

In “Limelight”, Unanimous Federal Circuit Outlines Framework for Direct Infringement of Method Claims

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In a unanimous full court decision issued yesterday, the Federal Circuit availed itself of “the opportunity to revisit the § 271(a) question” left [unanswered by the Supreme Court last year](#), and outlined “the governing legal framework for direct infringement” of method claims. It held that a party can be liable for direct infringement of method claims under 35 U.S.C. § 271(a) “in two sets of circumstances: (1) where that entity directs or controls others’ performance, and (2) where the actors form a joint enterprise.”

With respect to the “direct or control” prong, the Court said that it “continue[s] to consider general principles of vicarious liability.” Under those principles, “an actor is liable for infringement under § 271(a) if it acts through an agent (applying traditional agency principles) or contracts with another to perform one or more steps of a claimed method.” But in addition to liability based on agency or contract, the Court held that, “on the facts of this case, ... liability under § 271(a) can also be found when an alleged infringer *conditions* participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and *establishes the manner or timing* of that performance.” (emphasis added). In such instances, the Court said, “the third party’s actions are attributed to the alleged infringer such that the alleged infringer becomes the single actor chargeable with direct infringement.” Whether a single actor has directed or controlled the actions of a third party is a question of fact reviewable on appeal for substantial evidence.

With respect to the “joint enterprise” prong, the Court said that an actor may be liable for the actions of others in a joint enterprise if four elements are proven: (a) agreement among the group’s members; (b) common purpose; (c) community of pecuniary interest in that common purpose; and (d) an equal right of control of the enterprise for each member of the enterprise. As with the “direct or control” prong, whether a single actor has entered into a joint enterprise is a question of fact reviewable on appeal for substantial evidence.

Applying its “principles of attribution,” the Court reversed the Court’s order granting defendant Limelight’s JMOL motion and reinstated the jury verdict finding infringement and awarding damages. It was undisputed that Limelight performed most of the steps of the claimed method, and that its customers performed the remaining steps; the only question was whether Limelight directed or

controlled its customers' performance of those remaining steps. After reviewing the evidence, the Court concluded it did. "The jury heard substantial evidence from which it could find that Limelight directs or controls its customers' performance of each remaining method step, such that all steps of the method are attributable to Limelight," the Court said, noting that there was "substantial evidence demonstrating that Limelight conditions its customer's use of its content delivery network upon its customers' performance of [the remaining method steps at issue] and that Limelight establishes the manner or timing of its customers' performance."

The Court then reviewed the evidence that Limelight "conditioned" its customers' use of its network upon their performance of some of the steps in the claimed method, and that it "established the manner or timing" of that performance. As to the first, the Court pointed to the standard contract that Limelight's customers sign, in which they agree to do certain things (including perform certain steps of the method), in order to use the Limelight service. As to the second, the Court noted that "Limelight provides step-by-step instructions to its customers telling them how to" do various things that encompass certain steps of the claimed method. "In sum," the Court observed, "Limelight's customers do not merely take Limelight's guidance and act independently on their own. Rather, Limelight establishes the manner and timing of its customers' performance so that customers can only avail themselves of the service upon their performance of the method steps."

On this basis, the Court concluded that the plaintiff, Akamai, had presented sufficient evidence at trial for a jury to find that Limelight directed or controlled its customers' performance of each of the remaining steps of the claimed method. The Court was careful to note that the evidence presented below that Limelight conditioned its customers' use of its service on the performance of the claimed steps, and that it established the manner or timing of that performance, was specific to this case, and that, "[i]n the future, other factual scenarios may arise which warrant attributing others' performance of method steps to a single actor." It remains to be seen how the Court's newly articulated "principles of attribution" will be applied to these "other factual scenarios," but it is a fair bet that much of the focus of litigation in divided infringement cases going forward will be over what "conditioning" others' performance of claimed steps means, and what constitutes the requisite direction of, or control over, "the manner or timing" of their performance of those steps. But, at least for now, the decision represents a welcome departure from the recent trend of decisions constricting patent rights.

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