

REVIVING MONOPOLY-TYPE PATENT MISUSE AS A DEFENSE: PROTECTING INNOVATION IN THE WAKE OF *AKAMAI v. LIMELIGHT*

INTRODUCTION

On August 31, 2012, the United States Court of Appeals for the Federal Circuit issued its decision in *Akamai Technologies, Inc. v. Limelight Networks, Inc.*¹ This case marks the latest installment of Federal Circuit jurisprudence focusing on section 271 of the Patent Act, which defines direct and indirect patent infringement.² In establishing a sweeping new interpretation of section 271, the en banc majority overruled several of its own precedents.³ As a result, the court may have inadvertently created uncertainty, not clarity, within the law.

Prior to the *Akamai* decision, the Federal Circuit addressed divided infringement⁴ of method patents by following the single-entity rule.⁵ The rule said infringement occurs only when “all steps of a claimed method [are] practiced, alone or vicariously, by a single entity or joint enterprise.”⁶ In crafting the single-entity rule, the Federal Circuit panel sought to underscore the importance of claim language in method patents.⁷ The panel felt the rule allowed would-be infringers to look at a method patent and know its precise boundaries.⁸ Because method patent claims encompass the *entire* method, potential infringers were able to avoid liability so long as they did not provide a third party with the means to perform the whole method themselves. Thus, the court placed the ultimate burden on the patentee to draft method patents properly so they could be enforced.⁹

A major drawback to this rule, however, was that it created a loophole making method patent enforcement difficult. To avoid liability under the

1. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012), *cert. granted*, 134 S. Ct. 895 (2014).

2. U.S. Patent Act, 35 U.S.C. § 271 (a)–(c) (2006).

3. *See generally* *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1375 (Fed. Cir. 2007) (finding no patent infringement because record contained no basis to hold company vicariously liable for actions of unrelated parties who carried out other steps of patent in question); *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1330 (Fed. Cir. 2008) (finding no direct infringement when party had neither performed every step of method nor presented a basis for vicarious liability for actions of other parties).

4. *See Akamai*, 692 F.3d at 1305 (discussing how joint infringement occurs when parties jointly practice the steps of a method, although none of the parties practice all of the steps).

5. *Id.* at 1306 (citing *BMC*, 498 F.3d 1373).

6. *Id.* at 1337–38 (Linn, J., dissenting).

7. *BMC*, 498 F.3d at 1381 (citing *Sage Prods., Inc. v. Devon Indus., Inc.*, 126 F.3d 1420, 1425 (Fed. Cir. 1997)).

8. *Id.* (quoting *Sage Prods., Inc.*, 126 F.3d at 1425).

9. *Id.*

single-entity rule, competitors could simply market products in which end-users or third parties completed at least one of the method steps. The practical effect of the rule was to render many method patents unenforceable.¹⁰

Although proper claim drafting would have prevented many of these enforcement issues, a majority of the en banc *Akamai* panel thought the loophole was too harsh and chose to overturn the single-entity rule altogether.¹¹ In its place, the court created an inducement-only rule of method patent infringement.¹² Under this new view of the statute, an “inducer” may be liable for patent infringement if (1) they knew about another’s patent; (2) they induced the performance of the steps of the patent; and (3) those steps were performed.¹³ Now, competitors can no longer escape liability simply by having end-users or third parties complete steps intentionally left out to avoid infringement.

While this new inducement-only rule will clearly help method patent holders assert their rights, the ruling may also have several downsides. First, poorly written method patents will now be protected in a way that greatly expands the method’s scope. Prior to *Akamai*, competitors could look to patent claims and know their exact boundaries.¹⁴ So long as the competitor followed the single-entity rule, they could avoid liability.¹⁵ It was the patentee who bore the ultimate responsibility to ensure that their method claims could be enforced, and poor claim drafting was not rewarded.¹⁶ Now, however, the opposite is true.

Second, the inducement-only rule gives little guidance to competitors. Rather than adhering to a clear-cut standard, competitors now have to operate under a new poorly defined “duty” imposed on them by the court.¹⁷ This new duty will likely stifle innovation because innovators must attempt to foresee how third parties *may* improperly use their products. And while the Supreme Court may yet reverse,¹⁸ such a result is not guaranteed.

To counter these effects and to protect alleged infringers who were operating under the single-entity rule, this Note proposes reviving a little-

10. *Akamai*, 692 F.3d at 1339 (Linn, J., dissenting).

11. *Id.* at 1306 (citing *BMC*, 498 F.3d 1373).

12. *Id.* at 1309; *id.* at 1319 (Newman, J., dissenting).

13. *Id.* at 1318.

14. *Id.* at 1349 (Linn, J., dissenting).

15. *See id.* at 1307 (“[T]hat means the accused infringer must perform all the steps of the claimed method, either personally or through another acting under his direction or control.”).

16. *Id.* at 1349–50 (Linn, J., dissenting) (quoting *BMC*, 498 F.3d at 1381).

17. *See id.* at 1313 (“[A]n inducer of infringement has a duty not to cause the acts that constitute infringement *even if* the parties who cause the direct injury are not liable.” (emphasis added)).

18. *See generally* *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 895 (2014) (granting petition for writ of certiorari).

used equitable defense to patent infringement: patent misuse. Although the nature of this defense has changed since its creation in 1942, the policy behind the defense is pertinent today and could be used under specific circumstances to counter the adverse effects of the *Akamai* ruling.

Part I of this Note gives a brief history of the patent system in the United States. It describes the parts of a patent, including the claims, and concludes by discussing method patents and the problems of divided infringement. Part II gives an overview of patent infringement law, both before and after the *Akamai* decision. Part III describes some potential effects of the decision, including the broadening of method claims and the stifling of innovation. Finally, Part IV proposes an immediate solution to some of these problems: reviving monopoly-type patent misuse as an affirmative defense.

I. A BRIEF INTRODUCTION TO PATENTS

A. *The Patent Monopoly*

The United States Constitution grants Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”¹⁹ Pursuant to this authority, Congress established the U.S. Patent and Trademark Office (PTO), and with it a system for conferring exclusive patent rights.²⁰ Under this system, inventors may patent “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof”²¹ so long as the invention has some utility,²² is novel,²³ and is nonobvious.²⁴

Once issued, a patent acts as a monopoly,²⁵ allowing the patentee “to exclude others from making, using, offering for sale, or selling the invention . . . importing the invention . . . and, if the invention is a process, . . . exclud[ing] others from using, offering for sale or

19. U.S. CONST. art. 1, § 8, cl. 8.

20. U.S. Patent Act, 35 U.S.C. §§ 1(a), 2(a)(1) (2006).

21. *Id.* § 101.

22. *Brenner v. Manson*, 383 U.S. 519, 534 (1966).

23. 35 U.S.C. § 102.

24. *Id.* § 103.

25. JOHN G. MILLS ET AL., PATENT LAW FUNDAMENTALS § 1:6 (2d ed. 2013), available at Westlaw PATLAWF.

selling . . . products made by that process.”²⁶ The current duration of this exclusive right is twenty years from the patent application date.²⁷

In exchange for this exclusive right, the public gets the benefit of receiving the inventor’s knowledge. Indeed, “the historical purpose for the granting of patents was to encourage public disclosure of new scientific and technical developments.”²⁸ Thus, while the patent system protects the inventor, it also protects would-be infringers by putting the public on notice as to the invention’s precise boundaries.²⁹

B. Claims Define the Invention

To be sure that the public is adequately put on notice, each patent application must include three parts: (1) the specification,³⁰ (2) a drawing of the invention,³¹ and (3) a declaration by the inventor.³² Of the three, the specification is the most important and must “contain a written description of the invention . . . [that] enable[s] any person skilled in the art to which it pertains . . . to make and use the same.”³³ Moreover, each “specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.”³⁴ In other words, the written description enables one to make the invention while the claims define the scope of protection. Precisely because the claims define the invention,³⁵ courts recognize them to be the most important part of the patent.³⁶

26. 35 U.S.C. § 154(a)(1).

27. *Id.* § 154(a)(2).

28. MILLS ET AL., *supra* note 25, § 1:2.

29. Brief for Altera Corp. et al. as Amici Curiae Supporting Appellee at 5–6, *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012) (No. 2010-1291), 2011 WL 3796781, at *5–6.

30. 35 U.S.C. § 111(a)(2)(A).

31. *Id.* § 111(a)(2)(B).

32. *Id.* § 111(a)(2)(C).

33. *Id.* § 112.

34. *Id.*

35. *See* Brief for Altera Corp., *supra* note 29, at 5–6 (“[T]he claim is a statutory requirement, prescribed for the very purpose of making the patentee define precisely what his invention is” (quoting *White v. Dunbar*, 119 U.S. 47, 52 (1886)) (internal quotation marks omitted)); *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005) (“It is a ‘bedrock principle’ of patent law that ‘the claims of a patent define the invention to which the patentee is entitled the right to exclude.’” (quoting *Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1115 (Fed. Cir. 2004))); *see also* Response Brief for Defendant-Appellee at 39–40, *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012) (No. 2010-1291), 2011 WL 3796780, at *39–40 (“[T]he patent give[s] notice to the public of the extent of the legal protection afforded by the patent, so that interested members of the public, *e.g.*, competitors of the patent owner, can determine whether or not they

C. Patent Infringement

Patents do not confer any positive rights upon the patentee.³⁷ Instead, the patent holder may “invoke the State’s power to prevent others from utilizing his discovery without his consent.”³⁸ One often enforces a patent by suing for patent infringement—a tort³⁹—which is defined under section 271 of the Patent Act.⁴⁰ To be successful, a patentee must show, by a preponderance of the evidence, that a defendant infringed one or more patent claims.⁴¹

Generally, the federal district courts hear all cases of patent infringement, as they have jurisdiction under 28 U.S.C. § 1331.⁴² And since 1982, the United States Court of Appeals for the Federal Circuit has heard all patent case appeals.⁴³ While claim interpretation is a question of law, infringement is a question of fact reserved for a jury.⁴⁴

Subsection (a) of section 271 defines what is known as direct infringement. The statute provides, “whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.”⁴⁵ Thus, a person is liable whether the infringement is carried out personally or vicariously through an agent.⁴⁶

The Patent Act also allows for two forms of indirect infringement.⁴⁷ When someone “knowingly causes, urges, encourages, or aids another in

infringe.” (emphasis omitted) (quoting *Oakley, Inc. v. Sunglass Hut Int’l*, 316 F.3d 1331, 1340 (Fed. Cir. 2003)) (internal quotation marks omitted).

36. See Brief for Altera Corp., *supra* note 29, at 6 (citing *Dunbar*, 119 U.S. at 47) (“[T]he Court reiterated the important public interest served by the requirement of precisely-defined claims.”); see also Response Brief for Defendant-Appellee, *supra* note 35, at 3 (“This Court’s prior panel decisions effectuate Congressional intent by preserving the division between direct and indirect infringement and not undermining *the critical* public notice function of patents”) (emphasis added)).

37. MILLS ET AL., *supra* note 25, § 1:10.

38. *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 135 (1969) (citing *Bement & Sons v. Nat’l Harrow Co.*, 186 U.S. 70, 88–89 (1902); *Cont’l Paper Bag Co. v. E. Paper Bag Co.*, 210 U.S. 405 (1908); *Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24 (1923)).

39. MILLS ET AL., *supra* note 25, § 20:3.

40. 35 U.S.C. § 271 (a)–(c) (2006).

41. MILLS ET AL., *supra* note 25, § 20:3.

42. 28 U.S.C. § 1331 (2006).

43. Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, § 127, 96 Stat. 25 (1982); 28 U.S.C. § 1295(a)(1) (2006).

44. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 384 (1996) (quoting *Winans v. Denmead*, 56 U.S. 330, 338 (1854)).

45. 35 U.S.C. § 271(a).

46. MILLS ET AL., *supra* note 25, § 20:4.

47. *Id.* § 20:5.

infringing,”⁴⁸ he can be found liable for “actively induc[ing] infringement of a patent.”⁴⁹ In addition, if someone imports or sells a *component* of a patented article, and knows that another will use the component to infringe a patent, then he can be held liable for contributory infringement.⁵⁰ Therefore, while a direct infringer’s presence is a prerequisite for both types of indirect infringement,⁵¹ those who help the direct infringer cannot escape liability.

D. Divided Infringement of Method Patents

In the clearest case of patent infringement, one party is accused of infringing a claim and the analysis is rather straightforward thereafter. Problems arise, however, in cases of “joint” or “divided” infringement—where multiple parties participate in the infringing conduct.⁵²

Section 271 adequately addresses divided infringement when it occurs in the manufacture or assembly of a patented apparatus.⁵³ For instance, if multiple parties participate in manufacturing a patented item, the entity that installs the final part becomes the direct infringer.⁵⁴ Moreover, the other parties may also be held liable if they meet the knowledge requirements of either inducement or contributory infringement.⁵⁵

In contrast, when divided infringement of a method patent occurs, liability can be elusive.⁵⁶ Much of the difficulty arises because a method claim encompasses the entire method, i.e., a combination of all the steps.⁵⁷ Performance of anything less than the whole is not infringement, as no individual step of the method is protected. Thus, because direct

48. *Id.* § 20:6 (emphasis omitted).

49. 35 U.S.C. § 271(b).

50. *Id.* § 271(c).

51. MILLS ET AL., *supra* note 25, § 20:5.

52. Mathew Lowrie et al., *The Changing Landscape of Joint, Divided and Indirect Infringement—The State of the Law and How to Address It*, 12 J. HIGH TECH. L. 65, 65 (2011).

53. *See* 35 U.S.C. § 271 (a)–(c) (providing three situations in which infringement occurs in the manufacture or assembly of a patented apparatus).

54. *See* Akamai Techs., Inc. v. Limelight Networks, Inc., 692 F.3d 1301, 1305–06 (Fed. Cir. 2012), *cert. granted*, 134 S. Ct. 895 (2014) (“The problem of divided infringement in induced infringement cases typically arises only with respect to method patents. When claims are directed to a product or apparatus, direct infringement is always present, because the entity that installs the final part and thereby completes the claimed invention is a direct infringer.”); 35 U.S.C. § 271(a) (holding liable the party who “makes, uses, offers to sell, or sells” the patented item).

55. *Id.* § 271(b)–(c).

56. Lowrie et al., *supra* note 52.

57. Ken Hobday, *The Incredibly Ever-Shrinking Theory of Joint Infringement: Multi-Actor Method Claims*, 38 CAP. U. L. REV. 137, 139 (2009) (quoting NTP, Inc. v. Research in Motion, Ltd., 418 F.3d 1282, 1318 (Fed. Cir. 2005)).

infringement of the method *only* occurs when a party performs *all* the required steps,⁵⁸ finding liability can be difficult when multiple parties are involved.

To illustrate the problem, consider Mathew Lowrie's simple example from *The Changing Landscape of Joint, Divided and Indirect Infringement—The State of the Law and How to Address It*. There is a software method patent consisting of four steps; the software seller performs three of the steps, and the software end user performs the remaining step.⁵⁹ For a competitor to be a direct infringer they would have to perform *all four* steps, even though the claimed method includes an end user.⁶⁰ Such a scenario is very unlikely. Instead, a competitor will probably perform the same three steps as the patentee but will not infringe because it has not performed all four steps, as the method requires.⁶¹

In the modern technology age, where many patents involve software and interactions between different computers, the problem of method patent enforcement is very real.⁶² Many of these methods involve interactions between different entities, and the method claims are written to encompass these multiple actors.⁶³ This kind of claim drafting, however, results in many of these patents being vulnerable to infringement.⁶⁴ And while properly drafted claims—written to cover a single entity or claiming the various steps individually—can prevent enforcement problems, many claims are written poorly. For this reason, the courts have constantly had to address the competing interests of patentee rights and the freedom to innovate.⁶⁵

II. THE EFFECT OF THE *AKAMAI* DECISION ON THE LAW OF DIVIDED INFRINGEMENT

As previously noted, all forms of indirect infringement require a direct infringer.⁶⁶ Moreover, each step of a method patent must be performed for

58. *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1379 (Fed. Cir. 2007) (citing *Joy Techs., Inc. v. Flakt, Inc.*, 6 F.3d 770, 773 (Fed. Cir. 1993)).

59. Lowrie et al., *supra* note 52, at 66.

60. *Id.* at 67–68.

61. *Id.* at 67.

62. Hobday, *supra* note 57, at 142.

63. *Id.* at 141.

64. *Id.*

65. *Id.* at 185 (quoting *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1381 (Fed. Cir. 2007)) (citing *BMC*, 498 F.3d at 1381).

66. Damon Gupta, *Virtually Uninfringeable: Valid Patents Lacking Protection Under the Single Entity Rule*, 94 J. PAT. & TRADEMARK OFF. SOC'Y 61, 63 (2012).

it to be infringed.⁶⁷ Therefore, on many occasions courts have had to determine what circumstances satisfy the direct infringement requirement in divided infringement of method patents.⁶⁸

A. The Law Prior to Akamai v. Limelight

Prior to 2007, many courts held that direct infringement *could* exist so long as the joint infringers were “acting in concert or working together.”⁶⁹ This standard was unclear, so the Federal Circuit attempted to clarify the law in *BMC Resources v. Paymentech, Inc.*⁷⁰ In that case, BMC Resources held multiple patents for a method of “PIN-less debit bill payment (PDBP).”⁷¹ The method claims were written such that some steps were performed by BMC, some by a remote payment network, and some by “card-issuing financial institutions.”⁷² Paymentech, a competitor, began offering its own PDBP without obtaining a license, and BMC sued for infringement.⁷³ Paymentech argued that it did not infringe because it did not “perform all of the steps of the patented method by itself or in coordination with its customers and financial institutions.”⁷⁴ The district court agreed and found that Paymentech would infringe only if it “directed or controlled the behavior of the financial institutions that performed those claimed method steps that Paymentech did not perform.”⁷⁵ Ultimately, the court found for Paymentech because the record was devoid of any evidence showing the requisite level of control.⁷⁶

On appeal, a Federal Circuit panel affirmed the decision.⁷⁷ In doing so, the court established what is known as the “single-entity rule,” which says that a single party must perform each and every step of the method in order to infringe.⁷⁸ The court created this standard to satisfy the direct

67. *Id.* at 62 (citing *Royer v. Coupe*, 146 U.S. 524, 532 (1862)).

68. *Id.* at 63–64 (quoting *PharmaStem Therapeutics, Inc. v. ViaCell, Inc.*, 491 F.3d 1342, 1356 (Fed. Cir. 2006)) (citing *BMC*, 498 F.3d at 1379; *Demand Mach. Corp. v. Ingram Indus., Inc.*, 442 F.3d 1331, 1345 (Fed. Cir. 2006)).

69. *Id.* at 64 (quoting *PharmaStem*, 491 F.3d at 1349) (internal quotation marks omitted).

70. *BMC*, 498 F.3d at 1378.

71. *Id.* at 1375.

72. *Id.*

73. *Id.* at 1376.

74. *Id.* at 1377.

75. *Id.* at 1378.

76. *Id.*

77. *Id.* at 1382.

78. Gupta, *supra* note 66, at 63 (quoting *BMC*, 498 F.3d at 1380; *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1329 (Fed. Cir. 2008)) (internal quotation marks omitted).

infringement requirement under the statute.⁷⁹ In its opinion, the court was careful to note that “[a] party cannot avoid infringement . . . simply by contracting out steps of a patented process to another entity.”⁸⁰ Indeed, the single-entity rule is satisfied if one party “direct[s] or control[s]” the actions of the others.⁸¹

A year later, in *Muniauction v. Thomson*, the Federal Circuit reaffirmed the single-entity rule and gave some definition to the “control or direction standard.”⁸² The case involved a method of conducting online municipal bond auctions, which included some steps performed by bidders and some performed by an auctioneer.⁸³ The alleged infringer, Thomson, had a similar system but did not perform all the steps of the method.⁸⁴ Even though Thomson controlled access to the system and provided instructions for its use, the court found these actions insufficient to “incur liability for direct infringement.”⁸⁵ Instead, the court alluded to principles of agency law and held that “the control or direction standard is satisfied in situations where the law would traditionally hold the accused direct infringer vicariously liable.”⁸⁶

In establishing the single-entity rule, the Federal Circuit did recognize that cases may exist in which parties would enter into “arms-length” agreements to avoid infringement.⁸⁷ On balance though, the *BMC* and *Muniauction* majorities believed that such a concern did not outweigh the necessity to stay true to the statutory scheme.⁸⁸ Because indirect infringement requires intent, allowing direct infringement (strict liability) without direction or control by a single entity would obviate the need for indirect infringement altogether.⁸⁹ According to the court, arms-length infringement could be solved by proper claim drafting: writing a method to encompass a single actor.⁹⁰

79. See *BMC*, 498 F.3d at 1380 (quoting 35 U.S.C. § 271(a) (2006)) (noting that the statute requires a party to “make, use, sell, or offer to sell” the entire patented invention); 35 U.S.C. § 271(a) (creating the direct infringement requirement by making it illegal to make, use, offer to sell, sell, or import a patented invention).

80. *BMC*, 498 F.3d at 1381.

81. Hobday, *supra* note 57, at 175 (internal quotation marks omitted).

82. *Muniauction*, 532 F.3d at 1330 (citing *BMC*, 498 F.3d at 1379).

83. *Id.* at 1321–22 (citing U.S. Patent No. 6,161,099 col.1 ll.13–15, col.5 ll.13–28, col. 12 l. 60 to col. 13 l. 60 (filed Mar. 29, 1998)).

84. *Id.* at 1328–29.

85. *Id.* at 1330.

86. *Id.* (citing *BMC*, 498 F.3d at 1379).

87. *BMC*, 498 F.3d at 1381.

88. In both *BMC* and *Muniauction*, Circuit Judges Gajarsa and Prost were part of the majority. *Id.*; *Muniauction*, 532 F.3d at 1329 (citing *BMC*, 498 F.3d at 1380–81).

89. *BMC*, 498 F.3d at 1381.

90. *Id.*

B. Akamai v. Limelight and Inducement

Several years after *BMC* and *Muniauction*, the Federal Circuit decided to reexamine the single-entity rule en banc.⁹¹ In *Akamai v. Limelight*, the court consolidated appeals from two cases that were decided by applying the single-entity rule.⁹² One involved a method of “tagging” links on a webpage so that the content of those links could be stored at a location other than the host site.⁹³ The other was a method allowing a health care provider and a patient to automatically communicate with each other electronically.⁹⁴ In each case, the alleged infringer performed something less than the whole method, and neither was deemed to have directed or controlled a third party to complete the process.⁹⁵ In granting en banc review, the court asked, “If separate entities each perform separate steps of a method claim, under what circumstances would that claim be directly infringed and to what extent would each of the parties be liable?”⁹⁶ Thus, the court sought to clarify the Federal Circuit jurisprudence regarding divided infringement of method patents.⁹⁷

C. The Opinions

In a split decision that elicited three separate opinions, a majority of the en banc panel overruled the single-entity rule.⁹⁸ In its place, the majority held that inducement occurs when one “causes, urges, encourages or aids” one or more people to perform separate steps of a patented method.⁹⁹

91. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1305–06 (Fed. Cir. 2012) (citing *BMC*, 498 F.3d 1373), *cert. granted*, 134 S. Ct. 895 (2014).

92. *Id.* at 1305; *see Akamai Techs., Inc. v. Limelight Networks, Inc.*, 614 F. Supp. 2d 90, 122–23 (D. Mass. 2009), *rev'd*, 629 F.3d 1301 (Fed. Cir. 2012), *cert. granted*, 134 S. Ct. 895 (2014) (allowing reconsideration of Limelight’s motion for judgment as matter of law because Limelight did not perform all the steps necessary or “establish the requisite direction or control” to constitute direct infringement); *McKesson Info. Solutions LLC v. Epic Sys. Corp.*, No. 1:06-CV-2965-JTC, 2009 WL 2915778, at *6 (N.D. Ga. Sept. 8, 2009), *reh'g granted*, 463 Fed. App'x. 906 (Fed. Cir. 2011), *rev'd en banc*, *Akamai Techs. Inc. v. Limelight Networks Inc.*, 692 F.3d 1301 (Fed. Cir. 2012), *cert. granted*, 134 S. Ct. 895 (2014) (citing *Dynacore Holdings Corp. v. U.S. Phillips Corp.*, 363 F.3d 1263, 1272 (Fed. Cir. 2004)) (holding plaintiff failed to show that a single party directly infringed upon the patent).

93. *Akamai*, 614 F. Supp. 2d at 98.

94. *McKesson*, 2009 WL 2915778, at *1.

95. *Akamai*, 614 F. Supp. 2d at 122; *McKesson*, 2009 WL 2915778, at *6.

96. *Akamai Techs., Inc. v. Mass. Inst. of Tech.*, 419 F. App'x. 989, 989 (Fed. Cir. 2011).

97. *Akamai*, 692 F.3d at 1319 (Newman, J., dissenting).

98. *Id.* at 1306 (“[W]e reconsider and overrule the 2007 decision of this court in which we held that in order for a party to be liable for induced infringement, some other single entity must be liable for direct infringement.” (citing *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007))).

99. *Id.* at 1308 (quoting *Arris Grp., Inc. v. British Telecomms. PLC*, 639 F.3d 1368, 1379 n.13 (Fed. Cir. 2011)) (internal quotation marks omitted).

Because this ruling apparently eliminated the direct infringement requirement for inducement, the court stressed that the new rule was consistent with the statute as an alternative theory of liability.¹⁰⁰

To achieve its desired result, the court first held that the term “infringement,” as used in section 271(b), could be read to mean something different than how it is defined in section 271(a).¹⁰¹ Instead of requiring a single entity to perform the steps of a method, as is needed for direct infringement, inducement simply requires that all the method steps be performed.¹⁰² By reinterpreting the word in this way, the majority was able to detach the direct infringement requirement from inducement, and dispense with the single-entity rule.¹⁰³

Next, the court used criminal law principles of accomplice liability and tort law principles of joint tortfeasance to craft the new rule.¹⁰⁴ Under the majority’s “inducement-only rule,”¹⁰⁵ an “inducer” may be liable for patent infringement if (1) they knew about another’s patent; (2) they “induced the performance of the steps” of the patent; and (3) “those steps were performed.”¹⁰⁶

While six members of the court signed on to this new theory in its entirety, five others did not. Both dissenting opinions, one written by Judge Richard Linn with the support of three other panel members and one authored by Judge Pauline Newman alone, were deeply critical of finding indirect infringement without the requisite direct infringement.¹⁰⁷

The two dissents were not, however, in total agreement. For instance, Judge Linn was highly critical in his opinion of the majority for “assum[ing] the mantle of policy maker” and felt that the single-entity rule was consistent with Supreme Court precedent and the only fair reading of the statute.¹⁰⁸ In contrast, Judge Newman opined that direct infringement *could* be found when multiple parties performed a method, but was unwilling to agree that inducement could be achieved in the *absence of a direct infringer*.¹⁰⁹ Moreover, she did not believe that the definition of

100. *Id.* at 1309–10.

101. *Id.* at 1309 (quoting 35 U.S.C. § 271(a), (b) (2006)). *But see id.* at 1339 (Linn, J., dissenting) (disagreeing with the majority’s interpretation of the statute).

102. *Id.* at 1309.

103. *Id.*

104. *Id.* at 1311–12.

105. *Id.* at 1326 (Newman, J., dissenting).

106. *Id.* at 1318.

107. *See generally id.* at 1319–37 (Newman, J., dissenting); *id.* at 1337–57 (Linn, J., dissenting).

108. *Id.* at 1337–38 (Linn, J., dissenting).

109. *Id.* at 1322, 1328 (Newman, J., dissenting).

infringement in section 271(a) necessitated the single-entity rule.¹¹⁰ Despite their differences, however, both dissents clearly disapproved of the majority's new inducement-only rule.¹¹¹

III. THE UNINTENDED CONSEQUENCES OF THE *AKAMAI* DECISION

While the fractured *Akamai* opinion will likely produce a flurry of reactions, the question of the ruling's practical effect is very important. As a result of the new inducement-only rule, the *Akamai* majority may have inadvertently broadened the scope of many method patents while at the same time adding more uncertainty to the law. The effect may be to stifle innovation, contrary to the purpose of the patent system.

A. The Policy Against Judicially Expanding Claims

Proper claim drafting is a very important component of patent prosecution. In fact, courts have long refused to rewrite a claim, or expand its scope, due to ambiguity or poor draftsmanship.¹¹² This approach is thought to be consistent with promoting healthy competition and technological advances because it places the burden of defining an invention on the patentee.¹¹³ In the words of the Federal Circuit: “[A]s between the patentee who had a clear opportunity to negotiate broader claims but did not do so, and the public at large, it is the patentee who must bear the cost of its failure to seek protection for this foreseeable alteration of its claimed structure.”¹¹⁴

As an example, consider *Chef American, Inc. v. Lamb-Weston, Inc.*, in which the appellant owned a patent for a process of making a dough product.¹¹⁵ One of the claimed method steps included “heating the resulting batter-coated dough to a temperature *in the range of about* 400° F. to 850°

110. See *id.* at 1322 (Newman, J., dissenting) (finding that the word “whoever” in § 271(a) could be read to “embrace[] the singular and plural” thereby obviating the necessity of the single-entity rule).

111. *Id.* at 1319 (Newman, J., dissenting); *id.* at 1337 (Linn, J., dissenting).

112. See *Chef Am., Inc. v. Lamb-Weston, Inc.* 358 F.3d 1371, 1374–75 (Fed. Cir. 2004) (citations omitted) (refusing to redraft an ambiguous patent claim); *Lucent Techs., Inc. v. Gateway, Inc.*, 525 F.3d 1200, 1215 (Fed. Cir. 2008) (citations omitted) (stating the court may not redraft claims to correct a drafting error made by the patentee); *Sage Prods., Inc. v. Devon Indus., Inc.*, 126 F.3d 1420, 1425 (Fed. Cir. 1997) (reasoning that patent drafters should be held responsible for the limiting potential of poorly written patent claims).

113. *Sage*, 126 F.3d at 1425.

114. *Id.* (citing *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1108 (Fed. Cir. 1996)).

115. *Chef Am., Inc.*, 358 F.3d at 1372 (quoting U.S. Patent No. 4,761,290 col. 5 ll. 21–26 (filed Aug. 2, 1988)).

F.”¹¹⁶ The appellee, a competitor, was using a similar method but instead heated the dough *in an oven* set at a temperature within the specified range.¹¹⁷ The appellant sued for infringement, claiming that the patent language really meant heating the dough in an oven set to that range.¹¹⁸

The court disagreed and construed the claim language to mean what it said: the dough itself must be heated to a temperature within the specified range.¹¹⁹ Although such a construction rendered the method inoperable because the resulting dough product would be burnt, the court said, “we construe the claim as written, not as the patentees wish they had written it. As written, the claim unambiguously requires that the dough be heated to a temperature range of 400° F. to 850° F.”¹²⁰ Therefore, the court made clear that proper claim drafting is very important.

B. The Practical Effects of the Akamai Decision

1. Broadening Claim Scope

Under the single-entity rule, competitors in a given field were put on notice that claims *must* be written to encompass a single actor for the methods to be protected.¹²¹ Because claims define the patent and serve as a public notice as to what is protected,¹²² proper claim drafting was essential and carelessness could render a validly issued patent virtually unenforceable.¹²³ Therefore, competitors could be sure that they would escape liability for infringing another’s method patent so long as they did not perform *every* step of a method.¹²⁴

116. *Id.* (emphasis added) (quoting U.S. Patent No. 4,761,290 col. 5 ll. 35–41 (filed Aug. 2, 1988)).

117. *Id.* at 1372–73.

118. *Id.* at 1373–74.

119. *Id.* at 1374.

120. *Id.*

121. *See, e.g.,* BMC Res., Inc. v. Paymentech, L.P., 498 F.3d 1373, 1381 (Fed. Cir. 2007) (“A patentee can usually structure a claim to capture infringement by a single party.”).

122. *See* Response Brief for Defendant-Appellee, *supra* note 35, at 39–40 (“[T]he patent ‘give[s] notice to the public of the extent of the legal protection afforded by the patent, so that interested members of the public, *e.g.*, competitors of the patent owner, can determine whether or not they infringe.’” (emphasis omitted) (quoting Oakley, Inc. v. Sunglass Hut Int’l, 316 F.3d 1331, 1340 (Fed. Cir. 2003))).

123. Gupta, *supra* note 66, at 68.

124. *See* Response Brief for Defendant-Appellee, *supra* note 35, at 39 (citing Gen. Foods v. Studiengesellschaft Kohle mbH, 972 F.2d 1272 (Fed. Cir. 1992); Joy Techs. v. Flakt, Inc., 6 F.3d 770 (Fed. Cir. 1993)) (asserting that the court has always held that “all elements of a claim must be performed to infringe a patent” (emphasis omitted)); Brief for San Diego Intellectual Prop. Law Ass’n et al. as Amici Curiae Supporting Appellee at 5–6, Akamai Techs., Inc. v. Limelight Networks, Inc., 692 F.3d 1301 (Fed. Cir. 2012) (Nos. 2009-1372, 2009-1380, 2009-1416, 2009-1417), 2011 WL 4071506, at

In crafting the new inducement-only rule, however, a majority of the en banc panel may have effectively expanded the scope of method claims and created uncertainty for those relying on the single-entity rule. Competitors that were operating around poorly written method claims, being sure not to complete *every step* of the method, may now have to reassess their market strategy lest they find themselves suddenly liable for induced infringement. The court, therefore, may have unintentionally done more harm than good.

Consider the facts of *Akamai*. The patent at issue described a method of tagging links on a webpage.¹²⁵ Claims nineteen and thirty-four were “at the heart of th[e] dispute.”¹²⁶ They stated:

19. A content delivery service, comprising:

replicating a set of page objects across a wide area network of content servers managed by a domain other than a content provider domain;

for a given page normally served from the content provider domain, *tagging the embedded objects of the page so that requests for the page objects resolve to the domain instead of the content provider domain;*

responsive to a request for the given page received at the content provider domain, serving the given page from the content provider domain; and

serving at least one embedded object of the given page from a given content server in the domain instead of from the content provider domain.¹²⁷

34. A content delivery method, comprising:

*5–*6 (“[N]o *one* is an infringer of a combination claim unless he uses all the elements thereof.” (quoting *Cimiotti Unhairing Co. v. Am. Fur Ref. Co.*, 198 U.S. 399, 410 (1905))); Brief for Altera Corp., *supra* note 29, at 9 (explaining it would be unfair to impose burden of knowing when typically acceptable behavior could be transformed into infringing behavior through relationship with another actor); Brief for Encore Wire Corp. as Amici Curiae Supporting Appellee at 9, *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012) (No. 2010-1291), 2011 WL 3796783, at *9 (“Direct infringement requires ‘a single party to perform every step of a claimed method.’” (quoting *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1329 (Fed. Cir. 2008))).

125. U.S. Patent No. 6,108,703 (filed May 19, 1999).

126. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 629 F.3d 1311, 1316 (Fed. Cir. 2010), *vacated*, 419 Fed. App’x. 989 (Fed. Cir. 2011).

127. ’703 Patent col. 19 ll. 6–20 (emphasis added).

distributing a set of page objects across a network of content servers managed by a domain other than a content provider domain, wherein the network of content servers are organized into a set of regions;

for a given page normally served from the content provider domain, *tagging at least some of the embedded objects of the page so that requests for the objects resolve to the domain instead of the content provider domain*;

in response to a client request for an embedded object of the page:

resolving the client request as a function of a location of the client machine making the request and current Internet traffic conditions to identify a given region; and

returning to the client an IP address of a given one of the content servers within the given region that is likely to host the embedded object and that is not overloaded.¹²⁸

As written, claims nineteen and thirty-four of Akamai's '703 Patent covered actions that could be performed by multiple parties, rather than focusing on a single actor.¹²⁹ At the time that the '703 patent was filed, it was widely known that an accused infringer must perform all the steps of the method for direct infringement.¹³⁰ Nonetheless, the drafter chose not to write them to encompass a single entity.

The alleged infringer, Limelight, competed with Akamai by offering a product where it performed all the actions of the patent *except* for the tagging step.¹³¹ Limelight instead provided its customers with the required instructions, and they performed the tagging.¹³² Thus, using the single-entity rule as its guide, Limelight was able to work around Akamai's patent and did not pay a licensing fee.

128. '703 Patent col. 34 ll. 32–52 (emphasis added).

129. '703 Patent col. 19 ll. 6–20; *id.* col. 20 ll. 32–52.

130. *See Joy Techs., Inc. v. Flakt, Inc.*, 6 F.3d 770, 773 (Fed. Cir. 1993) (citing *Atlantic Thermoplastics Co. v. Faytex Corp.*, 970 F.2d 834, 836 (Fed. Cir. 1992)) (discussing the proposition that method claims must be performed by a party for infringement).

131. *Akamai*, 629 F.3d at 1317.

132. *Id.* at 1321 (“Limelight’s customers did not perform the actions of tagging and serving as Limelight’s agents and were not contractually obligated to perform those actions. Instead, the evidence leaves no question that Limelight’s customers acted principally for their own benefit and under their own control.”).

In reviewing the case, however, the en banc majority felt that permitting Limelight to do this was an overly harsh result and changed the law to ensure that Akamai had a remedy.¹³³ But in doing so, the court effectively rewrote Akamai's patent and greatly expanded its scope.¹³⁴ What was previously a very narrow claim, which could only be infringed by a single actor performing each step of a multi-actor claim, is now very broad. By placing more emphasis on patent enforcement than on the strict requirement of public notice embodied in the single-entity rule, the *Akamai* majority acted against the court's own policy of refusing to judicially expand claims.¹³⁵

Such a departure was unnecessary because, as the three-judge panel noted in the overruled decision, proper claim drafting could have provided adequate protection.¹³⁶ For example, one of the amicus briefs in the en banc review suggests:

Claim 34 could have been drafted originally to cover the content delivery network's action taken when a customer performs the "tagging" step. Nothing else but inserting the "supplying the tag" language added below in bold is required. And a content delivery network that performs all of the other steps of the claim as well as "supplying a tag" is liable for direct infringement because it is indeed practicing every step. . . .

"34. A content delivery method, comprising: distributing a set of page objects across a network of content servers managed by a

133. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1319 (Fed. Cir. 2012), *cert. granted*, 134 S. Ct. 895 (2014).

134. See Response Brief for Defendant-Appellee, *supra* note 35, at 39 (arguing that fairness dictates holding a patentee to the scope of its patent); Brief for San Diego Intellectual Prop. Law Ass'n, *supra* note 124, at 5, 7 ("A patentee who fails to contemplate joint infringement and to guard against that possibility by appropriate claim drafting should not be rewarded by expanded patent infringement liability."); Brief for Altera Corp., *supra* note 29, at 10 (warning that balancing "the benefits and burdens to the public and the patentee clearly weighs against expanding the concept of direct infringement"); Brief for Encore Wire Corp., *supra* note 124, at 9 ("McKesson's approach improperly extends patent protection beyond the scope of the claims to the individual claim elements, thereby contradicting well-settled, well-reasoned Supreme Court case law.").

135. See *Chef Am., Inc. v. Lamb-Weston, Inc.*, 358 F.3d 1371, 1374 (Fed. Cir. 2004) (holding that the court must "construe [a patent] claim as written, not as the patentees wish they had written it"); *Lucent Techs., Inc. v. Gateway, Inc.*, 525 F.3d 1200, 1215 (Fed. Cir. 2008) (citations omitted) (stating the court may not redraft claims to correct a drafting error made by the patentee); *Sage Prods., Inc. v. Devon Indus., Inc.*, 126 F.3d 1420, 1425 (Fed. Cir. 1997) (explaining that courts are hesitant to judicially expand claims because doing so would force society to bear the costs).

136. *Akamai*, 629 F.3d at 1322 ("A patentee can usually structure a claim to capture infringement by a single party." (quoting *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1381 (Fed. Cir. 2007) (internal quotation marks omitted))).

domain other than a content provider domain, wherein the network of content servers are organized into a set of regions;

for a given page normally served from the content provider domain, **supplying a tag for** tagging at least some of the embedded objects of the page so that requests for the objects resolve to the domain instead of the content provider domain”¹³⁷

Precisely because Akamai was in the best position to define the scope of its method—and could have—the court should have let Akamai’s claims stand as written. Instead, by changing the law of inducement, the court went against its own policy of letting the claim language speak for itself and may have inadvertently hindered competition.

2. Stifling Innovation

By allowing multiple actors to infringe method patents, the *Akamai* court may have created an environment that actually stifles innovation. Companies competing under the single-entity rule will now have to reassess their products because they could be at a greater risk of induced infringement suits. The likely result: fewer products on the market and less competition.

The exact contours of the new inducement-only rule are unknown, but it appears that competitors must now consider how third parties, beyond their direction and control, *may* act when putting out a competing product. Specifically, the rule allows liability where a competitor (1) knows of a patent, (2) induces performance of the steps, and (3) the steps are performed.¹³⁸ Number two could prove problematic because it is unclear what inducement would actually entail. Although the majority cites inducement in a tort context,¹³⁹ such a duty is not found in patent law where infringement is a “statutorily-defined tort.”¹⁴⁰ Therefore, instead of clearly ascertaining the scope of a patented method—as the single-entity rule allowed—competitors are now forced to comply with an ill-defined duty now imposed upon them.

137. Brief for San Diego Intellectual Prop. Law Ass’n, *supra* note 124, at 20–21 (emphasis omitted) (quoting U.S. Patent No. 6,108,703 col. 20 ll. 32–41 (filed May 19, 1999)).

138. *Akamai*, 692 F.3d at 1318.

139. *Id.* at 1312.

140. *Id.* at 1338 (Linn, J., dissenting) (citing *3D Sys., Inc. v. Aarotech Labs, Inc.*, 160 F.2d 1373, 1379 (Fed. Cir. 1998); *N. Am. Philips Corp. v. Am. Vending Sales, Inc.*, 35 F.3d 1576, 1579 (Fed. Cir. 1994)).

In fact, evidence of legal uncertainty already exists. Since the *Akamai* ruling there have been several cases of pretrial motions being rejected or allowed based on this new theory of inducement.¹⁴¹ The motions would likely have gone the other way under the single-entity rule. Due to this uncertainty about liability, competition and innovation may suffer.

IV. REVIVING MONOPOLY-TYPE PATENT MISUSE

Congress and, to a lesser extent, the courts have the ability to address these policy concerns if they so choose. Any response, however, is likely to take years to come into effect. In the meantime, this new inducement-only rule will negatively affect some actors: those who relied on the single-entity rule and could now be liable for induced infringement. In response, this Note proposes reviving the little-used affirmative defense of “monopoly-type” patent misuse.¹⁴²

A. The Roots of Patent Misuse

The doctrine of patent misuse dates back to the Supreme Court’s decision in *Motion Picture Patents Co. v. Universal Film Manufacturing Co.*¹⁴³ The case involved two patents: a patent for a film feeder used in a movie projector and a patent describing a method of making film.¹⁴⁴ The patent owner made so-called “tying” licensing agreements with projector manufacturers.¹⁴⁵ The agreements required the projectors to be sold with the restriction that they only be used with film made according to the other patent.¹⁴⁶ When the defendant showed a film that was not made according to the other patent, the patentee sued for infringement because the defendant violated the licensing agreement.¹⁴⁷

141. See, e.g., *Driessen v. Sony Music Entm’t et al.*, 904 F. Supp. 2d 1196, 1202–03, 1205 (D. Utah 2012) (citing *Akamai*, 692 F.3d at 1308, 1313, 1318–19) (denying defendant’s motion to dismiss plaintiff’s claim of induced infringement in light of *Akamai*); *Civix-DDI, LLC v. Hotels.com, L.P.*, 904 F. Supp. 2d 864, 870 (N.D. Ill. 2012) (granting plaintiff’s motion to reconsider summary judgment order in light of *Akamai*); *Prism Techs., LLC v. McAfee, Inc.*, No. 8:10CV220, 2012 WL 5385210, at *5 (D. Neb. Nov. 1, 2012) (allowing plaintiff to amend complaint to include new inducement-only theory of infringement).

142. Robert J. Hoerner, *The Decline (and Fall?) of the Patent Misuse Doctrine in the Federal Circuit*, 69 ANTITRUST L.J. 669, 669–70 (2001).

143. *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 505 (1917); Vincent Chiappetta, *Living with Patents: Insights from Patent Misuse*, 15 MARQ. INTELL. PROP. L. REV. 1, 15 (2011).

144. Chiappetta, *supra* note 143, at 15.

145. *Id.* at 16.

146. *Id.* at 15.

147. *Id.*

The Court refused to enforce the licensing agreement because doing so would run contrary to the patent policy of “promot[ing] the progress of science and useful arts.”¹⁴⁸ The film feeder patent covered the feeder—not the means of its use—and the inventor’s rights were limited to what was “described in the claims of his patent.”¹⁴⁹ Therefore, the plaintiff could not use infringement under the patent laws to enforce a licensing agreement that required the use of a different patent.¹⁵⁰

Twenty-five years later, the Court coined the term “patent misuse” in *Morton Salt v. G.S. Suppiger*.¹⁵¹ There, Morton Salt had patents for machines that added salt tablets to canned food during the canning process.¹⁵² The licensing agreements for the machines tied the license to the use of Morton’s unpatented salt tablets.¹⁵³ A competitor began selling similar machines for dispensing its own salt tablets, and Morton Salt sued for infringement.¹⁵⁴

In its defense, the competing salt manufacturer argued that Morton Salt should not be able to use its patented machine to effectively block competitors from selling unpatented products—in this case, salt tablets.¹⁵⁵ The Court agreed and found that “[e]quity may rightly withhold its assistance from such a use of the patent by declining to entertain a suit for infringement, and should do so at least until . . . the consequences of the *misuse of the patent* have been dissipated.”¹⁵⁶

Thus, the Supreme Court created an equitable, affirmative defense to patent infringement. The Court based its decision on the “proposition that it violates public policy—Constitutional patent policy under Article I, § 8, clause 8—to seek to expand the scope of the claims beyond what the U.S. Patent and Trademark Office granted or beyond the statutory framework within which the grant must be exercised.”¹⁵⁷

148. *Motion Picture*, 243 U.S. at 511 (internal quotation marks omitted) (quoting U.S. CONST. art. I, § 8); Chiappetta, *supra* note 143, at 17 (quoting *Morton Salt Co. v. G.S. Suppiger Co.*, 314 U.S. 488, 492 (1942)) (internal quotation marks omitted).

149. *Motion Picture*, 243 U.S. at 511 (citing *Railroad Co. v. Mellon*, 104 U.S. 112, 118 (1881)).

150. Chiappetta, *supra* note 143, at 16 (quoting *Motion Picture*, 243 U.S. at 519).

151. *Morton Salt*, 314 U.S. at 493.

152. Hoerner, *supra* note 142, at 670.

153. *Id.*

154. *Morton Salt*, 314 U.S. at 490–91.

155. *Id.* at 491.

156. *Id.* at 493 (emphasis added).

157. Hoerner, *supra* note 142, at 670.

B. After Morton Salt

Congress first decided to limit the patent misuse doctrine when it adopted section 271(d) of the Patent Act of 1952.¹⁵⁸ This section describes specific behaviors that *do not* constitute patent misuse, with the focus on blunting the Court's disapproval of so-called "tying agreements."¹⁵⁹ Although limiting the doctrine, the statute did not do away with it altogether, and courts continued to allow the patent misuse defense throughout the 1960s and 1970s.¹⁶⁰

In the mid-1980s, however, application of the doctrine began to change from the policy-based, monopoly-type defense established in *Morton Salt* to one based on antitrust violations.¹⁶¹ Beginning with *Windsurfing International, Inc. v. AMF*, the Federal Circuit found that the patent misuse defense "requires that the alleged infringer show that the patentee has impermissibly broadened the 'physical or temporal scope' of the patent grant with anticompetitive effect."¹⁶² Finding "anticompetitive effect," in turn, requires an analysis under antitrust law's "rule of reason": "whether the questioned practice imposes an unreasonable restraint on competition, taking into account a variety of factors, including specific information about the relevant business, its condition before and after the restraint was imposed, and the restraint's history, nature, and effect."¹⁶³ Thus, the court incorporated an anti-trust principle into the patent misuse defense.

In addition to the court-imposed changes in the doctrine, Congress also passed the 1988 Patent Misuse Reform Act.¹⁶⁴ The Act added language to section 271(d) that said misuse *does not* include "refus[ing] to license or use any rights to the patent."¹⁶⁵ The purpose, however, was to simply reaffirm that misuse does not include the "mere exercise of the patent right to exclude."¹⁶⁶ Therefore, as a result of judicial and congressional law making, modern day patent misuse bears little resemblance to the

158. 35 U.S.C. § 271(d) (2006); Chiappetta, *supra* note 143, at 21.

159. Chiappetta, *supra* note 143, at 21.

160. Hoerner, *supra* note 142, at 671.

161. *Id.* at 672.

162. *Windsurfing Int'l, Inc. v. AMF, Inc.*, 782 F.2d 995, 1001 (Fed. Cir. 1986) (quoting *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 343 (1971)).

163. *Va. Panel Corp. v. MAC Panel Co.*, 133 F.3d 860, 869 (Fed. Cir. 1997) (quoting *State Oil Co. v. Khan*, 522 U.S. 3, 10 (1997)) (internal quotation marks omitted) (citing *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700, 708 (Fed. Cir. 1992)); *State Oil Co. v. Khan*, 522 U.S. 3, 10 (1997) (citing *Arizona v. Maricopa Cnty. Med. Soc'y*, 457 U.S. 332, 343 & n.13 (1982)).

164. 35 U.S.C. § 271(d); Chiappetta, *supra* note 143, at 21.

165. 35 U.S.C. § 271(d).

166. Chiappetta, *supra* note 143, at 21.

monopoly-type, equitable defense that was created by the Supreme Court in 1942.

C. Reviving Monopoly-Type Patent Misuse After *Akamai*

Although the “anticompetitive effects” test has been criticized for being inconsistent with precedent, the Federal Circuit continues to use it.¹⁶⁷ Notably, however, the Supreme Court has not addressed the validity of this test.¹⁶⁸ Thus, it is very likely that monopoly-type patent misuse will continue to be a viable defense under the right circumstances. Indeed, cases brought after the *Akamai* decision may provide such an opportunity.

As noted, one of the unintended consequences of *Akamai* may be to stifle innovation by broadening method patent scope. Companies that were operating under the single-entity concept may find themselves unable to compete by offering products that could now be considered infringing. As a result, they will presumably lose a considerable amount of money, and the market will lose competing products. To combat this scenario, this Note proposes allowing monopoly-based patent misuse as a defense to induced infringement. To be clear, the defense should be reserved for a narrow class of aggrieved parties that were operating under the single-entity concept but now may be liable for inducement.

Although patent misuse has historically been used to challenge specific actions by patent holders (tying agreements for example), the policy against expanding the scope of the patent monopoly could extend to the post-*Akamai* situation described above. Parties who played by the rules should not be burdened by a rule that was changed only after they made strategic decisions.

D. Application

Under the Patent Act, “[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such

167. See, e.g., *Va. Panel Corp.*, 133 F.3d at 868 (characterizing patent misuse as a defense that “requires that the alleged infringer show that the patentee has impermissibly broadened the physical or temporal scope of the patent grant with anticompetitive effect” (quoting *Windsurfing Int’l, Inc.*, 782 F.2d at 1001 (internal quotation marks and citations omitted)); *C.R. Bard, Inc. v. M3 Systems, Inc.*, 157 F.3d 1340, 1372 (Fed. Cir. 1998) (citing *Va. Panel Corp.*, 133 F.3d at 868; *B. Brown Med., Inc. v. Abbott Labs.*, 124 F.3d 1419, 1426 (Fed. Cir. 1997)); *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700, 704 (Fed. Cir. 1992)) (reasoning that the anticompetitive effects doctrine is implicated when a patentee imposes conditions that derive their force from the patent); *Princo Corp. v. Int’l Trade Comm’n*, 616 F.3d 1318, 1340 (Fed. Cir. 2010) (holding that even if Phillips and Sony had an agreement, such an agreement had no “anticompetitive effects in the relevant market”).

168. Chiappetta, *supra* note 143, at 21.

invalidity.”¹⁶⁹ Although patents are presumed valid, affirmative defenses may nonetheless be employed. These defenses include “[n]oninfringement, absence of liability for infringement or unenforceability.”¹⁷⁰ Thus, patent misuse—an equitable remedy—may be asserted under section 282(b)(1) of the Patent Act.

Under this new proposed use of the defense, a company that is sued under the inducement-only theory could assert patent misuse if it can show that (1) it was operating under the single-entity rule; (2) it did not itself complete all the steps of the patented method; (3) it did not direct or control a third party to infringe the method; and most importantly, (4) the method could have been drafted to encompass a single entity, so enforcement would broaden the scope of the patent against the public policy underlying the patent system. If the alleged infringer can satisfy these requirements by a preponderance of the evidence, the court should refuse to enforce the patent against the defendant.

1. Applying the Defense to *Akamai v. Limelight*

As an example, Limelight might prevail on a patent misuse defense upon remand of *Akamai*. The lower court already found that Limelight neither completed the steps of the method nor directed or controlled a third party.¹⁷¹ Therefore, if Limelight can show that it relied on the single-entity rule *and* that Akamai could have easily written the claims to encompass a single actor, it should prevail.

2. Applying the Defense to a Different Set of Facts

As previously noted, the *Akamai* ruling has affected several pretrial motions. In one such case, a defendant’s motion for summary judgment was reversed based on the new inducement-only rule.¹⁷² Should the dispute go to trial, it would provide a great test case for using the monopoly-type patent misuse defense.

In *Civix-DDI, LLC v. Hotels.com*,¹⁷³ the plaintiff filed suit against Hotels.com for method patent infringement.¹⁷⁴ Specifically, the plaintiff had a patent with the following claims:

169. 35 U.S.C. § 282.

170. *Id.* § 282(1).

171. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 629 F.3d 1311, 1320 (Fed. Cir. 2010), *vacated*, 419 Fed. App’x. 989 (Fed. Cir. 2011).

172. *Civix-DDI, LLC v. Hotels.com, L.P.*, 904 F. Supp. 2d 864, 869–70 (N.D. Ill. 2012) (citing *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1329 (Fed. Cir. 2008)).

173. *Civix-DDI, LLC v. Hotels.com, L.P.*, 809 F. Supp. 2d 882, 897 (N.D. Ill. 2011).

14. A method for determining the position of one or more items of interest in a selected category, comprising:

storing information about the items of interest in a database, the information including, for each of the items of interest, at least one associated category and spatial detail defining a geographic position; and

supplying information about at least one of the items of interest to one of a plurality of ports, connected to the database at least in part through the Internet, in response to inputs at the one port, wherein a user at the port may locate the one item of interest.¹⁷⁵

* * *

21. A method of claim **14**, wherein the step of supplying information comprises supplying advertising information about a business.¹⁷⁶

* * *

23. A method of claim **21**, wherein the step of supplying information comprises supplying one or more of video clips and digitized images related to the one item of interest.¹⁷⁷

The plaintiff asserted that Hotels.com infringed its patent because it “suppl[ied] advertising information [when it] transmit[ted] advertising (such as banner ads) to its customers who are connected to the hotels.com site and consequently the hotels.com databases via the Internet.”¹⁷⁸ Hotels.com argued that it had not infringed because “[a] third-party delivers and controls the content of advertisements displayed on the accused Hotels.com sites” and requested summary judgment.¹⁷⁹ At the time, the single-entity rule was in effect, so the court granted Hotel.com’s request.¹⁸⁰

After the Federal Circuit issued its *Akamai* ruling, however, the plaintiff in *Hotels.com* filed a motion to reconsider.¹⁸¹ Citing *Akamai*, the court noted that the defendant could be found liable for infringement if it

174. *Id.* at 885.

175. U.S. Patent No. 6,415,291 col. 15 ll. 34–35, col. 16 ll. 1–9 (filed Mar. 23, 2001).

176. ’291 Patent col. 16 ll. 25–27.

177. ’291 Patent col. 16 ll. 31–33.

178. *Hotels.com*, 809 F. Supp. 2d at 897 (internal quotation marks omitted).

179. *Id.* at 897–98 (alteration in original) (internal quotation marks omitted).

180. *Id.* at 900.

181. *Civix-DDI, LLC v. Hotels.com, LP*, 904 F. Supp. 2d 864, 866 (N.D. Ill. 2012).

“caused, urged, encouraged, or aided the infringing conduct and that the third-party carried out this conduct.”¹⁸² Such inquiries are the purview of the jury, so the court reversed the summary judgment order.¹⁸³

Should *Hotels.com* proceed to trial, the defendant could use the monopoly-type patent misuse as a defense. Both parties agree that the defendant does not complete all of the steps of the method.¹⁸⁴ Therefore, the defendant could prevail if it can convince the jury that (1) it was relying on the single-entity rule; (2) it did not control the third party that delivered and displayed the advertising; and (3) that the plaintiff could have written the claims to include a single actor—such as substituting “making advertising information available” for “supplying advertising information.”

While the number of defendants that may use this defense is likely to be quite small, it is still important to allow them to defend themselves in the face of such an abrupt change in the law. And while the Supreme Court may have the final say in the matter, allowing such a limited defense may help reduce the negative effects that *Akamai* may have on innovation, which is in violation of sound patent policy.

CONCLUSION

In its en banc opinion in *Akamai v. Limelight*, the Federal Circuit sought to protect method patent holders by creating a new inducement-only rule for method patent infringement. And while this new rule may help achieve those ends, it may also have the unintended consequence of rewarding poor claim drafting, broadening claim scope, and stifling innovation. The doctrine of patent misuse, which was created as an equitable defense, could be used as a way to mitigate some of these problems. If applied in the limited way described by this Note, reviving the defense could help those innovators that were caught in the middle of a rule change and allow them to see the rewards of their investments.

—Nathan R. Deleault^{*†}

182. *Id.* at 869 (citing *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1308 (Fed. Cir. 2012), *cert. granted*, 134 S. Ct. 895 (2014)).

183. *Id.*

184. *Id.* at 868.

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