

Licensing & Tech. Transfer

- Module 4
- Exclusive Licenses

Rite-Hite					Kelley
Patent	Price	Item/Model	Damages Sought	Missed sales	AID
None in suit	\$1000 to \$1500	ADL-100 *	-All lost wholesale profit -30% lost retail profit	3,243	Truk Stop (3,825 AIDs sold)
'847	\$333 to \$750	MDL-55 *	same	80	
Not patent protected		Dock levelers **	same	1,692	

* Damages awarded and upheld ** Damages awarded but reversed on appeal

- Kelley disputes
 - That the patent act allows damages for lost ADL-100 sales
 - Lost profits on dock levelers are not attributable to demand for '847 invention
 - Royalty rate should not be a percentage of ADL-100 and dock leveler profits

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- **35 U.S.C. §283 Injunction.**
 - The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.
- **35 U.S.C. §284 Damages.**
 - Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.
 - When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed. . . .
- **35 U.S.C. §286 Time limitation on damages.**
 - Except as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint...

Rite-Hite v. Kelley (Fed. Cir. 1995)

- Kelley argues, that to recover damages in the form of lost profits a patentee must prove that, “but for” the infringement, ***it would have sold a product covered by the patent in suit*** to the customers who bought from the infringer
- Rite-Hite argues it is entitled to all profits it would have made on ***any of its products*** “but for” the infringement
- Statute
 - “adequate to compensate for infringement”
 - Supreme Court
 - This means “damages that will fully compensate the patentee for infringement
 - Be careful in limiting patent damages
 - If no infringement, what would the patentee have made?
 - Thus, initial filter of lost sales to include in damages is “but for” causation

Rite-Hite v. Kelley (Fed. Cir. 1995)

- ISO standing

- Newman Dissent
 - ISOs as resellers?
 - ISOs as sales agents

Permanence Corp. v. Kennametal, Inc. (ED Mich. 1989)

- When to imply “best efforts”?
 - Exclusive?
 - No reservation
 - Only source of supply
 - Policy to have technology made available for purchase
 - Only source of revenue to Lic’OR
 - No minimum royalties
 - Termination provisions
 - Integration clause
 - Use of counsel
- Various precedents
 - Squibb

n.1: As a grammatical aside, many courts and litigants refer to courts implying an obligation of best efforts after a review of the contractual language. The correct grammatical construction of the best efforts issue is: Did the parties imply a best efforts requirement in their contract; should the court infer a meaning in their implication? See Barnet & Stubbs’s, Practical Guide to Writing 401 (3rd ed. 1980) (“The writer or speaker implies (suggests); the perceiver infers (draws a conclusion) . . . Although infer is widely used for imply, preserve the distinction.”).

Mechanical Ice Tray Corp. v. GMC (2nd 1944)

- Attributes of license agreement
 - Exclusive?
 - Covenants?
- Mechanisms for reducing royalties?

MITC becomes LicOR party

MITC suit vs. A&S concludes

1936	1937	1938	1939	1940	1941	1942
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Type 7 →

Type 2 & 3 →

Type 4 →

Jan. 10, 1933. M. K. BUCHANAN 1,883,535
ICE TRAY PAN LETTER
Filed Sept. 28, 1929

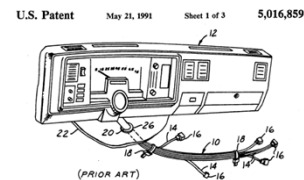
WITNESS
M. K. Buchanan
INVENTOR
Michael Ferris Buchanan
Attorney

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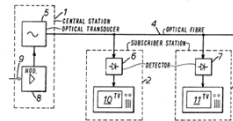
Textile Prod. v. Mead Corp. (Fed. Cir. 1998)

- Textile complaint with two counts
 - Patent infringement
 - Breach of contract
- History of the '859 patent on a harness
- Commercial relationship between Mead and Textile
 - Impact on standing?
- Indicia of exclusive license, or not, in this case
 - Requirements contract
 - Promise to keep others from practicing what is claimed?
 - Second Source Contingency (including royalty split)
 - Can Mead grant licenses to others?
 - Coextensive terms
 - Participation in litigation clause



IP Prop. Dev. Inc. v. TCI Cablevision (Fed. Cir. 2001)

- Out of liquidation, CPL licenses patent to IPD
 - Suit against TCI
 - Complex standing posture
- What rights did CPL retain in its license to IPD?
- Points of precedence: *Abbott, Vaupel, Speedplay*
- IPD's status: bare; substantial rights; or in-between?
- Standing's three elements
 - Injury
 - Fairly traceable
 - Likely redress
- Impact of the court's analysis of the three elements on TCI's hyper-technical argument to remove original jurisdiction



ICEE Dist. Inc. v. J&J Snack Foods (5th Cir. 2003)

- Suit against J&J for selling under ICEE mark
 - J&J owns ICEE Co., an owner of IOA
 - ICEE "Distributors" also an owner of IOA
 - IOA is successor in interest to the mark(s)
- J&J mark registration attempt
 - Use on tubes distinguishable from beverage, cups and machine?
 - Registration eventually assigned to IOA
- Is Distributors of sufficient ownership in the marks to be able to sue?
 - Or, merely an exclusive license arrangement
 - What are IOA's powers of oversight as to mark usage?



Gruen Marketing v. Benrus Watch Co. (ND Ill. 1997)

- Acquisition by Gruen of business line from Benrus
 - Including Trademark license for all uses of BENRUS outside Japan
 - Separate license price versus inventory acquisition price
- Licensing relationship off to a rocky start . . .
- Motion to dismiss posture for Gruen's suit
 - Allegation of "assignment" of mark in the complaint
- Trademark infringement (Sec. 32) standing issue?
- Sec. 43(a) claim standing issue?



Duncan v. Royal Tops Mfg. (7th Cir. 1965)

- Timeline
 - Duncan (P) 1948 K w/ Marx & Charmore
 - Royal (D and Appellant) 1951 suit by predecessor to cancel YO-YO
 - 1955 license from Duncan to Royal and settlement of cancellation suit
 - 1961, Duncan terminates Marx & Charmore agreement; OR, is it an acknowledgment of a 1952 termination?
- Can Royal, as licensee, dispute validity of the trademark? (licensee estoppel)
 - What exception does it claim to be able to do so?



Duncan Butterfly

Kepner-Tregoe v. Vroom (2d Cir. 1999)

- Timeline
 - 1972 exclusive license from Dr. Vroom to K-T for management training materials with reservation of some rights to Vroom
 - MPO as follow-on work to the materials, developed in the 1980s, delivered by Vroom to some clients; MPO copyright assigned to LSI
 - 1990 suit by K-T in Texas with LSI and Dr. Jago as Ds; copyright infringement found and affirmed by the 5th Cir.
- Copyright infringement as a function of the scope of the teaching clause reservation to Vroom
 - Ambiguous, so look to parole evidence
 - Bona fide enrolled graduates and undergraduates
 - Failure of acquiescence argument by Vroom
- Damages determination

