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 AMICI CURIAE OF TEN INTELLECTUAL PROPERTY LAW PROFESSORS IN SUPPORT OF PETITIONER ON THE ISSUE OF EXTRATERRITORIALITY

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INTEREST OF THE AMICI CURIAE

Amici are law professors who specialize in intellectual property law, including one who has previously published on the issue of active inducement. Amici have no personal stake in the outcome of this case, but have an interest in seeing that the patent laws develop in a way that promotes rather than impedes innovation.

SUMMARY OF THE ARGUMENT


1 No counsel of a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief and no person other than amici curiae, its members, or its counsel made a monetary contribution to its preparation or submission.

Petitioners have provided written consent, on file with the clerk, to the filing of briefs in support of either, or neither, party. Respondents have provided written consent for the filing of this brief, which is being submitted herewith.
a predicate act of direct infringement for there to be liability.

The Federal Circuit’s alteration of the standard for active inducement is an incorrect interpretation of § 271(b), and the Court should restore the law of active inducement to require an antecedent act of direct infringement. While the petitioners have demonstrated that the Federal Circuit’s rule is unsupported by the statute and by Supreme Court precedent, this brief will demonstrate a concern overlooked by both the Federal Circuit and petitioners: the elimination of any territorial limits to active inducement of infringement. Such an interpretation of active inducement under § 271(b) runs afoul of the presumption against extraterritoriality and, as a result, cannot be correct.

ARGUMENT

I. REQUIRING AN ACT OF DIRECT INFRINGEMENT UNDER 35 U.S.C. § 271(A) AVOIDS AN INAPPROPRIATE EXTRATERRITORIAL EXPANSION OF PATENT LAW

An infringing use of a patented method requires that each and every step of the claimed method be performed. With many innovations being implemented on networks or, as in this case, over the Internet, the issue of “divided infringement” has arisen and confounded the courts. See generally
Mark A. Lemley, et al, *Divided Infringement Claims*, 33 AIPLA Q.J. 255 (2005). In particular, the steps of a patented method may be performed by multiple parties, making the determination of who, if anyone, is the infringer difficult. Courts have struggled to find liable the masterminds who control or direct the use of the patented method by multiple parties while at the same time avoiding the unreasonable liability that would result from holding someone liable simply for performing an act that is merely one step in a patented process. See, e.g., *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1328-29 (Fed. Cir. 2008); *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1378-79 (Fed. Cir. 2007), overruled on other grounds, *Akamai*, 692 F.3d at 1306.

Compounding this issue is that some of the steps of a patented method may be performed outside of the United States, making determination of the locus of infringement challenging and risking the extraterritorial extension of a patent. See generally Timothy R. Holbrook, *Extraterritoriality in U.S. Patent Law*, 49 WM. & MARY L. REV. 2119, 2158-59 (2008); Lemley, et. al., *supra* at 263-65.

In this case, the Federal Circuit attempted to address in part the former aspect of divided infringement but ignored, and indeed, may have exacerbated, the latter concern. The direct infringement provision of the Patent Act requires acts of infringement to take place “within the United States.” 35 U.S.C. § 271(a). In contrast, active inducement of infringement under 35 U.S.C. § 271(b) contains no express territorial limit; it merely states that “[w]hoever actively induces infringement of a
patent shall be liable as an infringer.” 35 U.S.C. § 271(b).

The Federal Circuit’s interpretation of § 271(b) in this case risks greatly expanding the extraterritorial reach of active inducement of patent infringement because that provision lacks an express territorial limitation. Prior to the Federal Circuit’s decision in this case, the absence of a territorial limit in § 271(b) was of no moment because an act of direct infringement under § 271(a) was a necessary prerequisite for actively inducing infringement. The territorial limit of § 271(a), therefore, also constrained the scope of § 271(b). See, e.g., NTP, Inc. v. Research in Motion, Ltd., 418 F.3d 1282, 1318 (Fed. Cir. 2005).

In this case, however, the Federal Circuit severed the link between these two provisions. Under Akamai, § 271(b) is now an independent infringement provision; it is possible for there to be an active inducer of infringement without a predicate act of direct infringement under § 271(a).

This severance of the provisions, however, means that the Federal Circuit has also eliminated any territorial limit on § 271(b). As we explain below, the lack of a territorial constraint on § 271(b) suggests strongly that the Federal Circuit erred in its statutory construction of that provision. See generally Timothy R. Holbrook, The Potential Extraterritorial Consequences of Akamai, 26 EMORY INT’L L. REV. 499, 501-02 (2012).

The Court should return active inducement to its proper place: a form of liability available only when there is an actual direct infringer under
§ 271(a). The presumption against extraterritoriality strongly suggests that the Federal Circuit’s interpretation of the Patent Act in this case is incorrect.

A. **The Federal Circuit’s Decoupling of Direct Infringement from Induced Infringement Removes the Territorial Limits on Active Inducement of Infringement**

1. **Before Akamai, the Federal Circuit Used the Territorial Limits in § 271(a) to Limit Active Inducement Under § 271(b)**

The Supreme Court has established a strong presumption against the extraterritorial application of U.S. law. See, e.g., *Kiobel v. Royal Dutch Petroleum Co.*, 133 S. Ct. 1659 (2013) (relying on presumption to decline to extend reach of Alien Tort Statute); *Morrison v. Nat’l Australia Bank Ltd.*, 561 U.S. 247 (2010) (relying on presumption to decline application of United States securities law to foreign conduct); *E.E.O.C. v. Arabian Am. Oil Co.*, 499 U.S. 244 (1991) (using presumption to decline application of Title VII to employment practices of US employers employing US citizens abroad). Although Congress undisputedly has the authority to regulate acts outside of the territorial boundary of the U.S., the Court has recognized that “legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United

The concern with extraterritoriality has been of particular importance in patent law. *See Microsoft Corp. v. AT&T Corp.*, 550 U.S. 427, 454-55 (2007) (“The presumption that United States law governs domestically but does not rule the world applies with particular force in patent law.”). This is because the patent law, which varies in each individual country, “may embody different policy judgments about the relative rights of inventors, competitors, and the public in patented inventions.” *Id.* at 455 (citation and quotation omitted). As this Court has explained, judicial construction of the Patent Act presumes that legislators respect the sovereignty expressed in the patent laws of other nations. *Id.*

Congress for the most part has expressly limited the exclusive rights of patents in the Patent Act itself. Specifically, § 271(a) explicitly limits direct infringement to sales, offers to sell, uses, and making of the invention “within the United States” and importations of the invention “into the United States.” 35 U.S.C. § 271(a). When Congress has departed from the general presumption that patent law is territorial, it has done so explicitly, passing particular statutes that expand liability for overseas acts in carefully limited ways. *See* 35 U.S.C. § 271(f), (g) (defining patent infringement for exports and imports, respectively, under limited circumstances).

In contrast to the express limits in § 271(a), the statutory provision governing active inducement
of patent infringement, § 271(b), contains no territorial limitation whatsoever. It merely states that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. § 271(b). Thus, on its face, § 271(b) is not limited to acts within the United States.

The absence of a territorial limit is particularly conspicuous given that § 271(b)’s sister provision, contributory infringement under § 271(c), is expressly limited to acts within the United States. 35 U.S.C. § 271(c); see also Global-Tech Appliances, Inc. v. SEB S.A., 131 S. Ct. 2060, 2068 (2011) (recognizing the common origin and relationship between §§ 271(b) and (c)). Consequently, as a textual matter, § 271(b) should be afforded some extraterritorial reach. See generally Donald S. Chisum, Normative and Empirical Territoriality in Intellectual Property: Lessons from Patent Law, 37 VA. J. INT’L L. 603, 614-16 (1997).

The Federal Circuit has confirmed the extraterritorial reach of § 271(b) by holding that affirmative acts that result in inducement may take place outside of the United States. For example, efforts in Hungary to encourage infringement of a U.S. patent within the United States would fall within the conduct proscribed by § 271(b). In Merial Ltd. v. Cipla Ltd., the Federal Circuit noted that “Section 271(b) therefore does not, on its face, foreclose liability for extraterritorial acts that actively induce an act of direct infringement that occurs within the United States, and Appellants cite no authority to that effect. We therefore decline to read the statute as being so limited.” 681 F.3d 1283,
1302 (Fed. Cir. 2012). As a result, the Federal Circuit has afforded this provision extraterritorial reach.

Prior to Akamai, the extraterritorial reach of active inducement was greatly circumscribed by the territorial limits in § 271(a). Because an act of direct patent infringement was necessary for there to be active inducement of infringement, the territorial limits of §271(a) effectively limited the extraterritorial reach of § 271(b). The induced acts of infringement had to take place within the United States.

The Federal Circuit expressly explored the territorial interaction of sections 271(a) and (b) in NTP, Inc. v. Research in Motion, Ltd., 418 F.3d 1282 (2005). The patentee NTP accused Research in Motion of inducing infringement of its patented wireless email system and methods. Research in Motion’s system operated in part in the United States and in part in Canada. The Federal Circuit concluded that there was no infringement of the patented methods because one of the steps was performed outside of the United States, in contravention of § 271(a)’s requirement that the method be used within the United States. Id. at 1318. Research in Motion, therefore, was not liable as an active inducer of the patented methods because there was no direct infringement under § 271(a).2 Id. The territorial limits of § 271(a) therefore cabined

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2 Research in Motion was found liable for inducing infringement of the system claims because the control and beneficial use of the system was within the United States, even though part of the system was in Canada. Id.
the reach of § 271(b): “a finding of direct infringement by RIM’s customers under section 271(a) of the method claims ... is precluded by the location of RIM’s Relay in Canada. As a consequence, RIM cannot be liable for induced or contributory infringement of the asserted method claims, as a matter of law.” Id. (emphasis added and footnotes omitted).

2. By Divorcing Active Inducement Under § 271(b) from Direct Infringement Under § 271(a), the Federal Circuit Has Removed Any Express Territorial Limits on Active Inducement

In this case, however, the Federal Circuit has disrupted the territorial limits on § 271(b) by severing § 271(a) as a prerequisite for induced infringement. Specifically, the Federal Circuit eliminated the requirement that there be a direct infringer for inducement of infringement, thereby divorcing § 271(b) from § 271(a). See Akamai, 692 F.3d at 1338 (Linn, J., dissenting) (“Divorcing liability under § 271(a) from liability under § 271(b) is unsupported by the statute, subverts the statutory scheme, and ignores binding Supreme Court precedent.”). In this case, there are no direct infringers because no single entity performs all of the steps of the claimed method. Additionally, none of the actors are agents of the accused infringer, nor do they have a contractual obligation to perform any of the steps of the claimed method. So there is no
direct infringer under Federal Circuit law. Nevertheless, because all of the steps of the method have been performed in the aggregate (regardless of by whom), there is potential liability for active inducement of infringement under the Federal Circuit’s new rule in this case.

Section 271(a) therefore retains the “single entity” rule for direct infringement, yet § 271(b) does not. Because the court did not alter the single entity rule for § 271(a), the court necessarily has defined “infringement” under § 271(b) independently of the other infringement provisions. Section 271(b) is no longer tethered to § 271(a) explicitly, or else the “single entity” rule would still apply. See generally Holbrook, Extraterritorial Consequences, supra at 506-09.

The extraterritoriality issue arises from the separation of these two provisions. Section 271(a) contains the territorial restriction on infringement of a U.S. patent. Section 271(b) contains no such limit. By making § 271(b) its own, independent form of infringement, as a textual matter, there is no longer any territorial limit to inducing patent infringement. Specifically, by divorcing § 271(b) infringement from § 271(a), the majority has severed the territorial limits that previously limited § 271(b), as demonstrated in NTP. The Federal Circuit has sub silentio overruled NTP.

This gap in the statute strongly suggests that the Federal Circuit’s interpretation is erroneous and should be rejected. Under Akamai, the Federal Circuit has no textual basis for limiting the extraterritorial scope of § 271(b). Indeed, in Merzal,
it explicitly rejected any such limits. *See* 681 F.3d at 1302. Any resort to the common law to craft an extra-textual territorial restraint would be inappropriate, as this Court has previously recognized. *See Deep South Packing Co. v. Laitram Corp.*, 406 U.S. 518, 525–26 (1972) ("Under the common law this inventor had no right to exclude others from making and using his invention. If Laitram has a right to suppress Deep south's export trade it must be derived from its patent grant, and thus from the patent statute."). Territorial limits must be found in the statute; the Federal Circuit is not free to craft them through judicial gloss.

The Supreme Court has long recognized that the patent laws have strict territorial limits. *See Deep South*, 406 U.S. at 527 ("The statute makes it clear that it is not an infringement to make or use a patented product outside of the United States."); *Dowagiac Mfg. Co. v. Minn. Moline Plow Co.*, 235 U.S. 641, 650 (1915) ("The right conferred by a patent under our law is confined to the United States and its territories."); *Brown v. Duchesne*, 60 U.S. 183, 195 (1856) ("The power thus granted is domestic in its character, and necessarily confined within the limits of the United States."). This Court has confirmed that, even when Congress has provided extraterritorial reach to patents, courts should rely upon the presumption against extraterritoriality as tool of statutory construction to interpret such provisions narrowly. *See Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 454-55 (2007) (interpreting 35 U.S.C. § 271(f) narrowly in light of the presumption).
These same precepts should inform the analysis here. The fact that the Federal Circuit’s interpretation results in the extraterritorial expansion of the patent laws – particularly one unsupported by the text of the statute – suggests that its interpretation is wrong.

B. This Case Demonstrates How this Extraterritorial Expansion Could Arise, and Why the Court Should Reject the Federal Circuit’s Interpretation of § 271(b)

As patented inventions are increasingly implemented on the Internet or over other networks that cross national borders, the issue of the extraterritorial reach under § 271(b) will come into play.

The facts of Akamai demonstrate how the issue will arise in future cases, if not in this one on remand. As the district court in this case explained, “[c]ontent service providers Akamai and Limelight both maintain their own content delivery network (‘CDN’) consisting of hundreds or thousands of servers located in multiple locations across the United States and around the world.” Akamai Techs., Inc. v. Limelight Networks, Inc. 614 F. Supp. 2d 90, 96 (D. Mass. 2009) (emphasis added).

With servers around the world, it is highly likely that some uses of the patented method by the Petitioner Limelight and its customers relied upon servers located outside of the United States,
presenting the extraterritorial issue. Additionally, because the patented method is operated on the Internet, if any of Limelight’s customers are outside of the United States, then extraterritorial issues could arise. Finally, extraterritorial implications of these systems could easily present themselves in the context of potential injunctive relief. See, e.g., *International Rectifier Corp. v. Samsung Elecs. Co.*, 361 F.3d 1355, 1359-61 (Fed. Cir. 2004); Holbrook, *Extraterritoriality*, supra at 2137-39, 2145-46.³

This issue is certain to arise in future cases. Indeed, the transborder use of systems and methods has already arisen in various cases, such as *NTP*, and is likely to arise again as Internet-based innovations develop and as global markets continue to grow. See, e.g., *CLS Bank Int’l v. Alice Corp. Pty.*

³ In their Brief in Opposition, Respondents dismissed the extraterritoriality issue because it is not present in the case. See Brief in Opposition, No. 12-786, at 34-35. That may be true at present, but the issue could easily present itself on remand. Additionally, the failure to plead the issue at the district court is utterly unsurprising because the Federal Circuit’s law under *NTP* was crystal clear: there can be no infringement of a method claim if any step is performed outside of the United States. See *NTP*, 418 F.3d at 1318 (finding no infringement as a matter of law). As a result, it would have been pointless for Respondents to allege infringement based such transborder acts because such a claim would have been summarily dismissed. The Federal Circuit’s reinterpretation of § 271(b) in this case, however, suggests that *NTP* has been overruled, opening the door to these types of claims. The Supreme Court should ensure that this door remains closed.
Respondents’ response to the extraterritoriality issue in its Brief in Opposition is unpersuasive, offering nothing to counter the textural problem created by the Federal Circuit’s interpretation of the statute. Instead, Respondents merely argue that

because the liability requirement of § 271(b) is not coupled to § 271(a) does not mean that the court will divorce itself from the territorial requirements of direct infringement—the same way that the Federal Circuit has not divorced itself from the notion that all steps of the method must be performed.

Brief in Opposition at 34. That argument misses the mark. First, it ignores the clear language of the statute and the absence of a territorial limit in § 271(b). Second, the requirement that all the steps of the method must be performed for there to be infringement is rooted in the nature of patent claims, not § 271(a). See 35 U.S.C. § 112(b) (requiring “claims particularly pointing out and distinctly claiming the subject matter which the

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4 The district court’s judgment in CLS Bank is currently being heard by this Court to determine whether the claimed invention constitutes patentable subject matter under 35 U.S.C. § 101. Alice Corp. Pty. Ltd. v. CLS Bank Int’l, 134 S. Ct. 734, 734-35 (2013) (granting writ of certiorari). The extraterritoriality issue in CLS Bank is not presently before this Court.
inventor ... regards as the invention.”). If any of the steps are not performed, then there is no infringement because the requirements of the claim are not met. Unlike territorial limits, the requirement that all claimed steps must be performed is not anchored in the statutory text of § 271. Instead, that requirement flows from the requirement for claims because “[e]ach element contained in a patent claim is deemed material to defining the scope of the patented invention....” *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 29 (1997).

The Respondents effectively have no response to the textual analysis of the statute provided in this brief. This Court can, and should, avoid any uncertainty as to the territorial scope of § 271(b) by rejecting the Federal Circuit’s interpretation. By requiring an act of direct infringement under § 271(a) as a necessary condition for active inducement, this Court can avoid the potential extraterritorial consequences of the Federal Circuit’s decision, consistent with the presumption against extraterritoriality. See Holbrook, *Extraterritorial Consequences*, supra, at 513.
CONCLUSION

The Supreme Court should reverse the Federal Circuit's judgment in this case and, in light of the presumption against the extraterritorial application of patent law, require a predicate act of direct infringement under § 271(a) in order for a party to be liable for actively inducing infringement under § 271(b). Requiring a predicate act of infringement under § 271(a) preserves the territorial limits of the statute.

Respectfully submitted,

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