

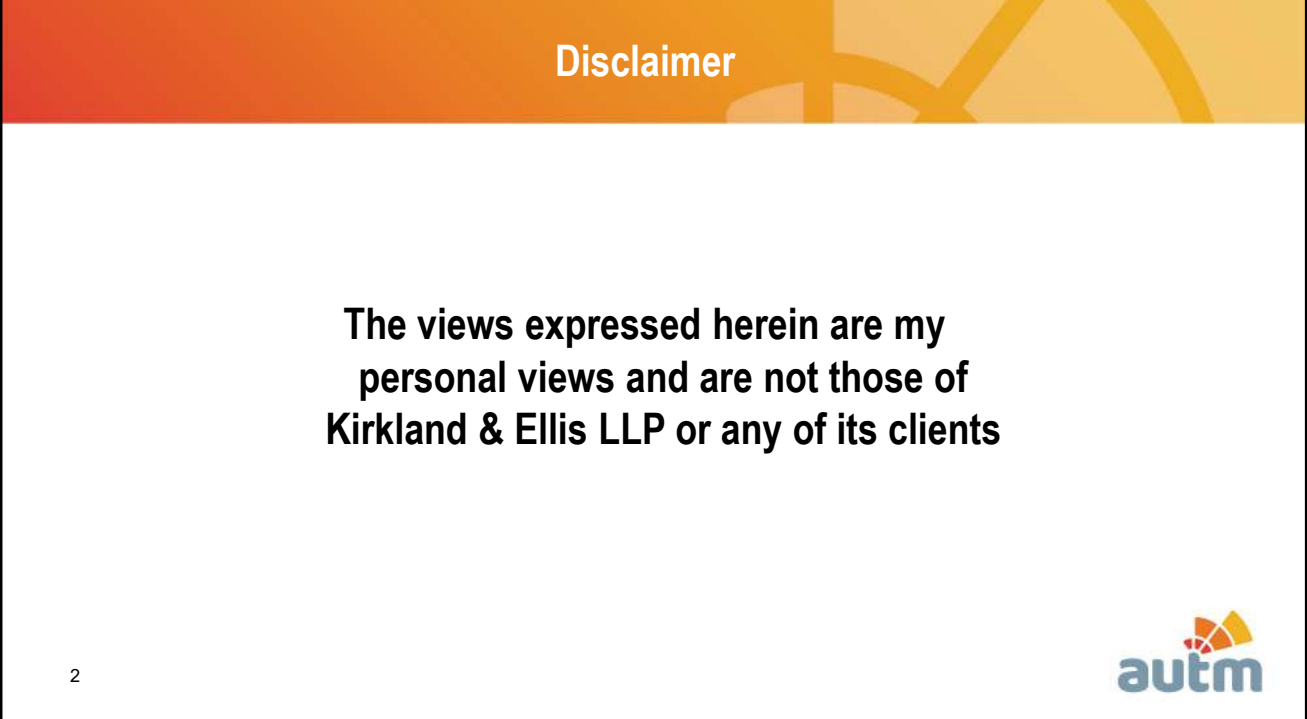


Top 10 Court Decisions of the Year Affecting Licensing



Russell E. Levine, P.C.
Kirkland & Ellis LLP
rlevine@kirkland.com
www.kirkland.com/rlevine


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1. Standing To Sue Requires A Conveyance Of All Substantial Rights In The Patent

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1. *Infernal Technology, LLC et. al. v. Sony Interactive Entertainment America, LLC*, 2020 WL 3050821 (E.D. Texas 2020)

- “. . . Sony filed the present Motion seeking to dismiss Terminal as plaintiff in this case alleging that Terminal lacks standing.”
- “Sony’s argument for Terminal’s lack of standing arises primarily from an exclusive license agreement entered into in 2014 between Terminal as licensor and Infernal as licensee.”
- “According to Sony, that license gave Infernal the exclusive right to enforce the Asserted Patents.”
- “Sony alleges that the right to enforce is “‘particularly dispositive’ when evaluating whether a party has standing to bring suit,” thus since Terminal licensed that right exclusively to Infernal, Terminal no longer has standing.”

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1. *Infernal Technology, LLC et. al. v. Sony Interactive Entertainment America, LLC*, 2020 WL 3050821 (E.D. Texas 2020)

- **“When facing a standing challenge in a patent suit, there are generally three types of plaintiffs encountered; to-wit: “those that can sue in their own name alone; those that can sue as long as the patent owner is joined in the suit; and those that cannot even participate as a party to an infringement suit.”**
- **“The fundamental standing dispute in this case turns on whether or not Infernal and Terminal fall into category two.”**
- **“Sony argues that Infernal and Terminal are not within this second category, but that Infernal effectively holds all the sticks in the bundle, and thus, Terminal has no standing to be a plaintiff in this case.”**
- **“The Plaintiffs on the other hand argue that they fall squarely within this second category, and that Terminal is a proper, in fact, necessary party.”**

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1. *Infernal Technology, LLC v. Sony Interactive Entertainment America, LLC*, 2020 WL 3050821 (E.D. Texas 2020)

- **“... the crux of the parties’ dispute turns precisely on what was and was not granted in Section 3.1 of the 2015 License agreement.”**
- **“Sony represents that it “grants Infernal ‘an exclusive license . . . under the Patents to make, have made, use, import, offer to sell and sell Licensed Products.’”**
- **“Plaintiffs represent that it grants Infernal “the right to license, sublicense or transfer, under the Patents [the right] to make, have made, use, import, offer to sell and sell Licensed Products.””**
- **“Unfortunately, even a cursory glance at these two competing representations, shows that both sides are playing fast and loose with the language—one omitting language and one adding language.”**

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1. *Infernal Technology, LLC v. Sony Interactive Entertainment America, LLC*, 2020 WL 3050821 (E.D. Texas 2020)

- “The actual language of Section 3.1 of the 2015 License reads:
 - Grant of Exclusive License. TRI grants Infernal Technology an irrevocable, perpetual, and exclusive license, without restriction as to field of use or geography, with the right to license, sublicense or transfer, under the Patents to make, have made, use, import, offer to sell and sell Licensed Products.”
- “This provision is unclear and ambiguous. It could reasonably be read to be a grant of a right to license and to practice.
- “The right to practice the Asserted Patents is “vitally important.” *Alfred E. Mann*, 604 F.3d at 1360. In this case, however, it is unclear whether or not that right was transferred to Infernal.”
- “the Court concludes that it is far better to allow Terminal to continue as an active party than to risk proceeding absent a proper and necessary litigant.”

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2. A Sovereign, Such As A State University, May Not Be Joined As An Involuntary Plaintiff

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2. *Gensetix, Inc. v. Board of Regents of University of Texas System*, 2020 WL 4248734 (Fed. Cir. 2020)

- “This case involves the interplay of state sovereign immunity under the Eleventh Amendment and required joinder of parties under Rule 19 of the Federal Rules of Civil Procedure.”
- “Gensetix, Inc. (“Gensetix”) exclusively licensed U.S. Patent Nos. 8,728,806 and 9,333,248 from the University of Texas (“UT”), an arm of the state of Texas.”
- “Gensetix then sued Baylor College of Medicine, Diakonos Research Ltd., and William K. Decker (collectively, “Baylor”) for infringement of the patents-in-suit, naming UT as an involuntary plaintiff pursuant to Rule 19(a).”
- “The District Court for the Southern District of Texas determined that the Eleventh Amendment barred joinder of UT as an involuntary plaintiff.”

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2. *Gensetix, Inc. v. Board of Regents of University of Texas System*, 2020 WL 4248734 (Fed. Cir. 2020)

- “The court also concluded that, under Rule 19(b), the suit could not proceed in UT’s absence.”
 - “Accordingly, the court dismissed the suit.”
- “. . . we affirm the district court’s conclusion that UT may not be joined as an involuntary plaintiff.”
- “We next consider whether the district court properly concluded that this case cannot proceed in UT’s absence.”
- “Despite UT’s sovereign status, given Gensetix’s identical interest in the validity of the patents-in-suit, any prejudice to UT is greatly reduced.”

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2. *Gensetix, Inc. v. Board of Regents of University of Texas System*, 2020 WL 4248734 (Fed. Cir. 2020)

- “There is also no risk of multiple suits because, under the express terms of the parties’ agreement, UT may not sue Baylor once Gensetix has commenced litigation.”
- “And, as an exclusive licensee with less than all substantial rights in the patents-in-suit, Gensetix cannot enforce its patent rights without the court allowing the suit to proceed in UT’s absence.”
- “Given this clear factual record, we conclude that it was an abuse of discretion to find that the suit may not proceed in UT’s absence.”
- “Accordingly, we reverse the district court on this point.”

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3. Parties Can Delegate Questions Of Arbitrability To The Arbitrator

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3. *Safran Electronics & Defense SAS v. iXblue SAS*, 2019 WL 5250790 (2nd Cir. 2019)

- “SED and iXblue SAS (“iXblue”) are parties to a License and Know-How Agreement (“License”) that permits SED to use iXblue’s fiber optic gyroscope (“FOG”) know-how.”
 - “Article IX (B) of the License mandates that disputes between the parties be **arbitrated in Paris**, except as provided by Article IX (C);”
 - “Article IX (C) mandates that disputes that arise from the sale of products to end users outside of the European Union be **arbitrated in New York**.”
- “The parties treat these provisions as mutually exclusive—either one section governs a dispute, or the other must.”

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3. *Safran Electronics & Defense SAS v. iXblue SAS*, 2019 WL 5250790 (2nd Cir. 2019)

- “On June 29, 2018, SED filed a request for arbitration before the Paris Tribunal de Grande Instance against iXblue in Paris, citing Article IX (B) of the License.”
- “Two weeks later, on July 13, 2018, iXblue filed a request for arbitration before the International Chamber of Commerce against the SED Entities in New York, citing Article IX (C) of the License.”
- “The SED Entities then turned to the federal courts for relief . . . [t]he District Court sided with iXblue, denying the PI Motion and dismissing the case.”

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3. *Safran Electronics & Defense SAS v. iXblue SAS*, 2019 WL 5250790 (2nd Cir. 2019)

- “The District Court determined that, under the License, questions of arbitrability must be submitted to the arbitrator.”
- “The SED Entities and iXblue agree that the License does delegate those questions to the arbitrator.”
- “. . .when “parties explicitly incorporate rules that empower an arbitrator to decide issues of arbitrability,” as the License does, “the incorporation serves as clear and unmistakable evidence of the parties’ intent to delegate such issues to an arbitrator.””

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4. Doubts Regarding The Scope Of An Arbitration Provision Are Resolved In Favor Of Arbitration

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4. *Seattle Genetics, Inc. v. Daiichi Sankyo Co., Ltd.*, Case No. 01-19-0004-0115 (AAA 2020)

- “On November 4, 2019, DSC filed a Complaint (the “Complaint”) with the Court that named SGI as the sole defendant, and thereby commenced the Litigation.”
- “Approximately one week later, on November 12, 2019, SGI filed its Demand (the “Demand”) for Arbitration with the American Arbitration Association (the “AAA”) that named DSC as the sole Respondent, and thereby commenced this proceeding.”
- “The common basis of the Parties’ respective claims and requests for relief in both this proceeding and in the Litigation is the Collaboration Agreement (the “Agreement”) entered into by DSC and SGI on July 2, 2008.”
- “Specifically, on the one hand, SGI alleges in its Demand that DSC violated the Parties’ Agreement by making certain “Improvements” to SGI’s “Drug Conjugation Technology” but not assigning ownership of the related intellectual property to SGI – i.e., certain enumerated DSC patents and patent applications.”

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4. *Seattle Genetics, Inc. v. Daiichi Sankyo Co., Ltd.*, Case No. 01-19-0004-0115 (AAA 2020)

- “In view of the allegations and requests for relief in its Demand, **SGI asserts** that “[t]he dispute here is about ownership of Improvements as defined by the Agreement, **not the scope of patent rights.**”
- “**DSC contrarily asserts** that: “Under the plain terms of the Agreement, the current dispute (at issue in this Arbitration and in DSC’s Court Action) relates to **the scope of patent rights.**”
- “. . . pursuant to controlling AAA Rule 7(a), the Arbitrator “shall have the power to rule on his or her own jurisdiction, including any objections with respect to the existence, scope or validity of the arbitration agreement or to the arbitrability of any claim or counterclaim.”

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4. *Seattle Genetics, Inc. v. Daiichi Sankyo Co., Ltd.*, Case No. 01-19-0004-0115 (AAA 2020)

- “ . . . the question of arbitrability is primarily framed by the following interrelated clauses within Section 19.3 of the Parties’ Agreement:

19.3 Dispute Resolution. The Parties agree that if any dispute or disagreement arises between Licensee [DSC] on the one hand and SGI on the other in respect to this Agreement, they shall follow the following procedure in an attempt to resolve the dispute or disagreement.

19.3.4 If, within a further period of thirty (30) business days, the dispute has not been resolved or if, for any reason, the required meeting has not been held, then the same shall be submitted by the Parties for resolution by an arbitral body in Seattle, Washington in accordance with the then-current commercial arbitration rules of the American Arbitration Association (“AAA”) except as provided otherwise herein.

19.3.6 Notwithstanding the foregoing, **any disputes relating to inventorship or the validity, enforceability or scope of any patent** or trademark rights shall be submitted for resolution by a court of competent jurisdiction.”

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4. *Seattle Genetics, Inc. v. Daiichi Sankyo Co., Ltd.*, Case No. 01-19-0004-0115 (AAA 2020)

- “ . . . SGI argues that its claims are arbitrable because the critical issues presented on the face of its Demand – i.e., the “Improvement” and “Ownership” of the alleged “Improvement IP” – fall under the broad aegis for arbitrability established by Section 19.3 because they sound in contract, and not within any exception of arbitrability established by Section 19.3.6”
- “Contrarily, DSC argues that SGI’s claims and requests for relief necessarily require a determination of “the scope of patent rights” – with respect to both SGI’s underlying patents/patent applications and DSC’s alleged “Improvement IP”– and therefore inherently fall within the exception to arbitrability established by Section 19.3.6.
- “Considering the foregoing provisions of the Parties’ Agreement together, the Arbitrator concludes that SGI has established that the claims and requests for relief stated within its Demand **are arbitrable pursuant to Section 19.3.4.**”

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4. *Seattle Genetics, Inc. v. Daiichi Sankyo Co., Ltd.*, Case No. 01-19-0004-0115 (AAA 2020)

- “. . . the Supreme Court of the United States has clearly and unequivocally established in pertinent part that: “as a matter of federal law, **any doubts concerning the scope of arbitrable issues should be resolved in favor of arbitration.**”
- “if SGI has the burden of establishing arbitrability the Arbitrator is persuaded that it has done so because it cannot be said with “positive assurance that the fundamental issue presented by SGI’s Demand – i.e., “Ownership” of the “Improvement IP” – falls outside the broad aegis of the arbitrability clause within Section 19.3.4.”
- “Indeed, as both Parties’ acknowledge throughout their submissions, **the issue of “Ownership” is not expressly addressed in either of Section 19.3.4 or 19.3.6** of the Parties’ Agreement; and because it is not, the Parties have necessarily focused their arguments upon the appropriate interpretation and construction of those Sections with respect to that issue.”

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4. *Seattle Genetics, Inc. v. Daiichi Sankyo Co., Ltd.*, Case No. 01-19-0004-0115 (AAA 2020)

- More specifically, on the one hand, DCI has credibly and forcefully argued that Section 19.3.6 should be construed to encompass the issue of “Ownership” within the “scope” of “patent rights” that are expressly not arbitrable.”
- “On the other hand, SGI has just as credibly and just as forcefully argued that the issue of “Ownership” cannot fall within the “scope” of “patent rights” referenced in Section 19.3.6 because, inter alia, resolution of that issue necessitates the application of substantive Washington State law that governs property, versus substantive federal law that governs patent rights.”

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4. *Seattle Genetics, Inc. v. Daiichi Sankyo Co., Ltd.*, Case No. 01-19-0004-0115 (AAA 2020)

- “Given that landscape, and in view of the applicable legal standard, the Arbitrator simply cannot say with “positive assurance” that Section 19.3.4 “is not susceptible of an interpretation that covers” the claims and requests for relief stated in SGI’s Demand – all of which appear to be based upon the question of “Ownership” of the “Improvement IP.”
- “To the contrary, the Arbitrator is persuaded that SGI has established that its proffered interpretation of Section 19.3.4, which encompasses the issue “Ownership” irrespective of Section 19.3.6, is at least as plausible as DSC’s proffered interpretation of that provision, which excludes it in favor of Section 19.3.6.”
- “Therefore . . . **the Arbitrator shall resolve any remaining doubts with respect to the interpretation and construction of Section 19.3.4 in favor of arbitrability.**”

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5. Review Of An Arbitration Award Is “Extremely Deferential”

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5. *PNY Technologies, Inc. v. Netac Technology Co., Ltd.*, 2020 WL 1919160 (3rd Cir. 2020)

- “PNY is a New Jersey-based electronics company that sells, among other things, flash memory devices.”
- “Appellee Netac Technology Co., Ltd. (“Netac”), based in the People's Republic of China, is a manufacturer of flash memory devices.”
- “In 2006, Netac sued PNY, alleging that certain products PNY sold were infringing one of Netac's U.S. patents.”
- “After a lengthy back and forth between the parties, including a settlement agreement and a previous arbitration, PNY filed suit in the United States District Court for the District of New Jersey in 2013.”
- “In that suit, PNY alleged that Netac was not entitled to royalties on a certain category of flash devices, known as chip-on-board (or COB) devices, that PNY sold.”

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5. *PNY Technologies, Inc. v. Netac Technology Co., Ltd.*, 2020 WL 1919160 (3rd Cir. 2020)

- “In December 2015 . . . the District Court ordered the parties “to arbitrate Netac's claims seeking royalties for the sale and/or manufacture of royalty producing products[.]””
- “As relevant here, the arbitrator concluded that COB products were not covered by the settlement agreement. PNY thus did not owe royalties on them.”
- “The arbitrator nevertheless ruled that PNY owed \$2,214,000 in royalties for flash devices that were covered by the settlement agreement.”
 - “He derived that figure from PNY's sales data.”
 - “And, in doing so, he rejected PNY's argument that he should have used supply data instead.”
 - “He also ordered PNY to make quarterly royalty reports to Netac, “consistent with the provisions of the Settlement Agreement.””

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5. *PNY Technologies, Inc. v. Netac Technology Co., Ltd.*, 2020 WL 1919160 (3rd Cir. 2020)

- “The District Court in New Jersey confirmed the arbitration award . . .”
- “Review of the arbitration award itself is “extremely deferential[.]”
- “Indeed, “we begin with the presumption that the award is enforceable[.]” and “do not entertain claims that an arbitrator has made factual or legal errors.”
- “Instead, “[a]n award may be vacated only upon one of the four narrow grounds enumerated in the Federal Arbitration Act[.]” *Id.*”
 - (1) the award was procured by corruption, fraud or undue means, (2) partiality or corruption in the arbitrator, (3) denial of due process, or (4) arbitrators exceeded their powers

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5. *PNY Technologies, Inc. v. Netac Technology Co., Ltd.*, 2020 WL 1919160 (3rd Cir. 2020)

- “PNY invokes only one of those grounds here. According to 9 U.S.C. § 10(a)(4), a court may vacate an arbitration award if “the arbitrators **exceeded their powers**, or so imperfectly executed them that a mutual, final, and definite award upon the subject matter submitted was not made.””
- “Vacatur on that basis is appropriate only when the arbitrator “**decides an issue not submitted** to him, grants relief in a form that cannot be rationally derived from the parties' agreement and submissions, or issues an award that is so **completely irrational** that it lacks support altogether.””
- “That standard is, by its terms, very hard to meet, and PNY has failed to do so.”

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5. *PNY Technologies, Inc. v. Netac Technology Co., Ltd.*, 2020 WL 1919160 (3rd Cir. 2020)

- “PNY contends that the arbitrator erred by using sales data instead of supply data in arriving at a damages figure. That, however, is precisely the type of decision we have no authority to second-guess under the Federal Arbitration Act.”
- “The arbitrator explicitly relied on PNY's sales data and product coding data to calculate damages. It does not matter that using supply data may have been available as an alternate method. It would not even matter at this stage if the sales data were flawed. **All that matters is that the arbitrator's decision had some basis in the record.** See *Sutter*, 675 F.3d at 220 (“[E]ven serious errors of law or fact will not subject” an arbitrator's award to vacatur.)”

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5. *PNY Technologies, Inc. v. Netac Technology Co., Ltd.*, 2020 WL 1919160 (3rd Cir. 2020)

- “PNY next argues that the arbitrator manifestly disregarded the law in ordering that quarterly royalty payments must be made to Netac.”
 - “Relying on *Lear, Inc. v. Adkins*, 395 U.S. 653, 673 (1969), PNY emphasizes that a licensee cannot “be required to continue to pay royalties during the time they are challenging patent validity in the courts.””
 - “PNY asserts that it cannot be made to pay royalties until its claims regarding patent invalidity and unenforceability have been adjudicated.”
- “But PNY again fails to overcome **the stringent standard of review**. The arbitrator clearly grappled with the import of the *Lear* decision. He rejected PNY's position and concluded that Netac's arguments were “more persuasive.” (App. at 292.) That good faith effort is more than enough to demonstrate that he did not manifestly disregard *Lear*. There is no evidence that the arbitrator “ignor[ed]” a “clearly defined governing legal principle[.]””

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6. Merger Provisions Typically Integrate Negotiations Into The Final Agreement; They Do Not Merge Separate Agreements

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6. *Molon Motor and Coil Corporation v. Nidec Motor Corporation*, 946 F.3d 1354, (Fed. Cir. 2020)

- “The district court granted summary judgment that Molon is barred from enforcing the ’915 patent against Nidec pursuant to a covenant not to sue that Molon granted in 2006 (“the 2006 Covenant”).”
- “Molon argues that the 2006 Covenant was extinguished by a clause in a Settlement, License and Release Agreement that the parties entered into in 2007 (“the 2007 Settlement”).”
- “The clause at issue in the 2007 Settlement states that all prior covenants “concerning the subject matter hereof” are “merged” and “of no further force or effect.”
- “Because we agree with the district court that the two agreements concern different subject matter and therefore do not merge, we affirm.”

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6. *Molon Motor and Coil Corporation v. Nidec Motor Corporation*, 946 F.3d 1354, (Fed. Cir. 2020)

- “Having concluded that the 2007 Settlement did not expressly extinguish the 2006 Covenant, we next consider Molon’s more general suggestion that the existence of the merger clause is itself evidence that the parties intended the 2007 Settlement to extinguish the 2006 Covenant.”
 - “Molon argues that, by including a merger clause in the 2007 Settlement, the parties manifested their intent to have the 2007 Settlement override all other agreements pertaining to rights under the ‘915 patent.”
 - “Nidec responds that, whereas merger clauses are intended to integrate negotiations into the final written contract, they do not merge separate agreements that were not part of the negotiations.”
- “We agree with Nidec that the 2006 Covenant is a separate agreement that was not merged with the 2007 Settlement.”

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7. Courts Will Enforce Fee Shifting Provisions

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7. *Sauder Manufacturing Company v. J Squared, Inc.*, 2020 WL 429078 (Fed. Cir. 2020)

- “This appeal arises from a dispute following the settlement of a patent infringement action brought by Sauder Manufacturing Company against J Squared, Inc., doing business as University Loft Company (hereinafter, “ULC”).”
- “Sauder filed a petition alleging that ULC had failed to comply with the terms of the parties’ settlement agreement and accompanying permanent injunction.”
- “The district court ultimately rejected all of the claims in Sauder’s petition, declining to grant any relief to Sauder.”
- “Pursuant to terms of the settlement agreement, ULC moved to recover the attorney fees and costs it incurred in the post-settlement dispute, but the district court denied that relief too.”

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7. *Sauder Manufacturing Company v. J Squared, Inc.*, 2020 WL 429078 (Fed. Cir. 2020)

- “ULC cross-appeals the district court’s order denying an award of attorney fees and costs.”
- “Because we conclude that ULC is the prevailing party in this action, we reverse the district court’s prevailing party determination and remand for a determination of the amount of attorney fees and costs to be awarded to ULC under the terms of the settlement agreement.”
- “The settlement agreement specifies that it “shall be governed by and construed in accordance with the laws of the State of Ohio,” . . . and that it “supersedes any and all prior or contemporaneous negotiations, representations, agreements and understandings, written or oral, that the Parties may have reached with respect to the subject matter hereof, . . .”

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7. *Sauder Manufacturing Company v. J Squared, Inc.*, 2020 WL 429078 (Fed. Cir. 2020)

- “The “prevailing party” in any dispute arising under the settlement agreement is “entitled to recover reasonable attorney’s fees and costs incurred in connection therewith.”
- “The settlement agreement plainly and unambiguously requires an award of reasonable attorney fees and costs to the prevailing party in disputes arising under the agreement:

ULC and Sauder agree to submit to the jurisdiction and venue in the Northern District of Ohio for any and all disputes that may arise under this Settlement Agreement and that *the prevailing party in any such dispute shall be entitled to recover reasonable attorney’s fees and costs incurred in connection therewith.*”

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7. *Sauder Manufacturing Company v. J Squared, Inc.*, 2020 WL 429078 (Fed. Cir. 2020)

- “Sauder does not argue that the settlement agreement is a contract of adhesion or otherwise unenforceable. Accordingly, the district court was obligated to enforce this provision of the settlement agreement under Ohio law.”
- “The only remaining question, then, is whether ULC is a prevailing party. Under Ohio law, the determination of a prevailing party is a question of law reviewed de novo.
- “Because the settlement agreement does not define “prevailing party,” we look to Ohio law for guidance as to its meaning.”
- “Under Ohio law, “[a] party’s status as the prevailing party ‘does not depend upon the degree of success at different stages of the suit, but whether, at the end of the suit, or other proceeding, the party who had made a claim against the other, has successfully maintained it.’”

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7. *Sauder Manufacturing Company v. J Squared, Inc.*, 2020 WL 429078 (Fed. Cir. 2020)

- “Applying this standard, we hold that ULC is the prevailing party in this action.”
- “Sauder advanced several post-settlement claims against ULC, but Sauder did not “successfully maintain” a single one. Sauder ultimately failed to obtain *any* relief from the district court based on its post-settlement petition.”
- “This case similarly involves two sophisticated parties that freely negotiated an agreement and **declined to define “prevailing party.”**”
- “They expressly chose Ohio law and negotiated the settlement agreement in the context of the same case law relied on by the *Simbo* court.”
- “Sauder initiated this post-settlement action and failed to obtain any relief.

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7. *Sauder Manufacturing Company v. J Squared, Inc.*, 2020 WL 429078 (Fed. Cir. 2020)

- “Because Sauder obtained nothing by virtue of this action, ULC is the prevailing party under Ohio law—regardless of whether the “main issue” or “some relief” standard applies to the fee-shifting provision.”
- “The district court did not correctly apply Ohio law to analyze the prevailing party issue. Instead, it only observed that (1) both parties had “proceeded in good faith,” (2) both parties had “prevailed” in the sense that this litigation is concluded,” and (3) the recent phase of post-settlement litigation could potentially have been avoided or curtailed if ULC had initiated conversations with Sauder prior to selling the modified chairs.”
- “None of these considerations are relevant to the prevailing party analysis under Ohio law.”

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7. *Sauder Manufacturing Company v. J Squared, Inc.*, 2020 WL 429078 (Fed. Cir. 2020)

- “Indeed, the district court’s approach renders the fee-shifting provision a nullity, in that no matter how the case was resolved, both parties will always prevail because the “litigation is concluded.””
- “That violates ULC’s **“fundamental right to contract freely with the expectation that the terms of the contract will be enforced.”**”
- “Accordingly, we reverse the district court’s prevailing party determination. We hold that ULC is the prevailing party and is therefore entitled under the settlement agreement to recover reasonable attorney fees and costs incurred in connection with this action.”

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8. Courts Will Enforce The Express Terms Of A Termination Provision

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8. *T-Rex Property AB v. Regal Entertainment Group.*, 2019 WL 5558061 (E.D. Texas 2019)

- “The Magistrate Judge’s revised Report recommends granting summary judgment as to the ’603 Patent because Clear Channel is licensed to practice that patent.”
- “As explained in the Report, Clear Channel and Novus Partners, LLC entered into a license agreement that included the ’603 Patent in November 2005.”
- “The parties’ dispute centers on an alleged change in control of Clear Channel in July 2008 that T-Rex argues triggered a notice requirement under section 7.2 of the license agreement.”
- “Section 7.2 states in part: “In the event that there is a change of control . . . from that existing as of the Effective Date in Licensee, Clear Channel Outdoor Holdings, Inc., or any of its Affiliates, this Agreement shall continue as to that entity for which such change occurred, so long as Licensee provides notice to NOVUS within sixty (60) days of the change.”

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8. *T-Rex Property AB v. Regal Entertainment Group.*, 2019 WL 5558061 (E.D. Texas 2019)

- “Clear Channel does not dispute that it did not provide notice.”
- “The Report held that even if Clear Channel breached the agreement by failing to notify Novus, the breach was either not material or triggered the license agreement’s termination requirements that Novus failed to follow.”
- “In either case, the breach did not terminate the license agreement.”
- “T-Rex objects, arguing that because Clear Channel failed to comply with the license agreement’s terms, the Agreement lapsed.”
- “According to T-Rex, section 7.2’s notice requirement is conditional, and Clear Channel’s failure to notify Novus of the ownership change was not a breach that invoked the license agreement’s section 10 termination procedures.”

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8. *T-Rex Property AB v. Regal Entertainment Group.*, 2019 WL 5558061 (E.D. Texas 2019)

- “Clear Channel argues that T-Rex improperly ignores the fact that Clear Channel and Novus amended the license agreement in 2009, over a year after the alleged change in control.”
- “Section 10 of the license agreement specifically governs term and termination.”
- “As the Magistrate Judge held, automatic termination due to a failure to notice under section 7.2 would nullify the express terms of the agreement’s termination provision.”
- “The parties’ 2009 amendment further supports the position that the license agreement did not terminate or lapse based on the potential change in control in July 2008.”
- “Novus was aware of Clear Channel’s ownership transaction by “late 2008.”

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8. *T-Rex Property AB v. Regal Entertainment Group.*, 2019 WL 5558061 (E.D. Texas 2019)

- “Despite this knowledge, Novus agreed to amend the license agreement in September 2009.”
- “Here, Novus potentially had the right to enforce the notice condition of section 7.2 and let the license agreement lapse. But Novus’s agreement to a later amendment was inconsistent with enforcing the notice provision against Clear Channel. Thus, Novus’s conduct dispensed with performance of that provision. This provides a second and independent basis for finding that the license agreement remains valid.”
- “As explained above, the Magistrate Judge properly found that the license agreement is still in effect as to the ’603 Patent. A party cannot infringe a Patent to which it has a valid license. Accordingly, the Court **OVERRULES** T-Rex’s objections on this issue.”

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9. A Stipulation Of Irreparable Harm May Not Apply

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9. *Takeda Pharmaceuticals U.S.A., Inc., v. Mylan Pharmaceuticals Inc.*, 2020 WL 4379027 (Fed. Cir. 2020)

- “In 2016, Takeda sued Mylan Pharmaceuticals Inc. for patent infringement . . .”
- “The parties ultimately resolved the litigation through a Settlement Agreement and License Agreement, effective November 7, 2017 (“License Agreement”).”
- “The License Agreement allows Mylan to sell a generic colchicine product on a specified date, or in the event of certain circumstances defined in Section 1.2, on an earlier date.”
- “According to Section 1.10 of the License Agreement, **if Mylan breaches Section 1.2**, the parties stipulate that such breach “would cause Takeda irreparable harm.”
- “In October 2019, Mylan notified Takeda that it planned to “immediately start selling” a generic colchicine product pursuant to Section 1.2(d) of the License Agreement.”

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9. *Takeda Pharmaceuticals U.S.A., Inc., v. Mylan Pharmaceuticals Inc.*, 2020 WL 4379027 (Fed. Cir. 2020)

- “Shortly after Mylan launched its product, on December 2, 2019, Takeda filed a complaint in the United States District Court for the District of Delaware, alleging breach of contract and patent infringement.”
- “Several days later, Takeda filed a motion for preliminary injunction . . .”
- “After full briefing and oral argument, the district court issued an order denying Takeda’s motion for preliminary injunction.”
- “The district court held that Takeda “failed to show it is likely to succeed on the merits or that it will suffer irreparable harm.””
- “To prove irreparable harm before the district court, Takeda primarily relied on the stipulation of irreparable harm in Section 1.10 of the License Agreement.”

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9. *Takeda Pharmaceuticals U.S.A., Inc., v. Mylan Pharmaceuticals Inc.*, 2020 WL 4379027 (Fed. Cir. 2020)

- “1.10. Specific Enforcement. Takeda shall be entitled to specific enforcement of the terms and conditions set forth in Paragraphs 1.2 and 1.4 of this License Agreement, and shall be entitled to immediate injunctive relief to prevent Mylan from marketing the Mylan ANDA product in breach of Paragraphs 1.2 and 1.4 of this License Agreement. Mylan acknowledges that marketing the Mylan ANDA Product in breach of Paragraph 1.2 of this License Agreement would cause Takeda irreparable harm.
- “But **because Takeda had not demonstrated that it was likely to show that Mylan had breached** the License Agreement, the district court found that Section 1.10’s stipulation did not apply.”
- “Without the stipulation, the court found that “[m]oney damages would remedy any harm Takeda” would suffer as a result of Mylan launching its generic product.”

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10. There's A Presumption That An Express License To A Patent Includes An Implied License To Its Continuations

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10. *Cheetah Omni LLC v. AT&T Services, Inc.*, 949 F.3d 691, (Fed. Cir. 2020)

- “Cheetah asserted that AT&T infringes the ’836 patent by making, using, offering for sale, selling, or importing its fiber equipment and services.”
- “. . . Ciena and AT&T argued that the two prior licenses included implicit licenses to the ’836 patent covering all of the accused products.”
- “To frame the parties’ dispute, a review of the previous litigation and resulting settlements is necessary.”
- “In 2011, Cheetah brought suit against, *inter alia*, Ciena and Fujitsu, accusing certain Reconfigurable Optical Add/Drop Multiplexer (“ROADM”) products of infringing, *inter alia* U.S. Patent 7,339,714 (“the ’714 patent”).”
- “Cheetah settled the ROADM case with both Ciena and Fujitsu, executing two separate agreements with each party: a covenant not to sue and a license.”

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10. *Cheetah Omni LLC v. AT&T Services, Inc.*, 949 F.3d 691, (Fed. Cir. 2020)

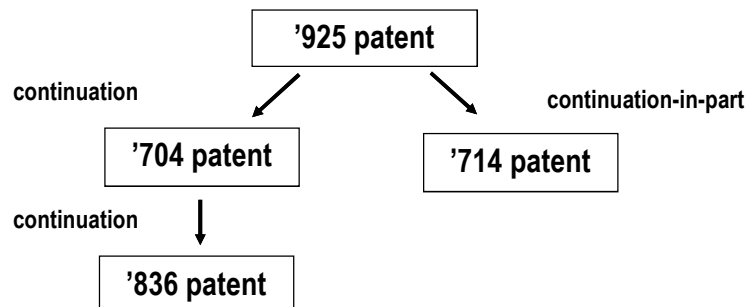
- “Cheetah granted to Ciena “a perpetual, irrevocable, worldwide, non-exclusive, fully paid-up license under the Licensed Patents to make, have made (directly or indirectly and solely for Ciena or its Affiliates), use, offer to sell, sell, and import and export the Licensed Products.”
- “The agreement defined “Licensed Patents” to mean
 - (i) the Patents-in-Suit, and (ii) all parents, provisionals, substitutes, renewals, continuations, continuations-in-part, divisionals, foreign counterparts, reissues, oppositions, continued examinations, reexaminations, and extensions of the Patents-in-Suit owned by, filed by, assigned to or otherwise controlled by or enforceable by Cheetah or any of its Affiliates or its or their respective successors in interest at any time as of, prior to, on or after the Effective Date, whether filed before, on or after the Effective Date.”

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10. *Cheetah Omni LLC v. AT&T Services, Inc.*, 949 F.3d 691, (Fed. Cir. 2020)

- “Key to the parties’ dispute is the relationship between the ’836 and ’714 patents. The ’714 patent is a continuation-in-part of U.S. Patent 6,943,925 (“the ’925 patent. These relationships are depicted below:”



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10. *Cheetah Omni LLC v. AT&T Services, Inc.*, 949 F.3d 691, (Fed. Cir. 2020)

- “Because the ’714 patent was asserted in the ROADM litigation, it is necessarily included in the Ciena license.”
- “The question we are presented with here, however, is whether the ’836 patent, a continuation of a continuation of the ’925 patent, *i.e.*, its grandchild, is impliedly licensed under the Ciena license. In personal terms, because the uncle and grandparent of the ’836 patent, are licensed, is the ’836 patent also licensed?”
- “The district court reasoned that an express license of the ’925 patent included an implied license for its continuations “because those continuations disclose the same inventions as the licensed patent.” *Id.* We agree.”

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10. *Cheetah Omni LLC v. AT&T Services, Inc.*, 949 F.3d 691, (Fed. Cir. 2020)

- “Two years later, we considered whether an express license to a patent includes an implied license to its continuations, even when the continuation claims are narrower than previously asserted claims.”
- “Relying on *TransCore*, we answered that question in the affirmative: “Where . . . continuations issue from parent patents that previously have been licensed as to certain products, **it may be presumed that, absent a clear indication of mutual intent to the contrary, those products are impliedly licensed under the continuations as well.**”
- “We further explained that parties could contract around the presumption of an implied license if it did not “reflect their intentions” but that it was the parties’ burden to “make such intent clear in the license.”

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10. *Cheetah Omni LLC v. AT&T Services, Inc.*, 949 F.3d 691, (Fed. Cir. 2020)

- “If Cheetah did not intend its license “to extend to claims presented in continuation patents, it had an obligation to make that clear.”
- “The expectation is properly placed on the patent owner, Cheetah, to specifically carve out continuation patents that it intended to exclude because Cheetah has the most information about its total patent portfolio.”
- “If Cheetah had a contrary intent, it could have made its intent clear in the agreement as a matter of contract drafting.”

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