

The Complicated Relationship Between Multiple Party Patent Infringement Liability and Common Law Principles

Brian Ferrall & Rebekah Punak



Recommended Citation: Brian Ferrall & Rebekah Punak, *The Complicated Relationship Between Multiple Party Patent Infringement Liability and Common Law Principles*, 13 SEDONA CONF. J. 63 (2012).

Copyright 2012, The Sedona Conference

For this and additional publications see:

<https://thesedonaconference.org/publications>

THE COMPLICATED RELATIONSHIP BETWEEN MULTIPLE PARTY PATENT INFRINGEMENT LIABILITY AND COMMON LAW PRINCIPLES

*Brian Ferrall & Rebekah Punak*¹
Keker & Van Nest LLP
San Francisco, CA

This year, the tests regarding how and when multiple parties can be liable for the same act of infringement will have undergone more scrutiny than perhaps in any other year. In May, the Supreme Court declared that to be liable for inducement, the defendant must have knowledge that the acts induced constitute patent infringement.² But in so doing it also relied on the common law doctrine of “willful blindness” to conclude that those who intentionally avoid knowledge of a patent cannot escape liability. This fall, the Federal Circuit will review *en banc* two cases, *Akamai Technologies Inc. v. Limelight Networks Inc.*³ and *McKesson Technologies Inc. v. Epic Systems Corp.*⁴ to decide whether, and if so, under what circumstances, a party who does not perform all steps of a method claim can be held liable. Here, a prominent argument by the plaintiffs is that the common-law rule of joint tort-feasors should govern, allowing for liability without any single entity performing all claimed steps. The debates surrounding these two evolving doctrines illustrate the difficulties sometimes faced when applying common law doctrines to the statutory patent regime.

Patent infringement is often described as a strict liability tort, and it is well-settled that liability for direct infringement exists without regard to intent or negligence. It is hardly surprising that attorneys and jurists rationalizing an outcome of a case will cloak their analysis with time-honored doctrines of the common law. And when courts face questions of first impression, which call out for shaping or adopting a standard, the common law provides a wealth of possibilities. But while common law principles are often mentioned in patent cases,⁵ seldom, if ever, do opinions consider *whether* a principle developed for, *e.g.*, common law conversion or negligence, is suitable for application to a *sui generis* statutory scheme such as the patent law. Often the analysis consists of little more than the statement that “direct infringement is a strict liability tort.”⁶ Seldom have courts

1 Brian Ferrall is a partner, and Rebekah Punak is an associate, at Keker & Van Nest LLP in San Francisco. The observations in this paper reflect the views of the authors, and not Keker & Van Nest.

2 *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S.Ct. 2060, 2068 (2011).

3 629 F.3d 1311 (Fed.Cir. 2010).

4 2011 WL 2173401 (Fed. Cir. 2011).

5 See *Akamai Tech. Inc. v. Limelight Networks Inc.*, 629 F.3d 1311, 1319-20 (Fed. Cir. 2010).

6 *BMC Resources v. Paymantech, L.P.*, 498 F.3d 1373, 1381 (Fed. Cir. 2007); see also *Carbice Corp. of Am. v. Am. Patents Dev. Corp.*, 283 U.S. 27, 33 (1931) (“Infringement, whether direct or contributory, is essentially a tort, and implies invasion of some right of the patentee.”). But see R. Blair & T. Cotter, *Strict Liability and its Alternatives in Patent Law*, 17 Berkeley Technology Law Journal 799 (2002) (observing that even direct infringement is not a pure strict liability tort, since the scope and duration of liability is dependant upon notice, either actual or constructive).

evaluated whether patent infringement and common law torts are similar *enough* in ways that pertain to potential vicarious patent liability to share principles that are not spelled out in the statute.

In this paper we explore some potential complications associated with importing common law principals into the patent system. In *Part I*, we discuss the development of the law of indirect infringement and the Supreme Court's recent decision in *Global-Tech*. In *Part II*, we describe the current state of the law of infringement by multiple actors, including the major arguments on either side of the *Akamai* and *McKesson* cases. In *Part III*, we examine three areas of debate in the area of multiple-party liability that touch upon common-law principles.

I. THE ORIGINS OF INDIRECT INFRINGEMENT AND THE “WILLFUL BLINDNESS” TEST OF *GLOBAL-TECH*.

For at least 150 years courts have struggled with the question of whether patent liability should attach for conduct that falls short of practicing each and every claimed step or element. Courts sitting in “equity” in the 1800s exercised wide discretion to achieve a “fair” result in these cases. Then, as now, they resorted to common law principles to fill in where the patent statute is silent or ambiguous.

In 1871, the Circuit Court of Appeals sitting in the District of Connecticut decided *Wallace v. Holmes*,⁷ a case commonly cited as the first to hold that an entity could be held liable for patent infringement even if it did not practice each and every element of the patent's claim. In that case, the patent covered a lamp including an improved burner and a glass chimney. The defendant only sold the burner apparatus – never the chimney – even though the burner had no use without the chimney, and vice versa.⁸ The court held that both the burner manufacturer and the chimney maker were liable as joint tort-feasors.⁹

Other early cases similarly focused on conduct now thought of as contributory infringement, in which an entity was accused of encouraging infringement by selling a component of a patented device.¹⁰ Where a component had no use other than in a patented combination or product, courts consistently found that the seller of the component could be held liable as a joint tort-feasor.¹¹ Where, however, a component had both infringing and non-infringing uses, courts looked for additional evidence indicating that the defendant intended that the component be used in an infringing fashion.¹²

In *Saxe v. Hammond*, for example, the plaintiff had patented a method for creating certain types of notes on musical instruments.¹³ The defendants manufactured components

7 29 F. Cas. 74 (C.C. D. Conn. 1871).

8 *Id.* at 79-80.

9 *Id.* at 80.

10 See *Global-Tech*, 131 S.Ct. at 2065-66; 5 Donald S. Chisum, *Chisum on Patents* § 17.02 (2011); Mark A. Lemley, *Inducing Patent Infringement*, 39 U.C. Davis L. Rev. 225, 227 (Nov. 2005).

11 See, e.g., *New York Scaffolding Co. v. Whitney*, 224 F. 452, 459 (8th Cir. 1915); *Canda v. Michigan Malleable Iron Co.*, 124 F. 486, 489 (6th Cir. 1903); *Imperial Chem. Mfg. Co. v. Stein*, 69 F. 616 (C.C. S.D. N.Y. 1895); *Alabastine v. Payne*, 27 F. 559, 560 (C.C. N.D. N.Y. 1886); *Travers v. Beyer*, 26 F. 450 (C.C. N.D. N.Y. 1886); *Schneider v. Pountney*, 21 F. 399 (C.C. S.D. N.Y. 1884); *New York Bung & Bushing Co. v. Hoffman*, 9 F. 199 (C.C. S.D. N.Y. 1881); *Rumford Chem. Works v. Hecker*, 20 F. Cas. 1342, 1346 (No. 12,133) (C.C. D. N.J. 1876); *Renwick v. Pond*, 20 F. Cas. 536, 541 (No. 11,702) (C.C. S.D. N.Y. 1872).

12 See, e.g., *Celluloid Mfg. Co. v. American Zylonite Co.*, 30 F. 437 (C.C. S.D. N.Y. 1887); *Willis v. McCullen*, 29 F. 641 (C.C. E.D. Pa. 1886); *Holly v. Vergennes Machine Co.*, 4 F. 74, 82 (C.C.D. Vt. 1880); *Richardson v. Noyes*, 20 F. Cas. 723, 724 (No. 11,792) (C.C.D. Mass. 1876).

13 21 F. Cas. 593 (No. 12,411) (C.C.D. Mass. 1875).

for organs which, if used in a specific configuration, allegedly infringed.¹⁴ Distinguishing *Wallace*, the court found that the defendants were not liable as “the mere manufacture of a separate element of a patented combination, unless such manufacture be proved to have been conducted for the purpose, and with the intent of aiding infringement, is not, in and of itself, infringement.”¹⁵

While *Saxe* established that the sale of a staple item of commerce could not, in itself, lead to liability for contributory infringement, courts remained sympathetic to claims of infringement in which the defendant sold an important part, but less than the whole, of the claimed invention.¹⁶ Most cases concluded that a defendant could be held liable for selling a component with infringing and non-infringing uses if he took additional affirmative steps to “induce” infringement, for example, by helping a customer implement the component in an infringing system.¹⁷

In 1952, Congress codified the law of indirect infringement in § 271 of the Patent Act. Section 271(b), provides patentees with a remedy against those who “actively induce” infringement by engaging in acts that direct, facilitate, or abet infringement. Contributory infringement, governed by § 271(c), provides patentees with a remedy against those who supply a material component of a patented invention which is not a staple article of commerce.

While the Patent Act resolved many, though not all, of the controversies regarding the scope of contributory infringement, considerable confusion continued to exist regarding the type of conduct that can lead to liability for inducement under § 271(b).¹⁸ In particular, courts remained sharply divided about the requisite level of knowledge and intent.¹⁹ Even within the Federal Circuit, different cases articulated different standards, with some cases holding that inducement required actual knowledge of the patent and other cases holding that it merely required knowledge of the acts constituting infringement.²⁰

The Supreme Court’s recent decision in *Global-Tech* clarifies § 271(b)’s knowledge requirement. The Court held that liability for induced infringement – like liability for contributory infringement – requires knowledge of the existence of the patent that is infringed.²¹ The Court went on to hold, however, that a showing of “willful blindness” is sufficient to satisfy this knowledge requirement.²² While willful blindness has a long lineage in criminal law, its application to patent law is novel and its prospective application uncertain.

The willful blindness test articulated in *Global-Tech* has two components: (1) “the defendant must subjectively believe that there is a high probability that a fact exists;” and

¹⁴ *Id.* at 594.

¹⁵ *Id.*

¹⁶ See, e.g., *American Cotton-Tie Co. v. Simmons*, 106 U.S. 89 (1882) (sale of a cotton tie for baling cotton was infringement even though the defendant did not use the tie with cotton as claimed).

¹⁷ See, e.g., *Holly v. Vergennes Machine Co.*, 4 F. 74, 82 (C.C.D. Vt. 1880).

¹⁸ See R. Carl Moy, *Moy’s Walker on Patents*, §§ 15:20-21 (2010).

¹⁹ See e.g., *Hewlett-Packard Co. v. Bausch & Lomb, Inc.*, 909 F.2d 1464, 1469 (Fed. Cir. 1990) (“Proof of actual intent to cause the acts which constitute infringement is a necessary prerequisite to finding active infringement.”); *Manville Sales Corp. v. Paramount Systems, Inc.*, 917 F.2d 544, 553 (Fed. Cir. 1990) (“The plaintiff has the burden of showing that the alleged infringer’s actions induced infringing acts and that he knew or should have known his actions would induce actual infringements.”); *DSU Medical Corp. v. JMS Co., Ltd.*, 471 F.3d 1293, 1304 (Fed. Cir. 2006) (“The requirement that the alleged infringer knew or should have known his actions would induce actual infringement necessarily includes the requirement that he or she knew of the patent.”).

²⁰ Compare *DSU Medical Corp.*, 471 F.3d at 1304 to *Hewlett-Packard Co.*, 909 F.2d at 1469.

²¹ *Global-Tech*, 131 S.Ct. at 2068.

²² *Id.* at 2069.

(2) “the defendant must take deliberate actions to avoid learning of that fact.”²³ Determining the existence of either of these factors in the patent context is far from straightforward, as the facts at issue in *Global-Tech* illustrate.

With respect to the first factor, *Global-Tech* asserts that a defendant can subjectively believe that there is a high probability that an article or process is patented without actual knowledge of the patent.²⁴ But how is this type of subjective belief established? The *Global-Tech* Court relied primarily on evidence that the alleged infringer knew that it was copying a commercially successful product.²⁵ A product’s commercial success is not, however, a particularly reliable indicator that all of its features are claimed in a valid, enforceable patent. And the mere fact of copying, absent knowledge that the copied features were novel and patented, is not inherently nefarious.²⁶

The Court’s analysis of the second willful blindness factor – “deliberate actions to avoid learning” – also leaves many unanswered questions. Two “deliberate actions” are identified by the Court. First, the defendant based its design on an overseas model of a competitor’s device which did not bear U.S. patent markings.²⁷ The defendant, however, was a Hong Kong company and it purchased the competitor’s product in Hong Kong.²⁸ Without more, this hardly seems like a deliberate effort to avoid knowledge.

Second, the defendant retained an attorney to conduct a right-to-use study but failed to inform him that it had copied the design from a competitor’s device.²⁹ The Court found this to be particularly compelling evidence of the defendant’s willful blindness, stating: “We cannot fathom what motive [the defendant’s CEO and president] could have had for withholding this information other than to manufacture a claim of plausible deniability in the event that his company was later accused of patent infringement.”³⁰ But if the defendant’s failure to provide an attorney with information about a competitor’s product is the only “deliberate action” taken to avoid guilty knowledge, it is a strange one. As an initial matter, the failure to disclose information isn’t an action at all, but a failure to act. To anchor liability in such a failure implies that there is an affirmative duty to provide opinion counsel with a certain quantum of information. But how would one square such a duty with *In re Seagate Technology, LLC*, which held that there is no affirmative obligation to obtain an opinion of counsel,³¹ or with the recently enacted Patent Reform Act, which precludes any consideration whatsoever as to a company’s failure to obtain an opinion of counsel.³²

Is it really now the rule that *Global-Tech* could have escaped liability entirely had it simply decided to forego the right-to-use study? Or is it the case that, by obtaining the opinion, *Global-Tech* evidenced its awareness of the United States patent risk, thus making its failure to disclose all relevant facts to opinion counsel particularly incriminating? Either way, it is difficult to decipher the lesson from the decision.

23 *Id.*

24 *Id.* at 2070-71.

25 *Id.* at 2071.

26 To the contrary, the Supreme Court has noted that the free exploitation of unpatented designs is essential to continued innovation and a competitive economy. See *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 151 (1989) (“[F]ree exploitation of ideas will be the rule, to which the protection of a federal patent is the exception.”).

27 *Global-Tech*, 131 S.Ct. at 2071.

28 *Id.* at 2064.

29 *Id.* at 2071.

30 *Id.*

31 *In re Seagate Technology, LLC*, 497 F.3d 1360 (Fed. Cir. 2007).

32 H.R. 1249, 112th Cong. (2011) (enacted) (to be codified at 35 U.S.C. § 298).

Ultimately, *Global-Tech* provides lower courts with little guidance as to how to go about assessing the two prongs of the willful blindness test. The case demonstrates, however, that determining whether an alleged indirect infringer acted with “willful blindness” is not a straightforward inquiry and will evolve as the lower courts and the Federal Circuit consider its application in particular cases.

II. THE ORIGINS AND CURRENT STATE OF THE “DIVIDED INFRINGEMENT” DEFENSE.

Like indirect infringement, the divided infringement defense has its origins in case law that attempts to define the circumstances in which a defendant can be held liable for conduct that falls short of practicing the full invention. As early as 1842, the Supreme Court held that a combination claim is not infringed unless all elements are practiced.³³ Nonetheless, historically, many lower courts concluded that a defendant can be liable for infringement of a method claim even if it does not practice each step, so long as there is “some connection” between the defendants who complete the practice of all steps.³⁴

A relatively recent example is *Marley Mouldings v. Mikron Industries, Inc.*, where the defendant contracted out to an independent company the first two steps of the claimed process for manufacturing composite wood.³⁵ The court allowed the case to proceed to trial despite the admitted divided infringement. “It is undisputed that there is some type of connection between *Mikron* and North Wood. The pellets are ‘made to order’ by North Wood based on certain directives from *Mikron*.”³⁶

Other courts have held that when some claim elements are practiced by the defendant supplier, and other elements are practiced by its customer, there is no direct infringement.³⁷ Likewise, where the link was remote between actors who carried out all the steps of the claim – and the conduct was as much as a decade removed – a court soundly rejected the argument for direct infringement. In *Faroudja Labs. v. Dwin Elecs., Inc.*, the court found there was no concerted action, and therefore could be no infringement.³⁸ The court reasoned

In drafting its patent application, Faroudja was free to include only those steps or means that actually improved the quality of images resulting from previously transferred signals. It did not do so, however, and for the Court to now find infringement by a process or device that does not include a transfer step or means would impermissibly extend coverage of the patent and improperly broaden its claims.³⁹

33 *Prouty v. Draper, Ruggles & Co.*, 41 U.S. 336 (1842). Interestingly, the conclusion was reached without any citation — based entirely upon the logic that if a patentee chooses to claim his invention as a combination, he must show use of the combination, not merely the constituent parts, to prove infringement. *Id.* at 341.

34 *See Marley Mouldings Ltd. v. Mikron Industries, Inc.*, 2003 WL 1989640 at * 2, 3 (N.D. Ill. April 30, 2003) (collecting cases); *see also* D. Chisum, *Chisum on Patents* §16.02[6][a][i], n. 11.

35 *Marley Mouldings* at *2.

36 *Id.* at *4.

37 *E.I. DuPont de Nemours & Co. v. Monsanto Co.*, 903 F.Supp. 680, 6734-5 (D. Del. 1995), *aff'd* 92 F.3d 1208 (Fed. Cir. 1996) (finding no direct infringement by manufacturer who performed the first step of a process claim even where its customer performed the other steps of the claim). In the context of apparatus claims, the finding of no direct infringement appears not to be particularly controversial. *See also Cross Med. Prods. v. Medtronic Sofamor Danek*, 424 F.3d 1293, 1311 (Fed. Cir. 2005) (rejecting argument that device supplier could be held liable for infringing an apparatus claim when the device only satisfied all claim elements when it was implanted by a surgeon).

38 1999 WL 111788 (N.D.Cal. Feb. 24, 1999).

39 *Id.* at *7.

Through many of these cases, courts struggle with the unseemly prospect of conscious schemes to avoid infringement, balanced against the equally unseemly prospect of subjecting persons to liability for conduct that is clearly unpatented. As long ago as 1898, one judge observed a number of difficulties with multiple-party patent liability taken to its extreme, many of which today remain unresolved.⁴⁰ That judge posed questions that may still vex the Federal Circuit in *McKesson* and *Akamai*, such as:

If there rests upon the seller of materials a duty of careful investigation into the objects of his vendee . . . the former may, at least, reasonably ask precisely what he is bound to investigate.⁴¹

Only in 2007 did the Federal Circuit finally directly address the question of whether there can be direct infringement when multiple actors are required to satisfy the claim elements.⁴² In *BMC Resources*, the patent claimed

a method for PIN-less debit bill payment (PDBP) featuring the combined action of several participants, including the payee's agent (for example, *BMC*), a remote payment network (for example, an ATM network), and the card-issuing financial institutions.⁴³

The court endorsed a standard of “direction and control” that had been adopted by the lower court, and held that the defendant did not direct or control either the debit networks or the financial institutions, and therefore could not infringe.⁴⁴ This standard, the court noted, would not allow entities simply to contract out claim elements to avoid infringement; the controlling entity would still be liable. And if, under traditional notions of vicarious liability, one entity would be responsible for the actions of another, that connection would be sufficient for a finding of direct liability also.⁴⁵ But arms-length transactions – presumably where neither party directs or controls the other – that result in the parties independently performing all the steps of a method claim would not be sufficient for direct infringement.⁴⁶

As of this writing, however, all potential solutions are on the table as we await the outcome of the pending *en banc* decision in the *Akamai* and *McKesson* cases. Although the *en banc* hearing presents pure questions of law, the facts of these cases are worth considering. *Akamai Tech. v. Limelight Networks* involves Content Delivery Networks or “CDNs” – systems of computers designed to speed the delivery of web content by hosting a webpage’s “embedded objects” separate from the base web page.⁴⁷ It is undisputed that the defendant Limelight does not perform all of the claimed steps: specifically, it does not perform the “tagging” step, which involves modifying the web pages that would benefit from the CDN so that user requests for embedded objects from those pages are directed to the Limelight CDN server rather than to the content provider server.⁴⁸ The court granted

40 See, e.g., *Tubular Rivet & Stud Co. v. O'Brien*, 93 F. 200, 202-03 (Cir. C. D. Mass 1898) (“a trespass is aided if the trespasser is fed during the trespass. Yet it can hardly be contended that an infringer’s cook is liable as a contributory infringer.”).

41 *Id.* at 204.

42 *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007). A year earlier, in *On Demand Machine Corp. v. Ingram Industries, Inc.*, 442, F.3d 1331, 1345 (Fed. Cir. 2006), the court approved without analysis a jury instruction that allowed for the finding of infringement that “results from the participation and combined action(s) of more than one person or entity. . . .” This result was discounted as *dicta* in *BMC Resources*. 498 F.3d at 1380.

43 *Id.* at 1375.

44 *Id.* at 1381-2.

45 *Id.* at 1379.

46 *BMC Resources*, 498 F. 3d at 1381. See also *Muniauction, Inc. v. Thomson Corp.*, 532 F. 3d 1318 (Fed. Cir. 2008), *cert. denied* 129 S.Ct. 1585 (2009) (finding no infringement where one step was performed by bond auction bidders, and other steps performed by bond auctioneers).

47 629 F.3d 1311, 1315-16 (Fed. Cir. 2011) reh’g *en banc* granted, vacated by *Akamai Technologies*, 419 Fed. Appx. 981 (2011).

48 *Id.* at 1317.

JMOL of non-infringement, relying heavily upon the limits of vicarious liability discussed in *BMC Resources*.⁴⁹ The panel opinion held that controlling the computer system on which the claimed steps are performed, even combined with providing instructions as to how to perform the steps, is insufficient for a finding of direct infringement: “there can only be joint infringement when there is an agency relationship between the parties who perform the method steps or when one party is contractually obligated to the other to perform the steps.”⁵⁰

McKesson Tech. Inc. v. Epic Systems Corp. also involves internet technology but is specific to the medical services field.⁵¹ The patent claims a method for facilitating doctor-patient communications by allowing patients and doctors to post questions, requests and responses on a personalized web page.⁵² As in the *Akamai* case, in light of *Muniauction*, the district court had concluded there could be no direct infringement because certain claimed steps were performed by patients and others by doctors who did not direct or control one another.⁵³ The Federal Circuit affirmed, following the test set out in *Akamai*. The panel decision went on to reject *McKesson’s* argument that common law joint tort-feasor principles should apply to direct infringement.⁵⁴

Granting *en banc* review of both the *Akamai* and the *McKesson* decisions, the Federal Circuit seeks answers to the following questions:

1. 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?⁵⁵
2. If separate entities each perform separate steps of a method claim, under what circumstances, if any, would either entity or any third party be liable for inducing infringement or for contributory infringement?
3. Does the nature of the relationship between the relevant actors – e.g., service provider/user; doctor/patient – affect the question of direct or indirect infringement liability?⁵⁶

The order granting *en banc* review has led to full-throated party and *amici* responses. *Akamai*, *McKesson* and those in favor of overturning the narrow “agency” rule of the *Akamai* panel opinion primarily make the following arguments:

- the statute itself imposes no “single entity infringer” rule⁵⁷

49 *Id.* at 1318. Indicative of the uncertainty in the law, the lower court initially applied the *BMC Resources* “direction and control” test and upheld a \$40 million verdict in favor of *Akamai*. Then, after *Muniauction* came down (without ostensibly changing the law), the district court reconsidered the question and granted JMOL of non-infringement.

50 *Id.* at 1320.

51 2011 U.S. App. LEXIS 7531 (Fed. Cir. April 12, 2011)

52 *Id.* at *2.

53 *Id.* at *11.

54 *Id.* at *14.

55 *Akamai Tech., Inc. v. Limelight Networks, Inc.*, Nos. 2009-1372, 2009-1380, 2009-1416, 2009-1417, 2011 WL 1518909 (Fed. Cir. April 20, 2011)

56 *McKesson Tech. Inc. v. Epic Systems Corp.*, No. 2010-1291, 2011 WL 2173401 (Fed. Cir. May 26, 2011)

57 See Principal Br. of Plaintiff-Appellant *Akamai Tech.*, 2011 WL 2822716 at *15 (Fed. Cir. June 20, 2011).

- anyone who “directs or controls” the performance of a claimed step, or acts in concert to perform the steps, should be liable as an direct infringer⁵⁸
- parties acting in concert, even if not controlled or directed by one another, can be liable under common law joint tort-feasor principles⁵⁹
- a party who performs some steps and knows of the performance of the remaining steps should be liable as a direct infringer, even if not acting in concert⁶⁰
- a party who induces or contributes to the performance of every step of a patented method should be liable as an indirect infringer, even if no single entity directly performs all steps⁶¹
- patent protection in bio-tech and pharmaceuticals fields would be particularly threatened by a strict “single entity” rule.⁶²

Those in favor of affirming the *Akamai* and *McKesson* decisions primarily make the following arguments:

- the rules of agency, whereby the agent’s conduct is imputed to the principle, is the only doctrine of vicarious liability that should apply to direct infringement⁶³
- the distinct statutory rules of indirect infringement indicate that Congress did not mean for courts to expand direct infringement by borrowing concepts from the indirect infringement statutes⁶⁴
- the public notice function of patents would be undermined if liability attached to the conduct of multiple parties who do not control one another⁶⁵
- common law joint tort-feasor rules have no place in a statutory scheme such as the patent law.⁶⁶

58 *Id.* at *21-22.

59 *Id.* at *23-27.

60 *Id.* at 2011 WL 2822716 at *29.

61 Opening *En Banc* Br. of Plaintiff-Appellant *McKesson Techs. Inc., McKesson Techs. Inc. v. Epic Sys. Corp.*, No. 2010-1291 (Fed. Cir.), 2011 WL 2173401, *39-44.

62 Br. of Pharmaceutical Research and Manufacturers of America, as *Amicus Curiae*, *Akamai Tech. v. Limelight Networks*, 2011 WL 3101831; Br. of Biotechnology Industry Organization, as *Amicus Curiae*, 2011 WL 3101890; Br. of Myriad Genetics, Inc., as *Amicus Curiae*, 2011 WL 3281836.

63 Br. of *Altera Corp., HTC Corp. et al.*, as *Amici Curiae* in Support of *Limelight Networks*, 2011 WL 3796790 at *223-25, *Akamai*, 2011 WL 2822716.

64 Defendant-Appellee Epic’s Response to Plaintiff Appellant’s Opening *En Banc* Br., 2011 WL 3796789 at *25, *McKesson*, 2011 WL 2173401.

65 Br. of *Altera Corp., HTC Corp. et al.* as *Amici Curiae* in Support of *Limelight Networks*, 2011 WL 3796790 at *223-25, *Akamai*, 2011 WL 2822716.

66 Defendant-Appellee’s Epic’s Response to Plaintiff Appellant’s Opening *En Banc* Br., 2011 WL 3796789 at *25, *McKesson*, 2011 WL 2173401; Br. of *Altera Corp., HTC Corp. et al.* as *Amici Curiae* in Support of *Limelight Networks*, 2011 WL 3796790 at *223-25, *Akamai*, 2011 WL 2822716.

III. THE AWKWARD INVOCATION OF COMMON-LAW PRINCIPLES IN PATENT LAW.

Patent law and certain common law torts readily lend themselves to comparison, although often only at a superficial level. A patent is, of course, a property right.⁶⁷ Courts often analogize a patent claim to the metes and bounds of real property,⁶⁸ and infringement of a claim has traditionally been deemed a “trespass.”⁶⁹ Indeed, trespass to land is surely the most analogous tort to patent infringement. As with patent infringement, it is no defense to a trespass claim that the defendant did not realize that someone else possessed the land in question. And like a patent claim, the remedy for trespass could be actual damages or, in the related tort of wrongful occupancy, a payment of rent for the period of occupation.⁷⁰

But at least among scholars, if not the courts, analogizing patent rights to real property rights has met with significant criticism.⁷¹ Primarily this is due to the relative uncertainty of the patent right as compared to a right to real property. These uncertainties arise in several dimensions, and affect both the patent owner and the potential infringer.

First, there is the chance of the patent being invalid in light of unknown (or known, but undisclosed) prior art. While there are instances in which title to land is held invalid or subordinate to another title, those are rare. Imagine how real estate markets would differ if, like patents, there were only a 60% likelihood that the recorded title to land was valid.⁷²

Second, there are uncertainties as to both the existence and the duration of the patent right. Unlike the relative certainty one has about whether one is on another's property, there is no obvious reason to believe that any given conduct people may engage in is the subject of a patent claim. Even for apparatus claims, since there is no obligation to sell a commercial embodiment of each patent claim, much less mark such an embodiment with the patent number,⁷³ one cannot assess the patent landscape merely by surveying the competition. And in many fields of art, a patent search is likely only to skim the surface of all patents that may be asserted. Further, a patent is a time-limited monopoly, whose life may be shortened by a terminal disclaimer, or lengthened by a patent term extension. None of these variables exist with respect to a deed to land.

Finally, even when the putative infringer is able to locate patents in the relevant field, the uncertainty about the scope of the rights granted by those patents remains. In the vast majority of cases, words are an inadequate vehicle to plot out the boundaries of a patentee's monopoly right, but they are the only vehicle we have. And because a patentee is entitled to claim more broadly than the specific embodiments disclosed, per the canons of claim construction the words of a claim are rarely limited by the description in the specification. Sixteen years after *Markman v. Westview*, claim construction remains the single most important pre-trial event. And despite the effort invested by trial courts and parties, the Federal Circuit frequently comes to a different conclusion about the meaning of

67 *Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.*, 235 U.S. 641, 648 (1915) (“[T]he exclusive right conferred by the patent was property, and the infringement was a tortious taking of a part of that property.”)

68 *See Kara Tech., Inc. v. Stamps.com*, 582 F.3d 1341, 1347 (Fed. Cir. 2009).

69 *See Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 997, 1014 (Fed. Cir. 1995), *aff'd* 517 U.S. 370 (1996).

70 Cal. Civ. Code § 3334(a); *see generally* 6 Witkin, Summary 10th (2005) Torts §1726.

71 *See M. Lemley, Ignoring Patents*, 2008 Mich. St. L. R. 19, 23, n. 22 (gathering articles addressing patents and other intellectual property as analogous, or not, to conventional property).

72 *See id.* at 27-28, n. 33.

73 While failure to mark may limit damages, that is little consolation to the defendant if it has sunk a substantial investment into its business venture before receiving any notice of the patent.

claims.⁷⁴ Again, the analogy to a deed to land breaks down: if the law of patent claim construction applied to deeds, it would be as if the map of the property and measures of its boundaries were only rough guides to the scope of the property right.

From the perspective of the potential infringer, venturing into a new field may raise risks of patent infringement, but it is virtually impossible to assess those risks (or even determine what are at issue) with any reliability. By contrast, no one who treads on a property on which sits a well-maintained house with a car in the driveway could seriously claim he had no idea he was trespassing. In an analogous hypothetical world of imprecise deeds and questionable title, would trespass be a tort without fault?

Analogizing patent infringement with torts other than trespass requires even more significant leaps. The traditional common law strict liability torts are for “ultrahazardous activity” and keeping animals, because in these activities the defendant has voluntarily put his or her neighbors at greater risk.⁷⁵ By contrast, the act of the patent infringer can be as varied as commerce itself: indeed, practically any act of any person or private entity, commercial or otherwise, is a potential act of infringement. The other strict liability tort – defective product liability – is closer to patent infringement in that the law of product liability reflects a policy decision that the putative defendant is best positioned to ensure that its products are safe. Direct patent infringement reflects a similar policy decision that accused infringers must bear the risk that their commercial endeavors may infringe. Whether that is a risk that, with diligence, one could ever avoid is another question.⁷⁶

In this section we consider three areas of recent or current debate in the area of multiple-party liability that have touched upon common-law principles: the argument that joint tort-feasor rules should apply to hold multiple parties liable for a single act of patent infringement; the argument that indirect infringement should not require an act of direct infringement by a single entity; and the borrowing of the willful blindness standard from criminal law to establish inducement.

A. Applying common-law vicarious liability to questions of divided infringement.

The briefs in the *Akamai/McKesson en banc* review are replete with calls to follow common law principles.⁷⁷ That call is never stated more clearly than in the Opening Brief of McKesson Technologies:

Over the course of centuries, common-law courts developed a series of distinct but overlapping bases for joint and vicarious liability. . . .
Because common law principles reflect our legal system’s considered and

⁷⁴ See Christian A. Chu, *Empirical Analysis of the Federal Circuit’s Claim Construction Trends*, 16 Berkeley Tech. L.J. 1075, 1150, tbl. A-2 (2001) (finding that the Federal Circuit changed at least one claim construction in 44% of the cases it considered between January 1998 and April 2000, and that a claim construction change was outcome dispositive in 30% of the cases considered during the same period).

⁷⁵ For a comparison of these torts to patent infringement, see Br. of *Electronic Frontier Foundation as Amicus Curiae in Akamai Tech., Inc. v. Limelight Networks, Inc.*, 2011 WL 3796789, at 20-22 (Aug. 9, 2011).

⁷⁶ Other torts provide no closer analogy. For one, no other tort permits the victim to define the scope and nature of his rights, which the rest of the world is expected to know. See *McKesson Tech.*, 2011 U.S. App. LEXIS 7531 at *14.

⁷⁷ See, e.g., in *Akamai Tech. v. Limelight Networks*, Nos. 2009-1372, 2009-1300, 2009-1416, 2009-1417, Br. of Boston Patent Law Association as *Amici Curiae* in Support of Appellant, 2011 WL 2822706 at *7 (June 27, 2011) (“Basic concepts of proximate cause and joint tort-feasor liability . . .”); Br. of Aristocrat Tech., Inc., as *Amici Curiae* in Support of Appellant, 2011 WL 3101833 at *13 (June 29, 2011) (“At least proximate cause and joint tort-feasor liability are appropriate tools . . .”); Br. of American Intellectual Property Law Ass’n as *Amici Curiae* in Support of Reversal, but in Support of Neither Party, 2011 WL 3580500 at 15 (July 1, 2011) (“Joint tort-feasor law, not agency law, is the correct basis for determining infringement . . .”).

nuanced determination of when one party should be held responsible for the acts of another, they are entitled to considerable respect.⁷⁸

How do the similarities and differences between patent law and common law torts affect the debate over which common law doctrine – e.g., agency or joint tort-feasor liability – should control the extent of multiple-party liability for direct infringement?

On one hand, and as noted, the strict liability nature of patent infringement reflects a policy decision that everyone who participates in commerce bears the risk that its conduct is already patented.⁷⁹ It makes no difference whether or not you search for patents in the field, or search but do not find the patent that is ultimately asserted against you. You are equally culpable if found to have infringed. Like the squatter who sits on another's property—whether or not it is reasonable to believe the land was vacant is no defense, the squatter is still a trespasser and will owe damages or a fair rent to the owner.

On the other hand, as noted in the *en banc* brief filed by Epic, traditionally, principles of joint tort-feasor apply only where each tort-feasor is guilty of some culpable conduct.⁸⁰ And in such cases, most people would readily deem the conduct of each of the joint tort-feasors to be unjust or wrong. For example, most would readily accept without controversy that an individual is entitled to be secure in their real property and anyone who enters onto another's land has wronged the landowner. Given the uncertainties of patent scope and validity discussed above, and the near impossibility of detecting all possible patent risk, could one also conclude that a “partial infringer,” who has not contracted to complete the infringement with another “partial infringer,” is “culpable” of anything akin to trespass?

B. Can indirect infringement exist without a direct infringer?

Another example of the uneasy fit of common law doctrines in the patent scheme can be seen in a specific argument raised in *McKesson*. Some argue that parties acting in concert to infringe a patent should be liable for indirect infringement even if no one could be held liable for direct infringement.⁸¹ While indirect infringement may require a predicate act of direct infringement, they argue it does not require the existence of a direct *infringer*.⁸² Rather, appellants assert that a patent is directly infringed whenever each and every claim limitation is met, regardless of whether any single actor can be held directly liable for the infringement.⁸³ Those who contribute or induce infringement should be held liable under §§ 271(b) and (c), even if no one can be held liable under § 271(a).⁸⁴

While there may be policy reasons for this outcome in certain cases, it is difficult to envision any analog to this argument in the tort context. Torts, quite simply, do not exist independent of a tort-feasor. Whereas infringement is defined by the metes and bounds of the patent right, most torts are characterized by wrongful acts directed to a specific person or person's property. One who commits a battery intentionally causes a harmful contact to another person without consent; one who commits libel publishes a

78 Opening *En Banc* Br. of McKesson Tech., 2011 WL 2822667, *McKesson v. Epic*, No. 2010-1291 (Fed. Cir.), *McKesson* Opening Br., 2011 WL 2822667 at *18 (June 20, 2011).

79 *Id.* at 23-24.

80 *Epic* Resp. Br., 2011 WL 3796789 at 46-47.

81 *McKesson Techs.* Br., 2011 WL 2173401 at *39-44; Corrected Br. of *Amici Curiae* Aristocrat Techs. Austral. Pty. Ltd., 2011 WL 3101833 at *4-10.

82 *Id.*

83 *Id.*

84 *Id.*

defamatory statement regarding another.⁸⁵ Liability for aiding and abetting a tort is tied to the existence of the underlying tort and, implicitly, to the existence of an underlying tort-feasor.⁸⁶ Put another way, one cannot be vicariously liable for conduct that is not, itself, tortious. The argument that indirect infringement can exist without a direct infringer necessarily implies that direct infringement for purposes of §§ 271(b) and (c) encompasses a broader swath of conduct than that captured by § 271(a). But in tort law, there is no known rule that says the elements of a tort are different when considered as a predicate for vicarious liability as compared to elements for proving direct tort liability.

C. Does the common law doctrine of “willful blindness” fit naturally into the indirect infringement regime?

A final illustration of the strange interplay between common-law doctrines and patent law can be seen in the Supreme Court’s decision to apply the willful blindness test to inducement liability in *Global-Tech*. The willful blindness doctrine is premised on the idea that a defendant can purposefully avoid guilt by taking affirmative steps to stay ignorant of some readily identifiable fact. For example, a “mule” who is paid a substantial sum of money to bring a wrapped package into the country may have good reason to believe that the package contains illicit material. The guilty suspicion in this scenario can be readily confirmed – the defendant need only open the package to see if it contains drugs. That the defendant chooses not to do so cannot be a defense, but rather is evidence of his culpable intent.

But knowledge about the existence and scope of a patent right is rarely so clear. As discussed above, identifying potentially relevant patents is no easy matter given the volume of issued patents in many fields. Even after a potentially relevant patent has been identified, its scope is often unclear and its validity remains uncertain unless and until it has been fully litigated. In short, reasonable minds can and do often differ about the risk of a finding of infringement.

The uncertainties inherent in patent rights thus substantially complicate the application of the common law willful blindness doctrine. Using the drug “mule” hypothetical above, would one be criminally liable for carrying a package under circumstances in which one could reasonably believe the job was legal and innocent? And could one be “willfully blind” if one could only detect the illicit nature of the package by sophisticated laboratory analysis because upon opening the package, there is nothing to indicate it contains drugs? Although not considered by the Supreme Court, these are the more apt analogies to most patent cases. These questions suggest that courts will have a challenging task ahead when the issue of “willful blindness” arises in future cases. How this common law principle will be shaped in patent cases may well depend upon how courts compare patent liability to common law tort liability.

IV. CONCLUSION

Applying common law principles to patent law questions is tempting: take principles that virtually all judges and lawyers are familiar with and apply them to try to make sense of an arcane statutory regime. Others might defend the practice as imperfect but the best available option. As Winston Churchill might say, “the common law is the

⁸⁵ California Jury Instructions Civil (BAJI), Nos. 7.00, 7.50 (2003).

⁸⁶ See Restatement (Second) of Torts § 876 (1979).

worst source of principles for patent law, except all those other sources that have been tried from time to time.” The temptation is dangerous, however. Patent law is nothing like any of the common law torts around which its principles of vicarious liability developed. It is a *sui generis* system in which property rights and tort-like liability are created on a daily basis by the US Patent Office in order to promote inventions and the advance of science. At a minimum, before common law principles are incorporated into patent law, courts and Congress should carefully consider the differences in the underlying substantive law and policy of patent liability and common law doctrines.

