

## IpVenture, Inc. v. ProStar Computer, Inc.

Nos. 06-1012, -1081, Federal Circuit (Newman,\* Lourie, Byson)

***[A]ll entities with an independent right to enforce the patent are indispensable or necessary parties to an infringement suit.***

On September 28, 2007, the Federal Circuit vacated and remanded the district court's dismissal for lack of standing by IpVenture to maintain its suit alleging that ProStar and Midern infringed U.S. Patent No. 6,216,235, which related to personal computer system thermal and power management. The Federal Circuit stated:

Only the entity or entities that own or control all substantial rights in a patent can enforce rights controlled by that patent, lest an accused infringer be subjected to multiple suits and duplicate liability. Thus all entities with an independent right to enforce the patent are indispensable or necessary parties to an infringement suit. When such an entity declines to join in the suit it may be joined involuntarily, either as a party plaintiff or party defendant; the purpose is to assure that all interested parties are before the court and that their interests are considered . . . .

The question is whether Hewlett-Packard had an ownership interest in the '235 patent when the suit was filed, and if so, the effect of Hewlett-Packard's later statement that it "never has had any legal or equitable rights" in the patent. We conclude that Hewlett-Packard was not a necessary party, on the facts of this case; we need not reach the question of whether the district court had discretion, in applying Fed. R. Civ. P. 19(a), to permit the addition of parties in this case without requiring dismissal and refile by the plaintiff.

Mr. Thomas was employed by Hewlett-Packard from 1992 to 1995. His employment agreement included a provision concerning inventions made by him that relate to Hewlett-Packard's business. . . . The patent application that led to the '235 patent was filed in 1994, as the joint invention of C. Douglass Thomas and his father. On April 20, 2005 IpVenture and Hewlett-Packard entered into an agreement that, inter alia, addressed issues of the '235 patent. [T]he district court declined to consider the content and effect of this agreement, because it was executed after this suit was filed. The court ruled that this agreement could not cure a "standing" defect, even if viewed as a retroactive assignment . . . .

The district court stated that California law does not distinguish between an assignment itself and an agreement to assign, and ruled that the employment agreement "constituted an assignment of all Proprietary Developments to HP." [T]he district court concluded that the Hewlett-Packard provision whereby the employment agreement obligated Thomas to assign his inventions to Hewlett-

Packard served as an immediate assignment of all inventions when they were made.

However, [the] Hewlett-Packard agreement says “agree to assign.” This difference is reinforced by the Hewlett-Packard 2005 statement that it “never has had any legal or equitable rights” to the ‘235 patent. The district court should have considered this statement, although it was written after this suit was filed, for it serves to remove any uncertainty arising from the language of the employment agreement. While that agreement is an agreement to assign, such interest in the ‘235 patent must be implemented by written assignment.

Hewlett-Packard, by stating that it never had an interest in the ‘235 patent, confirmed the situation as to that patent and removed the need to construe the employment agreement. Hewlett-Packard also confirmed that there is no possibility of a separate infringement suit by Hewlett-Packard . . . . The Hewlett-Packard statement that it “never has had any legal or equitable rights” is effective in accordance with its terms. We know of no public policy that is violated by giving this statement the meaning that is stated on its face, at least when no intervening right or other equitable consideration is asserted. [T]he district court erred in ruling that dismissal was obligatory. The dismissal is vacated.

*The previous statements are for information purposes only, and do not constitute legal advice. Questions regarding the matters discussed above, and any requests to be subscribed to the free electronic distribution of this publication, may be directed to Lawrence M. Sung, Ph.D., at +1 202.862.1025 or [lsung@dl.com](mailto:lsung@dl.com), or to any other Dewey & LeBoeuf LLP attorney with whom you regularly consult.*

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