

A District Court Must Consider Whether a Patentee's Joinder Is Feasible Before Dismissing an Exclusive Licensee's Patent Infringement Suit

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Lone Star Silicon Innovations LLC v. Nanya Technology Corporation, Nos. 2018-1581 and 2018-1582 (Fed. Cir. May 30, 2019)

The original patentee executed an agreement to transfer “all right, title and interest” in the asserted patents to the assignee. However, the transfer agreement imposed several limitations on the assignee, including its ability to enforce and assign the asserted patents. The district court dismissed the case, concluding that the assignee could not sue in its own name because the original patentee did not transfer “all substantial rights” in the asserted patents to the assignee. Although the assignee asked to join the original patentee, the court declined to do so because it would “reward [the assignee] for its litigation gimmick.” The Federal Circuit vacated the district court’s dismissal and remanded for joinder consideration.

The Federal Circuit agreed with the district court that the assignee is not the relevant patentee (Section 281 of the Patent Act) and thus cannot sue solely in its own name. In determining whether the assignee can sue solely in its own name, the proper inquiry is whether the “totality” of the transfer agreement reflects a transfer of all substantial rights in the asserted patents to the assignee. While the transfer agreement broadly conveys “all right, title and interest” to the assignee, the rest of the agreement substantially curtails the assignee’s rights. Thus, the assignee is not a patentee under Section 281 and cannot sue solely in its own name.

Even though the assignee is not a patentee under Section 281, the Federal Circuit concluded that the assignee possesses exclusionary rights that confer Article III standing. Based on the Supreme Court’s recent clarification that “‘statutory standing’ defects do not implicate a court’s subject-matter jurisdiction,” the Federal Circuit overruled its earlier authority that “treat[ed] [35 U.S.C.] § 281 as a jurisdictional requirement.” Thus, whether a party possesses all substantial rights in a patent does not implicate standing or subject-matter jurisdiction.

Finally, the district court erred by failing to consider whether the original patentee could be joined under Federal Rules of Civil Procedure 19. If feasible, a patentee should be joined, either voluntarily or involuntarily, in any patent infringement suit brought by an exclusive licensee. Therefore, the district court should have considered whether the original patentee’s joinder was feasible before dismissing the case.

[A copy of the opinion can be found here.](#)

Authors

[David Enzminger](#)

[Ivan Poullaos](#)

[Mike Rueckheim](#)

[Danielle Williams](#)

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[David Enzminger](#)



Ivan Poullaos



Mike Rueckheim



Danielle Williams