# In The Supreme Court of the United States

LIMELIGHT NETWORKS, INC.,

Petitioner,

v.

AKAMAI TECHNOLOGIES, INC. AND THE MASSACHUSETTS INSTITUTE OF TECHNOLOGY, Respondents.

#### On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

#### REPLY BRIEF FOR PETITIONER

ALEXANDER F. MACKINNON KIRKLAND & ELLIS LLP 333 South Hope Street Los Angeles, CA 90071 (213) 680-8400

DION MESSER SR. IP CORPORATE COUNSEL LIMELIGHT NETWORKS, INC. 222 South Mill Avenue 8th Floor Tempe, AZ 85281 (602) 850-4833

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AARON M. PANNER
Counsel of Record
JOHN CHRISTOPHER
ROZENDAAL
MICHAEL E. JOFFRE
KELLOGG, HUBER, HANSEN,
TODD, EVANS & FIGEL,
P.L.L.C.
1615 M Street, N.W.
Suite 400
Washington, D.C. 20036
(202) 326-7900
(apanner@khhte.com)

### CORPORATE DISCLOSURE STATEMENT

Petitioner Limelight Networks, Inc.'s Rule 29.6 Statement was set forth at p. iii of the petition for a writ of certiorari, and there are no amendments to that Statement.

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The Federal Circuit's en banc majority has created a new infringement tort, threatening liability not for direct infringement under § 271(a) and not for inducing another to infringe under § 271(b), but instead for inducing the performance of only some of the claim steps of a method patent. Akamai does not dispute the importance of the Federal Circuit's holding, which, in the eight months since it was decided, has revived multiple infringement suits that had failed because the patent-holder could not prove that anyone directly infringed its patent. Contrary to Akamai's arguments, there is no justification for delaying review of the Federal Circuit's dramatic departure from settled patent law. Reversal may end this litigation, and resolution of the issue by the en banc Federal Circuit makes it unlikely that the rule will be reconsidered unless this Court intervenes.

Akamai defends the result below on the merits. but it can attempt to square the en banc majority's decision with this Court's precedent only by dismissing the reasoning in three of this Court's decisions as "dicta." See Opp. 19 n.8. Akamai considers it a virtue of the Federal Circuit's decision that it encourages lawsuits by owners of "multi-participant" patents, even when no one directly infringes. Opp. 32. We do not agree, nor do the many leading technology companies and associations that have warned that the Federal Circuit's decision "will exacerbate the growing problem of high-cost and abusive patent Google et al. Br. 5-6 ("Google"); see litigation." CTIA et al. Br. 3 ("CTIA") (predicting "profound consequences" from the decision that "necessitate this Court's immediate review"); Altera et al. Br. 4 ("Altera") ("in dramatically and impermissibly changing the law, Akamai has shifted enormous risk onto businesses (and hence the public)"). In any event,

resolution of that policy issue is for Congress, not the Federal Circuit, and the decision below cannot be squared with the statute. This Court should grant the petition for certiorari and reverse.

#### ARGUMENT

#### I. BECAUSE THE FEDERAL CIRCUIT HAS DEFINITIVELY RESOLVED A LEGAL ISSUE OF UNDISPUTED IMPORTANCE, REVIEW IS WARRANTED NOW

The Federal Circuit's decision places a new arrow in the quiver of entities seeking to assert so-called "interactive" method patents, allowing them to claim that a "mastermind" has induced infringement even though there is no direct *infringer*, Opp. 37, based on the allegation that the defendant induced the performance of at least one step of the claimed method. Akamai does not and cannot question that this new category of quasi-inducement liability will profoundly affect the course of litigation of numerous cases, with cascading impacts on patent-owners' licensing demands. In barely eight months, the Federal Circuit has already reversed the dismissal of at least four cases in reliance on the decision below; the new

<sup>&</sup>lt;sup>1</sup> Artistocrat Techs. Australia Pty Ltd. v. International Game Tech., 709 F.3d 1348, 1364 (Fed. Cir. 2013) ("[l]ike the plaintiffs in the cases underlying our en banc decision in Akamai, Aristocrat deserves the opportunity to press its indirect infringement theory"); Move, Inc. v. Real Estate Alliance Ltd., 709 F.3d 1117, 1123 (Fed. Cir. 2013) ("We . . . vacate the district court's grant of summary judgment and remand for a determination whether Move is liable for indirect infringement under the standard set forth in Akamai."); Travel Sentry, Inc. v. Tropp, 497 F. App'x 958, 967 (Fed. Cir. 2012) (vacating summary judgment of non-infringement in light of Akamai); Tropp v. Conair Corp., 484 F. App'x 568, 569-70 (Fed. Cir. 2012) (reversing dismissal on res judicata grounds in light of new rule).

liability theory has altered the course of numerous district court cases as well.<sup>2</sup>

Akamai nevertheless urges this Court to "stay its judicial hand" because the case is interlocutory. Opp. 10-13. But this Court routinely grants certiorari to review interlocutory decisions involving important matters of statutory construction.<sup>3</sup> This case qualifies: the question whether the Patent Act imposes liability for inducing infringement of a patent when no one has directly infringed the patent under § 271(a) is an "important and clear-cut issue of law that is fundamental to the further conduct of the case." Eugene Gressman et al., Supreme Court Practice 281 (9th ed. 2007). Moreover, unless the Federal Circuit, in the event of a remand, were to revisit its prior decision to leave the panel's direct-infringement ruling in place, a ruling by this Court in Limelight's favor would end this litigation.

There is likewise no reason to wait to see how the Federal Circuit's decision will "be applied in other cases." Opp. 12. The Federal Circuit's decision

 $<sup>^2</sup>$  See, e.g., Bascom Research LLC v. Facebook, Inc., Nos. C 12-6293 SI et al., 2013 WL 968210 (N.D. Cal. Mar. 12, 2013); Transunion Intelligence LLC v. Search Am., Inc., No. 11-CV-1075-PJS/FLN, 2013 WL 656616 (D. Minn. Feb. 22, 2013); Pet. 31-32 n.6.

<sup>&</sup>lt;sup>3</sup> See, e.g., Kappos v. Hyatt, 132 S. Ct. 1690 (2012) (reviewing interlocutory decision of Federal Circuit construing 35 U.S.C. § 145); Los Angeles Cty. v. Humphries, 131 S. Ct. 447 (2010) (reviewing interlocutory decision construing 42 U.S.C. § 1983); Conkright v. Frommert, 559 U.S. 506 (2010) (reviewing interlocutory decision concerning standard of deference to decision of ERISA plan administrator); United Student Aid Funds, Inc. v. Espinosa, 559 U.S. 260 (2010) (reviewing interlocutory decision involving bankruptcy procedure); Forest Grove Sch. Dist. v. T.A., 557 U.S. 230 (2009) (reviewing interlocutory decision involving interpretation of Individuals with Disabilities Education Act).

renders unlawful conduct that had never been held to be infringing under the 1952 Patent Act; the importance of that fundamental change in the law does not depend on the details of implementation. Moreover, because the Federal Circuit has exclusive jurisdiction over questions of patent law, the *en banc* resolution of the question presented makes it very unlikely that the Federal Circuit will return to the basic issue.

Particularly in light of the deep divisions among the lower court's judges – with only a bare majority of the court joining the majority opinion – certiorari is warranted to resolve the question presented. See Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722, 729-30 (2002); John F. Duffy, The Federal Circuit in the Shadow of the Solicitor General, 78 Geo. Wash. L. Rev. 518, 536 (2010).

#### II. REVIEW IS WARRANTED TO ADDRESS THE CONFLICT BETWEEN THE FEDERAL CIRCUIT'S DECISION AND THE STATUTE AND THIS COURT'S PRECEDENTS

Akamai attempts to defend the decision below, but it cannot square the Federal Circuit majority's decision with this Court's precedents or the language and structure of the statute.

#### A. Section 271(b) Does Not Impose Liability Unless the Defendant Induces Infringement Under § 271(a)

1. This Court has repeatedly stated that proof of direct infringement under § 271(a) is a predicate to a claim of indirect infringement. See Global-Tech, 131 S. Ct. at 2065 (to be liable for inducement, defendant must "lead another to engage in conduct that ... amount[s] to infringement, i.e., the making, using, offering to sell, selling, or importing of a patented

invention. See § 271(a)."); Deepsouth, 406 U.S. at 526 (referring to § 271(a) and stating that the Patent Act "defines [indirect] infringement in terms of direct infringement") (internal quotations omitted); Aro I, 365 U.S. at 341 (conduct may constitute indirect infringement "if, but only if," it led to "direct infringement under §271(a)"). Akamai does not argue that the Federal Circuit majority's decision can be squared with these statements; it cannot be, because the very purpose of the Federal Circuit's rule is to permit imposition of liability for indirect infringement without any showing of direct infringement under § 271(a).

Instead, Akamai dismisses this Court's statements as "dicta" because "none of these cases deals with joint infringement." Opp. 19 n.8. But the principle that liability for indirect infringement requires proof of direct infringement under § 271(a) was central to the Court's holding in both *Deepsouth* and *Aro I*: it is no mere dicta. See Seminole Tribe of Florida v. Florida, 517 U.S. 44, 67 (1996) ("When an opinion issues for the Court, it is not only the result but also those portions of the opinion necessary to that result by which we are bound."). Furthermore, dicta or not, there are good reasons for courts of appeals to afford this Court's reasoning significant precedential weight: such statements provide a "prophecy of what [this] Court might hold," Managed Pharm. Care v. Sebelius, 705 F.3d 934, 945 (9th Cir. 2012) (internal quotations omitted); respect for this Court's statements of the law promotes the predictable and "evenhanded administration of justice," Official Comm. of Unsecured Creditors of Cybergenics Corp. v. Chinery, 330 F.3d 548, 561 (3d Cir. 2003) (en banc) (internal

quotations omitted).<sup>4</sup> The Federal Circuit's refusal to adhere to this Court's repeated, consistent, and clear statements of the law provides a compelling reason to grant the petition.

2. Akamai provides no sensible reading of the statute that would permit imposition of liability under § 271(b) when no one has directly infringed under § 271(a). It simply ignores this Court's statements making clear that § 271(a) "defines infringement." Aro I, 365 U.S. at 341; see Global-Tech, 131 S. Ct. at 2065. Instead, Akamai treats it as self-evident that the performance of the steps of a method by multiple independent parties constitutes "infringement." See, e.g., Opp. 13-14 (asserting that opinion below requires "a determination of direct infringement" for imposition of liability under § 271(b)). But that conduct does not constitute infringement under § 271(a), and Akamai does not and cannot base its

<sup>&</sup>lt;sup>4</sup> See also, e.g., McCravy v. Metropolitan Life Ins. Co., 690
F.3d 176, 182 n.2 (4th Cir. 2012); Igartúa v. United States, 626
F.3d 592, 605 n.15 (1st Cir. 2010), cert. denied, 132 S. Ct. 2375 (2012); Nichol v. Pullman Standard, Inc., 889 F.2d 115, 120 n.8 (7th Cir. 1989).

<sup>&</sup>lt;sup>5</sup> Akamai makes the same type of circular argument when it repeatedly asserts that its "exclusive rights are infringed whenever its patented process is performed, regardless of how many parties performed the steps." Opp. 27; see Opp. 15 (similar), 25. That assertion simply restates Akamai's desired conclusion; it provides no support for it. Moreover, even under the Federal Circuit's holding, Akamai's statement is wrong: its "rights" would be infringed only if the defendant actively induced the performance of certain method steps with knowledge of the patent and the specific intent to induce infringement. See App. 30a; cf. Global-Tech, 131 S. Ct. at 2068. The idea that the scope of the patentee's invention depends on the state of mind of the party or parties practicing it constitutes a dramatic departure from basic patent doctrine. See Pet. 30-31.

claim on any other provision of the statute. Rather, the *en banc* majority – for the first time – deemed such conduct to be an "infringement" solely for purposes of imposing liability under § 271(b). And Akamai does not attempt to explain how § 271(b) – which states that one who "induces infringement of a patent" is "liable as an infringer" – can be read to alter the type of induced conduct that constitutes the underlying "infringement."

The dissent correctly pointed out that the Federal Circuit majority's reliance on §§ 271(e)(2), 271(f), and 271(g) undermines its reading of § 271(b), see Pet. 23; App. 81a, and Akamai's effort to rehabilitate the argument fares, if anything, worse. Akamai asserts that "[e]ach of these sections requires a direct infringement" but that "[n]one . . . requires a finding of liability under § 271(a)." Opp. 15. But those provisions do not impose liability, as § 271(b) does, for conduct leading to direct infringement; rather, they impose liability for specifically defined conduct that would not otherwise infringe: § 271(e)(2) defines the submission of certain types of applications as an "act of infringement"; § 271(f) renders defendants liable for inducing or contributing to certain conduct "that would infringe [a] patent" if it "occurred within the United States" (emphasis added); § 271(g) renders defendants liable for importation of products "made by a process patented in the United States" under certain circumstances. Those provisions thus expressly impose liability in the absence of direct infringement under § 271(a). There is no textual basis for the assertion that § 271(b) – while imposing liability

for *inducing* infringement – expanded the definition of infringement expressly laid out in § 271(a).<sup>6</sup>

#### B. Principles of Tort Law and Criminal Law Do Not Support the Result Below

Judge Linn's dissent demonstrated that the majority's reliance on 18 U.S.C. § 2(b) to support its expansion of liability under § 271(b) was incorrect: because §271(b) imposes liability on one who "induces infringement," the analogous provision is 18 U.S.C. § 2(a), which makes it unlawful to "induce[]" the commission of a crime and which requires, for conviction, proof that someone is guilty of the underlying offense. See Pet. 27. Akamai ignores this point and instead defends the decision below by making the same error as the en banc majority: it asserts that the combined performance of the steps of a method patent by different parties constitutes infringement prohibited under the Patent Act, without any statutory basis for that assertion. Opp. 27; see supra note 5. As the court below acknowledged, such conduct does not constitute direct infringement under § 271(a), and there is no other statutory basis for asserting that the conduct infringes the patentee's exclusive rights.

Akamai also seeks to rely on tort-law analogies to expand liability under § 271(b). But it is one thing to

<sup>&</sup>lt;sup>6</sup> Because the meaning of § 271(b) is clear, the lower court's reliance on legislative history was inappropriate. In any event, that history, including the statements of Giles Rich, points both ways, see Pet. 24-25, a point that Akamai ignores. The petition also explains why the results of two pre-1952 Act cases carry little weight in light of Congress's decision to codify indirect-infringement liability in § 271(b) and (c) and because the holdings that Akamai relies on were incidental to the outcome in those cases. See Pet. 25-26. In response, Akamai parrots the opinion below without addressing these counter-arguments.

rely on "a legal background of ordinary tort-related vicarious liability rules" in construing a statutory tort action. Meyer v. Holley, 537 U.S. 280, 285 (2003); Opp. Cross-Pet. 15 (No. 12-960). It is quite another to "look[] outside of the statute itself to expand the scope of liability," which amounts to "legislating from the bench." AT&T Co. v. Winback & Conserve Program, Inc., 42 F.3d 1421, 1429 (3d Cir. 1994). Congress codified the bases for indirectinfringement liability in the 1952 Act; "[w]ith respect [to] ... the scope of conduct prohibited by [the statutel, the text of the statute controls." Central Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A., 511 U.S. 164, 173 (1994). Akamai's argument that common law has recognized bases for liability that, if applied in the patent context, would not require anyone to directly infringe a patent provides no justification for expanding the bases for liability under § 271(b).

Moreover, Akamai cannot explain how any of the tort doctrines on which it relies, even if applicable, would impose liability when there has been no underlying infringement under § 271(a). See Pet. 28-29. The three cases it cites stand for the proposition that, when each of multiple parties owes the defendant a duty, no party can defend against liability by arguing that its own breach of duty, by itself, would not have caused harm. See Town of Sharon v. Anahma Realty Corp., 123 A. 192, 193 (Vt. 1924) (each defendant had duty to avoid flooding roadway); Hillman v. Newington, 57 Cal. 56, 63-64 (1880) (each defendant had duty to preserve flow of water to downstream user); Blair v. Deakin, (1887) 57 L.T. 522, 526 (Ch.) (each defendant had duty to avoid nuisance). But that hoary principle cannot assist Akamai here, because neither Limelight nor its customers owe Akamai any duty to avoid performing less than all of the steps of its patent. To assert that Akamai's legal rights are nevertheless invaded as a result of *combined* action by Limelight and its customers depends on accepting the Federal Circuit's premise that infringement under § 271(b) means something different from infringement under § 271(a); it does not provide any justification for that premise.

#### C. Akamai's Policy Arguments Do Not Justify the Federal Circuit's Departure from the Terms of the Statute

Akamai echoes the Federal Circuit's assertion that it would be "bizarre" to hold a defendant liable for inducing direct infringement of a method claim under § 271(a) but not for performing some steps of that method and inducing another to perform others. Opp. 20 (quoting App. 10a). But that result reflects the rule, which Akamai purports to embrace, that a defendant does not infringe a method claim unless it performs each step of the method. If multiple independent parties perform different steps of a method, none has directly infringed – as the Federal Circuit acknowledged – and there is no basis for the imposition of liability on any one of them.

By contrast, as *amici* attest, a rule that would allow patent plaintiffs to aggregate the actions of multiple independent actors to establish infringement would expand liability in unpredictable and threatening ways. *See* CTIA Br. 8-20; Google Br. 12-18. Claims of "divided infringement" typically involve methods using existing techniques in some assertedly new and non-obvious combination to achieve desired results. As we have explained (*see* Opp. Cross-Pet. 19-22), method claims can generally

be drafted to address the steps taken by a single actor. See also Google Br. 20-24; Altera Br. 8-10 (explaining importance of public-notice function of patents). And, in any event, it is questionable whether such methods typically involve significant experimentation or investment in research; the right to impose liability based on the collective use of known techniques would threaten to reduce the value of existing technology and impede further innovation. See Pet. 31-33; Google Br. 24-25.

More fundamentally, if the existing patent law provides insufficient protection for method claims, the proper remedy is to amend the Patent Act, not to mangle the existing statute. Akamai's argument is no different from those of other patentees who insist "that the beachhead of privilege is wider, and the area of public use narrower, than courts had previously thought." *Deepsouth*, 406 U.S. at 531. This Court has never credited such arguments, and it should not do so now.

#### **CONCLUSION**

The petition for a writ of certiorari should be granted.

#### Respectfully submitted,

ALEXANDER F. MACKINNON KIRKLAND & ELLIS LLP 333 South Hope Street Los Angeles, CA 90071 (213) 680-8400

DION MESSER SR. IP CORPORATE COUNSEL LIMELIGHT NETWORKS, INC. 222 South Mill Avenue 8th Floor Tempe, AZ 85281 (602) 850-4833

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AARON M. PANNER
Counsel of Record
JOHN CHRISTOPHER
ROZENDAAL
MICHAEL E. JOFFRE
KELLOGG, HUBER, HANSEN,
TODD, EVANS & FIGEL,
P.L.L.C.
1615 M Street, N.W.
Suite 400
Washington, D.C. 20036
(202) 326-7900
(apanner@khhte.com)