

**THE U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT HOLDS THAT
PATENT OWNERSHIP CAN BE TRANSFERRED WITHOUT A WRITING**

by Darren Crew

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In *Sky Technologies LLC v. SAP AG and SAP America, Inc.*, No. 08-1606 (Fed. Cir. August 20, 2009), the U.S. Court of Appeals for the Federal Circuit affirmed the district court's ruling that patent ownership was properly transferred by operation of state foreclosure law without a writing. Thus, Sky Technologies LLC was given clear title to the patents-in-suit and therefore standing in the underlying case. This decision by the U.S. Court of Appeals for the Federal Circuit is precedential.

Background:

Jeffrey Conklin ("Conklin"), along with other inventors, obtained a portfolio of patents which were the subject of a patent infringement suit. The portfolio of patents includes: U.S. Patent Nos. 6,141,653; 6,336,105; 6,338,050; 7,162,458; and 7,149,724.

Conklin and the other inventors assigned all of their rights, titles, and interest in and to said inventions and discoveries to: TradeAccess, Inc. ("TradeAccess"). These assignments were recorded with the U.S. Patent and Trademark Office ("PTO"). TradeAccess later changed its name to Ozro, Inc. ("Ozro"). In December 2002, Cross Atlantic Capital Partners, Inc. ("XACP") held the security interest in all of the patents-in-suit, through an assignment that was recorded with the PTO.

Ozro defaulted on its loan obligations and XACP foreclosed on the patents. XACP issued a foreclosure notice ("Notice") to all of Ozro's creditors. The Notice identified the patents-in-suit as those to be sold at public auction.

Conklin started a new company, Whitelight Technology, later known as Sky Technologies LLC. In July 2003, XACP foreclosed on its security interests at public auction. XACP was the only bidder and purchased all of the assets. XACP subsequently assigned all of its rights, title, and interest in the patents-in-suit to Sky Technologies LLC.

In October 2006, Sky Technologies LLC ("Sky") filed a patent infringement suit against SAP in the U.S. District Court for the Eastern District of Texas. In January 2008, SAP moved to dismiss Sky's Complaint for lack of standing. In June 2008, the district court held that Sky was the proper title-holder of the patents-in-suit, giving Sky standing to bring the patent infringement suit. SAP appealed to the U.S. Court of Appeals for the Federal Circuit.

Decision of the U.S. Court of Appeals for the Federal Circuit:

A transfer of patent ownership by operation of law is permissible without a writing. Therefore, XACP's assignment to Sky vested Sky with full legal title of the patents-in-suit and also standing in the underlying case.

Rationale:

The U.S. Court of Appeals for the Federal Circuit ("CAFC") indicated the following:

Patent ownership is determined by state law and not federal law. *Akazawa v. Link New Technology International, Inc.*, 520 F.3d 1354 (Fed. Cir. 2008). However, the issue regarding whether a patent assignment clause creates an automatic assignment or merely an obligation to assign can pertain to a question of standing in patent cases, and therefore has been considered as a matter of federal law. *DDB Techs., L.L.C. v. MLB Advanced Media, L.P.*, 517 F.3d 1284 (Fed. Cir. 2008). Typically, federal law is used to determine the validity of an assignment, but state law is used to determine issues concerning a transfer of patent ownership by operation of law not deemed to be an assignment.

The Federal Patent Act requires that all assignments of patent interest be in writing. 35 U.S.C. §261 (2006).

"[T]here is nothing that limits assignment as the only means for transferring patent ownership. Ownership of a patent may be changed by operation of law." *Akazawa*, 520 F.3d at 1356. The CAFC noted that "there exists no federal statute requiring a writing for all conveyances of patent ownership." For example, "foreclosure under state law may transfer patent ownership."

The CAFC concluded that "transfer of patent ownership by operation of law is permissible without a writing" (emphasis added).

Judges: Michel, Bryson, Spencer

[Appealed from E.D. Tex., Judge Folsom]

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