

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 GOOGLE, INC.;
CISCO SYSTEMS, INC.; EBAY INC.;
FACEBOOK, INC., MICRON TECHNOLOGY,
INC.; NETFLIX, INC.; ORACLE CORPORATION;
RED HAT, INC; SAP AMERICA INC;
SAS INSTITUTE INC.; VIZIO, INC.;
XILINX, INC.; YAHOO! INC. AS *AMICI CURIAE*
IN SUPPORT OF PETITIONER**

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TABLE OF CONTENTS

| | Page |
|--|------|
| TABLE OF AUTHORITIES..... | |
| INTERESTS OF <i>AMICI CURIAE</i> | 1 |
| SUMMARY OF ARGUMENT..... | 6 |
| ARGUMENT..... | 7 |
| I. The Federal Circuit Decision Conflicts With The Patent Statute And Prior Decisions of This Court..... | 7 |
| A. The Federal Circuit Decision Conflicts With The Patent Act..... | 8 |
| B. The Decision Conflicts With This Court’s Precedents..... | 9 |
| II. The <i>Akamai</i> Rule Places Large and Unwarranted New Burdens on Participants In Information Technology Markets | 10 |
| A. The <i>Akamai</i> Rule Invites Expansive Liability In Information Technology Markets..... | 12 |
| B. The <i>Akamai</i> Rule Exacerbates The Exorbitant Cost And Potential For Abuse In Patent Litigation | 15 |
| C. Limiting Divided Infringement Liability to Indirect Claims Does Not Resolve The Inefficiency And Unfairness of the <i>Akamai</i> Rule..... | 18 |

TABLE OF CONTENTS—Continued

| | Page |
|---|------|
| D. The <i>Akamai</i> Rule Is Unnecessary Because Proper Claim Drafting Can Prevent Any Abusive Infringement Involving Multiple Actors | 21 |
| E. The <i>Akamai</i> Rule Invites Improper Liability for Practicing The Prior Art. | 25 |
| CONCLUSION | 27 |

TABLE OF AUTHORITIES

| CASES | Page(s) |
|---|---------------|
| <i>Akamai Technologies Inc. v. Limelight Networks, Inc.</i> , 692 F.3d 1301 (Fed. Cir. 2012)..... | <i>passim</i> |
| <i>Akamai Technologies, Inc., v. Limelight Networks, Inc.</i> , 629 F.3d 1311 (Fed. Cir. 2010)..... | 22 |
| <i>Aro Manufacturing Co. v. Convertible Top Replacement Co.</i> , 365 U.S. 336 (1961) | 9 |
| <i>Aro Mfg. Co. v. Convertible Top Replacement Co.</i> , 377 U.S. 476 (1964) | 9 |
| <i>Aronson v. Quick Point Pencil Co.</i> , 440 U.S. 257 (1979) | 17 |
| <i>BMC Resources Inc. v. Paymentech LP</i> , 498 F.3d 1373 (Fed. Cir. 2007)..... | 10 |
| <i>In re Bill of Lading Transmission and Processing Sys. Patent Litig.</i> , 681 F.3d 1323 (Fed. Cir. 2012)..... | 18, 19 |
| <i>Civix-DDI LLC v. Hotels.com LP</i> , 904 F. Supp. 2d 864 (N.D. Ill. 2012) | 14 |
| <i>Cassidian Comm'ns, Inc. v. microDATA GIS, Inc.</i> , No. 2:12-cv-162, 2013 WL 6491477 (E.D. Tex. Dec. 10, 2013) | 20 |
| <i>Chef-Am. Inc. v. Lamb-Weston Inc.</i> , 358 F.3d 1371 (Fed. Cir. 2004)..... | 24 |
| <i>DSU Medical Corp. v. JMS Co.</i> , 471 F.3d 1293 (Fed. Cir. 2006)..... | 13, 19 |

TABLE OF AUTHORITIES—Continued

| | Page(s) |
|---|-----------|
| <i>Deepsouth Packing Co. v. Laitram Corp.</i> , 406 U.S. 518 (1972) | 9 |
| <i>Dreissen v. Sony Music Ent't</i> , 904 F. Supp. 2d 1196 (D. Utah 2012) | 20 |
| <i>Faroudja Labs v. Dwin Elecs. Inc.</i> , No. 97-20010 SW, 1999 WL 111788 (N.D. Cal. Feb. 24, 1999)..... | 23 |
| <i>Festo Corp v. Soketsu Kinzoku Kogyo Kabushiki Co.</i> , 535 U.S. 722 (2002) | 10 |
| <i>Global-Tech Appliances Inc. v. SEB S.A.</i> , 131 S. Ct. 2060 (2011) | 9, 10, 18 |
| <i>I4i Ltd. Partnership v. Microsoft Corp.</i> , 598 F.3d 831 (Fed. Cir. 2010)..... | 18 |
| <i>Lucent Techs. Inc. v. Gateway Inc.</i> , 580 F.3d 1301 (Fed. Cir. 2009)..... | 18, 19 |
| <i>Manville Sales Corp. v. Paramount Sys., Inc.</i> , 917 F.2d 544 (Fed. Cir. 1990)..... | 13 |
| <i>Metro-Goldwyn-Mayer Studios Inc. v. Grokster Ltd.</i> , 545 U.S. 913 (2005) | 17, 19 |
| <i>Prism Tech., LLC v. McAfee Inc.</i> , No. 8:10-cv-220, 2012 WL 5385210 (D. Neb. Nov. 1, 2012) | 20 |
| <i>Sage Prods Inc. v. Devon Indus., Inc.</i> , 126 F.3d 1420 (Fed. Cir. 1997)..... | 24 |

TABLE OF AUTHORITIES—Continued

| | Page(s) |
|---|----------------|
| <i>Shuttlesworth v. City of Birmingham</i> , 373 U.S. 262 (1963) | 8 |
| <i>SoftView LLC v. Apple Inc.</i> , No. 10-389, 2012 WL 3061027 (D. Del. July 26, 2012) | 19 |
| <i>Sontag Chain Stores Co. v. Nat’l Nut Co.</i> , 310 U.S. 281, 60 S. Ct. 961 (1940) | 25 |
| <i>Voter Verified Inc. v. Premier Election Solutions, Inc.</i> , 698 F.3d 1374 (Fed. Cir. 2012)..... | 11 |
| <i>Zond, Inc. v. SK Hynix Inc.</i> , No. 13-11591, 2014 WL 346008 (D. Mass. Jan. 31, 2014) | 19 |
| STATUTES | |
| 35 U.S.C. § 271 | <i>passim</i> |
| U.S. Const. Art. I, § 8, cl. 8 | 17 |
| MISCELLANEOUS | |
| eMarketer.com, <i>App Downloads Will Double In Next Four Years</i> (Feb, 3, 2014). | 11 |
| Nathaniel Grow, <i>Joint Patent Infringement Following Akamai</i> , Am. Business L.J. 51:114 (2014). | 23 |
| Mark Lemley, et al., <i>Divided Infringement Claims</i> , 33 Am. I.P. Ass’n Q. J. 255 (2005) | 16, 17, 22, 23 |

TABLE OF AUTHORITIES—Continued

| | Page(s) |
|---|------------|
| Michael J. Meurer, <i>Controlling Opportunistic and Anti-Competitive Intellectual Property Litigation</i> , 44 B.C. L. Rev. 509 (2003) | 16 |
| Larry S. Nixon, <i>Preparing and Prosecuting a Patent to Win in Litigation</i> , 423 PLI/P (1995) | 22 |
| Pricewaterhouse Coopers, LLP, <i>2013 Patent Litigation Study</i> (2013). | 15 |
| Randall R. Rader, U.S. Court of Appeals for the Federal Circuit, <i>The State of Patent Litigation</i> , E.D. Texas Judicial Conference (Sept. 27, 2011), <i>available at</i> www.patentlyo.com/files/raderstateofpatentlit.pdf .. | 15, 16, 17 |

INTERESTS OF *AMICI CURIAE*¹

Amici Curiae are leading businesses and innovators in information technology and electronics industries. The goods and services they provide comprise numerous subsidiary components and operate in systems and networks with complex supply, distribution, and use chains. For example, some *amici* provide software products, such as operating systems, that comprise the platform to support communication between networks of hardware components like mobile phones, tablets, and personal computers. Other *amici* provide hardware products over which the majority of all IP-based network traffic travels.

As holders and licensees of numerous patents, *amici* are well aware of the import of effective patent protection. However, *amici* are also frequently the subject of threatened and actual patent litigation, at times including frivolous or abusive claims brought in hopes of coercing lucrative settlements. As participants on both sides of the caption in substantial patent litigation, *amici* are interested in ensuring that patent law is interpreted in a manner consistent with the letter and the intent of the law and in a manner that is fundamentally fair to both sides.

Amicus Google Inc. is a global technology leader whose mission is to organize the world's information and make it universally accessible and useful for individuals and business. Google's products, which

¹ Counsel for the parties have consented to the filing of this brief; their consents have been filed with the Clerk of this Court. No counsel for either party had any role in authoring this brief, and no person other than the named *amici* and their counsel has made any monetary contribution to the preparation and submission of this brief. *See* Rule 37.6.

started with its Internet search engine, now encompass tools for helping people use mobile devices and applications; find and publish online content; advertise their businesses; share, save, and access content of all types from documents to video; find where they are or where they want to be using maps and other geographic services; and connect with others all over the world.

Amicus Cisco systems designs, manufactures, and sells Internet Protocol (IP) based networking and other products related to the communications and information technology (IT) industry and provides services associated with these products and their use. Cisco provides a broad line of products for transporting data, voice, and video within buildings, across campuses, and around the world. Cisco's products are designed to transform how people connect, communicate, and collaborate, and are utilized at enterprise businesses, public institutions, telecommunications companies and other service providers, commercial businesses, and personal residences.

Amicus eBay Inc. is a leader in global commerce, enabling commerce by delivering flexible and scalable solutions that foster growth, through 3 principal businesses: eBay, PayPal, and eBay Enterprises. eBay delivers one of the world's largest online marketplaces to customers via any connected device, connecting people with the things they need and love. PayPal offers flexible and innovative payment solutions for consumers and merchants of all sizes. eBay Enterprise helps companies of all sizes drive commerce growth-delivering exceptional, engaging shopping experiences online and offline.

Amicus Facebook provides a free Internet-based service to give people the power to share and make the

world more open and connected. Facebook provides its services in over 100 languages and dialects to over 1.2 billion people worldwide. People use Facebook to stay connected with friends and family, to discover what's going on in the world, and to share and express what matters to them.

Amicus Micron Technology, Inc. is a leading, global, semiconductor company that designs, manufactures, and sells advanced, high performance, memory solutions. Backed by more than 35 years of technology leadership, Micron's memory solutions enable the world's most innovative computing, consumer, enterprise storage, networking, mobile, embedded and automotive applications. Micron contributes billions of dollars in annual sales to the U.S. and world economy, annually invests hundreds of millions of dollars in research and development, and employs thirty thousand people both in the United States and overseas. Micron is a firm believer in a balanced patent system and holds over sixteen thousand United States patents.

Amicus Netflix, Inc. is the world's leading Internet television network with over 44 million members in 41 countries enjoying more than one billion hours of TV shows and movies per month, including original series. Netflix members can watch as much as they want, anytime, anywhere, on nearly any Internet-connected screen. Members can play, pause and resume watching, all without commercials or commitments.

Amicus Red Hat, Inc. is the world's leading provider of open source software and related services to enterprise customers. Its supply chain involves dozens of open source projects, which work independently of each other and collaborate over the internet. Its

software products are used by Wall Street investment firms, hundreds of Fortune 500 companies, and the United States government. Headquartered in Raleigh, North Carolina, Red Hat has offices in 33 countries.

Amicus SAP America Inc., is a leading technology company focused on developing innovative software and computer-based business solutions. It conducts significant research and development and invests heavily in commercializing innovative technologies.

Amicus SAS Institute Inc. is the leader in business analytics software and services, and the largest independent vendor in the business intelligence market. SAS solves real-world problems like combatting fraud in financial services, expediting drugs to market in life sciences, and identifying cross-sell opportunities in retail. Through innovative solutions, SAS helps customers at more than 70,000 sites improve performance and deliver value by making better decisions faster.

Amicus VIZIO, Inc. is a leading U.S. consumer electronics company whose mission is to deliver the latest technologies at the best value for consumers. VIZIO offers a broad range of award-winning consumer electronics including televisions, PCs and audio products. By utilizing an efficient manufacturing supply chain to produce high performance products and passing on those savings to the consumer, VIZIO has developed a loyal following and industry-wide praise along the way. Headquartered in Irvine, California, VIZIO has remained committed for over a decade to what it does best – focusing on the consumer experience to deliver innovative products that are also beautifully simple and easy to use.

Amicus Xilinx, Inc. is the world's leading provider of programmable platforms. Xilinx products are complex integrated circuits with sophisticated design software to support those circuits, that incorporate hundreds of patented technologies. Xilinx devices are highly flexible systems to be configured by its customers, enabling Xilinx to serve a wide range of end markets, including wired and wireless communications, aerospace and defense, automotive, and consumer products.

Amicus Yahoo! Inc. ("Yahoo") is a global technology company with over 12,000 employees focused on making the world's daily habits inspiring and entertaining. It provides a variety of products and services, many of them personalized, including search, content, and communications tools on the Web and on mobile devices. Between 2010 and 2012 alone, Yahoo spent more than \$2.8 billion developing new technology. As the result of investing so heavily in research and innovation, Yahoo owns a valuable patent portfolio; it licenses a great many patented technologies as well.

Amici believe that, unless reversed by this Court, the Federal Circuit's ruling that induced infringement may exist in the absence of any direct infringement under § 271(a) will improperly broaden the scope, burden and cost of patent litigation, to the detriment of companies in high technology industries such as *Amici*.

SUMMARY OF ARGUMENT

The Federal Circuit’s decision in *Akamai Technologies Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012) (en banc), departs from the Patent Act’s plain language and decades of this Court’s precedent and warrants this Court’s reversal. This Court has long held that liability for indirect infringement must be based on at least one instance of direct infringement as defined by 35 U.S.C. § 271(a). The decision below, in contrast, holds that there no longer is a requirement of a finding of § 271(a) infringement as a predicate for inducement liability.

Amici agree with Petitioner that the decision conflicts with statute and precedent, permitting inducement liability unmoored from the requirements of § 271(a) and inconsistent with the well-established rules of patent law that have informed and governed the marketplace for the last half century. Furthermore, the Federal Circuit’s elimination of the “all-elements” or “single-entity” rule² for induced infringement will exacerbate the growing problem of high-cost and abusive patent litigation. Whereas before, both direct and indirect infringement accusations could be assessed based on the uniform single-entity rule, the decision below means that accusations of induced infringement now implicate consideration and investigation of every link along the supply, distribution, and use chains—even where patent

² *Amici* note, as discussed further herein, that the “single-entity rule” may impose liability on one entity for the actions of another entity but only in circumstances where the actions of the second entity are legally attributable to the first entity, for example if the second entity is an agent of the first entity. As used herein, “single-entity rule” includes these traditional control situations.

defendants lack knowledge or control of the activities of their customers, distributors and users, or suppliers.

The effects of the new rule will be especially deleterious for providers of goods and services that operate in complex associations and relationships with other goods and services, including manufacturers of software, hardware and network technologies. The new rule opens the door to unpredictable potential theories of divided infringement liability based on the actions of an unlimited number of participants in the complex networks that characterize current information technology markets, untethered from any actual act of direct infringement. Moreover, the potential problems sought to be addressed by the new rule are overstated and could be resolved by proper claim drafting.

Accordingly, *Amici* respectfully request that the Court reverse the Federal Circuit's *Akamai* decision, with its expansive potential for new divided infringement liability, and return patent law to its familiar *status quo ante*, in which a finding of inducement under § 271(b) requires some direct infringement by a single entity under § 271(a).

ARGUMENT

I. The Federal Circuit Decision Conflicts With The Patent Statute And Prior Decisions of This Court

In the decision below, a divided Federal Circuit eliminated the longstanding rule that liability for induced patent infringement requires a predicate act of direct infringement as defined by 35 U.S.C. § 271(a). *See Akamai*, 692 F.3d at 1306, 1308. As one of the dissenting opinions correctly observes, this ruling

ignores the limitations imposed by the definition of “infringement” in 35 U.S.C. § 271(a), as well as in this Court’s precedents. *See* 692 F.3d at 1342-44 (Linn, J., dissenting).

A. The Federal Circuit Decision Conflicts With The Patent Act

As both dissenting opinions below point out, the majority’s determination improperly ascribes to the term “infringement” different meanings depending on its context. This not only conflicts with the plain language of Section 271(a) giving a single definition to “infringement,” but also violates basic canons of statutory construction requiring that like terms be interpreted alike. *See* 692 F.3d at 1337 (Linn, J., dissenting) (“[T]he majority effectively rewrites [the Act], telling us that the term ‘infringement’ was not as previously thought defined by Congress in Section 271(a), but instead can mean different things in different contexts.”); *see also id.* at 1328 (Newman, J., dissenting) (“I need not belabor the quandary of how there can be direct infringement but no direct infringers.”). Under the Federal Circuit’s interpretation of the statute, there will be cases of indirect infringement without a direct infringer.

The Federal Circuit’s interpretation not only conflicts with the plain language of the statute, but also broadens inducement liability beyond the intent of Congress. Though *Akamai* acknowledges that § 271(b) was intended to codify common law applications of indirect liability for patent infringement, it ignores the canonical principle that indirect liability must be predicated on a legally cognizable underlying offense. *See, e.g., Shuttlesworth v. City of Birmingham*, 373 U.S. 262, 265-66 (1963). The majority’s ruling assumes that inducement liability under § 271(b) may

encompass a broader swath of conduct than that captured by § 271(a), but “there is no known rule that says the elements of a tort are different when considered as a predicate” for indirect liability as compared to elements for proving direct liability. *Id.*

B. The Decision Conflicts With This Court’s Precedents

In *Aro Manufacturing Co. v. Convertible Top Replacement Co.*, 365 U.S. 336 (1961) (“*Aro I*”), this Court articulated the requirement that indirect infringement liability be predicated on an act that violates 35 U.S.C. § 271(a) and thus constitutes direct infringement. *See id.* at 341 (“[M]anufacture and sale with that knowledge might well constitute contributory infringement under § 271(c) if, but only if, such a replacement by the purchaser himself would in itself constitute a direct infringement under § 271(a).”). Since then, this Court has repeated and applied this rule. *See, e.g., Global-Tech Appliances Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2065 (2011); *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 526 (1972); *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 483 (1964) (“*Aro II*”).

Moreover, this Court has held that the “special force” of *stare decisis* must apply to the rule articulated in *Aro I* in view of its half century of existence and acceptance as the defining case on indirect infringement. *Global-Tech*, 131 S. Ct. at 2068. As this Court recognized, the rule requiring that one actor be legally responsible for all steps of the patented process as a predicate to both direct and indirect liability has survived nearly 50 years unscathed by judicial or legislative review, including by the America Invents Act, and has become a bedrock tenet of patent law upon which inventors and businesses alike rely. *See*

id.; see also *Festo Corp v. Soketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 724 (2002). This Court has repeatedly cautioned against the Federal Circuit’s adoption of “changes that disrupt the settled expectations of the inventing community.” *Id.* at 724, 738-39 (citing *Warner-Jenkinson Inc. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 28 (1997)). Such “fundamental alteration” of well-settled principles of intellectual property law is the exclusive responsibility of Congress. *Id.* To find otherwise “risks destroying the legitimate expectations” of inventors and other participants in the technology market. *Id.* This Court should therefore correct the Federal Circuit’s departure from precedent and reinstate the familiar rule that a finding of inducement under § 271(b) requires some direct infringement by a single entity under § 271(a).

II. The *Akamai* Rule Places Large and Unwarranted New Burdens on Participants In Information Technology Markets

By crafting a new rule that dramatically expands the scope of potential induced infringement liability, the Federal Circuit has also imposed new costs and burdens on producers of complex products and services, especially in information technology markets. Under the previous rule, courts faced with divided infringement theories “generally refused to find liability where one party did not control or direct each step of the patented process.” *BMC Resources Inc. v. Paymentech LP*, 498 F.3d 1373, 1380 (Fed. Cir. 2007). This was the rule regardless of whether indirect or direct infringement was asserted.

Under *Akamai*, however, inducement liability may be predicated on the acts of multiple parties, each of

whom performs one or more steps of the process. *Akamai*, 692 F.3d at 1308. Under this new rule, “the fact that no single entity performs all of the steps of a patented method does not resolve the issue of indirect infringement.” *Voter Verified Inc. v. Premier Election Solutions, Inc.*, 698 F.3d 1374, 1384 n.5 (Fed. Cir. 2012). As a result, allegations of inducement liability are more likely to be brought and survive summary judgment, and the costs of litigating inducement liability will potentially skyrocket, as patent defendants now must take into account geographically and temporally disparate actors and actions.

These detrimental effects of the new rule will be especially great for participants in today’s information technology environment. High technology companies like *Amici* provide products and services that can be used in an almost infinite combination of ways by other companies and consumers. While the market’s evolution toward specialized, complementary provision of components by numerous, separate suppliers has resulted in substantial gains for consumers (*e.g.*, smartphones developed by one company that provide access over another company’s networks to telephony, Internet browsing, geographic services, and access to hundreds of thousands of applications developed by yet more and different companies), it makes technology companies particularly vulnerable to divided infringement claims. *See, e.g.*, eMarketer.com, *App Downloads Will Double In Next Four Years* (Feb. 3, 2014), available at www.emarketer.com (finding that Google Play and the Apple App Store, two leading smartphone application stores, both recently surpassed one million applications available for user download). As discussed further below, the *Akamai* rule places large and

unwarranted burdens on participants in these information technology markets, such as *Amici*.

A. The *Akamai* Rule Invites Expansive Liability In Information Technology Markets

Today's information technology environment is a diverse lattice densely populated by suppliers of complementary goods and services, ranging from hardware and software companies to mobile phone carriers and independent application developers. *Amici* build their products and services for maximum flexibility, to be compatible with many combinations of other products and services, which greatly enhances utility and facilitates a robust compatible goods market. Suppliers like *Amici* thus might know of, and even cooperate with, other companies that supply products and services that are indispensable or complementary to, or interoperable with, the supplier's products and services without being fully aware of, much less maintaining control over, all of the other companies' products and services.

Smartphones provide an illustrative example. E-commerce and delivery of content-on-demand to consumers' mobile phones—two types of transactions that have become a staple of the smartphone generation—by their nature require the technical collaboration of multiple supplier actors. The original equipment manufacturer (“OEM”) provides the hardware (the mobile phone or tablet); the carrier provides the data connection and network link; network equipment vendors provide the hardware and software that support the carrier networks, and multiple software companies provide the platform and the specific software applications enjoyed by the consumer. Each of the suppliers provides a piece of

the process without controlling the whole. Yet, under the Federal Circuit's *Akamai* rule, any (or all) of the participants may be accused of and potentially held liable for indirect infringement based on their creation of a product or provision of a service that satisfies only a limited number of claim steps if they are also found to facilitate or enable the practice of other claim steps. *See Akamai*, 692 F.3d at 1317-18 ("induced infringement liability can be found even if there is no single party who would be liable for direct infringement").³ The very large number of requisite participants in ecommerce and mobile applications increases the complexity of the patent scheme and exposure of business far beyond what was anticipated by the statute or precedent.

Given these features of today's information technology markets, the Federal Circuit's new rule allowing divided infringement claims will increase the cost and complexity of investigating allegations of patent infringement. The new rule imposes on companies like *Amici* the costly and often impossible

³ As discussed further in Section II.C *infra*, the *Akamai* rule permitting divided infringement liability is antithetical to long-standing precedent that inducement requires that the defendant "possessed specific intent to encourage another's infringement." *DSU Medical Corp. v. JMS Co.*, 471 F.3d 1293, 1304 (Fed. Cir. 2006) ("The plaintiff has the burden of showing that the alleged infringer's actions induced infringing acts *and* that he knew or should have known his actions would induce actual infringements.") (quoting *Manville Sales Corp. v. Paramount Sys., Inc.*, 917 F.2d 544, 553 (Fed. Cir. 1990) (emphasis added); *see also* Section II.C *infra*. While some courts have (improperly) applied a more lax scienter standard to inducement claims, the salient point of law remains undisputed: a defendant cannot have the requisite knowledge of a direct infringement if no direct infringer exists.

burden of considering numerous (and frequently innumerable) potential configurations and combinations of hardware and software to attempt to determine whether any permutation permitted or facilitated by their platforms could be interpreted to perform all the steps of any asserted claim.

For example, several *Amici* who provide software for mobile applications have been accused under the *Akamai* rule of induced infringement of claims that contain elements that may be practiced by the hardware components, software, and end user (none of which are commonly controlled). *See, e.g., Civix-DDI LLC v. Hotels.com LP*, 904 F. Supp. 2d 864 (N.D. Ill. 2012) (finding that the claim steps may be done by Hotels.com (defendant) with one or more of third parties Expedia, DoubleClick, and/or iFrame).

Amici who provide hardware components that may be used in a network face a similar conundrum. The networks by their nature include multiple disaggregated users and terminal devices. The users connect to and configure the network in a variety of ways, many of which are not known to *Amici*. Cloud computing enhances this flexibility as well as the independence of the user. *Amici* build their hardware so that it can be used in a highly adaptable fashion and used in a large number of configurations. Under the *Akamai* rule, that very configurability, which benefits consumers by allowing them to use multiple types of devices and applications over the Internet and other networks, now subjects *Amici* to unknowable and almost unlimited potential liability for those uses.

B. The *Akamai* Rule Exacerbates The Exorbitant Cost And Potential For Abuse In Patent Litigation

Patent infringement claims (whether ultimately litigated or not) force companies to divert valuable resources away from research and development towards investigating and defending infringement claims. The induced infringement litigation newly encouraged by *Akamai* will exacerbate this problem. Every dollar spent defending against patent suits is a dollar that could be used to research new products, improve existing products, or simply bring products and services to customers more efficiently and at cheaper prices. The expansion of liability engendered by *Akamai* has and will continue to lead to an escalation of such litigation costs, undermining the fairness and efficacy of the patent system.

In 2011, Chief Judge Randall Rader warned that increasing costs of patent litigation threatened to become “an unwieldy, unpredictable, and unaffordable burden on innovation.” Randall R. Rader, U.S. Court of Appeals for the Federal Circuit, *The State of Patent Litigation*, E.D. Texas Judicial Conference at 20 (Sept. 27, 2011), *available at* www.patentlyo.com/files/raderstateofpatentlit.pdf. Judge Rader’s remarks were based on statistics that show a steady and continuous increase in both volume and costs of patent litigation over the last decade, a trend that has continued to the present day. *See, e.g.,* PricewaterhouseCoopers LLP, *2013 Patent Litigation Study: Big cases make headlines, while patent cases proliferate* (2013) (reporting a 29% increase in the number of patent cases from 2011 to 2012). A recent study by the American Intellectual Property Law Association shows that it now costs an average of \$3-5

million for cases seeking less than \$25 million, with the defense costs escalating rapidly as the damages claims increase. See AIPLA Report of the Economic Survey (2013) at I-145. This cost estimate does not take into account the substantial monetary burden shouldered by courts and taxpayers in complex, frequently lengthy patent cases.

It is widely understood that “the driving factor for that expense is discovery excesses,” Rader, *supra*, at 7, a problem that will only intensify under the new rule, which puts the actions of potentially numerous third parties at issue. Far-reaching discovery into the geographically, temporally, and functionally disparate operations of unrelated suppliers of complementary goods and services will provoke settlements driven by cost rather than the merits of the parties’ claims.

The manner in which *Akamai* expands liability also exacerbates the problem of abusive patent lawsuits. Armed with an expansive rule that can impose liability on a company for supplying otherwise non-infringing products and services, opportunistic plaintiffs are likely to pursue even more companies to seek extortionate settlements largely divorced from consideration of the merits of the claims.

The complexity of the new rule also injects additional uncertainty for both parties, impeding efficient settlement even of otherwise meritorious claims. Michael J. Meurer, *Controlling Opportunistic and Anti-Competitive Intellectual Property Litigation*, 44 B.C. L. Rev. 509, 514-15 (2003). (discussing the costs imposed on both parties by the complexity of the rules and procedures governing patent litigation); see also Mark Lemley, et al., *Divided Infringement Claims*, 33

Am. I.P. Ass'n Q. J. 255, 280 (2005).⁴ The risk of litigation, particularly uncertain litigation, distorts business decisions, deters research and development activities, and undermines market efficiency for both small and large companies. Rader, *supra*, at 8 (characterizing abusive litigation “as an unhealthy tax on innovation and open competition”).

The consequences of litigation uncertainty, frivolous claims, and tactical abuse undermine the constitutional purpose of the patent system to “promote the Progress of Science and the Useful Arts.” U.S. Const. Art. I, § 8, cl. 8. This Court has recognized as the ultimate goal of patent law to encourage innovation and bring new, useful technologies into public use. See, e.g., *Metro-Goldwyn-Mayer Studios Inc. v. Grokster Ltd.*, 545 U.S. 913, 919, 933 (2005); *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979). Permitting divided infringement theories to form the basis of indirect liability does not encourage or promote the balanced and sustainable patent system envisioned by the Constitution. Instead, it will tend to discourage legitimate commerce and productive enterprise, stifle innovation, and undermine cooperation among suppliers of technological components who will be leery of being held liable for the independent acts of others who provide complementary goods and services. *Grokster*, 545 U.S. at 919; see also Rader, *supra* at 20.

⁴ Such uncertainty has a detrimental effect on plaintiffs as well, as they cannot know until claim construction whether a court will agree that their claims may encompass the actions of multiple parties or instead find that the claims are unitary.

**C. Limiting Divided Infringement
Liability to Indirect Claims Does
Not Resolve The Inefficiency And
Unfairness of the *Akamai* Rule**

The Federal Circuit, recognizing that eliminating the single-entity rule might dramatically increase inducement liability, suggested that defendants are protected from excessive liability based on the preservation of the single-entity rule for direct infringement and by the intent element of § 271(b). *See Akamai*, 692 F.3d at 1308-09. As a practical matter, however, preserving the single-entity rule for direct infringement does not ameliorate *Akamai*'s harmful impact. Instead, it merely invites inducement liability claims to be used instead of direct liability claims to reach those who practice some, but not all, of the steps of a patented method.

Nor does the *scienter* requirement for indirect infringement suffice to protect defendants. As it has been applied in many cases, *scienter* requires that the defendant have knowledge of the patent and knowledge that the induced activity would constitute patent infringement, *Global-Tech*, 131 S. Ct. at 2070, but not that the defendant have specific knowledge of any actual acts of direct infringement, *In re Bill of Lading Transmission and Processing Sys. Patent Litig.*, 681 F.3d 1323, 1336 (Fed. Cir. 2012); *see also I4i Ltd. Partnership v. Microsoft Corp.*, 598 F.3d 831 (Fed. Cir. 2010). According to this line of cases, no particular direct infringer need be identified, much less known to the defendant, to impose inducement liability. *In re Bill of Lading*, 681 F.3d at 1336 (“[T]his court has upheld claims of indirect infringement premised on circumstantial evidence of direct infringement by unknown parties.”) (quoting *Lucent*

Techs. Inc. v. Gateway Inc., 580 F.3d 1301, 1318 (Fed. Cir. 2009)). Indeed, several recent district court decisions have allowed plaintiffs to use the filing of a complaint to bootstrap allegations of post-filing inducement liability. See, e.g., *SoftView LLC v. Apple Inc.*, No. 10-389, 2012 WL 3061027, *7 (D. Del. July 26, 2012) (“the Court agrees with SoftView’s position that the filing of a complaint is sufficient to provide knowledge of the patents-in-suit for purposes of stating a claim for indirect infringement occurring after the filing date.”); *Zond, Inc. v. SK Hynix Inc.*, No. 13-11591, 2014 WL 346008, *3 (D. Mass. Jan. 31, 2014) (same).⁵

The broad scope of potential inducement liability under the combined rulings in *Akamai* and *In re Bill of Lading* becomes particularly clear when one considers the extensive list of actions the Federal Circuit identified as potentially “inducing” behavior, including “causing, urging, encouraging, and aiding others to engage in infringing conduct.” 692 F.3d at 1307. Under these cases, accused indirect infringers may be found in many scenarios to have constructive knowledge regarding potentially infringing configurations or uses for their technology, without exercising any control or having any actual knowledge regarding whether (or how) other companies configure their

⁵ *Amici* believe that this broad application of indirect liability, which would impose liability even if a defendant has no knowledge of any actually infringing acts (or there is, in fact, no actual direct infringer) is inconsistent with the standards for inducement and contributory infringement established by prior Supreme Court and Federal Circuit precedent. See, e.g., *Grokster*, 545 U.S. at 934-35; *DSU Medical*, 471 F.3d at 1305-06 (active inducement requires specific intent to cause another’s direct infringement, not merely the acts alleged to constitute infringement).

system or perform the claimed steps. Inducement liability could be predicated on nearly infinite permutations of potential configurations by a wide variety of actors, substantially mitigating the effectiveness of inducement liability's intent requirement.

Several post-*Akamai* cases demonstrate the potential for broad inducement liability that can result from the *Akamai* rule, and the inability of the intent requirement as it is applied to effectively cabin this liability. For example, in *Prism Tech., LLC v. McAfee Inc.*, No. 8:10-cv-220, 2012 WL 5385210 (D. Neb. Nov. 1, 2012), the court found that plaintiff had raised a plausible inducement claim under *Akamai* based solely on the allegation that defendant knew about the patent-in-suit through a prior complaint and provided standard customer support through its website. *Id.* at *4-5. In *Dreissen v. Sony Music Ent't*, 904 F. Supp. 2d 1196, 1204 (D. Utah 2012), the court found the requisite "intent to induce" based on defendant's mere press release about the launch of an accused functionality. And in *Cassidian Comm'ns, Inc. v. microDATA GIS, Inc.*, No. 2:12-cv-162, 2013 WL 6491477 (E.D. Tex. Dec. 10, 2013), the court found that plaintiff's inducement claim could proceed to trial based on the fact that defendant provided "troubleshooting and resolution assistance" to the third-party telephone service providers who actually practiced the critical claim step of presenting emergency 911 calls. *Id.* at *6. The court reached this conclusion even though it was undisputed that the third-party service providers had presented emergency 911 calls long before defendant even existed. *Id.*

D. The *Akamai* Rule Is Unnecessary Because Proper Claim Drafting Can Prevent Any Abusive Infringement Involving Multiple Actors

In *Akamai*, the majority expressed concern about leaving inventors without recourse for infringement of their patents simply because certain steps of the claimed process are outsourced to different parties. But the Federal Circuit’s rule is a solution in search of a problem. *First*, there is no evidence that high-technology companies alter their practices so that different entities practice different steps of a patent claim in order to avoid infringement liability. *Second*, were such intentional evasion to occur, the traditional “vicarious liability test also reaches joint enterprises acting together to infringe a patent.” *Akamai*, 692 F.3d at 1349 (Linn, J., dissenting).

Assertion of a divided infringement theory is most likely to occur in instances where the plaintiff seeks to expand the scope of its claims beyond the original intent of the drafter. Since patentees have long been on notice of the need to draft claims to cover the activities of a single entity, the likelihood of unintentional, but nonetheless legitimate, divided claims is relatively small. Rather, it is likely that the patentee intended that each step be performed by a single entity—and did not intend a construction whereby the steps are performed disparately, by multiple actors. There is thus no support for the Federal Circuit’s attempts to stretch claims to cover conduct that was neither described nor contemplated at the time of claim drafting.

Moreover, any such problems are more appropriately remedied by proper claim drafting. The *Akamai* case itself is instructive. In the district court, *Akamai*

asserted three patents, which shared the same specification, all directed at a “system for allowing a content provider to outsource the storage and delivery of discrete portions of its website content.” *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 629 F.3d 1311, 1315 (Fed. Cir. 2010) *op. vacated by Akamai Technologies, Inc. v. MIT*, 419 Fed. Appx. 989 (Fed Cir. 2011). “All three patents include method claims directed to a content delivery service that delivers the base document of a website from a content provider’s computer while individual embedded objects of the website are stored on an object-by-object basis on a Content Delivery Network (“CDN”).” *Id.*⁶ Though all of the patents cover various aspects of the same process, only the ‘703 patent, which is at issue in this appeal, implicates the joint infringement issue. *Id.* at 1322 (citing Oral Arg. 10:35-11:10) (further noting that Akamai stipulated to a finding of noninfringement of the other two patents that included only unitary claims). In other words, by Akamai’s own admission, it was able to effectively capture its invention in unitary claims, which not only proves that resolution of the perceived problem by proper claim drafting is possible, but also that the interpretation of the ’703 patent as encompassing distributed claims likely diverges from the original intent of the patentee.

⁶ To allow users accessing a content provider’s web page to receive embedded objects from the CDN, the URL of the embedded object must be modified to point to the CDN hosting the object rather than the content provider’s domain. *Id.* The patented process is described in the specification, and no indication is given that the inventors contemplated a process in which a content provider would have the option of choosing the embedded objects and then independently modifying the corresponding URLs to direct traffic to objects stored on the CDN.

Since the limitations on joint infringement have been well-established for at least half a century, patent prosecutors are well aware of the necessity of drafting appropriate claims. *See, e.g.*, Larry S. Nixon, *Preparing and Prosecuting a Patent to Win in Litigation*, 423 PLI/Pat 39, 53-54 (1995). For example, “[m]ost inventions that involve cooperation of multiple entities can be covered using claims drafted in unitary form simply by focusing on one entity and whether it supplies or receives any given element.” Lemley, *supra*, at 272. If the actions of multiple entities are intended to be covered, separate claims can be drafted to cover each. *Id.* Such drafting avoids the necessity of relying on divided infringement to establish liability and has the additional benefit of identifying the intended invention in a manner that most clearly puts potential infringers on notice of the activities that constitute infringement. *Id.*

By comparison, the new rule will give an undeserved windfall to patent practitioners who willfully or negligently drafted inappropriate claims that cannot be directly infringed by a single actor. *See* Nathaniel Grow, *Joint Patent Infringement Following Akamai*, *Am. Business L. J.* 51:114 (2014) (noting that “a number of the most poorly-drafted method patents—i.e., those either implicitly or explicitly requiring the activities of two or more parties to be infringed—will now be enforceable under the new standard for inducement.”) The new rule will also lead to *post hoc* speculation by courts and patent owners (many of whom are not the original inventors) regarding whether the claim is properly construed to encompass the acts of multiple actors or conversely was always intended to be done by one actor. Lemley, *supra* at 280; *see also Faroudja Labs v. Dwin Elecs. Inc.*, No. 97-20010 SW, 1999 WL 111788 (N.D. Cal. Feb. 24, 1999)

(declining to impose liability based on plaintiff's divided infringement theory because the plaintiff, as the drafter of the claims, could have included only those steps performed by the defendant). This is a particularly perverse result considering that the majority of the claims to be construed in the near future are likely to have been drafted under the old regime, where divided infringement claims were prohibited. Thus, for a court to conclude that a claim drafted before *Akamai* implicates the activities of multiple actors, it either has to find that the patentee intentionally drafted a claim that was then-unenforceable or find that the construction supports divided infringement despite the contrary intent of the drafter.

Moreover, with the incentive of plaintiffs to pull multiple parties into litigation, and the power to draft claims to add prior art steps to a method, multi-actor patent claims could be a goal, rather than the drafting error to be avoided that it is now.

Ultimately, the cost of poorly drawn claims is best borne by patent drafters rather than by future litigants and courts that have to grapple with the claim construction issues and ambiguity inherent in such claims. *See Sage Prods Inc. v. Devon Indus., Inc.*, 126 F.3d 1420, 1425 (Fed. Cir. 1997) (“Given a choice of imposing the higher costs of careful prosecution on patentees, or imposing the costs of foreclosed business activity on the public at large, this court believes the costs are properly imposed on . . . the patentees.”). It has long been recognized that litigation is an inappropriate forum for the redrafting of claims, “whether to make them operable or to sustain their validity.” *Chef-Am. Inc. v. Lamb-Weston Inc.*, 358 F.3d 1371, 1374 (Fed. Cir. 2004) (collecting cases).

Permitting the *Akamai* rule to stand undermines the public notice function of patents and the longstanding policy against relying on judicial intervention to resurrect improperly-drafted claims. *Id.*; see also *Sontag Chain Stores Co. v. Nat'l Nut Co.*, 310 U.S. 281, 293, 60 S. Ct. 961 (1940) (“[T]he patentee might have included in the application for the original patent, claims broad enough to embrace petitioner’s accused machine, but did not. This ‘gave the public to understand’ that whatever was not claimed ‘did not come within his patent’ and might rightfully be made by anyone.”).

E. The *Akamai* Rule Invites Improper Liability for Practicing The Prior Art.

Finally, *Akamai*, by permitting divided infringement claims, provides patentees with new opportunities to add steps, including known prior art steps, in order to avoid validity challenges and artificially expand the scope of their claims beyond the inventive elements.

For example, a software claim may apply known data processing steps to a particular hardware configuration. The software company, whose software process is not infringing, may nonetheless be liable for induced infringement merely because it makes its software compatible with a particular hardware configuration that is adopted by a user—even though the same software company could not be held liable for direct infringement because all the steps it performs are within the prior art.

The absence of any temporal limitation on the *Akamai* rule makes the inequity of the rule particularly stark. Under *Akamai*, a company can be liable for indirect infringement even though it does nothing more than contribute a known, legacy part to

an accused system or network. For example, assume Company A has been making and selling a router for many years before the patentee (much less the claimed invention) even existed. However, after the patentee received its patent, which includes divided claims, a new company, Company B, introduces a new wireless device. Company A provides support to its customers who purchased the legacy router years ago, but now want to use it with Company B's wireless device. Company A may even provide instructions for how to set up its router to be used with the wireless device. Even though it is undisputed that neither Company B's wireless device nor Company A's prior art router infringes the patent on its own, Company A can be accused and potentially held liable under the *Akamai* rule for selling its prior art router merely because the patent includes multi-actor claims that cover the combination of the router and a device sold by an entirely unrelated entity. Such results are antithetical to patent law's purpose of protecting only novel, useful inventions.

CONCLUSION

For the foregoing reasons, this Court should reverse the decision below.

Respectfully submitted,

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