

# IP MARKETPLACE

Finnegan's monthly update on developments affecting licensing and other IP transactions

## August 2014

### **Court Conditionally Agrees to Stay Patent Infringement Lawsuit Based on a Collateral Patent Office Proceeding for a Party Not Participating in the Patent Office Proceeding**

*by John C. Paul, D. Brian Kacedon, and Abigail Lubow, Ph.D.*

A California district court granted a stay of a patent infringement lawsuit pending an inter partes review of the patent at the U.S. Patent and Trademark Office for a party that was not participating in the Patent Office proceeding on the condition that the party agree to the same estoppel conditions that would apply to the IPR participants, namely agreeing not to relitigate validity issues that were actually raised or reasonably could have been raised in the IPR.

### **Expert's Opinion on FRAND Reasonable Royalty Rate Is Excluded from Evidence for Relying on Licenses Covering Technologies Beyond the Patents-in-Suit Without Accounting for Any Differences**

*by John C. Paul, D. Brian Kacedon, and Xiaoxiao Xue, Ph.D.*

A California district court excluded an expert's opinion of a reasonable royalty rate from being considered as evidence at trial because the expert calculated the rate based on royalty rates in prior license agreements having a broader scope, covering technologies well beyond the asserted standard-essential patent. The prior licenses covered all standard essential patents owned by the companies to those agreements, and the court found that the expert had made an implausible and unjustified assumption by attributing the entire value of those licenses to the patent-in-suit without accounting for the value of the other standard-essential patents licensed in the prior agreements.

### **District Court Finds that Overseas Sales of a Patented Component Licensed Under A World-Wide License Agreement Can Exhaust U.S. Patent Rights in Products Containing that Component**

*by John C. Paul, D. Brian Kacedon, and Andrew E. Renison*

A California court recently held that U.S. patent rights could be exhausted by the sale of patented components outside the United States when such sales were made under a worldwide license to sell and import those components. As such, the patent owner could not assert its U.S. patent rights against an entity who incorporated those components in its products for sale in the U.S.

## Webinars

Webinar: Pre-Litigation Due Diligence: Is Your House in Order?

## Events

LES Scandinavia Annual Conference

*September 7-9, 2014*

## Podcasts

Podcast: Darren Jiron on IP Best Practices for Startups

Podcast: James Barney and Jason Melvin on the U.S. Supreme Court Term in Review



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## Strategically Delaying the Filing of a Patent Infringement Suit by Only Five Months Bars Recovery of Damages for that Period Under the Laches Doctrine

by John C. Paul and D. Brian Kacedon

A Connecticut court recently applied the doctrine of laches to prevent a patent owner from recovering patent-infringement damages despite delaying only five months before filing its patent infringement lawsuit. The patent owner became aware of potentially infringing products in May 2010 but did not commence an investigation until October 2010 and ultimately filed suit on November 22, 2010, four days before Black Friday, the highest volume day for retail sales in the United States. The court found that the patent owner had successfully obtained settlements from retailers twice before by threatening litigation on the eve of holiday shopping seasons and in that in this case, the patent owner strategically delayed filing suit until the eve of the busy holiday shopping season to gain additional leverage over retailers in settlement negotiations, an unreasonable and prejudicial delay giving rise to laches and barring the damages accruing during the period of delay.

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