infringement and contributory infringement.<sup>10</sup> Unlike direct infringement, which requires a single party to infringe a patent, indirect infringement addresses scenarios involving multiple parties. Both forms of indirect infringement—that is, induced infringement and contributory infringement—still require that infringement actually occur. In other words, no liability attaches for unsuccessful attempts to induce another to infringe or contribute to another’s infringement.<sup>11</sup>

Generally, when a single actor actively and knowingly aids and abets another actor to infringe a patent, the first actor is liable for induced infringement.<sup>12</sup> For purposes of inducement, a patentee is not required to show that the induced party is an agent of the inducer or is acting under the inducer’s direction or control.<sup>13</sup> All that is necessary is that: (1) the inducer causes, urges, encourages, or aids

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in the infringing conduct; and (2) the induced conduct is ultimately carried out.<sup>14</sup>

The specific intent requirement for inducement requires more than an intent to cause the acts that produce direct infringement.<sup>15</sup> The inducer must know that the induced acts constitute patent infringement.<sup>16</sup> Liability also may exist where the defendant acts with “willful blindness”—that is, the defendant subjectively believed that there was a high probability that a patent existed and then took deliberate actions to avoid learning that fact.<sup>17</sup> This doctrine prevents defendants from escaping liability for inducement by deliberately insulating themselves from clear evidence of facts that are strongly suggested by the circumstances.<sup>18</sup>

Inducement is arguably both narrower and broader than direct infringement.<sup>19</sup> Although the accused inducer must intend to cause acts that constitute infringement or act with willful blindness, the induced parties do not need to be acting under the inducer’s direction or control to an extent that the acts are attributed to the inducer as a direct infringer. The statute is designed to shift liability in instances where, for example, a large number of induced direct infringer customers are difficult to sue individually.

The second type of indirect infringement, contributory infringement, applies when an entity

offers to sell or sells . . . a component . . . or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use. . . .<sup>20</sup>

Contributory infringement has a territorial limitation requiring the contributory acts to occur in the United States.<sup>21</sup>

Liability for indirect infringement cannot exist without an underlying direct infringement. For example, when an actor induces another actor to commit all the elements of infringement, direct infringement is unarguably present, and the first actor is liable for induced infringement. Historically, however, where an actor urged multiple parties to perform the claimed method steps, but lacked “direction or control” over those parties, the patentee had

no remedy.<sup>22</sup> Direct infringement was lacking because a single party did not perform the claimed patent steps.

### *Akamai Tech. v. Limelight Networks and McKesson Techs. v. Epic Systems*

On August 31, 2012, the Federal Circuit, sitting *en banc*, reversed and remanded the prior panel decisions in *Akamai Tech. v. Limelight Networks*<sup>23</sup> and *McKesson Techs. v. Epic Systems*,<sup>24</sup> and held that liability for induced infringement under § 271(b) could be found even if the steps of a patented method were divided between multiple parties.<sup>25</sup> The majority opinion was filed *per curiam* and included Judges Rader, Lourie, Bryson, Moore, Reyna, and Wallach. Five judges dissented: Judge Linn filed a dissenting opinion, in which Judges Dyk, Prost, and O’Malley joined, and Judge Newman filed a separate dissenting opinion.

### *Facts of the Cases and Procedural History*

Akamai Technologies, Inc. owns a patent directed to a method for efficient delivery of Web content.<sup>26</sup> The claimed method allows placing a portion of a content provider’s content on a set of replicated servers and modifying the content provider’s Web page to instruct Web browsers to retrieve that content from those servers.<sup>27</sup> Akamai sued Limelight, which maintains a network of servers and allows for efficient content delivery by placing some content elements on its servers. Limelight did not itself modify the Web pages, but rather instructed its customers on the necessary steps to make that modification. Thus, the issue in *Akamai* was one of liability for inducement where the defendant had performed some of the steps of the claimed method and induced another party to commit the remaining steps.

McKesson Information Solutions LLC owns a patent directed to a method of electronic communication among healthcare providers and patients.<sup>28</sup> McKesson sued Epic, a software company that licensed an application that permits healthcare providers to electronically communicate with patients. Through the licensed application, the healthcare providers performed some of the

claimed method steps, and the patients performed the remaining steps. Thus, the issue in *McKesson* was one of liability for inducement where the defendant itself did not perform any steps of the claimed method, but induced a number of parties to collectively perform those steps.

Both Limelight and Epic prevailed in their respective district court cases.<sup>29</sup> Limelight successfully moved for judgment as a matter of law by arguing that Akamai's theory of joint liability, which was based on direct infringement, could not apply because Limelight did not control the actions of its customers. Epic successfully moved for summary judgment of noninfringement with respect to McKesson's inducement allegations by similarly arguing that Epic did not exercise control over healthcare providers. The Federal Circuit affirmed both district court rulings in separate panel decisions before deciding to hear the cases *en banc*.<sup>30</sup>

### *The Federal Circuit's Analyses and Rationale*

The cases were consolidated and the Federal Circuit's *en banc* opinion addressed *Akamai* and *McKesson* simultaneously. The court's biggest challenge was to reconcile two rules with its decision. First, longstanding precedent recognizes that direct infringement requires a single entity or its agents to perform all the steps of a claimed method. Second, it is well settled that there can be no indirect infringement in the absence of direct infringement. The parties and *amici* not surprisingly focused on whether direct infringement can be found where no single entity performs all the claimed method steps.

The majority opinion, despite recognizing the primary question presented during briefing, unequivocally refused to provide an answer, leaving undisturbed the law of divided infringement as it applies to liability for direct infringement under 35 USC § 271(a).<sup>31</sup> The decision instead focused on liability with respect to inducement under 35 USC § 271(b). In a lengthy discussion, the majority looked to statutory construction, precedent, legislative history, analogous fields of law, and patent policy in reaching its decision.

**Statutory construction.** According to the Federal Circuit, nothing in § 271(b) invokes a limitation to infringement by a single entity; rather, inducement of patent infringement "refer[s] most naturally to the acts necessary to infringe a patent, not to whether those acts are performed by one entity or several."<sup>32</sup> The court emphasized that the statute's text is silent as to the number of entities required for inducement, while also focusing on the textual differences between § 271(a) and the inducement provision of § 271(b).

Section 271(a) states that a person who performs the acts specified in the statute "infringes the patent," and § 271(b) provides that whoever "actively induces infringement of a patent shall be liable as an infringer." The majority explained the significance of the distinction:

Requiring proof that there *has been* direct infringement as a predicate for induced infringement is not the same as requiring proof that a single party would be *liable* as a direct infringer.<sup>33</sup> Infringement under § 271(b) accordingly refers to the acts necessary to infringe the patent, not to the number of entities required to perform those acts.<sup>34</sup>

**Precedent and legislative history.** When reviewing its own decisions, the Federal Circuit reaffirmed the well-established principles that: (1) for a party to be liable for direct patent infringement, that party must commit all the acts necessary to infringe, either

personally or vicariously; and (2) there can be no indirect infringement without direct infringement. However, the court overruled its 2007 panel decision in *BMC Resources, Inc. v. Paymentech, L.P.*<sup>35</sup> to the extent inducement required “some other single entity” to be liable for direct infringement.<sup>36</sup>

In overruling *BMC Resources*, the court highlighted the legislative history of the 1952 Patent Act.<sup>37</sup> The majority recognized that § 271(b) was intended to be a broad statement and enactment of the principle that those who induce patent infringement are liable for infringement without limitation. The court also relied heavily on statements made in the early 1950s by Giles S. Rich (who later became Judge Rich) during House hearings.<sup>38</sup> According to the Federal Circuit, Rich—one of the principal drafters of § 271 of the 1952 Patent Act—characterized the revised provisions to reach cases of indirect infringement, even when no single entity was liable for direct infringement. The majority further reasoned that Congress could not have intended to create a regime in which parties could knowingly circumvent infringement liability simply by arranging to apportion the steps of a method claim.<sup>39</sup>

**Analogous fields of law.** In abolishing the single-entity rule, the court cited a number of examples from criminal law and tort law in an effort to draw analogies with induced infringement.<sup>40</sup> The Federal Criminal Code provides that “[w]hoever commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission is punishable as a principal,”<sup>41</sup> and “[w]hoever willfully causes an act to be done which if directly performed by him or another would be an offense against the United States, is punishable as a principal.”<sup>42</sup> The Federal Cir-

cuit noted that under those provisions, as long as the induced criminal conduct occurred, the intermediary’s guilt or capability of committing the crime is beside the point.<sup>43</sup> A criminal defendant cannot avoid liability simply by orchestrating a scheme whereby another performs some part of the proscribed conduct.<sup>44</sup> Likewise, an accused inducer of infringement cannot avoid liability by engaging another to assist in performing the patented method steps.

The majority also found the common law principles of joint tortfeasance to be particularly instructive in the inducement context.<sup>45</sup> In its analysis of the *First Restatement of Torts*, the court explained that the rule imposing liability for inducement of a tort applies even where the individual being induced is unaware that its act is injurious and is innocent for that reason.<sup>46</sup> In other words, the inducer of a tort is liable even where intermediate actors who directly cause injury are not. The implication of the principles of joint tortfeasance, as applied to divided infringement, is that an entity may be liable for inducement even where none of the individuals whose conduct constituted infringement would be liable, as direct infringers, for the act of infringement that was induced.

**Patent policy and equitable principles.** In numerous instances, the majority alluded to patent policy and equity as justification for its decision. Indeed, the court readily admitted that its “interpretation of section 271(b) represents sound policy”<sup>47</sup> and explained that immunizing an inducer from liability for indirect infringement simply because no single party commits all of the patented steps invites evasion of the principles of patent infringement. The court described its rationale as follows:

A party who knowingly induces others to engage in acts that collectively practice the steps of the patented method—and those others perform those acts—has had precisely the same impact on the patentee as a party who induces the same infringement by a single direct infringer; there is no reason, either in the text of the statute or in the policy underlying it, to treat the two inducers differently. In particular, there is no reason to hold that the second inducer is liable for infringement but the first is not. Likewise, a party who performs some of the steps itself and induces another to perform the remaining steps that constitute infringement has precisely the same impact on the patentee as a party who induces a single person to carry out all the steps. It would be a bizarre result to hold someone liable for inducing another to perform all of the steps of a method claim but to hold harmless one who goes further by actually performing some of the steps himself. The party who actually participates in performing the infringing method is, if anything, more culpable than one who does not perform any steps.<sup>48</sup>

Although the majority acknowledged that these policy considerations played a role in its decision, it also emphasized that those considerations did not guide its ultimate ruling.<sup>49</sup>

### *The Majority's Conclusion*

The majority ultimately reversed and remanded both *Akamai* and *McKesson* for further proceedings on the theory of induced infringement, with specific instructions to the district courts on the proof required in each case. In *Akamai*, the court held that Lime-

light can be liable for inducing infringement if it can be shown that: (1) Limelight knew of Akamai's patent; (2) Limelight performed all but one of the steps of the method claimed in the patent; (3) Limelight induced the content providers to perform the final step of the claimed method; and (4) the content providers in fact performed that final step.<sup>50</sup> In *McKesson*, the court held that Epic can be liable for inducing infringement if it can be shown that: (1) Epic knew of McKesson's patent; (2) Epic induced the performance of the steps of the method claimed in the patent; and (3) those steps were in fact performed.<sup>51</sup>

### *The Dissents*

Of the eleven members of the *en banc* panel, five judges vehemently dissented. Judge Newman—in a dissent of her own—argued that the single-entity approach should be eliminated for all types of infringement (not just inducement).<sup>52</sup> She characterized the majority's decision as establishing a “new” and “flawed” type of infringement, which she coined the “inducement-only rule.”<sup>53</sup> Newman rebuffed the majority's purported reasoning for the change to create a “fair infringement law.”<sup>54</sup>

The crux of Newman's dissent is that the word “whoever” in the statute embraces the singular and plural.<sup>55</sup> Newman urged that the majority's analysis concerning multiple actors for inducement should apply equally to direct infringement: “Infringement is not a question of how many people it takes to perform a patented method.”<sup>56</sup> In Newman's view, the court should have

restore[d] infringement to its status as occurring when all of the claimed steps are performed, whether by a single entity or more

than one entity, whether by direction or control, or jointly, or in collaboration or interaction.<sup>57</sup>

Taking further aim at the majority, Newman emphasized the quandary presented by the *per curiam* opinion: that inducement requires direct infringement, but there can be liability for inducement without a direct infringer.

Newman likewise dismissed the dissent filed by Judge Linn in which Judges Dyk, Prost, and O'Malley joined. According to Newman, Linn's argument that ingenious patent drafting can avoid single entity problems is flawed because infringement "should not depend on cleverness or luck to satisfy a malleable single-entity rule."<sup>58</sup> With respect to damages for induced infringement, Newman flatly rejected Linn's single-actor liability approach, and explained that an allocation and apportionment of damages to multiple actors is more appropriate.<sup>59</sup>

In dissent, Judge Linn adhered to the single-entity rule—that is, that liability under § 271(b) requires the existence of an act of direct infringement under § 271(a), which means all steps of a claimed method to be practiced, alone or vicariously, by a single entity or joint enterprise. First, Linn criticized the majority for assuming the mantle of policymaker by rewriting Congress's laws to fulfill its own policy goals.<sup>60</sup> To Linn's cadre, the majority's failure to resolve the question of "joint infringement" liability under § 271(a) prevents proper resolution of the appeals.<sup>61</sup>

Linn argued that the idea of defining infringement separately in the context of § 271(a) and (b), as the majority did, was improper in view of statutory construction and the legislative history.<sup>62</sup> According to Linn, there is no basis for asserting a cause of action

for infringement against two parties who independently practice the elements of a claim, let alone a basis for concluding such independent acts constitute infringement.<sup>63</sup>

## Subsequent Decisions Relying on *Akamai* and *McKesson*

Through the end of 2012, a number of courts have cited the *Akamai* and *McKesson* decisions. For example, in *Travel Sentry, Inc. v. David A. Tropp*,<sup>64</sup> the Federal Circuit reversed a summary judgment ruling finding no infringement and remanded for a determination of whether, under *Akamai* and *McKesson*, the accused infringer is liable for indirect infringement.

In *Civix-DDI LLC v. Hotels.com, LP*,<sup>65</sup> the U.S. District Court for the Northern District of Illinois vacated an earlier grant of summary judgment in favor of the accused infringer, Hotels.com, and recognized that the *Akamai* and *McKesson* decisions significantly changed the law with respect to inducement. Hotels.com initially escaped infringement because it performed only some of the method steps and did not deliver advertising information or store video on its own database as required by the asserted claim.<sup>66</sup> In granting Civix's motion for reconsideration, the court held that issues of material fact existed as to whether Hotels.com induced third parties DoubleClick and Expedia to perform the remaining methods steps.<sup>67</sup>

In *Driessen v. Sony Music Entertainment*,<sup>68</sup> the U.S. District Court for the District of Utah denied the defendant's motion to dismiss the patentees' claim for induced infringement because the amended complaint gave rise to the plausible inference that the defendant induced retailers and end users to collectively infringe. In *Prism Technologies, LLC v. McAfee, Inc.*,<sup>69</sup> the U.S. District Court for the District of Nevada allowed the patentee to amend its infringement contentions to include an inducement theory in view of *Akamai* and *McKesson*. The U.S. District Court for the Western District of Washington in *Deep9 Corp. v. Barnes & Noble, Inc.*,<sup>70</sup> however, refused to allow the patentee to amend its complaint to include an induced infringement claim because it presented nothing more than conclusory allegations and its new theory was entirely contradictory to its underlying case.

## Impact and Unanswered Questions

Technology companies are increasingly using business tools that entail the cooperation and participation of multiple entities. This has become common in a global, Internet-driven, wireless society, where consumers persistently expect improved products and services. Integrated relationships among businesses and even users stem from an abundance of sources: Internet applications, manufacturing contracts, informal cooperation, and more. One consequence of these dealings is navigating the patent laws with respect to asserting patent rights and defending against patent infringement when multiple parties are involved.

The *Akamai* and *McKesson* decisions shine some light on those types of scenarios. The decisions are, however, limited to cases where the patentee pursues a theory of induced infringement with respect to method claims. The majority openly dodged the issue of direct infringement involving performance by multiple entities, despite acknowledging that "[m]uch of the briefing in these cases has been directed to [that] question. . . ."<sup>71</sup> The standard for direct infringement of any type of claim remains undisturbed.

Nevertheless, the narrow rulings launch an entirely new approach for infringement. The Supreme Court may decide to grant *certiorari*,<sup>72</sup> in light of the bare majority, sharp dissenting opinions, and differential treatment of method and apparatus claims. Now, the Federal Circuit's decisions in *Akamai* and *McKesson* have implications for patent prosecutors and litigators in industries across the board. As discussed below, the decisions impact patent claim drafting, litigation strategy, claim construction, opinions of counsel, contractual relationships, and damages.

To the extent possible when drafting patent claims, patent prosecutors should focus on core claims targeted toward a single party. This could largely avoid issues of indirect infringement down the road. Depending on the technology, system claims may serve this purpose better than method claims. Where claims are directed to methods, they should be drafted in a fashion to prevent steps from occurring outside the United States.<sup>73</sup>

Patent prosecutors should consider eliminating certain steps in a method claim if they are performed by a second entity.<sup>74</sup> Single-entity method claims are preferred because, *inter alia*, strict liability exists under § 271(a) when a single infringer practices every step of the claimed method. For instance, if the invention requires data to be transmitted and received, to avoid divided infringement issues caused by the receiving party performing a number of the method steps, the claims often can be drafted with a step such as "transmitting the data to a receiver," and omitting a recitation of "receiving the data" by the receiver.<sup>75</sup> Claims also can be drafted in different forms to target each potential actor independently—for example,

one claim can be directed to the end user in a computer system and another claim can be directed to the provider of the system.

Drafting claims with an eye toward a single infringing entity preserves the patentee's ability to sue for direct infringement instead of resorting to indirect infringement, which requires a showing of intent. In addition, the law with respect to the calculation of damages and injunctive relief for direct infringement is well settled. This type of a claim-drafting strategy also will prove beneficial in the event the Supreme Court reverses the Federal Circuit's decisions in *Akamai* and *McKesson*.

Single-entity method claims should be supplemented with claims directed to multiple parties where appropriate. This type of approach provides patentees with another layer of protection in scenarios where (1) an entity performs some of the patented method steps and induces another party to perform the rest of the steps, or (2) an entity induces several parties to collectively perform the patented method steps.

Recent case law also confirms that method and system claims are treated differently for purposes of divided infringement, and a party may infringe a claimed system by merely using the system and obtaining benefit from it, even if that party is not in direct physical control or possession of each element of the claimed system.<sup>76</sup> All that is required is "the ability to place the system as a whole into service."<sup>77</sup> Thus, even in the absence of direction or control, the involvement of multiple unrelated entities does not necessarily preclude infringement of a system claim. A patentee may, of course, choose to assert claims of direct infringement against end

users of a system—individual customers who install software and complete the patented system—and additionally assert claims of indirect infringement against a company—a software developer that provides some elements of the patented system.

Drafting method claims to incorporate the actions of several unconnected actors may fulfill the looser standards for inducement and simultaneously avoid the patent eligibility problems addressed by the Supreme Court in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*<sup>78</sup> In the realm of medical diagnostics, for example, a number of steps commonly are performed by different parties or entities. Claims can be drafted to capture the acts of a laboratory technician who performs a series of tests, the physician's analysis of the test results, and the physician's subsequent treatment of a patient. Before the *Akamai* and *McKesson* decisions, diagnostic claims were difficult (if not impossible) to enforce because the various actors were not under the direct control of a mastermind. These types of claims now can be drafted with more confidence.

Numerous other industries potentially are affected by the *Akamai* and *McKesson* decisions, where the actions of several parties may fall under the inducement umbrella. In the medical device arena, for example, manufacturers often ship unassembled products to hospitals, where physicians configure or complete the assembly of those products, and thereupon implant those products into patients. Internet-based applications often involve several independent parties such as a website host, a retailer, and a customer/user. Online businesses occasionally incorporate separate entities for purposes of fulfilling a customer's order, shipping the purchased goods, and payment processing.

The rapid growth of cloud-based technology similarly raises inducement issues. Cloud computing systems typically involve a distributed environment where multiple entities are interacting with several components of the system.<sup>79</sup> In these types of environments, a company providing customers a particular service, such as e-mail, may use the cloud computing infrastructure of another entity that provides electronic storage space.<sup>80</sup> Myriad other fields of technology—too numerous to describe in detail here—potentially are affected by the *Akamai* and *McKesson* decisions: software, biotechnology, pharmaceuticals, telecommunications, mobile services, financial systems, and business methods, to name just a few.

In multi-entity scenarios, contractual relationships often exist among companies.<sup>81</sup> Both plaintiffs and defendants should investigate those types of relationships in crafting their infringement or noninfringement theories. As before, the existence of an agency relationship may entirely alter the course of litigation. Thus, in drafting contracts, attorneys should be mindful of language or obligations that suggest an agency relationship. Avoiding coordination and maintaining an arm's length relationship will weigh against a finding of direction or control. The *McKesson* and *Akamai* decisions also arguably enlarge the scope of liability for those who grant blanket patent indemnification clauses in contracts. Indemnifiers should consider carving out an exception for inducement as a component of risk apportionment.

For patentees, the existence of direction or control may entirely eliminate the need to enter the inducement space and prove intent.<sup>82</sup> Accused infringers, on the other hand, should consider showing the absence of direction or control where multiple enti-

ties are implicated, because joint infringement still remains a viable defense.<sup>83</sup> This puts the pressure back on the patentee to establish the elements of inducement.

Although the Federal Circuit's list of inducing actions is arguably broad—advising, encouraging, urging, causing, and aiding—inducement still requires a showing that all the steps of the claimed method were performed and the additional proof of a specific intent requiring knowledge (or willful blindness) that the induced acts constitute patent infringement. Liability for induced infringement likely will turn on the patentee's ability to prove that the accused inducer displayed the requisite level of intent.

Claim construction strategy also may change in view of *Akamai* and *McKesson*. In instances where direct infringement is more easily proven, patentees may desire a construction where the method steps are attributed to a single actor. In the same scenario, an accused infringer may pursue a construction where the method steps are attributed to different actors.

When conducting freedom-to-operate analyses, patent practitioners should be watchful of claims capturing multiple entity infringement as described above. This may require a more thorough investigation of a client's business to learn how the steps are performed and by whom. Where a non-infringement opinion was primarily based on the absence of a single entity who infringed every step of the claim, that opinion may warrant reconsideration in light of *Akamai* and *McKesson*.

The Federal Circuit's decision also introduces a number of questions, especially with respect to the patentee's relief. It is unclear how

damages are to be determined for induced infringement where multiple parties complete the patented method steps. Judge Newman in dissent proposes a calculation grounded in traditional tort principles, wherein "the remedy for infringement is appropriately allocated based on established criteria of culpability, benefit, and the like."<sup>84</sup> The majority provides no guidance, leaving to lawyers, experts, judges, and juries the complex task of calculating damages.

The court's ruling, however, can be read to suggest that the patentee cannot even sue the underlying third parties that perform some portion of the patented method. As Newman explains, those "infringers" may escape the court's jurisdiction entirely.<sup>85</sup> If the court can only enjoin the inducer, it is unclear what—if anything—can be done to prevent the underlying entities' continued collective performance of the patented steps.

## Conclusion

The *Akamai* and *McKesson* decisions represent a sweeping change to the inducement battlefield. Accused infringers can no longer raise a shield to thwart allegations of inducement where unassociated actors carry out the underlying patented method steps. Patentees, however, still must prove that the inducer acted with knowledge (or willful blindness) that the induced acts would cause patent infringement.

Although observers—including the parties themselves and *amici curiae*—expected the Federal Circuit to address the issue of joint, direct infringement, patent practitioners likely are left with more questions than answers after *Akamai* and *McKesson*. Many aspects

of the law of divided infringement remain unsettled and will continue to pose challenges to patentees and accused infringers. The Supreme Court may be inclined to review *Akamai* and *McKesson*, particularly in view of the differential treatment of method and product claims, and the new form of infringement. Another possibility—though remote—is a legislative effort to codify or modify the Federal Circuit’s fractured opinion.

## Notes

1. *Akamai Tech., Inc. v. Limelight Networks, Inc.*, and *McKesson Tech., Inc. v. Epic Systems Corp.*, 692 F.3d 1301, 1306 (Fed.Cir. Aug. 31, 2012).

2. *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed.Cir. 2007).

3. 35 USC § 271(a) to (c).

4. 35 USC § 271(a); *Akamai Tech.*, *supra* note 1 at 1307; *BMC Resources*, *supra* note 2 at 1378-79.

5. *Akamai Tech.*, *supra* note 1 at 1308 n.1

6. *Id.* at 1307.

7. *See id.*

8. *Mumiauction, Inc. v. Thompson Corp.*, 532 F.3d 1318, 1329 (Fed.Cir. 2008).

9. *Id.*

10. 35 USC § 271(b) and (c).

11. *Dynacore Holdings Corp. v. U.S. Phillips Corp.*, 363 F.3d 1263, 1275 (Fed.Cir. 2004).

12. *See* 35 USC § 271(b); *Akamai Tech.*, *supra* note 1 at 1308-09.

13. *Akamai Tech.*, *supra* note 1 at 1308.

14. *Id.*, citing *Arris Grp., Inc. v. British Telecomms. PLC*, 639 F.3d 1368, 1379 n.13 (Fed.Cir. 2011).

15. *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S.Ct. 2060, 2068 (2011).

16. *Id.*

17. *Id.*

18. *Id.* at 2068-69.

19. *Akamai Tech.*, *supra* note 1 at 1308.

20. 35 USC § 271(c).

21. *Id.*

22. *Akamai Tech.*, *supra* note 1 at 1306.

23. *Id.*

24. *McKesson Tech., Inc. v. Epic Systems*, No. 2010-1291, 2011 WL 1365548 (Fed.Cir. April 12, 2011).

25. *See generally Akamai Tech.*, *supra* note 1 at 1302.

26. *Id.* at 1306.

27. *Id.*

28. *Id.*

29. *Id.* at 1306-07.

30. *Akamai Tech., Inc. v. Limelight Networks, Inc.*, 419 Fed.App’x 989 (Fed.Cir. 2011) and *McKesson Tech., Inc. v. Epic Sys. Corp.*, 463 Fed.App’x 906 (Fed.Cir. 2011).

31. *Akamai Tech.*, *supra* note 1 at 1307:

Because 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).

32. *Id.* at 1309.

33. *Id.* at 1308-09 (emphasis in original).

34. *Id.* at 1309.

35. *BMC Resources*, *supra* note 2.

36. In *BMC Resources*, the Federal Circuit rejected the plaintiff’s theories of joint infringement and held that liability for inducement only occurs when a single party—alone or through its agents—performs all the claimed steps for the underlying direct infringement.

37. *Akamai Tech.*, *supra* note 1 at 1309-10.

38. *Id.* at 1310-12.

39. *Id.* at 1318.

40. *Id.* at 1311-14.

41. 18 USC § 2(a).

42. 18 USC § 2(b).

43. *Akamai Tech.*, *supra* note 1 at 1311.

44. *Id.* at 1312.

45. *Id.*

46. *Id.* at 1313.

47. *Id.* at 1318.

48. *Id.* at 1309.

49. *Id.* at 1318 (“While we believe that our interpretation of section 271(b) represents sound policy, that does not mean that we have adopted that position as a matter of policy preference.”).

50. *Id.*

51. *Id.*

52. *Id.* at 1319-36.

53. *Id.* at 1319.

54. *Id.* at 1330.

55. *Id.* at 1322.

56. *Id.* at 1323.

57. *Id.* at 1326.

58. *Id.* at 1325.

59. *Id.* at 1331.

60. *Id.* at 1337.

61. *Id.* at 1338.

62. *Id.* at 1338-43, 1347-48.

63. *Id.* at 1341.

64. *Travel Sentry, Inc. v. David A. Tropp*, Case Nos. 2011-1023, -1367, 2012 U.S. App. LEXIS 22691 (Nov. 5, 2012).

65. *Civix-DDI LLC v. Hotels.com, LP*, Case No. 05-C-6869, 2012 U.S. Dist. LEXIS 156441 (N.D.Ill. Nov. 1, 2012).

66. *Id.* at \*12-16.

67. *Id.*

68. *Driessen v. Sony Music Entertainment*, Case No. 2:09-CV-0140-CW, 2012 U.S. Dist. LEXIS 152822 at \*20-27 (D. Utah Oct. 23, 2012).

69. *Prism Technologies, LLC v. McAfee, Inc.*, Case No. 8:10-CV-220, 2012 U.S. Dist. LEXIS 156653 (D.Nev. Nov. 1, 2012).

70. *Deep9 Corp. v. Barnes & Noble, Inc.*, Case No. C11-0035-JLR, 2012 U.S. Dist. LEXIS 135512 (W.D.Wash. Sept. 21, 2012).

71. *Akamai Tech.*, *supra* note 1 at 1306.

72. On December 28, 2012, *certiorari* petitions were filed in *McKesson* and *Akamai*.

73. A method claim is infringed if all of the steps are performed inside the United States. *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed.Cir. 2005).

74. Lowrie *et al.*, “The Changing Landscape of Joint, Divided, and Indirect Infringement—The State of the Law and How to Address It,” 12 *J. High Tech. Law* 65, 105 (2011).

75. *Id.* at 104.

76. *Centillion Data Sys., L.L.C. v. Qwest Comms. Int’l, Inc.*, 631 F.3d 1279, 1284 (Fed.Cir. 2011).

77. *Id.*

78. *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S.Ct. 1289 (2012).

79. Galli and Gecovich, “Cloud Computing and the Doctrine of Joint Infringement: Current Impact and Future Possibilities,” 11 *John Marshall Review of Intellectual Property Law* 673, 675 (2012).

80. *Id.* at 675-76.

81. *Id.* at 685.

82. *See id.*

83. *Id.*

84. *Akamai Tech.*, *supra* note 1 at 1332.

85. *Id.* at 1330. ■