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Patent Licensing and Selling
Strategy, Negotiation, Forms
Second Edition

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For this release, author Mark Holmes has revised and expanded the text and added useful new commentary on the following topics:

The importance of definitions—“affiliate,” “subsidiary,” etc.: In nQueue Inc. v. Control Systems (USA) Inc., the federal district court in the Central District of California considered how an interlocking set of definitions in a settlement agreement applied to some companies with a convoluted history of mergers, acquisitions, and name changes. Accused of infringement of several patents, Control’s defense was to argue that this history established it as an “affiliate” whose products were “licensed products” and thus entitled to benefit from the settlement agreement. The court ultimately disagreed, noting that Control was seeking to “nullify,” or even “betray,” an agreed-upon definition. See new § 1:3.1[B].

Interpreting the contract as a whole: The Federal Circuit’s Wi-LAN USA, Inc. v. Ericsson, Inc. illustrates the principle that contracts are to be read as a whole. Wi-LAN brought two separate patent infringement cases against Ericsson in federal district courts in Texas and Florida, putting in issue a prior Patent Conflict and Resolution Agreement between the parties that allegedly limited Wi-LAN’s ability to assert certain patents against Ericsson. The two district courts granted contradictory summary judgments, and both were appealed to the Federal Circuit. In resolving the dispute in favor of Wi-LAN, the court of appeals considered (1) a “Non-Assert Provision”—a covenant by Wi-LAN not to sue Ericsson regarding certain patents; (2) a damages provision; and (3) a most-favored-licensee provision. Despite the imprecise language in the Non-Assert Provision, the court said that it must interpret the contract “in the light of the obligation as a whole and the intention of the parties as manifested thereby.” The Federal Circuit held that the

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PCRA—read as a whole—evidenced the parties’ clear intent to restrict the Non-Assert Provision to four identified Wi-LAN patents. See new §§ 2:11–2:11.4.

Can foreign bankruptcy law trump 11 U.S.C. § 365(n)? In Jaffé v. Samsung Electronics Co., the Fourth Circuit considered “the significant question under Chapter 15 of the U.S. Bankruptcy Code of how to mediate between the United States’ interests in recognizing and cooperating with a foreign insolvency proceeding and its interests in protecting creditors of the foreign debtor with respect to U.S. assets.” The case concerned the bankruptcy, in Germany, of Qimonda AG, a semiconductor manufacturer whose assets included some 4,000 U.S. patents, heavily cross-licensed. In a U.S. bankruptcy court, the German insolvency administrator sought power to replace the licenses with new ones. The bankruptcy court ultimately refused that relief, and the court of appeals affirmed, holding that the lower court had properly balanced the U.S. interests at stake. See new § 3:5.6.

False marking: Among other things, the America Invents Act changed the false marking statute by eliminating the qui tam provision and requiring that only a “person who has suffered a competitive injury” may bring a claim. The federal courts are beginning to consider the competitive injury requirement, in such cases as Cot’n Wash, Inc. v. Henkel Corp. (in Delaware), Greene v. Ab Coaster Holdings, Inc. (in Ohio), and Sukumar v. Nautilus, Inc. (in Virginia). In addition to considering what sorts of alleged injuries may constitute “competitive injury” under the statute, these cases raise the question whether a false marking plaintiff must be an actual competitor of the defendant or whether it is sufficient to be a potential competitor. See new §§ 6:8.2[A][1]–[A][3].

Patent exhaustion: Expanding the discussion of the patent exhaustion doctrine, the author examines two cases relying on Quanta Computer: the Federal Circuit’s Keurig, Inc. v. Sturm Foods, Inc., and the New Jersey federal district court’s In re TR Labs Patent Litigation. See new §§ 17:5.1–17:5.2. Also included is new discussion of whether Quanta Computer eliminated the first sale rule’s territoriality requirement. See new §§ 17:5.4[C]–[D]. Finally, the Supreme Court’s Kirtsaeng v. John Wiley & Sons, Inc., a copyright case, may have implications for patent law. Holding that copyright law’s “first sale” doctrine applies to copies of a copyrighted work lawfully made abroad, the Court found no basis for a “geographical” interpretation of the statute. Could the Court follow a similar approach to overrule the Federal Circuit cases requiring that the first sale, for purposes of the patent exhaustion doctrine, occur in the United States? See new §§ 17:7[A]–[C].

The Table of Authorities and the Index have also been updated.
FILING INSTRUCTIONS

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