

# Recent U.S. Court Decisions And Developments Affecting Licensing

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The cases in this quarter's report address recent developments on the following issues:

## Claims of Patent Infringement

1. Pleading patent infringement based on continued production of licensed products.
2. Divided patent infringement based on customer software use.

## Standing to Sue

3. Covenants not to sue and standing to challenge patent validity.
4. Retroactive patent license insufficient to cure defect in standing to sue for patent.

## Remedies

5. Reasonable royalty for patent infringement based on incremental value of patented features.
6. Willful patent infringement claim on day of patent issuance.
7. Preliminary injunctions against patent infringement—harm to licensees insufficient to show required irreparable harm.
8. Limitations on total profit damages for design patent infringement.

## Interpretation

9. Anti-assignment provisions—distinguishing assignment of agreement versus licensed IP.
10. License agreement commercialization provisions as a later obstacle to license defense.

## Inter Partes Review

11. Patent assignor as inter partes review petitioner.
12. Stay of patent infringement litigation in view of inter partes review instituted for similar patent claims.

## **Deetz Family, LLC v. Rust-Oleum Corp.**

### **1. Infringement Complaint Based Solely on Continued Production of a Previously Licensed Product Fails to Meet Minimum Pleading Standards**

To meet the minimum standards for pleading a complaint must provide sufficient notice of the claims being alleged. In particular, a patent infringement complaint must allege a claim that plausibly entitles the plaintiff to relief, identifying the accused products and the patent claims being infringed.

In *Deetz Family, LLC v. Rust-Oleum Corp.*, rather than alleging such facts, the patent owner asked the court to

draw inferences of such allegations from the fact that Rust-Oleum licensed the patents and continued manufacturing accused products after the license agreement was terminated. Finding this insufficient, a Massachusetts court concluded that Deetz's complaint should be dismissed as insufficiently pleading a claim for patent infringement.

## Background

Deetz and Rust-Oleum entered into a license agreement granting Rust-Oleum non-exclusive rights to Deetz's patents for magnetic paint additives. Under the terms of the license agreement, Rust-Oleum paid an upfront fee and royalties based on a percentage of net sales each year. The license also required Rust-Oleum to pay minimum royalties in the event that its actual royalties fell below certain thresholds. Rust-Oleum made the upfront payment and paid part of the actual royalties due from 2006 to 2009, but the payments made didn't meet the minimum royalties required under the license. In 2010, Rust-Oleum stopped making any royalty payments under the license agreement.

Deetz subsequently terminated the license agreement and filed a complaint against Rust-Oleum for breach of contract, breach of the implied covenant of good faith and fair dealing, and patent infringement, seeking the remainder of minimum royalty payments due under the agreement and to enforce the terms of the agreement.

For the breach of the implied covenant of good faith and fair dealing, the complaint alleged that Rust-Oleum's failure to pay fees due under the license agreement and its continued use of the patented technology violates Deetz's "reasonable expectations of performance" and breaches the implied covenant of good faith and fair dealing that is inherent to all contracts.

For patent infringement, the complaint alleged that Rust-Oleum infringed Deetz's patents based on the license agreement and a YouTube video posted by Rust-Oleum purportedly showing that Rust-Oleum still manufactured an alleged infringing product.

Deetz also claimed to have additional facts to support its claims, which it did not include in its complaint to

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avoid disclosing trade secret paint formulations—Rust-Oleum and Deetz both acknowledged that they were negotiating the terms of a protective order that would keep those trade secrets confidential.

Rust-Oleum filed a motion asking the court to dismiss Deetz's claims for breach of the implied covenant of good faith and fair dealing, and claims for patent infringement. Rust-Oleum argued that by failing to identify the accused products, which patent claims those products infringed, and how the allegedly infringing products practiced the claims, Deetz's complaint failed to provide enough facts to meet established minimum pleading standards.

### **The Deetz Family Decision**

The district court examined whether Deetz's complaint included sufficient facts to plausibly support its allegation that Rust-Oleum breached its implied covenant of good faith and fair dealing, and its allegation that Rust-Oleum infringed Deetz's patents. In its evaluation, the court separated conclusory legal statements from factual allegations in the complaint and considered whether the factual conclusions alone supported a plausible claim to relief.

For the claim related to the implied covenant, the court stated: "To establish a breach of the duty of good faith and fair dealing, the complaining party must show that the contract vested the opposing party with discretion in performing an obligation under the contract and the opposing party exercised that discretion in bad faith, unreasonably, or in a manner inconsistent with the reasonable expectations of the parties." The court concluded that the complaint "failed to allege what, if any, terms of the license agreement required Rust-Oleum to exercise its discretion, or how it abused that discretion. Even the proposed amendment makes the conclusory assertion that Rust-Oleum's actions violated Deetz's "reasonable expectation of performance." A mere failure to perform is simply a breach of contract, not a breach of the implied duty of good faith."

For the claim of patent infringement, Rust-Oleum argued that Deetz's complaint failed to identify the accused products, which claims they are infringing, how the allegedly infringed claims read on the accused products, or the composition of the accused products. Instead, Deetz asked the court to infer direct infringement from the fact that Rust-Oleum licensed the patents and then continued making magnetic primer products after the License Agreement was terminated. The court, however, found this insufficient. In the court's view, by seeking to draw inferences from the existence and content of a license agreement from a time period before the alleged infringement occurred, Deetz only further confused which actions or products made by Rust-Oleum infringed which claims of Deetz's patents.

The court held that the failure to provide any facts to

support the claims in the complaint for breach of the implied covenant and patent infringement warranted dismissal of those claims. However, because Deetz argued that it did have facts to support its claims, the court granted Deetz an opportunity to amend the complaint to allege facts sufficient to show an abuse of discretion by Rust-Oleum and to allege facts connecting Rust-Oleum's potentially infringing products with specific patent claims.

### **Strategy and Conclusion**

This case shows a variety of claims and the varying range in detail required in alleging claims to obtain relief from a former licensee who failed to pay under a license agreement and is believed to continue to produce products after the license is terminated. The allegation of breach of contract was relatively simple and was not challenged by the former licensee. However, the allegation of breach of an implied duty of good faith and fair dealing, and the allegation of patent infringement required more detail, and they were successfully challenged by the former licensee.

As well, this case shows the value in considering the various claims that can be asserted and the elements that are required to be pled in the complaint, and it demonstrates the value of explicitly alleging the facts needed to support a claim of patent infringement rather than relying on inferences of infringement to be drawn by the court from alleging that the defendant continued to produce a previously licensed product.

### **Further Information**

The *Deetz Family* opinion can be found here: <https://tinyurl.com/jzobby3>

## ***PerDiem Co. LLC v. Geotab Inc.***

### **2. Court Dismisses Divided Infringement Claim Because Customer's Data Entry Steps Were Not Attributable to the Defendant Software Vendor**

Direct infringement of a method patent occurs when all steps of a claimed method are performed by a single entity or when all steps are attributable to a single entity, such as when that entity directs or controls the performance of others or when the actors form a joint enterprise. In *PerDiem Co. LLC v. Geotab Inc.*, a Texas Court dismissed an infringement claim because the seller of software did not have "direction or control" over customers using the software.

### **Background**

PerDiem sued Geotab for infringing a patented method on a system for locating and tracking objects using a location source, such as a GPS satellite, that conveys location information about an object to one or more users.

Geotab's telematics system allows companies to manage different aspects of their fleet vehicles using devices placed in vehicles that collect and transmit vehicle data

to servers, which in turn, process, store, and forward the data to Geotab servers upon request. Geotab admitted that it performed certain limitations of the patent claims, but it contended that two steps were performed by Geotab's customers rather than Geotab itself.

### **The *PerDiem v. Geotab* Decision**

PerDiem argued that even if Geotab's customers performed the two steps, the performance of those steps should be attributable to Geotab because: (1) Geotab "directs or controls" the customers' performance of the steps because Geotab's software establishes what data customers can enter and how they can enter it; (2) Geotab "conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner or timing of that performance"; and (3) Geotab does not provide the full benefit of the accused fleet-tracking services unless customers enter the requisite data.

The court found that these facts did not show the requisite direction or control by Geotab over its customer to establish that the customer's performance of these steps were attributable to Geotab. The court reasoned that while a user's benefit from using software will increase as the user explores additional functionality, this is not conditional participation as required by the Federal Circuit in *Akamai* to establish direction or control sufficient to attribute the actions of a customer to its supplier. In *Akamai*, the accused infringer required customers to sign a standard form contract that delineated which claimed steps the customers "must perform."

### **Strategy and Conclusion**

A customer's mere use of software provided by a vendor accused of infringement may not necessarily be attributable to the vendor and therefore may not necessarily support a claim for divided infringement against the vendor based on the activities of the customer.

### **Further Information**

The *PerDiem* decision is available here:  
<https://tinyurl.com/j6jlg8u>.

## ***Esoterix Genetic Laboratories LLC v. Qiagen Inc.***

### **3. Patent Validity Challenge May Proceed Despite Covenant Not to Sue for Patent Infringement**

To avoid requiring courts to render opinions that are merely advisory or preside over matters that have already been resolved, the U.S. Constitution provides Federal courts with jurisdiction only over live cases or controversies. Sometimes, but not always, a covenant not to sue may eliminate the ability to bring a patent validity challenge, such as when it extinguishes the case or controversy in a patent infringement suit. In *Esoterix Genetic Laboratories LLC v. Qiagen Inc.*, a Massachusetts court found that a covenant not to sue for patent infringement

did not eliminate the ability to bring a patent validity challenge because it did not extinguish the case or controversy in a breach of contract suit arising from a patent license agreement.

### **Background**

The patents at issue, which are directed to methods and test kits for determining the effectiveness of pharmaceutical compounds for treating lung cancer, were originally owned by Genzyme. Genzyme granted DxS, Ltd. a nonexclusive license to manufacture and sell products practicing the patents in exchange for royalties on those sales. In particular, the license allowed sales of diagnostic kits for non-commercial, research use only, until the kits achieved regulatory approval for commercial use. Qiagen acquired DxS and assumed DxS's rights as licensee under the license agreement. Genzyme sold its rights to the patents and its rights under the license agreement to LabCorp. LabCorp, in turn, created Esoterix, which owned the patents and served as the licensor under the license agreement.

Having respectively acquired the patent rights and a license, Esoterix sued Qiagen for breach of contract and patent infringement, alleging that Qiagen exceeded the scope of the parties' license agreement by selling diagnostic kits for commercial, non-research use before obtaining regulatory approval. The court granted part of a motion to dismiss by Qiagen, holding that one of the licensed patents was directed to ineligible subject matter and was therefore invalid. Qiagen then asserted counterclaims seeking a declaratory judgment of invalidity of four additional licensed patents.

In response, Esoterix attempted to moot Qiagen's counterclaims and prevent the patent validity challenge from proceeding by giving Qiagen a covenant not to sue on the patents-in-suit as to sales of test kits "for clinical diagnostic purposes or research purposes." The covenant further provided that it did not extend to rights under the license agreement and did not bar Esoterix from upholding the validity of the patents in response to a challenge by Qiagen. Esoterix argued that the covenant had the effect of eliminating any case or controversy between the parties regarding the licensed patents, including any case or controversy as to Qiagen's invalidity counterclaims, relying on the constitutional requirement that the facts alleged must show there is a substantial, real, and sufficiently immediate controversy between parties having adverse legal interests for a court to have jurisdiction over a declaratory judgment action.

### **The *Esoterix* Decision**

The court considered Esoterix's argument that its covenant not to sue on the patents-in-suit removed any risk that Qiagen would be sued for infringement and thus eliminated any case or controversy supporting Qiagen's counterclaims for declaratory judgment. As the court explained, however, the covenant not to sue did not

eliminate the primary dispute raised by Qiagen's counter-claims regarding whether it was obligated to pay royalties under the parties' license agreement.

The court's reasoning relied on the Supreme Court's *Medimmune* decision, holding that a court has jurisdiction to consider claims by a licensee in good standing seeking a declaratory judgment that licensed patents are invalid or that the licensee is not required to make payments under the license because its products do not infringe. Although *Medimmune* did not involve a covenant not to sue, the court in *Esoterix* reasoned that *Esoterix's* covenant promised nothing more than the license's grant of immunity from infringement claims during the term of the license.

As the court further observed, the dispute over validity was "still very much alive" because the covenant explicitly reserved *Esoterix's* ability to assert its rights under the license agreement and to defend against an invalidity challenge brought by Qiagen.

The court distinguished the present case from cases with patent infringement claims that do not involve related license agreements between the parties or claims for breach of contract. In those cases, a covenant not to sue for patent infringement divests the trial court of subject matter jurisdiction over claims that the patent is invalid because the covenant eliminates any controversy between the parties.

The court also distinguished the present case from another rather unique case where a licensor's covenant not to sue failed to eliminate a case or controversy as to contractual claims, but the federal court found that it lacked statutory subject matter jurisdiction over the state law contract claims because there was no diversity of citizenship between the parties. In contrast, in this case, the court found that there was diversity between *Esoterix* and Qiagen and that the amount in controversy exceeded \$75,000.

## Strategy and Conclusion

This case illustrates that the effect of a covenant not to sue on the ability to raise validity challenges and other issues may depend on the situation and the express terms of the covenant not to sue, and that a covenant not to sue for patent infringement will not necessarily extinguish all related claims. In particular, while a covenant not to sue for patent infringement may eliminate patent invalidity challenges in some instances where no case or controversy remains, it may not eliminate patent validity challenges if the litigation also involves a breach of contract claim based on a license agreement where a case or controversy remains.

## Further Information

The *Esoterix* decision can be found here: <https://tinyurl.com/gt5ue8h>.

## CTP Innovations

### 4. Retroactive Assignment Fails to Bring into Force Earlier Ineffective Assignments and Fails to Cure Break in Chain of Title

CTP Innovations filed over seventy-five lawsuits, alleging infringement of two patents pertaining to systems and methods related to the printing industry. In a consolidated action involving twenty-six of those suits, a Maryland court ruled that CTP had no standing to sue due to a defect in the chain of title to the asserted patents.

## Background

CTP based its claim of ownership in the asserted patents on a series of transactions:

1. The inventors assigned their rights to Banta Corporation.
2. Banta became a subsidiary of R.R. Donnelley.
3. R.R. Donnelley purported to assign its rights in the patents to Media Innovations.
4. Media purported to transfer its rights in the patents to CTP.
5. Banta executed a *nunc pro tunc* written assignment to R.R. Donnelley, seeking to retroactively assign the patents as of an effective date before R.R. Donnelley's purported assignment to Media.
6. CTP sued for patent infringement.

## The CTP Innovations Decision

Constitutional standing to sue for patent infringement requires that the plaintiff have valid legal title to the patents being asserted as of the filing date of the action. In *CTP Innovations*, the court found that CTP did not have title to the asserted patents when it sued for infringement.

The court examined the series of transfers of the asserted patents and observed that a corporate parent does not automatically have title to the subsidiary's assets. Therefore, an assignment of patent rights owned by a subsidiary needs to be made by the subsidiary, rather than the corporate parent, because an attempted assignment by a corporate parent to transfer patents owned by its subsidiary does not result in an assignment of those rights.

In this case, when R.R. Donnelley acquired Banta, R.R. Donnelley did not become an owner of Banta's patents. Rather, Banta retained ownership of the patents. R.R. Donnelley's failure to acquire rights in the patents owned by Banta prevented R.R. Donnelley from being able to transfer any rights in the patents. Therefore, R.R. Donnelley's attempted assignment to Media, and Media's subsequent attempted assignment to CTP, failed to effectively transfer ownership in the patents to CTP.

The court also found that a *nunc pro tunc* assignment does not necessarily have a retroactive effect on bringing

into force earlier assignments that were ineffective.

In this case, Banta attempted to cure the defect in R.R. Donnelley's attempted transfer of patent rights by executing a *nunc pro tunc* assignment of its patent rights to R.R. Donnelley to be retroactively effective at an effective date prior to the assignments by R.R. Donnelley to Media, and Media to CTP.

However, rather than curing CTP's standing deficiency, the retroactive assignment demonstrated a recognition that R.R. Donnelley did not have legal title to the patents when it purportedly assigned them to Media. And the retroactive assignment did not bring into force the earlier assignments from R.R. Donnelley to Media, and Media to CTP, that were ineffective because R.R. Donnelley had no rights to transfer.

The court discussed several ways CTP could have acquired good title to the patents prior to filing a patent infringement litigation. For example, CTP could have received a direct assignment from Banta. Or if R.R. Donnelley's original assignment to Media assigned future or expectant interests in the patents, the *nunc pro tunc* assignment could have effectively transferred those rights from R.R. Donnelley to Media. However, the language of the original assignment from R.R. Donnelley to Media only used present-tense language, transferring only rights it had at the time of the assignment, rather than rights it would have later acquired from the *nunc pro tunc* assignment.

Because the retroactive assignment did not cure the defect in CTP's ownership in the patents, CTP did not have constitutional standing to sue for infringement of the patents.

### Strategy and Conclusion

This case demonstrates the importance of confirming valid title to asserted patents before filing suit and illustrates issues that can arise when related companies may be involved in the chain of title. Where defects are discovered in a multiparty transfer, it can be useful to consider whether they can be best addressed through direct assignment from the party actually holding title rather than merely attempting to redo the defective portion of the transfer.

### Further Information

The *CTP Innovations* decision is available here. <https://tinyurl.com/gqv9tfp>.

## ***Visteon Global Technologies Inc. v. Garmin International, Inc.***

### **5. Reasonable Royalty Depends on Incremental Price of a Product Attributable to Its Patented Features Rather than the Value of the Patented Features in a Vacuum**

In *Visteon Global Technologies Inc. v. Garmin International, Inc.*, a Michigan federal court excluded expert

opinions on damages for patent infringement as improperly based on the value of specific claimed features in isolation from their incremental value to consumers in the products accused of infringement, rather than the incremental value of the claimed features relative to the value of the accused products as a whole.

### Background

Visteon accused Garmin's navigation products of infringing four patents related to four specific features of navigation systems and calculated what it believed Garmin owed in reasonable royalty damages in two steps.

First, Visteon hired an expert who conducted a choice-based conjoint (CBC) consumer survey to determine the consumer value of the four features allegedly claimed in Visteon's patents. A CBC survey offers respondents hypothetical products that include a combination of different product features. Through the respondents' selections, economists can assign relative values to each of those features. Visteon's expert's CBC survey sought to determine the values of the four claimed features relative to each other.

Second, Visteon enlisted another expert to build on the findings of the first, factoring in product costs and competition with the relative consumer values determined from the results of the CBC survey. Visteon's second expert considered factors such as Garmin's profit margins and the parties' relative positions in the marketplace. Based on the principle that accused patent infringers in every negotiation seek to pay "as little as possible," Visteon's second expert concluded that Garmin would be willing to pay just under \$5 per device, which amounted to a royalty of over \$80 million over the relevant time period.

### The *Visteon* Decision

A reasonable royalty award for patent infringement must be based on the incremental value that the patented invention adds to the end product as a whole. The value of the invention cannot be divorced from the product in which it is incorporated. In other words, determining a reasonable royalty requires determining the actual price a consumer would be willing to pay for a product with the patented features over an otherwise equivalent product that lacked those features.

In assessing the credibility of Visteon's experts and reliability of their testimony, the Court noted that Visteon's burden was to tie its reasonable royalty to the incremental real-world value of the claimed features. Further, the Court observed, since at least 2009, the Federal Circuit has reiterated the requirement that infringement damages must be apportioned in relation to the patented features alone, separate and apart from any value attributable to any unpatented features.

Visteon's experts, however, did not determine the actual value of either the four claimed features or the myriad unclaimed features. Critically, the CBC survey conducted

by Visteon's first expert did not attempt to determine (1) a "real world" price for any of the claimed features or (2) the value of those features relative to the non-patented features in the accused navigation systems. Visteon's second expert never attempted to determine the price that consumers would pay for the individual technology provided by the infringing features. Nor did he attempt to determine the value of all of the features of the accused navigation system (i.e., the combined value of the patented and non-patented features). The Court ruled that considering the relative values of the claimed features alone, without assessing the value those features added to accused device, made it impossible to determine the profit attributable to those features, and therefore what a reasonable royalty would be. Accordingly, the Court excluded the testimony and reports of Visteon's experts.

## Strategy and Conclusion

This case confirms that in determining the proper base for reasonable royalty calculations, it is important to show the actual incremental price consumers are willing to pay for a device including the claimed features, compared with the price they would be willing to pay for an otherwise identical device without the claimed features (assuming claims do not cover the device as a whole). Simply assigning a value to the patented technology is typically insufficient to calculate a reasonable royalty. In arriving at a reasonable royalty, parties and experts should show how much (or how little) the patented technology affects the actual price consumers are willing to pay.

## Further Information

The *Visteon* decision is available here:  
<https://tinyurl.com/za96zce>.

## **Malibu Boats, LLC v. Mastercraft Boat Company, LLC**

### **6. Willful Patent Infringement May Be Alleged in Suit Filed on the Same Day the Patent Issues Based on Prior Notice of Allowance**

Damages for patent infringement may be enhanced up to three times the amount found or assessed in cases where the infringer has committed "willful infringement." Willful patent infringement requires, among other things, that the infringer had knowledge of the patent before the lawsuit was filed. In *Malibu Boats, LLC v. Mastercraft Boat Company, LLC*, the district court for the Eastern District of Tennessee considered whether a patent owner could seek enhanced damages where the infringement suit was filed on the same day the patent issued. The court concluded that the patent owner could allege willful infringement because the complaint alleged that the accused infringer had knowledge of the patent's allowance prior to issuance. The court made clear, however, that its decision extended only to the patent owner's ability to seek enhanced damages for willful infringe-

ment—the ultimate issue of whether infringement was willful would be decided by a jury and the court could then exercise its discretion to determine whether or not to award enhanced damages.

## Background

Malibu accused Mastercraft of infringing a patent directed to a system for modifying a boat's wake, in a complaint filed on the same day that the patent issued. Malibu's complaint included an allegation that Mastercraft willfully infringed the patent because Mastercraft had knowledge of the patent prior to its issuance, including by way of a Notice of Allowance and Issue Notification. A Notice of Allowance informs patent applicants that the application is entitled to a patent under the law. Shortly before a patent actually issues, an Issue Notification informs the applicants of the patent number and issue date assigned to the patent. Malibu also provided actual knowledge of the Notice of Allowance and Issue Notification via a letter from Malibu's patent prosecution counsel to Mastercraft thirteen days before the patent issued. At the time, Malibu and Mastercraft were also engaged in a separate litigation involving a related patent. Mastercraft filed a motion to dismiss Malibu's willful infringement allegations, arguing that it could not have pre-suit knowledge of a patent when the patent issued the same day the suit was filed.

## The *Malibu Boats* Decision

The district court examined whether Malibu could legally allege willful infringement in its complaint, assuming all allegations in the complaint to be true. Although the court noted that infringement could not begin until the patent actually issued, it concluded that knowledge of a patent before it issued could form a basis for alleging willful infringement.

At the outset, the district court looked at the standard for proving enhanced damages and focused on how it is evaluated based on the totality of the circumstances. It observed that Mastercraft's motion to dismiss relied on the Federal Circuit's *Seagate* decision, which was largely abrogated by the Supreme Court in *Halo Electronics*. The court noted, however, that even under *Halo Electronics*, "enhanced damages should generally be 'reserved for egregious cases typified by willful misconduct'" and knowledge of the asserted patent continues to be a prerequisite for willful infringement and is decided by a jury based on the "totality of the circumstances." The court rejected Mastercraft's assertion that willful infringement is categorically excluded when the lawsuit is filed the same day a patent issues, explaining that Mastercraft's assertion was inconsistent with this totality of the circumstances test.

Next, the court examined the facts of this case to determine whether Malibu's complaint included allegations that Mastercraft had knowledge of the patent before

it issued and pointed to the USPTO's Notice of Allowance and Issue Notification, Malibu's patent counsel's correspondence with Mastercraft, and Malibu and Mastercraft's ongoing litigation involving a patent related to the '161 patent, which "could conceivably contribute to a finding of willfulness." Taking Malibu's assertions in its complaint as true, the court determined that Malibu had set forth a plausible complaint for willful infringement.

The court distinguished the cases relied on by Mastercraft, noting that in those cases there was no evidence that the defendant received notice of the patent's impending issuance. The court also distinguished cases where a defendant only had knowledge of a patent application, but not the patent's issuance, noting that patent applications are often amended during prosecution and do not provide the same knowledge as a Notice of Allowance and Issue Notification.

The court also observed that the position taken by Mastercraft—precluding enhanced damages based on conduct and knowledge before a patent issued—would require patent owners to delay infringement suits to develop a willfulness case, even where the alleged infringer had knowledge of the patent's impending issuance. The court found that this contradicted precedent, which does not require delaying an infringement suit to assert willfulness.

Lastly, the court noted that an award of enhanced damages is within the discretion of the court, so even if the jury returns a finding of willfulness, the court is not required to exercise its discretion to award enhanced damages.

### Strategy and Conclusion

Patent owners may file suit on the day a patent issues and allege willful infringement if they notify infringers of the Notice of Allowance or Issue Notification beforehand. But ultimately, the court has discretion to determine whether and how much to enhance damages.

### Further information

The *Malibu Boats* opinion can be found here: <https://tinyurl.com/gv3meu3>.

## ***Finjan's v. Blue Coat Systems, LLC***

### **7. Harm to Licensees Does Not Justify Preliminary Injunction to Protect Plaintiff's Licensing Business**

A California court denied Finjan's motion for a preliminary injunction to prevent the alleged infringer, Blue Coat Systems, LLC, from selling its accused product before trial. Although Finjan was likely to prevail in its infringement suit, and although Finjan's licensees may have competed with Blue Coat, the court nevertheless found that Finjan was not entitled to a preliminary injunction because it failed to prove that it would suffer irreparable harm if Blue Coat were allowed to continue its activities. In particular, it found that harm to Finjan's licensees did

not create irreparable harm to Finjan or justify Finjan's request for a preliminary injunction.

### Background

When issued by a court, preliminary injunctions prevent an accused infringer from performing infringing activities until a final judgment issues after trial. As such, they are considered "drastic or extraordinary" remedies "for preserving the status quo," preventing "irreparable loss of rights before the judgment." A party seeking a preliminary injunction must prove four elements: (1) that it is likely to succeed on the merits of the case; (2) that it is likely to suffer irreparable harm if the injunction is not granted; (3) that the balance of the hardships on the parties imposed by an injunction weighs in its favor; and (4) that an injunction is in the public interest.

Based on expert testimony and the judgment that Finjan won against Blue Coat during the previous litigation, Finjan argued it would likely win the current case against Blue Coat. Citing its own expert testimony, Blue Coat argued that Finjan would not win the case because its products did not infringe Finjan's patents, and because the asserted patent was probably invalid given that the USPTO had instituted IPR proceedings against it.

The parties also disagreed about whether Finjan would be irreparably harmed without a preliminary injunction. Finjan argued that its licensees directly competed with Blue Coat, and that by not taking a license, Blue Coat was decreasing the value of Finjan's patents. Blue Coat argued that any harm caused to Finjan's licensees did not constitute irreparable harm to Finjan itself.

### Order

#### 1. Likelihood of Success on the Merits

As to whether Finjan would succeed in the suit against Blue Coat, the court found that there was a "high likelihood" that Finjan would prevail in demonstrating infringement of at least one asserted patent claim. The court observed that the asserted claims were similar to claims that Finjan had already proven Blue Coat infringed in the earlier litigation, and that Finjan would likely succeed in proving infringement a second time. The court also determined that Blue Coat was unlikely to successfully show that the asserted patent was invalid.

#### 2. No Irreparable Harm

But as to the second factor, the court found that Finjan would not likely suffer irreparable harm without an injunction. Finjan asserted several theories of irreparable harm, including that the parties are both direct and indirect competitors in the mobile security software market, as well as that Blue Coat's infringement harmed its goodwill and reputation in the industry.

##### *a. Not Direct Competitors in the Industry*

The court first found that the parties are not direct competitors in the mobile security software industry

because Finjan's software was a free mobile app for consumers while Blue Coat's software was sold to enterprise customers who purchased its product suite. The court observed that the parties' products "seem to operate in different segments of the market," and noted that there was no evidence that Finjan's software had lost any market share because of the customers' choice to install Blue Coat's product over its own.

#### ***b. Not Direct Competitors as Technology Licensors.***

The court also found that the parties were not in direct competition as technology licensors, because Blue Coat sold licenses to its anti-malware engines, while Finjan sold licenses to its patents. The court observed that Finjan presented no evidence that any prospective licensees declined to license its patents because they licensed Blue Coat's services instead.

#### ***c. Indirect Competitors Through Their Licensees but No Direct Harm.***

The court agreed that the parties were indirect competitors through Finjan's licensees, but found that Finjan failed to show that it stood to suffer immediate irreparable harm. The court emphasized that its analysis turned on whether Finjan itself would suffer harm, and stated that whether Finjan's licensees would suffer harm was not relevant to the inquiry. Although Finjan could suffer harm based on the impact of Blue Coat's alleged infringement on its licensees, the court concluded that Finjan failed to offer specific evidence showing that the value of its patents declined as a result of Blue Coat's actions, despite Finjan's argument that Blue Coat's infringement undermined the value of its licenses.

#### ***d. Harm to Reputation and Goodwill is Speculative.***

The court next found that the purported harm to Finjan's reputation and goodwill as a result of infringement was speculative, as Finjan provided no evidence that Blue Coat's alleged misrepresentations actually hurt Finjan's reputation. The court concluded that Finjan's arguments regarding irreparable harm, taken together, did not justify the "extraordinary relief" of a preliminary injunction.

#### ***e. History of Granting Non-Exclusive Licenses***

The court also found that other factors weighed against a finding of irreparable harm. The court noted Finjan's long history of granting non-exclusive licenses to its patents, including executing licenses with 12 companies and entering into licensing discussions with many more. The court concluded that these actions weighed against a finding of irreparable harm, because Finjan had shown itself willing to accept payment in exchange for not asserting its exclusive rights under the patents. Thus, any injury caused by infringement would be compensable in quantifiable

damages, whereas a preliminary injunction is better suited to situations where money alone cannot make the plaintiff whole.

#### ***f. Delay in Moving for a Preliminary Injunction and Lack of Causal Nexus.***

The court also noted Finjan's delay in moving for the injunction. Finjan waited a year after it filed the suit to seek the preliminary injunction, and such a delay weighed against a finding of an immediate, irreparable injury. The court also found that Finjan did not sufficiently demonstrate the required causal nexus between the alleged harm and the alleged infringement, as it did not link Blue Coat's accused product to the alleged harm.

#### **3. Balance of Hardships Favored Accused Infringer.**

For the third factor of its analysis, the court held that the balance of hardships caused by a preliminary injunction weighed in Blue Coat's favor. The asserted patent was set to expire in two months, so the harm that Finjan would suffer would simply be two more months of patent infringement (when it had already waited a year to seek the injunction). In contrast, the court noted that Blue Coat could suffer substantial hardship due to the potential disruption to its businesses if it were forced to comply with an injunction.

#### **4. No Public Interest in Injunction.**

For the fourth factor, the court determined that the public's interest in an injunction did not affect the outcome of the case. While the court recognized the public's interest in protecting patent rights, it concluded that that interest alone did not justify an injunction. The court also noted that the injunction would take Blue Coat's product off the market, thereby slightly harming the public by restricting consumer choice.

#### **Strategy and Conclusion**

This case illustrates that a party seeking a preliminary injunction must be prepared to provide concrete evidence that it would be irreparably harmed if the injunction is not granted, and that merely showing possible harm to licensees arising from indirect competition is insufficient. Generalized, speculative assertions of harm, without adequate supporting evidence, will likely not convince a court to issue a preliminary injunction.

#### **Further Information**

The *Finjan* decision can be found here:  
<https://tinyurl.com/zhw7qor>.

#### ***Samsung v. Apple***

#### **8. Design Patent Damages May Be Limited to the Profits Attributable to the Infringing Component of a Product, Rather than the Whole Product**

Apple owns design patents covering smartphone features including a grid of icons on a black screen, a black

rectangular front face with rounded corners, and a rectangular front face with rounded corners and a raised rim. A jury found several Samsung smartphones include these features and infringe Apple's design patents. And it awarded Apple \$399 million in damages based on the entire profit Samsung made from its sales of the infringing smartphones.

The Federal Circuit affirmed the damages award, reasoning the damages for infringing a design patent on a smartphone should be based on the all the profits Samsung made from selling its accused smartphones because consumers could not separately purchase the specific smartphone components with the infringing designs.

The Supreme Court disagreed and held that damages for infringing a design patent may be limited to the profits attributable to the infringing component of a multicomponent product, such as a smartphone, rather than the total profits obtained for the entire product.

## Background

U.S. design patents protect new ornamental designs for an article of manufacture, and infringers are liable for profits resulting from manufacturing or selling articles having the infringing design, or \$250, whichever is greater. The article of manufacture with the infringing design may be a single component product, such as a dinner plate with a patented design, or a multicomponent product, such as a smartphone, where the infringing design is included in only a component of the product rather than the whole product.

The Federal Circuit upheld the jury's finding that Apple's design patents cover certain design features of Samsung's smartphones and affirmed the damages award based on Samsung's total profits from sales of those smartphones. In doing so, the Federal Circuit reasoned that the entire smartphone was the only permissible "article of manufacture" for purposes of calculating design-patent damages, because consumers could not separately purchase the individual components of the smartphones with the infringing designs.

On appeal, the Supreme Court addressed this question of whether the relevant "article of manufacture" in the case of a multicomponent product can be a component of that product, or whether the "article of manufacture" must always be the end product sold to the consumer.

## The Samsung Decision

In a unanimous decision, the Supreme Court held that, for design patents, an infringing "article of manufacture" can be a component of a multicomponent product and need not always be the end product itself. Applying this interpretation in the Samsung case, the court found that damages should have been based on the total profits attributed to only those components with the infringing designs in Samsung's smartphones, which may be less than all profits from sales of the smartphones. Accordingly, the

Supreme Court reversed the judgment of the Federal Circuit and remanded the case for a new damages determination under the proper standard.

The Supreme Court found the lower court's damages calculation was inconsistent with the meaning of an "article of manufacture" in the patent law statutes and precedential decisions of the courts. To determine design-patent damages, a court must first identify the "article of manufacture" to which the infringed design has been applied, and then it must calculate the infringer's total profit made on that article of manufacture. Based on its analysis of statutory construction and precedent, the court concluded the relevant "article of manufacture" may be either the end product sold to a consumer or a component of that product.

Based on dictionary definitions and prior decisions of the courts and the Patent Office, the Supreme Court found the plain meaning of an "article of manufacture" is simply a thing made by hand or machine, which may be either a product or a component of a product. The Court rejected the Federal Circuit's interpretation that would require an "article of manufacture" to be a separately sold product or component.

While the Supreme Court concluded that design-patent damages may be calculated as the total profits from an "article of manufacture" that is only a component of a multicomponent product, the Court declined to further provide a test for identifying the relevant "article of manufacture."

## Strategy and Conclusion

This case illustrates that damages for infringing a design patent covering a design applied to fewer than all components of a multicomponent product may be limited to the total profits attributed to those components with the infringing design, or \$250, whichever is greater. The apportionment of total profits to only those components with the infringing designs may be complicated if the components do not have an assigned commercial value or are not easily separable within the product. As a result, while it still may be straightforward to determine design-patent damages for designs applied to a single component product, the Samsung decision may make it more difficult to determine damages when a design patent is infringed by a multicomponent product.

## Further Information

The Samsung opinion can be found here:  
<https://tinyurl.com/jozgx28>.

## ***Au New Haven, LLC v. YKK Corporation***

**9. Prohibitions on Assigning a Patent License Agreement and Interests Under the Agreement Do Not Prohibit Assigning Patents Licensed Under the Agreement**

A patent license agreement's anti-assignment clause did not restrict the assignment of the licensed patent because it did not mention the patent expressly and the patent was not an "interest" under the license agreement. As a result, the assignment was valid and the patent assignee had standing to sue for patent infringement.

### Background

YKK obtained an exclusive license to a patent on water-resistant zippers, the '214 patent, in exchange for agreeing to pay royalties for zippers it sold incorporating the patented technology. The license agreement contained an anti-assignment provision, which stated:

Neither party hereto shall assign, subcontract, sublicense or otherwise transfer this Agreement or any interest hereunder, or assign or delegate any of its rights or obligations hereunder, without the prior written consent of the other party. Any such attempted assignment, subcontract, sublicense or transfer thereof shall be void and have no force or effect. This Agreement shall be binding upon, and shall inure to the benefit of the parties hereto and their respective successors and heirs.

The patent owner assigned the '214 patent to Uretek in June 2006, obtaining YKK's consent to the assignment after the fact. Uretek then assigned the '214 patent to Trelleborg in October 2014. Uretek asked for YKK's consent to this assignment in May 2015, and YKK refused. Au New Haven and Trelleborg then filed suit for infringement of the '214 patent and breach of the licensing agreement against YKK.

YKK filed a motion to dismiss the lawsuit, arguing that Uretek's assignment of the '214 patent to Trelleborg was void under the licensing agreement because Uretek did not obtain YKK's consent to the patent assignment. Thus, according to YKK, Trelleborg did not have standing to sue for patent infringement, requiring dismissal of the case.

### The *Au New Haven* Decision

In New York, an assignment of a license agreement is valid even where the agreement generally prohibits assignment, unless the agreement also specifies that any assignment would be invalid or void. Although the anti-assignment provision at issue in *Au New Haven* included such language declaring assignments invalid, the court in *Au New Haven* considered whether it extended to assignments of the '214 patent, which was licensed under the agreement.

The Court first considered the license agreement's provision that prohibited the assignment of the agreement—"Neither party hereto shall assign...this Agreement"—and found it did not prevent assignments of the '214 patent or render assignments of the '214 patent void because it did not expressly mention the '214 patent. The Court noted that the parties could have drafted the anti-assignment clause of the licensing agreement to expressly reference the '214 patent, but did not do so.

The Court then went on to consider whether the license agreement's provision that prohibited the assignment of any interest under the agreement—"Neither party hereto shall assign...any interest hereunder."—and found it did not prevent assignments of the '214 patent. The Court concluded that the '214 patent was not an unassignable "interest" under the license agreement because the '214 patent did not originate from the licensing agreement. The patent itself did not arise "under the written statement" of the agreement and was not "created in accordance with the terms" of the agreement.

The Court reached this finding by relying on the plain language meaning of "hereunder" and the narrow reading of anti-assignment clauses required under New York law, finding that "hereunder" means "under this written statement" or "in accordance with the terms of this document."

As a result, Uretek's assignment to Trelleborg of the '214 patent was thus not void, and Trelleborg had standing to sue YKK for patent infringement.

### Strategy and Conclusion

This case demonstrates the difference between prohibiting assignment of a license agreement and prohibiting assignment of patents licensed under the agreement. To prevent assignments of the patents licensed under the agreement, the parties should expressly mention that the agreement prohibits assignment of the patents under the agreement.

### Further Information

The *Au New Haven* decision can be found here: <https://tinyurl.com/zk92opl>.

## ***Intel Corp. v. Future Link Systems, LLC***

### 10. License Defense Fails Due to Interpretation of License Agreement's Provisions on Commercialization and Importation

Future Link acquired patents originally owned by Philips and asserted that Intel's products infringed those patents. In response, Intel asked a Delaware court to find Intel's products were licensed under a prior license agreement between Intel and Philips.

In *Intel Corp. v. Future Link Systems, LLC*, the court analyzed the scope of several provisions in the license agreement and found Intel had not proven its products were licensed because Intel had not shown its products satisfied a "commercialization requirement" in the agreement, and had not shown it had been granted a right to import the accused products.

### Background

In a cross-license agreement dating back to 1990, Philips granted Intel a non-exclusive license under certain "Philips Patents" to "make, to have made, to use, to lease, and to sell or otherwise dispose of" semiconductor products described in the agreement. The license

did not, however, grant Intel a right to import products into the U.S. In 2006, Philips spun off its semiconductor business, including related patents and products, to NXP Semiconductors. NXP assigned some of the Philips patents to another entity, which later assigned them to Future Link.

The Intel/Philips license agreement included several definitions and provisions pertaining to what was covered by the license. For example, the agreement identified certain processes and technology that were expressly not covered by the license agreement. It also contained a requirement that Intel's circuitry products were only licensed if a "commercialization" requirement was satisfied by a member of a defined "Philips Group of Companies." In addition, the agreement included an anti-assignment provision in which neither party could assign its patent rights if the assignment would "adversely affect" the rights and licenses granted to the other party.

In 2014, Intel filed a declaratory judgment action in Delaware district court seeking, among other things, a summary judgment finding that its products were licensed under the Intel/Philips agreement. Applying New York law, as required by a choice-of-law provision in the license agreement, the court analyzed the scope of several definitions and provisions and found Intel had not proven its license defense under the standards for summary judgment.

## The *Intel* Decision

The court analyzed several provisions of the Intel/Philips license agreement in reaching its conclusion. Among the provisions it considered, the court discussed the commercialization, importation, and anti-assignment provisions in its summary-judgment decision.

The Intel/Philips agreement required commercialization of Philips' patented circuitry by a member of the "Philips Group of Companies" as a condition for any Intel products with that circuitry to be licensed. Future Link argued that Intel had to prove its products and Philips' products contained "identical" circuitry for Intel to satisfy the commercialization requirement of the license agreement. While the court disagreed with that position, it found Intel needed to show every element of Future Link's asserted patent claims covered the Philips and Intel products, even though the license agreement itself did not expressly specify such a claim-mapping requirement.

The court concluded Intel's license defense was deficient because Intel had not mapped the product structures and functionalities to every element of Future Link's asserted patent claims. Had Intel done so to support the license defense, it would essentially have been admitting infringement. However, the court noted that discovery was still ongoing, and that Intel could maintain its non-infringement defense in the alternative, despite an apparent inconsistency with its license defense.

The court also found Intel's license defense deficient because it was not clear if the license grant in the Intel/Philips license agreement should be interpreted to include a right of importation into the United States. The license agreement did not expressly grant a right to "import" products, but the court found the parties nevertheless may have intended to include this right in view of extrinsic evidence, including previous cross-license agreements between Philips and Intel. If a right to import Intel products was not included within scope of the license grant, Future Link could argue the importation of Intel's products into the United States would constitute patent infringement.

The parties also disputed the meaning of the anti-assignment clause in the Intel/Philips agreement. Future Link argued the assignment of patents from Philips to NXP violated the anti-assignment clause because the spun-off NXP entity was no longer part of the "Philips Group of Companies" subject to the license agreement, and therefore, the license agreement must be deemed terminated due to the assignment to NXP before Future Link acquired its patents. The court disagreed, finding that the anti-assignment clause only prevented assignments that would "adversely affect" the rights and licenses granted to the other party, and that the assignment to NXP did not violate the anti-assignment clause because it did not extinguish or otherwise change the rights and licenses granted to Intel.

## Strategy and Conclusion

This case illustrates how disputes arise over the meaning of provisions in patent license agreements—in this case, disputes dealing with commercialization, anti-assignment restrictions, and importation rights. It also demonstrates how the presence or absence of details and examples about the intentions of the parties may impact whether disputes arise and whether they may be resolved on summary judgment—if, of course, the parties are willing and able to negotiate and agree to such details and examples.

## Further Information

The *Intel* opinion can be found here:  
<https://tinyurl.com/zqwqse7>.

## ***Husky Injection Molding Systems, Ltd. v. Athena Automation Ltd.***

### **11. Assignor May Challenge Validity of a Patent It Assigned by Using Patent Office IPR Proceedings Despite Being Precluded from Challenging Validity in Court**

The America Invents Act permits any person who is not the owner of a patent to challenge the validity of the patent using an inter partes review (IPR) proceeding at the U.S. Patent and Trademark Office (PTO). The law further provides that the PTO's determination whether to insti-

tute the proceeding is final and non-appealable. In contrast, the legal doctrine of “assignor estoppel” prevents an assignor who assigned a patent from later attempting to invalidate that patent in court.

In *Husky Injection Molding Systems, Ltd. v. Athena Automation Ltd.*, an assignee of a patent appealed the PTO’s final written decision finding claims in the patent were invalid, arguing that the PTO should not have instituted the IPR proceeding in the first place because the challenge to the patent’s validity was filed by a company formed by the assignor. The Federal Circuit held it did not have jurisdiction to review the institution decision relative to assignor estoppel.

## Background

U.S. Patent No. 7,670,536, directed to a molding machine with a clamp assembly, names two co-inventors, one of whom was the owner and president of Husky Injection Molding Systems, Ltd. The inventors of the ’536 patent assigned their patent rights to Husky, which is the original assignee on the patent. One of the inventors was also the owner and president of Husky. He sold the Husky business to a private equity group and formed a new company, Athena Automation Ltd.

Athena then filed an IPR petition at the PTO, challenging the validity of all claims in the ’536 patent. Husky responded that the doctrine of assignor estoppel barred Athena from filing its petition for inter partes review. The PTO’s Patent Trial and Appeal Board (“Board”) disagreed and instituted the IPR proceeding. In a final written decision, the Board found most of the claims were invalid over prior art. Husky appealed the final written decision with respect to the Board’s failure to apply the doctrine of assignor estoppel to bar institution of the IPR proceeding.

## The Husky Decision

The Husky decision provides a test for determining whether the Federal Circuit may review a particular challenge to the Board’s IPR institution decision. According to the test, the Federal Circuit may review a challenge to the institution decision if it (1) implicates constitutional questions, (2) depends on other less closely related statutes, or (3) presents other questions of interpretation that reach well beyond this section of the statute. However, the Federal Circuit may not review the challenge if it is closely related to the application and interpretation of statutes related to the PTO’s decision to initiate inter partes review, unless it is directed to the Board’s ultimate invalidation authority with respect to a specific patent.

In this case, the Federal Circuit concluded it did not have jurisdiction to review the Board’s decision to institute the IPR despite Husky’s argument that assignor estoppel should apply because (1) Husky’s appeal did not implicate any constitutional questions; (2) assignor estoppel is a doctrine created by the courts, not by statutes, and its application depends on an interpretation of a

closely-related America Invents Act statute for determining who may file IPR petitions; (3) the relevant statutory section pertains to arguments concerning patentability and the strength of such arguments, and the question of assignor estoppel does not present questions of statutory interpretation that reach well beyond those same concerns; and (4) assignor estoppel does not impact the Board’s ultimate invalidation authority for the patent, since the patent could be challenged by petitioners who are not subject to assignor estoppel.

## Strategy and Conclusion

This case illustrates a useful defense strategy for an assignor that has been sued for infringing a patent it had previously assigned. The assignor may use an IPR proceeding in the U.S. Patent and Trademark Office to challenge the validity of the patent it assigned even though the assignor may be precluded from challenging the patent’s validity in court under the doctrine of assignor estoppel.

## Further Information

The *Husky* opinion can be found here:  
<https://tinyurl.com/zw4xrhl>.

## DNA Genotek Inc. v. Spectrum Solutions LLC et al.

### 12. IPR Validity Challenge on Related Patent Prevents Preliminary Injunction

Patent owners can ask a court to order accused infringers to cease alleged infringing activities during a litigation. Courts will grant one of these motions for a “preliminary injunction” where a patentee successfully demonstrates that they are likely to win the case, and that even after winning, the patent owner will likely be unable to recapture market share, customers, or goodwill lost if the accused infringer is allowed to continue the accused activities.

In *DNA Genotek Inc. v. Spectrum Solutions LLC et al.*, a patent owner asked the District Court for the Southern District of California to prevent an accused infringer from selling the accused products, arguing that if the accused infringer’s sales continued, it would suffer serious and irreparable losses. The court denied the patentee’s motion, finding that there was a substantial question as to the validity of the patent at issue. In reaching this conclusion, the court relied on the fact that the Patent Trial and Appeal Board (“PTAB”) had instituted an Inter Partes Review (IPR) petition on similar claims in another of the patentee’s patents even though the PTAB had not yet instituted an IPR on the actual claims at issue in the case.

## Background

DNA Genotek (“DNAG”) brought a patent infringement suit against Spectrum Solutions LLC (“Spectrum”) in the Southern District of California alleging infringement of a patent related to saliva collection devices for DNA testing. DNAG also asked the court to issue an order

for preliminary injunction to prevent Spectrum from selling its allegedly infringing products.

In a different litigation, DNAG accused Ancestry.com (“Ancestry”) of infringing a similar patent. Ancestry responded to DNAG’s lawsuit by filing IPR petitions against multiple DNAG patents, including a petition for review of the patent DNAG asserted against Spectrum.

### **The *DNA Genotek* Decision**

To obtain a preliminary injunction, DNAG must show, among other things, a likelihood of success on the merits, which means that DNAG is likely to win if the case proceeds to trial. If Spectrum raised a substantial question as to the validity of the patent at issue, however, DNAG could not demonstrate such a likelihood of success.

Spectrum argued that the IPR petitions filed by Ancestry raised a substantial question as to the validity of DNAG’s patent. DNAG disagreed, arguing that the IPR petition related to the asserted patent hadn’t even been granted yet. In response, Spectrum pointed to the similarities between the claims in the present case and a separate IPR petition filed by Ancestry on a related DNAG patent, which was already instituted. The court agreed with Spectrum, finding that even though the claims were not

identical to the claims under IPR, they were sufficiently similar to raise a substantial question of validity.

Finally, the court found the answer to the likelihood of success question sufficient alone in denying DNAG’s motion, and further, no other factors weighed in favor of granting a preliminary injunction.

### **Strategy and Conclusion**

This order shows that courts may be unwilling to issue orders preventing an accused infringer from continuing allegedly infringing activity where a patent’s validity is called into question by an IPR filing, even where the PTAB has not yet granted the petition for IPR. Parties should consider the possibility of an IPR challenge when evaluating whether to bring a motion for preliminary injunction. Similarly, a prior-filed IPR petition may serve as a useful defense against such motions.

### **Further Information**

The *DNA Genotek* opinion can be found here:  
<https://tinyurl.com/hhgwmrk>.

Available at Social Science Research Network (SSRN):  
<https://ssrn.com/abstract=2910499>.