

In The  
**United States Court of Appeals**  
For The Federal Circuit

**AKAMAI TECHNOLOGIES, INC.,**

*Plaintiff-Appellant,*

and

**THE MASSACHUSETTS INSTITUTE OF TECHNOLOGY,**

*Plaintiff-Appellant,*

v.

**LIMELIGHT NETWORKS, INC.,**

*Defendant-Cross Appellant.*

APPEALS FROM THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS  
IN CASE NOS. 06-CV-11109 AND 06-CV-11585, JUDGE RYA W. ZOBEL.

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**BRIEF OF *AMICUS CURIAE***  
**CONEJO VALLEY BAR ASSOCIATION**

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## CERTIFICATE OF INTEREST

Counsel for *amicus* Conejo Valley Bar Association certifies:

1. The full name of every party or *amicus* represented by me is: Conejo Valley Bar Association.
2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is: not applicable.
3. All parent corporations and any publicly held corporations that own 10 percent or more of the stock of the party or *amicus curiae* represented by me are: not applicable.
4. The names of all law firms and the partners or associates that appeared for the party or *amicus* now represented by me in the trial court or agency or are expected to appear in this Court are: Steven C. Sereboff, Mark A. Goldstein, M. Kala Sarvaiya, SoCal IP Law Group LLP.

June 27, 2011

  
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Steven C. Sereboff, Esq.

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## **ABOUT *AMICUS CURIAE* CONEJO VALLEY BAR ASSOCIATION**

Based in the heart of Southern California's 101 Technology Corridor, the Conejo Valley Bar Association draws its membership primarily from local law firms and in-house attorneys serving small, mid-market and large companies. Our members' clients include high technology, high growth companies in fields such as software, biotech, telecommunications and semiconductors. Our members' clients include technology innovators who vend in some of the world's most competitive markets.

The Court, in order 2009-1372, invited bar associations, trade or industry associations, and government entities to provide *amicus curiae* briefs addressing joint infringement. Our *amicus* brief addresses one issue: the proper standard for determining joint infringement, specifically in instances where more than one party performs all of the steps or functions of the claims.

The signatories of the brief authored the brief in whole. None of the Conejo Valley Bar Association's members, or any other persons, contributed money that was intended to fund preparing or submitting the brief.

## INTRODUCTION

We agree with the Court's requirement in *Muniauction*<sup>1</sup> that liability for "distributed" infringement arises when there is a "mastermind" who can fairly be held liable for giving "control or direction' over the entire process such that every step is attributable to the controlling party." We also agree with the Court's later expression in *BMC Resources* that this equates to a question of vicarious liability.<sup>2</sup> We see no need to change these long-recognized principles of direct infringement.

We also agree with Judges Rader, Gajarsa and Prost who opined in *BMC Resources* that good claim drafting can avoid most distributed infringement problems. The art of claim drafting has advanced tremendously in the last twenty years. The doctrine of equivalents was used in the early days of the Federal Circuit to enable judges to rescue inventors from the poor claim drafting of their patent attorneys. Reflecting the advancement in the field of claim drafting, we have seen the near-elimination of the doctrine of equivalents. Likewise there is no need to rescue inventors from claims that cannot be infringed.

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<sup>1</sup> *Muniauction*, 532 F.3d at 1329 (citing *BMC Resources*, 498 F.3d at 1380-81).

<sup>2</sup> *Akamai v. Limelight*, 629 F.3d 1311, 1319 (citing *BMC Resources*, 498 F.3d at 1379 (citing *Engle v. Dinehart*, 213 F.3d 639 (5th. Cir. 2000) (unpublished decision); Restatement (Second) of Agency § 220 cmt. d)).

We also believe that traditional rules of agency resolve most issues of distributed infringement, just as they resolve most issues of other distributed tort liability. We write to encourage the Court to guide the district courts better on the application of traditional rules of agency to distributed infringement.

*Amicus curiae* writes *in pro bono publico*, rather than in support of either party. We are uninterested in the outcome of the case,<sup>3</sup> though decidedly concerned about the issue. We wish to see the American public benefit from innovation, from technical disclosure, and from competition in product and service markets. In short, we support the purpose of the patent system. The Conejo Valley Bar Association believes that the patent laws and Federal Rules of Civil Procedure should be interpreted in ways that best serve these important public policies.

### **ARGUMENT**

Cases of distributed infringement usually turn on the extent of “control or direction” required for a party to be held liable for direct infringement when more than one party performs all of the steps of a claimed method. This issue is not unique to patent law—the legal principle of vicarious liability applies generally to all tort cases. We write to encourage

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<sup>3</sup> The undersigned represent MIT in unrelated patent matters.

this Court to continue to hold that traditional agency standards apply in patent cases, as this Court previously held in *BMC Resources* and *Muniauction*.

In the last three years, the Supreme Court repeatedly reminded us that patent law is not some strange alien creature removed from the constraints of ordinary law. Patent law follows the same rules which apply to other torts. In *eBay v. MercExchange*, the Supreme Court addressed the proper standard for granting injunctions in patent cases.<sup>4</sup> In *MedImmune v. Genentech*, the Supreme Court addressed the proper standard for determining declaratory judgment jurisdiction.<sup>5</sup> In both *eBay* and *MedImmune*, the Court held that the standard in patent cases is the same as in any other case. When the Federal Circuit departed from the established norms, the Supreme Court reminded us that patent law is a tort and must follow the norms of tort law.

In keeping with the cross-doctrinal view of patent law, in *Global-Tech Appliances, Inc. et. al. v. SEB S.A.*, the Supreme Court relied upon the legal principle of “willful blindness” codified in criminal law statutes to aid its

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<sup>4</sup> *eBay, Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006).

<sup>5</sup> *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007).

interpretation of “knowledge” in the context of induced infringement.<sup>6</sup> In *Global-Tech*, the Supreme Court stated that:

Given the long history of willful blindness and its wide acceptance in the Federal Judiciary, we can see no reason why the doctrine should not apply in civil lawsuits for induced infringement under 35 U.S.C. § 271(b).<sup>7</sup>

Again, the Supreme Court instructed us to follow traditional, common legal principles.

In this case as in many others, the issue is whether the accused infringer *directed or controlled* the actions of the other actors and, therefore, is vicariously liable for their actions, or whether it entered into *arms-length contracts* with the other actors and, therefore, is not liable. We write as *amici* to urge this Court to follow the precedent set in *eBay* and *MedImmune* to clarify that traditional agency standards apply in patent cases and that there is no special patent rule of agency.

In general, the law of agency is quite simple.

Agency is the fiduciary relationship that arises when one person (a “principal”) manifests assent to another person (an “agent”) that the agent shall act on the principal's behalf and subject to the

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<sup>6</sup> *Global-Tech Appliances, Inc. et. al. v. SEB S.A.*, No. 10-6, 179 L. Ed. 2d 1167, 2011 U.S. LEXIS 4022, 98 U.S.P.Q.2D (BNA) 1665 (2011).

<sup>7</sup> *Global-Tech Appliances*, 179 L. Ed. 2d at 1178.

principal's control, and the agent manifests assent or otherwise consents so to act.<sup>8</sup>

In *BMC Resources*, the Court explained that vicarious liability could be imposed on a party in control (“the mastermind”), for example, if it contracted out steps of a patented process to another entity to attempt to avoid infringement.<sup>9</sup> The issue now, however, is to what extent does the party need to “control or direct” the actions of the other party.

In *Muniauction*, the Court held that direction or control required something more than just a contractual agreement to pay for defendant's services and instructions on how to utilize those services.<sup>10</sup>

An agent must practice each element of a claim for a patent to be infringed. However, it is asserted that the direct infringer must direct or control the agent in performing each element on an element by element basis. Traditional agency law does not support this view.

In traditional agency law, the principal has liability for the acts of the agent so long as the principal had sufficient control or direction over the agent who practices claimed elements. This is reflected in the Restatement

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<sup>8</sup> Restatement (Third) of Agency, Section 1.01 (2006).

<sup>9</sup> *BMC Resources*, 498 F.3d at 1381.

<sup>10</sup> *Akamai Tech., Inc.*, 614 F. Supp. 2d at 121.

(Third) of Agency, relied on by this Court in *BMC Resources v.*

*Paymentech:*

§ 7.03 Principal's Liability--In General

(1) A principal is subject to direct liability to a third party harmed by an agent's conduct when

(a) as stated in § 7.04, the agent acts with actual authority or the principal ratifies the agent's conduct and

(i) the agent's conduct is tortious, or

(ii) the agent's conduct, if that of the principal, would subject the principal to tort liability; or

(b) as stated in § 7.05, the principal is negligent in selecting, supervising, or otherwise controlling the agent; or

(c) as stated in § 7.06, the principal delegates performance of a duty to use care to protect other persons or their property to an agent who fails to perform the duty.

(2) A principal is subject to vicarious liability to a third party harmed by an agent's conduct when

(a) as stated in § 7.07, the agent is an employee who commits a tort while acting within the scope of employment; or

(b) as stated in § 7.08, the agent commits a tort when acting with apparent authority in dealing with a third party on or purportedly on behalf of the principal.

According to the Restatement, liability is found in the principal so long as the agent acts with actual or apparent authority, and either the agent's conduct is tortious or the agent's conduct, if that of the principal,

would subject the principal to tort liability. This traditional statement of agent liability applies to patent infringement just as it does with other torts.

To understand how traditional rules of agency should apply to this case, we suggest that the Court consider the outcome if this were a traditional tort case and not a patent case.

The test should not be whether the direct infringer directed or controlled the actions of the agent on an element by element basis. Instead, the test should conform to traditional agency principles and should focus on holding a party liable for the acts of the agent so long as the party *had sufficient control or direction* over the agent who practiced the claimed elements.

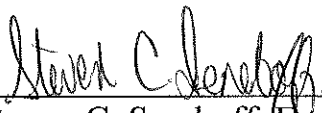
The Supreme Court has enforced the traditional common law applicable to all torts that principals are vicariously liable for acts of their agents acting in the scope of their authority. In a case regarding the Fair Housing Act, the Supreme Court rejected a nontraditional vicarious liability principle used by the Ninth Circuit. *Meyer v. Holley*, 537 U.S. 280 (2003) (“It is well established that traditional vicarious liability rules ordinarily make principals or employers vicariously liable for acts of their agents or employees in the scope of their authority or employment.”). Likewise, the District of Columbia Circuit recently used the traditional standard for agency

in a case concerning the Shipping Act of 1984. *Landstar Express Am., Inc. v. Federal Maritime Comm'n*, 569 F.3d 493 (D.C. Cir. 2009) (“[C]ommon law agency principles provide members of the public with adequate safeguards in their dealings with agents: If an agent breaches a contract or commits a tort, the disclosed NVOCC principal in whose name the agent acts is subject to liability.”). In a similar fashion, the traditional law of agency should apply to patent law cases.

### CONCLUSION

We encourage this Court to act in accord with Supreme Court, Federal Circuit and DC Circuit precedent and apply the traditional vicarious liability rules in this case.

June 27, 2011

  
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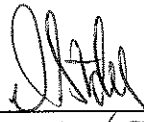
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I further certify that on this 27th day of June, 2011, the required number of copies of the Brief of *Amicus Curiae* Conejo Valley Bar Association were hand filed at the Office of the Clerk, United States Court of Appeals for the Federal Circuit.

The necessary filing and service were performed in accordance with the instructions given me by counsel in this case.



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## CERTIFICATE OF COMPLIANCE

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**DECLARATION OF AUTHORITY  
PURSUANT TO FED. CIR. R. 47.3(d)**

I, Danielle Staley, hereby declare under penalty of perjury that I am duly authorized to sign on behalf of Counsel for *Amicus Curiae*, Steven C. Sereboff, as he is unavailable to do so himself.

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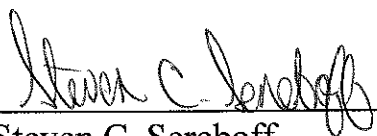
  
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