Back to the drawing board

Supreme Court rejects Federal Circuit’s view of induced infringement but suggests the issue of multi-party direct infringement is still up for grabs

By Maia H. Harris, Paul R. Kitch, Michelle A. Flores, Jennifer Hayes and Jason T. Kunze

In its decision earlier this morning in Limelight Networks, Inc. v. Akamai Technologies, Inc., the Supreme Court flatly rejected the Federal Circuit’s prior en banc ruling that permitted a defendant to be liable for inducing infringement of a patent under Section 271(b) of the Patent Act even if no single party has directly infringed the patent under Section 271(a) or any other statutory provision.\(^1\) Citing the statutory text and structure, as well as its own prior case law, the Court reversed and remanded the case back to the Federal Circuit, where the Court noted, “the Federal Circuit will have the opportunity to revisit the §271(a) question if it so chooses.”

In reaching its conclusion, the Court noted its own prior decisions requiring that all steps of a patented method claim be carried out in order for there to be an infringement. The Court then assumed “without deciding” that the Federal Circuit’s holding in Miniauction, Inc. v. Thomson Corp. is correct. Since Miniauction “instructs that a method patent is not directly infringed – and the patentee’s interest is thus not violated – unless a single actor can be held responsible for the performance of all steps of the patent,” the Supreme Court held that there can be no induced infringement in the absence of those circumstances under §271(b), either.

The Court rejected analogies to tort or criminal law, doubting that Congress had concepts of aiding and abetting in mind when they passed the Patent Act of 1952, and again noting that it is the single-entity direct infringement rule of Miniauction that presently defines the scope of a patent owner’s interests—and, therefore, what constitutes an invasion of those interests. The Court also acknowledged the policy concern regarding such a narrow scope of infringement: namely, that reversing the Federal Circuit’s decision regarding §271(b) potentially permits a would-be infringer to evade liability by dividing performance of a method patent’s steps with another whom the defendant neither directs nor controls. Here, too, the Court refocused that concern away from §271(b):

\(^1\) For more analysis of the Federal Circuit’s en banc decision, click here.
Any such anomaly, however, would result from the Federal Circuit’s interpretation of §271(a) in *Miniauction*. A desire to avoid *Miniauction’s* natural consequences does not justify fundamentally altering the rules of inducement liability that the text and structure of the Patent Act clearly require—an alteration that would result in its own serious and problematic consequences; namely, creating for §271(b) purposes some free-floating concept of “infringement” both untethered to the statutory text and difficult for the lower courts to apply consistently.

We will have to wait and see whether the Federal Circuit takes the bait and revisits the scope of §271(a) on remand, or whether the issue of the scope of direct infringement by multiple parties will ultimately be left for Congress to tackle. In the meantime, the inducement-only rule of infringement appears to be dead.

A copy of the Supreme Court’s decision in its entirety is available here.

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