

# IP MARKETPLACE

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

## May 2015

### **Nonpracticing Entity Wins Permanent Injunction after Presenting Evidence that Its Licensing Model Is Based on Exclusivity**

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

A nonpracticing entity recently won a permanent injunction against a patent infringer after presenting evidence that the licensing model used by the nonpracticing entity is based on exclusively licensing its patent rights. In particular, a Utah court found that allowing the infringer to pay an ongoing royalty to continue infringing would disrupt the patent owner's relationships with its licensees and possibly even lead to a lawsuit against the patent owner by one of the licensees. Although the patent owner had many different licensees, its licenses were exclusive for each field of use within the market segments being licensed.

### **Federal Circuit Rules that the Patent Office's Decision to Institute an IPR Proceeding Is Not Appealable**

by John C. Paul, D. Brian Kacedon, and Jonathan R.K. Stroud

The Leahy-Smith America Invents Act established a new type of patent-review by the U.S. Patent and Trademark Office (PTO) known as Inter Partes Review (IPR), which was meant to provide a more efficient and less expensive alternative to district-court litigation. In a recent decision, the U.S. Court of Appeals for the Federal Circuit determined that the PTO's decision whether to institute an IPR is not appealable. The court also determined that the PTO correctly adopted the broadest-reasonable-interpretation standard for interpreting patent claims in IPR proceedings, as opposed to the narrower standard used by district courts.

### **A Patent Owner Cannot Be Sued in a State Merely Because It Licensed Companies Doing Business in that State and Threatened Suit for Patent Infringement in that State**

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

A nonpracticing entity based in New York had twice licensed its patents to companies doing business in Texas. It sent a cease-and-desist letter to a Texas company, demanding that the company take a license to its patents. The Texas company filed suit in a Texas district court, seeking a declaratory judgment of patent invalidity and noninfringement. The court, however, dismissed the case, holding that the patent owner's letter did not create personal jurisdiction in Texas. In reaching its conclusion, the court also found that the

## Events

Life Sciences Workshop: Tips and Tools for Pharma and Biotech Patent Practice  
June 23, 2015



**Patent App[eals]<sup>®</sup>**  
Click here to download

Patent App[eals]<sup>®</sup> 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.




patent owner's other licensing activities, including granting nonexclusive licenses to two other businesses operating in the state, did not give the court personal jurisdiction over the patent owner.

## **Licensee Who Receives Rights to Sue, Sublicense, and Assign Rights Can Sue for Patent Infringement without Joining the Patent Owner**

*by John C. Paul and D. Brian Kacedon*

A Minnesota court recently rejected a challenge to a licensee's right to sue for infringement without joining the patent owner. The court found that the licensee obtained from the patent-owner "all substantial rights" in the licensed patents, because the licensee received an exclusive license to practice the patented inventions, to enforce the patent rights, and to sublicense and assign its rights. In addition, the retention by the patent owner of a non-exclusive right to practice the invention did not prevent the licensee from receiving all substantial rights. The court also found that the licensee's merger during the litigation with its sublicensee necessarily conveyed the right to enforce the patents to the post-merger entity.

**FINNEGAN**

Follow us on   

*DISCLAIMER: The information contained herein is intended to convey general information only and should not be construed as a legal opinion or as legal advice. The firm disclaims liability for any errors or omissions and readers should not take any action that relies upon the information contained in this newsletter. You should consult your own lawyer concerning your own situation and any specific legal questions. This promotional newsletter does not establish any form of attorney-client relationship with our firm or with any of our attorneys.*

### **If you have any questions or need additional information, please contact:**

John C. Paul, Editor  
D. Brian Kacedon, Editor  
Mindy L. Ehrenfried, Editor  
Christopher L. McDavid, Editor

### **Finnegan Resources**

Finnegan publishes newsletters, blogs, and *IP Updates* that provide news, statistics, and analysis of recent court decisions. Our newsletters and blogs focus on Federal Circuit practice, PTAB practice, trademark and copyright law, patent prosecution and counseling, and IP licensing. To sign-up to receive newsletters, blog posts, or *IP Updates*, please click here.

Atlanta • Boston • London • Palo Alto • Reston • Shanghai • Taipei • Tokyo • Washington, DC

**[www.finnegan.com](http://www.finnegan.com)**

Copyright © 2015 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved