



Client Alert

September 4, 2012

***Akamai Technologies, Inc. v. Limelight Networks, Inc.:* Federal Circuit Makes Proving Induced Infringement Easier**

Last week, the Court of Appeals for the Federal Circuit aided patent owners in litigation by easing the requirements to prove induced infringement of method claims. The Court held that proving induced infringement no longer requires a plaintiff to show that one single infringer performed all the steps of an asserted method claim. Rather, the Court held that in an induced infringement case the plaintiff need only show that a defendant knowingly induced another to perform the steps of the claimed method, and that all the steps of the claimed method were performed by one infringer or a combination of infringers.

The cases are *Akamai Techs., Inc. v. Limelight Networks, Inc.* and *McKesson Techs., Inc. v. Epic Systems Corp.* Prior to the decision last week, under the Federal Circuit's prior case law, proving induced infringement required proof that at least one party directly infringed the asserted patent claims. In cases involving method claims, this required proof that one single infringer performed every step of the patented method. Thus, there existed a gap in induced infringement liability where some of the steps of a patented method were performed by one entity, and the remaining steps were performed by a second entity. Proving that one entity performed all the steps in a method patent was not possible in many situations, and that factor hampered enforcement of such method claims.

To close this gap in liability, the Federal Circuit held that proving induced infringement no longer requires a showing that one single infringer actually performed all the steps of asserted method claims. In so holding, the Court overturned its earlier decision of *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007). Under the Federal Circuit's new rule, inducement liability exists where the accused infringer (1) knew of the patent; (2) induced performance of the steps of the patented method; and (3) those steps were actually performed. Similarly, an accused infringer will also be liable for induced infringement if it performs some of the steps of the patented method and then actively induces another to perform the remaining steps.

In its decision, the Federal Circuit made clear that its holding is limited to liability for inducing infringement of method claims. In other words, the Court did not change the law regarding liability for direct infringement of method claims. Plaintiffs will still be required to prove the other elements of induced infringement - namely, that the defendant knowingly induced another to infringe the patent. Nonetheless, the Federal Circuit's decision makes method claims, and in particular method claims with numerous steps, more valuable because it is now easier to prove induced infringement of these claims. This is particularly true for patents directed at methods involving online components performed by multiple actors and business methods performed by multiple actors, as these methods were generally the most susceptible to the gap in liability for induced infringement. Following this decision, potential infringers will no longer be able to avoid liability for inducing patent infringement simply because separate entities perform separate steps of a patented method in combination. While it is expected that review from the Supreme Court of the United States will be sought, clients with method patents now have an easier path to protecting those patents in court.

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