

No. 12-786

In The
Supreme Court of the United States

————— ◆ —————
LIMELIGHT NETWORKS, INC.,
Petitioner,

v.

AKAMAI TECHNOLOGIES, INC., et al.,
Respondents.

————— ◆ —————
**ON WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

————— ◆ —————
**BRIEF OF AMICUS CURIAE
CONEJO VALLEY BAR ASSOCIATION
IN SUPPORT OF NEITHER PARTY**

————— ◆ —————
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Dated: March 3, 2014

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**Brief Of *Amicus Curiae*
Conejo Valley Bar Association
In Support Of Neither Party¹**

INTEREST OF THE *AMICUS CURIAE*

Based in the heart of Southern California's 101 Technology Corridor, the Conejo Valley Bar Association draws its membership from local law firms and in-house attorneys serving small, mid-market and large companies. Our members' clients are predominantly high tech, high growth companies in fields such as software, biotech, e-commerce, telecommunications, semiconductors and medical devices. Our members' clients are innovators who vend in some of the world's most competitive markets.

When public policies of the patent system are at issue, the Conejo Valley Bar Association regularly participates as *amicus curiae* in cases before the Court and *en banc* panels of the Court of Appeals for the Federal Circuit. We are unconcerned with the outcome of the cases, though decidedly concerned about the issues. We wish to see the American public

¹ Pursuant to Supreme Court Rule 37.6, Amicus states that no counsel for a party authorized this brief in whole or in part and that no person or entity other than Amicus, its members, and its counsel contributed monetarily to the preparation or submission of this brief. On December 11, 2013, counsel for the respondents and counsel for the petitioner consented to the filing of amicus curiae briefs, in support of either party or of neither party. With the consent of the parties, the Conejo Valley Bar Association submits this brief *amicus curiae* in support of neither party.

benefit from innovation, from technical disclosure, and from competition in product and service markets. In short, we support the purpose of the patent system. The Conejo Valley Bar Association believes that the patent laws should be interpreted in ways that best serve these important public policies.

INTRODUCTION AND SUMMARY OF ARGUMENT

The Court has invited and our *amicus* brief addresses one question: 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).

We agree with the Federal Circuit's requirement in *Muniauction*² that liability for "distributed" infringement arises when there is a "mastermind" who can fairly be held liable for giving "control or direction" over the entire process such that every step is attributable to the controlling party." We also agree with the Federal Circuit's later expression in *BMC Resources* that this equates

² *Muniauction v. Thomson*, 532 F.3d 1381, 1329 (Fed. Cir. 2008) (citing *BMC Resources v. Paymentech, L.P.*, 498 F.3d 1373, 1380-81 (Fed. Cir. 2007)).

to a question of vicarious liability.³ We see no need to change these long-recognized principles of direct infringement with the unprecedented and unsupported standard created in the Federal Circuit opinion⁴.

We also agree with Judges Rader, Gajarsa and Prost who opined in *BMC Resources* that good claim drafting can avoid most distributed infringement problems. The art of claim drafting has advanced tremendously in the last twenty years. The doctrine of equivalents was used in the early days of the Federal Circuit to enable judges to rescue inventors from the poor claim drafting of their patent attorneys. Reflecting the advancement in the field of claim drafting, we have seen the near-elimination of the doctrine of equivalents. Likewise there is no need to rescue inventors from claims that cannot be infringed.

We also believe that traditional rules of agency resolve most issues of distributed infringement, just as they resolve most issues of other distributed tort liability. We write to encourage the Court to guide the district courts and the Federal Circuit better on the application of

³ *Akamai Techs. v. Limelight Networks*, 692 F.3d 1301, 1319 (Fed. Cir. 2012) (citing *BMC Resources*, 498 F.3d at 1379 (citing *Engle v. Dinehart*, 213 F.3d 639 (5th. Cir. 2000) (unpublished decision)); Restatement (Second) of Agency § 220 cmt. d)).

⁴ *Akamai*, 692 F.3d at 1318.

traditional rules of agency to distributed infringement.

Amicus curiae writes *in pro bono publico*, rather than in support of either party. We are uninterested in the outcome of the case,⁵ though decidedly concerned about the issue. We wish to see the American public benefit from innovation, from technical disclosure, and from competition in product and service markets. In short, we support the purpose of the patent system. The Conejo Valley Bar Association believes that the patent laws and Federal Rules of Civil Procedure should be interpreted in ways that best serve these important public policies.

ARGUMENT

The Federal Circuit should be reversed for four reasons. First, patent law is a tort and should rely upon traditional tort and agency standards. Second, induced infringement cannot exist without direct infringement. Second, when induced infringement is not found, the injured party is the patentee – the one party best equipped to address the problem of divided or joint infringement through careful claims drafting. Third, punishing potential induced infringers for a patentee’s failure to carefully craft claims is inequitable. This is especially so when the patentee is a non-practicing entity (aka “patent roll”) that has no discovery

⁵ The undersigned represent MIT in unrelated patent matters.

burden in litigation it initiates. Finally, Congress is the entity best equipped to address this issue.

A. Patent Law Should Conform to Traditional Tort and Agency Principles

Cases of distributed infringement usually turn on the extent of “control or direction” required for a party to be held liable for direct infringement when more than one party performs all of the steps of a claimed method. This issue is not unique to patent law – the legal principle of vicarious liability applies generally to all tort cases. We encourage this Court to continue to hold that traditional agency standards apply in patent cases, as the Federal Circuit held in *BMC Resources* and *Muniauction*.

In the last several years, the Supreme Court repeatedly reminded us that patent law is not some strange alien creature removed from the constraints of ordinary law. Patent law follows the same rules which apply to other torts. In *eBay v MercExchange*, this Court addressed the proper standard for granting injunctions in patent cases.⁶ In *MedImmune v. Genentech*, this Court addressed the proper standard for determining declaratory judgment jurisdiction.⁷ In both *eBay* and *MedImmune*, this Court held that the standard in patent cases is the same as in any other case. When the Federal Circuit departed from the established

⁶ *eBay, Inc. v MercExchange, LLC*, 547 U.S. 388 (2006).

⁷ *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007).

norms, the Supreme Court reminded us that patent law is a tort and must follow the norms of tort law.

In keeping with the cross-doctrinal view of patent law, in *Global-Tech Appliances, Inc. et. al. v. SEB S.A.*, this Court relied upon the legal principle of “willful blindness” codified in criminal law statutes to aid its interpretation of “knowledge” in the context of induced infringement.⁸ In *Global-Tech*, this Court stated that:

Given the long history of willful blindness and its wide acceptance in the Federal Judiciary, we can see no reason why the doctrine should not apply in civil lawsuits for induced infringement under 35 U.S.C. 271(b).⁹

Again, this Court instructed us to follow traditional, common legal principles when evaluating patent cases.

In this case as in many others, the issue is whether the accused infringer *directed or controlled* the actions of the other actors and, therefore, is vicariously liable for their actions, or whether it entered into *arms-length contracts* with the other actors and, therefore, is not liable. We write as *amici* to urge this Court to continue following the

⁸ *Global-Tech Appliances, Inc. et. al. v. SEB S.A.*, No. 10-6, 179 L. Ed. 2d 1167, 2011 U.S. LEXIS 4022, 98 U.S.P.Q.2D (BNA) 1665 (2011).

⁹ *Global-Tech Appliances*, 179 L. Ed. 2d at 1178.

precedent set in *eBay* and *MedImmune* to clarify that traditional agency standards apply in patent cases and that there is no special patent rule of agency.

In general, the law of agency is quite simple.

Agency is the fiduciary relationship that arises when one person (a “principal”) manifests assent to another person (an “agent”) that the agent shall act on the principal’s behalf and subject to the principal’s control, and the agent manifests assent or otherwise consents so to act.¹⁰

In *BMC Resources*, the Federal Circuit explained that vicarious liability could be imposed on a party in control (“the mastermind”), for example, if it contracted out steps of a patented process to another entity to attempt to avoid infringement.¹¹ The issue now, however, is to what extent does the party need to “control or direct” the actions of the other party.

In *Muniauction*, the Federal Circuit held that direction or control required something more than just a contractual agreement to pay for defendant’s

¹⁰ Restatement (Third) of Agency, Section 1.01 (2006).

¹¹ *BMC Resources*, 498 F.3d at 1381.

services and instructions on how to utilize those services.¹²

An agent must practice each element of a claim for a patent to be infringed. However, it is asserted that the direct infringer must direct or control the agent in performing each element on an element by element basis. Traditional agency law does not support this view.

In traditional agency law, the principal has liability for the acts of the agent so long as the principal had sufficient control or direction over the agent who practices claimed elements. This is reflected in the Restatement (Third) of Agency, relied on by this Court in *BMC Resources v Paymentech*:

§ 7.03 Principal's Liability--In General

(1) A principal is subject to direct liability to a third party harmed by an agent's conduct when

(a) as stated in § 7.04, the agent acts with actual authority or the principal ratifies the agent's conduct and

(i) the agent's conduct is tortious,
or

¹² *Akamai Tech. v. Limelight Networks.*, 614 F. Supp. 2d 90, 121 (D. Mass. 2009).

(ii) the agent's conduct, if that of the principal, would subject the principal to tort liability; or

(b) as stated in § 7.05, the principal is negligent in selecting, supervising, or otherwise controlling the agent; or

(c) as stated in § 7.06, the principal delegates performance of a duty to use care to protect other persons or their property to an agent who fails to perform the duty.

(2) A principal is subject to vicarious liability to a third party harmed by an agent's conduct when

(a) as stated in § 7.07, the agent is an employee who commits a tort while acting within the scope of employment; or

(b) as stated in § 7.08, the agent commits a tort when acting with apparent authority in dealing with a third party on or purportedly on behalf of the principal.

According to the Restatement, liability is found in the principal so long as the agent acts with actual or apparent authority, and either the agent's conduct is tortious or the agent's conduct, if that of the principal, would subject the principal to tort liability. This traditional statement of agent liability

applies to patent infringement just as it does with other torts.

To understand how traditional rules of agency should apply to this case, we suggest that this Court consider the outcome if this were a traditional tort case and not a patent case.

The analysis applied should conform to traditional agency principles. The test should not be whether the direct infringer directed or controlled the actions of the agent on an element by element basis. Instead, the test should focus on holding a party liable for the acts of the agent so long as the party *had sufficient control or direction* over the agent who practiced the claimed elements.

This Court has enforced the traditional common law applicable to all torts that principals are vicariously liable for acts of their agents acting in the scope of their authority. In a case regarding the Fair Housing Act, this Court rejected a nontraditional vicarious liability principle used by the Ninth Circuit¹³. Likewise, the District of Columbia Circuit recently used the traditional standard for agency in a case concerning the

¹³ *Meyer v. Holley*, 537 U.S. 280 (2003) (“It is well established that traditional vicarious liability rules ordinarily make principals or employers vicariously liable for acts of their agents or employees in the scope of their authority or employment.”).

Shipping Act of 1984¹⁴. In a similar fashion, the traditional law of agency should apply to patent law cases.

B. Induced Infringement Depends on an Act of Direct Infringement

The principle that there can be no indirect infringement without direct infringement is well settled¹⁵. There is no such thing as “partial” infringement for the very reason that all limitations of a claim must be met before direct infringement is possible. In any other tort, actions performed by one party cannot be attributed to another so as to make out the elements of the tort, absent some showing of known collusion, conspiracy or group effort to effect the tort.

The majority *Akamai* Federal Circuit opinion stated that:

If a party has knowingly induced others to commit the acts necessary to infringe the plaintiff’s patent and those others commit those acts, there is no reason to immunize the inducer from liability for indirect infringement simply because

¹⁴ *Landstar Express Am., Inc. v Federal Maritime Comm’n*, 569 F.3d 493 (D.C. Cir. 2009) (“[C]ommon law agency principles provide members of the public with adequate safeguards in their dealings with agents: If an agent breaches a contract or commits a tort, the disclosed NVOCC principal in whose name the agent acts is subject to liability.”).

¹⁵ *Akamai*, 692 F.3d at 1308 (citing numerous cases).

the parties have structured their conduct so that no single defendant has committed all the acts necessary to give rise to liability for direct infringement.¹⁶

A more appropriate summary would simply state there is no direct infringer or infringement. Without a direct infringer meeting all of the limitations of a patent claim, and absent a showing of joint liability or agency in the traditional tort sense, the inquiry should end. Probing motives, arrangements, and stretching to piece together a direct infringement is unnecessary, contrary to well-settled law, and likely to have unintended consequences, not the least of which will be to encourage still more questionable patent cases to be brought and litigated through trial.

C. The Party Most Capable of Dealing with Joint Infringement Issues is the Patentee

From a more practical perspective, the entity most capable of avoiding the indirect infringement issues presented by this case is the patentee. Careful and thoughtful patent claim drafting can easily avoid virtually all of these issues. Here, Akamai drafted claims that require server-side actions and changes, presumably by customers, to customers' web pages. As any experienced patent prosecutor is aware, there are numerous ways to draft claims that do not require multiple actors. Since well before this case began winding its way

¹⁶ *Id.*

through the courts, patent prosecutors have been aware of the potential for divided infringement issues and savvy prosecutors have long been addressing them.

A potential “partial” infringer should not be punished for a patentee’s poor patent drafting. To do otherwise, circumvents the Patent Act by imposing liability for only performing or embodying some of the claimed limitations. Reversing the Federal Circuit has the added benefit of promoting patent quality by requiring patentees to clearly claim actions performed by a single actor or risk having worthless claims that cannot be directly infringed.

D. Congress is a Better Place to Correct Any Issue

Finally, if induced infringement and divided infringement are a problem meriting a solution, Congress may act to lower or otherwise alter the requirements for a finding of direct infringement. This would be a poor decision for a host of reasons, but that decision is better left to Congressional discretion than any new standard imposed by the Federal Circuit or this court.

CONCLUSION

We concur with Judge Linn’s dissent below in encouraging this Court to act in accord with Supreme Court, Federal Circuit and DC Circuit precedent to apply traditional vicarious liability rules to this case. Specifically, we suggest that this Court should find that direct infringement by a

single entity, or a group acting together under traditional conceptions of agency in tort, under 35 U.S.C. § 271(a) is a prerequisite to a finding of induced infringement under 35 U.S.C. § 271(b).

Respectfully submitted,

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