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

December 2014

A Company May Be Liable for Indirect Infringement Where Its Customers Enable an Infringing Feature Even Though the Company Sells Its Product with That Feature Disabled

by John C. Paul, D. Brian Kacedon, and Flora M. Amwayi

A Delaware district court declined to overturn a jury's determination that a company induced infringement even though the company sold its products with the allegedly infringing features disabled. The court found sufficient circumstantial evidence of use of the infringing features in the U.S., including extensive sales, an instruction manual on how to enable an infringing feature, several blog posts showing activation of the infringing features, and documents describing their benefits.

Injunction Issued Against Patent Infringer Despite Patent Owner Not Practicing the Patent

by John C. Paul, D. Brian Kacedon, and Benjamin T. Sirolly

In *Sealant Systems International, Inc. v. TEK Global, S.R.L.*, the Northern District of California did the unusual; it issued a permanent injunction for a non-practiced patent. The suit was, however, between "fierce" competitors and the patent owner had never licensed the patent to anyone. The Court subsequently denied the adjudged infringer's motion to stay the injunction in an opinion that provides unique insight into post-eBay injunction law.

Contract Negotiations in the United States Do Not Transform Foreign Manufacture and Sale into Infringement of a United States Patent

by John C. Paul, D. Brian Kacedon, and Robert C. MacKichan III

A California federal district court recently awarded summary judgment of no infringement to a Taiwanese manufacturer of component parts used in smartphones and tablets imported by third parties into the United States. Although the Taiwanese manufacturer's sales contracts were executed in the United States, they contemplated strictly foreign manufacture and delivery. The court thus found that the foreign manufacturer and its U.S. subsidiary did not sell or offer for sale the accused products in the United States and could therefore not be liable for direct patent infringement.

District Court Protects Wholesale Intra-Corporate Licenses from Discovery After Deeming Them Irrelevant to a Determination of Patent-Infringement Damages

by John C. Paul, D. Brian Kacedon, and Aaron V. Gleaton

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Patent App[eals]® includes PDFs of all patent-related Federal Circuit decisions dating back to 2001. A user can search on keywords, judges, dates of decisions, lower court from which the case was appealed, case name, case number, and whether or not a case was heard en banc. In addition, if the decision was summarized in *Last Month at the Federal Circuit*, the Finnegan case summary is included.

A Washington district court recently protected an alleged infringer's intra-corporate licenses from discovery after deeming them irrelevant to an analysis of patent-infringement damages. The court held that these agreements—which covered rights to substantially all of the alleged infringer's intellectual property—were not comparable to a hypothetical license negotiation between competitors over a much narrower property right. Further, the court found, the requested discovery, which covered over 2,800 separate licenses, imposed burdens on the alleged infringer while providing little benefit to the merits of the case.

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