

# IP MARKETPLACE

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

## March 2016

### **Patent Owner May Terminate a Patent Validity Challenge by Granting a Covenant Not to Sue**

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

A California district court granted the patent owner's motion to dismiss a lawsuit involving a challenge to the validity of an asserted patent after the patent owner signed a covenant not to sue the defendant for infringement.

### **Copyright Infringement Case Is Blocked by First Sale Defense When Copyright Holder Failed to Show Its Software Was Merely Licensed**

by John C. Paul, D. Brian Kacedon, and Sonja W. Sahlsten

Facing what the Ninth Circuit called "an otherwise slam dunk" copyright violation, an unauthorized seller of copyrighted software successfully asserted the "first sale" defense, and was therefore not liable for copyright infringement. According to the Court, if an accused copyright infringer asserts the first sale defense and produces evidence that it lawfully acquired title of genuine copies of copyrighted software, the burden shifts to the copyright holder to establish that the software was never sold, for example, by showing that the software was merely licensed. Although the copyright holder argued it always licenses and does not sell copies of its software, it failed to produce the terms of the alleged licenses governing the specific copies at issue, and was found to fall short of its burden to counter the first sale defense.

### **Entire Market Value Rule May Be Applied to Products Where Infringing Feature Is an Application of a Law of Nature**

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

In a recent patent-infringement suit, a district court permitted damages to be based on the value of the entire product under the Entire Market Value Rule and denied a motion that argued the Entire Market Value Rule should not be permitted because the claimed invention involved the application of a law of nature.

## Events

LES USA and Canada  
Spring Meeting

April 26-28, 2016

LES Australia and  
New Zealand Meeting

May 4-6, 2016

LES International Annual  
Meeting

May 15-18, 2016



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## Patent Rights Are Not Exhausted by Sales Outside the United States or by Clearly-Communicated Post-Sale Restrictions

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

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