

# IP MARKETPLACE

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

## February 2015

### Implied Exclusive Licensee Lacks Standing to Sue for Patent Infringement

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

A California court recently dismissed a plaintiff's patent-infringement action for lack of standing despite finding that the plaintiff held an implied exclusive license at the time of filing suit. The sole inventor of the asserted patent, also the sole owner and president of the plaintiff, formally executed two assignments of the patent to the plaintiff only after the complaint was filed. Thus, the court reasoned, no written license existed at the time of bringing suit to confer standing. The court also refused the plaintiff's attempt to retroactively cure standing. Lastly, the court explained, amending the complaint and joining the inventor could not remedy standing because he no longer had any rights to the asserted patent because of his two assignments.

### Supplying a Single, Essential Component of an Infringing Product to a Foreign Subsidiary for Assembly Overseas Could Constitute Induced Infringement

by John C. Paul, D. Brian Kacedon, and Robert D. Wells

Under the Patent Act, a party may infringe a patent by supplying all or a substantial portion of the components of a patented invention and actively inducing the combination of components outside the United States in a way that would infringe if the combination had occurred inside the United States. In *Promega Corp. v. Life Techs. Corp.*,<sup>1</sup> the U.S. Court of Appeals for the Federal Circuit held that the statute does not require inducement of a third party, but rather can apply when the induced party is a foreign subsidiary of the inducer. The court also held that the supply of one component, if important or central to the invention, can qualify as a substantial portion of the components of a patented invention.

### Court May Exclude Evidence of Licensing Revenue Despite Potential Impact on Obviousness

by John C. Paul, D. Brian Kacedon, and Michael E. Kudravetz

A California district court recently rejected a patent owner's argument that it improperly excluded as objective evidence of non-obviousness, the dollar value of a prior license covering the patent-in-suit because it could skew the jury's perception of a reasonable royalty. After the jury found the patented invention obvious, the patent owner argued that shielding the

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jury from the specific amount of licensing revenue precluded it from considering crucial evidence of non-obviousness. The court disagreed, explaining that no cited authority required disclosure of the actual dollar amount and further that the jury did in fact hear testimony regarding the value of the license, albeit not the precise dollar amount.

## **Patent-Infringement Litigation May Be Stayed Until Patent-Office Review Is Completed Even if the Review Does Not Address All Patents, Claims, or Invalidity Defenses at Issue in the Litigation**

*by John C. Paul, D. Brian Kacedon, and Shawn S. Chang*

The America Invents Act's patent-review proceedings, such as Covered Business Method (CBM) review, are an increasingly used litigation strategy to defend against a charge of patent infringement. Often, institution of such a proceeding will be accompanied by a request to stay any litigation pending the outcome of the Patent Office's review. In deciding whether to enter a stay, one factor courts consider is whether a stay will simplify issues in the case and streamline trial. Recently, the Court of Appeals for the Federal Circuit rejected a district court's categorical rule that stays are disfavored unless the CBM review includes all asserted claims, noting that "[s]tays can be warranted even when a CBM proceeding does not address all asserted patents, claims, or invalidity defenses." As a result, this case provides more flexibility and an opportunity for accused infringers to develop and implement a more strategic approach to defending themselves against patent infringement claims. In particular, they may have the opportunity to challenge some selected patent claims in the patent office and stay the court proceedings as to the other claims while reserving the ability to subsequently challenge other claims in the court without estoppel from the patent office challenge.

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