

IP MARKETPLACE

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

January 2015

A Patent Owner Who Transfers All Control of Licensing and Litigation to a Licensee Loses the Right to Sue for Patent Infringement Despite Reserving the Right to Terminate and a Reversionary Interest

by John C. Paul, D. Brian Kacedon, and Daniel F. Klodowski

The U.S. Court of Appeals for the Federal Circuit recently held that a patent owner did not have standing to join as a coplaintiff with its licensee in an infringement suit because the patent owner transferred all control over litigation and licensing matters to the licensee, making the licensee the effective patent owner and stripping the patent owner of the right to bring suit or join as a coplaintiff. In reaching this conclusion, the court rejected the patent owner's argument that it had not transferred all substantial rights in the patent because it retained the right to royalties, right to practice the patent, right to terminate the agreement, and a future reversionary interest in the patent.

Court Denies Patent Owner's Request for Additional Damages Because Patent Owner's Inaction Contributed to the Alleged Deficiency in the Jury's Award

by John C. Paul, D. Brian Kacedon, and Daniel F. Roland

A prevailing patent owner's request for a higher amount of patent-infringement damages than awarded by the jury was denied because the patent owner's inaction contributed to the alleged deficiency in the jury's award. The court found that although the infringer failed to produce its financial records for part of the relevant damages period, the prevailing party should have asked the court to compel the disclosure of those records to ensure that the jury was presented with all evidence necessary to compute damages. In denying the patent owner's request for supplemental damages, the court also noted that the patent owner could have asked the court for a separate and subsequent trial on that portion of its damages or otherwise could have asked the jury to extrapolate the evidence actually presented for the allegedly omitted time period. Finally, the court pointed out, the jury itself may have extrapolated the infringer's sales for the entire pre-verdict damages period such that any disturbance of the jury's award would improperly invade the jury's right to determine appropriate compensatory damages.

Defendant Permitted to Compel Arbitration Under a License Agreement Entered Into by Its

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Corporate Parent Despite Not Being a Party to the Agreement

by John C. Paul, D. Brian Kacedon, and Kevin D. Rodkey

A defendant was able to dismiss a litigation and to compel arbitration under a license agreement, even though it was not a signatory to the license agreement entered into between the plaintiff and the defendant's parent corporation, because the defendant had consented to arbitrate and because the issues underlying the litigation were intertwined with the arbitrable issues of the license agreement.

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