

## Joint Infringement Revisited: Agency Relationship or Contractual Obligation Now Required

By: R. Eric Gaum, Esq.

On December 20, 2010, the U.S. Court of Appeals for the Federal Circuit further limited the doctrine of joint infringement in *Akamai Technologies, Inc. v. Limelight Networks, Inc.* It is a well-established principle that direct infringement of a method claim requires a single party to perform every step of the claimed method. Joint infringement, on the other hand, is when more than one party is required to perform every step of the claimed method.

At issue were three patents owned by Akamai Technologies, which included method claims directed to a content delivery service that delivers a 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). CDNs are systems of computers strategically placed at various geographical locations to maximize the efficient delivery of information over the Internet to users accessing the network.

Akamai and Limelight operate and compete in the market for CDN services. Limelight's accused service delivers content providers' embedded objects from its CDN. According to Limelight's contracts with its content provider customers, to use Limelight's CDN service, the content provider must perform several steps. First, the content provider must choose which embedded objects, if any, it would like to be served from Limelight's CDN. The content provider must then tag the URL of each chosen object as instructed by Limelight. Limelight then replicates the properly tagged objects on some or all of its servers and directs a user's request for one of these objects to an appropriate Limelight server.

Akamai sued Limelight in the U.S. District Court for the District of Massachusetts asserting infringement of its three patents. After a trial on infringement, a jury returned a verdict of infringement and awarded \$40.1 million in lost profits and \$1.4 million in reasonable royalty damages. The two independent claims asserted at trial cover methods that require tagging at least some embedded objects in a content provider's web page so that requests for those objects resolve to a domain name other than the content provider's domain name.

It was undisputed that Limelight did not itself perform every step of the asserted claims. Limelight provides the information necessary for its customers, the content providers, to modify their web pages or Internet address routing information to use the Limelight service. However, the content providers perform the actual tagging step themselves. The content provider also serves the web page from its own domain. Limelight performs the rest of the steps of the asserted claims. Because Limelight itself does not perform all the steps of the asserted claims, Akamai presented a theory of joint liability at trial.

The district court overturned the jury's verdict on the ground that substantial evidence did not support the verdict that Limelight directs or controls all the steps in the asserted claims. On appeal, Akamai asserted that the Federal Circuit should reverse the district court's finding of noninfringement because substantial evidence supported the jury's determination that Limelight exercises control or direction over the entire claimed process.

The Federal Circuit began by discussing two of its earlier cases, *BMC Resources* and *Muniauction*, in which it confronted the situation in which more than one party was required to perform the steps of a claimed method. The court concluded that there can be no infringement unless "one party exercises 'control or direction' over the entire process such that every step is attributable to the controlling party." In assessing whether "control or direction" is present, the court in *BMC Resources* made reference to the legal principle that imposed "vicarious liability on a party for the acts of another in circumstances showing that the liable party controlled the conduct of the acting party."

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The Federal Circuit then went further in the present case, stating that while control or direction is a consideration, as is the extent to which instructions, if any, may be provided, what is essential is not merely the exercise of control or the providing of instructions, but whether the relationship between the parties is such that acts of one may be attributed to the other. Implicit in the Federal Circuit's holdings in *BMC Resources* and *Muniauction* is that the performance of a method step may be attributed to an accused infringer when the relationship between the accused infringer and another party performing a method step is that of principal and agent, applying generally accepted principles of the law of agency as explicated by the Supreme Court and the Restatement of Agency.

The Federal Circuit then held “as a matter of Federal Circuit law that there can only be joint infringement when there is an agency relationship between the parties who perform the method steps or when one party is contractually obligated to the other to perform the steps.”

The Court also noted that the common law of agency encompasses not only the fiduciary relationship noted above, but also some other relationships, which may include those of independent contractors. The Court held that the same principle applies to the question of joint infringement. A party that engages another to perform a step of a claimed method as its agent cannot escape liability simply by designating its agent an independent contractor if all the elements that otherwise reflect an agency relationship are present.

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*R. Eric Gaum is a partner in the Cleveland office of Hahn Loeser & Parks LLP. Eric is a trial lawyer who handles primarily patent, trademark, copyright, and related technology litigation.*