

# IP MARKETPLACE

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

## March 2015

### **Selling a Product Preprogrammed To Perform a Patented Method Cannot, By Itself, Constitute Direct Infringement**

by John C. Paul, D. Brian Kacedon, and Chen Zang, Ph.D.

A patented method is directly infringed only when the method is performed. Granting summary judgment of no direct infringement, a California court recently determined that even if the accused infringers sold products preprogrammed to perform a patented method, they cannot be direct infringers unless they perform or control the performance of at least one method step.

### **Licensee's Breach of Agreement Provides Licensor with Ability To Sue Licensee for Infringement**

by John C. Paul, D. Brian Kacedon, and R. Benjamin Cassady

While settlement agreements are often intended to fully and finally resolve disputes between the parties, a failure to comply with the terms of a settlement can result in renewal of those disputes. For example, *Ryan Data Exchange, Ltd. d/b/a Rydex v. Graco, Inc.*<sup>1</sup> involved breach of contract and patent infringement claims between two parties who had previously settled a similar dispute through a license agreement. But when Graco stopped making royalty payments based on a belief that Rydex failed to fulfill its obligations under the agreement, Rydex sued Graco again. Graco argued that the license agreement should control the dispute, even if Graco breached the agreement, and that the agreement barred all future patent infringement claims by Rydex against Graco. The court disagreed, finding that Graco's arguments contradicted the express language of the agreement.

### **It May Be Impossible To Recover Patent Rights Assigned to Another Entity on the Mistaken Assumption the Other Entity Also Had Rights in the Invention**

by John C. Paul, D. Brian Kacedon, and Kara A. Specht

The founders of Memorylink planned to collaborate with Motorola on wireless multimedia technology, discussed features to be patented, and along with two Motorola employees, entered into an agreement assigning their patent rights to both Memorylink and Motorola. When Memorylink subsequently learned that the Motorola employees would not be regarded as inventors for purposes of patenting they tried to invalidate the assignment for lack of consideration and sued Motorola for infringing the resulting issued patent. The court

## Events

### **LES International Conference**

The annual conference for LESI, an international organization active in the promotion of IP licensing and transfer of technology throughout the world.

April 10-15, 2015

### **Biosimilars: Navigating Current Legal and Regulatory Challenges**

Panel discussion on the FDA's treatment of biosimilars, the impact of recent court decisions and the patent challenges facing companies.

April 23, 2015

### **Issues Affecting Semiconductor and IC Patents and Opportunities from Recent Developments**

Discussion on the impact of recent developments and how they present opportunities for strategically managing IP, strengthening portfolios, and recent decisions affecting damages and their implications, including license negotiations.

April 28, 2015



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found the assignment of rights to Motorola was valid, making Motorola a joint owner of the patent and able to practice the patent without further authorization from Memorylink.

## **Patent Owner May Lose Its Right To Sue for Patent Infringement If Prior Owner of the Patents Should Have Discovered the Infringing Activity Years Before Filing Suit**

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

An Indiana court recently barred a patent owner's infringement claim because a prior owner of the patents should have known of the infringing activity since 2003, when the product was openly sold. Because the patent owner and the prior owners of the patents delayed nearly ten years in filing suit, they were unable to seek damages for any infringement prior to filing the lawsuit under the doctrine of laches.

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