

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

IN RE: ELONEX PHASE II  
POWER MANAGEMENT LITIGATION

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: C.A. Nos.: 01-082 GMS; 01-083 GMS  
: 01-084 GMS; 01-085 GMS  
: 01-086 GMS; 01-087 GMS  
: 01-088 GMS; 01-089 GMS  
: 01-090 GMS; 01-091 GMS  
: 01-092 GMS; 01-093 GMS  
: 01-095 GMS; 01-096 GMS  
: 01-097 GMS; 01-098 GMS  
: 01-099 GMS; 01-100 GMS  
: 01-101 GMS; 01-102 GMS  
: 01-103 GMS; 01-104 GMS

**MEMORANDUM AND ORDER**

**I. INTRODUCTION**

On February 13, 2001, the plaintiffs, Elonex I.P. Holdings, Ltd. and EIP Licensing, B.V. (collectively “Elonex”), filed this action against certain companies that manufacture and sell computer systems or computer monitors.<sup>1</sup> The complaint alleges infringement of U.S. Patent Numbers 5,389,952 (“ the ‘952 patent”), 5,648,799 (“the ‘799 patent”), and 5,649,719 (“the ‘719 patent”). The lawsuit relates to technology that concerns power management in computer monitors.

Presently before the court is AOC International’s (“AOC”) motion for partial summary judgment on the issue of Elonex’s standing to sue for certain damages relating to the ‘952 patent.<sup>2</sup>

For the following reasons, the court will deny this motion.

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<sup>1</sup>In December 1998, Elonex I.P. Holdings Ltd. and Elonex plc filed a related lawsuit against another group of defendants on substantially the same grounds (“Elonex Phase I litigation”).

<sup>2</sup>Joining in this motion are Chuntex Electronics Corporation, Ltd., Acer Communications, Daewoo Electronics Corporation, Ltd., Tatung Corporation, and ADI Corporation.

## **II. STANDARD OF REVIEW**

The court may grant summary judgment “if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(c); *see also Boyle v. County of Allegheny, Pennsylvania*, 139 F.3d 386, 392 (3d Cir. 1998). Thus, the court may grant summary judgment only if the moving party shows that there are no genuine issues of material fact that would permit a reasonable jury to find for the non-moving party. *See Boyle*, 139 F.3d at 392. A fact is material if it might affect the outcome of the suit. *Id.* (citing *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-248 (1986)). An issue is genuine if a reasonable jury could possibly find in favor of the non-moving party with regard to that issue. *Id.* In deciding the motion, the court must construe all facts and inferences in the light most favorable to the non-moving party. *Id.*; *see also Assaf v. Fields*, 178 F.3d 170, 173-174 (3d Cir. 1999).

With these standards in mind, the court will describe the relevant facts leading to the motion presently before the court.

## **III. BACKGROUND**

The patents-in-suit are a family of related patents directed to the field of power management in computer monitors and systems. The first of the patents-in-suit, the ‘952 patent, was issued on February 14, 1995. The ‘799 patent was issued on July 15, 1997. Finally, on March 9, 1999, the ‘719 patent was issued.

The ‘952 patent’s undisputed chain of ownership and assignments is as follows. On April 3, 1995, soon after the first of the patents-in-suit was issued, the first patent owner, Cordata, Inc.

(“Cordata”), assigned all of its assets, including its patents, to the Oakleigh Trust. Pursuant to an agreement dated April 3, 1995, Cordata transferred “absolutely . . . together with all rights powers and benefits relating in any way thereto” the ‘952 patent and Cordata’s other patents, patent applications, issued shares, all equipment and inventory, and “all of Cordata’s cash, accounts receivables and other assets howsoever described” to the Oakleigh Trust. As a result of these transactions, no assets remained in Cordata, and it ceased operations.

On the same day, Consilium Overseas Limited (“Consilium”), in its capacity as the trustee of the Oakleigh Trust, entered into an exclusive patent license agreement that granted Elonex plc “the sole and exclusive right and license, throughout all parts of the world to the extent legally permissible, to exploit and use [the patents] in all ways whatever” and “to prosecute or settle any proceedings . . . for and on its own behalf and on its own behalf and on behalf of the Licensor.” As the court held in its February 15, 2002 Memorandum and Order, this license made Elonex plc the effective assignee of the ‘952 patent with all substantial rights.

On February 8, 1996, Consilium retired as the trustee of the Oakleigh Trust. It was replaced by Central Independent Trustees Limited (“Central”). The Deed of Retirement and Appointment of New Trustees stated that all of the Oakleigh Trust’s property would be transferred into Central’s name. Consilium confirmed its transfer of legal ownership of the Oakleigh Trust’s patent portfolio to Central through a May 8, 1996 Deed of Confirmatory Assignment. Citing to the Deed of Retirement and Appointment of New Trustee, the Deed of Confirmatory Assignment repeated the parties’ intentions to transfer all of the Oakleigh Trust’s assets out of Consilium’s name and into Central’s name. Specifically, the document stated that Consilium:

assign[ed] to and renounc[ed] in favour of the Trustee [Central] all its respective right, title and interest in and to the Patents together with

all its respective rights, power and benefits relating in any way thereto to hold the same until the Trustee absolutely.

The Deed of Confirmatory Assignment also stated that the April 3, 1995 license between Consilium and Elonex plc was cancelled. It then established a new license between Central and Elonex plc “on identical terms.” Thus, as of May 6, 1996, Central held legal ownership, on behalf of the Oakleigh Trust, of all rights relating to the ‘952 patent. Elonex plc remained the exclusive licensee with respect to all of those patent rights.

In the month before the May 8, 1996 Deed of Confirmatory Assignment, EIPH was created as a wholly-owned subsidiary of the Oakleigh Trust. Its sole purpose was to hold the trust’s patent portfolio and receive patent royalties for the Trust’s benefit. The Deed of Confirmatory Assignment reflects the use of such a “nominee” for holding legal title to the patents.

The ‘952 patent’s transfer to EIPH was documented in a Declaration of Trust between Central and EIPH, dated August 1, 1997. This Declaration specifically recounted that EIPH was created to be the legal owner of the patents for the benefit of the Trust. It also noted certain assignments that had been executed in its favor the previous year.

Clause 2 of the Declaration confirmed that the prior patent license between Central and Elonex plc was cancelled, and that a new license agreement was executed between EIPH and Elonex plc. This replacement license, with a defined commencement date of May 8, 1996, granted Elonex plc the same broad rights it had under the previous license with Central.

In 1999, Elonex plc established EIP Licensing as a wholly-owned Dutch subsidiary to carry out its patent licensing business. By a novation agreement dated October 15, 1999, EIP Licensing replaced Elonex plc as EIPH’s exclusive licensee. Under the novation, the 1997 license agreement between EIPH and Elonex plc was terminated and

as between the Licensor [EIPH] and the New Licensee [EIP Licensing], it is agreed that the Agreement shall simultaneously be effective as between the two of them, whereby each and every reference to “the Licensee” [Elonex plc] shall be read as a reference to the New Licensee [EIP Licensing].

Except for the certain “whereas” clauses and definitions reflecting the reasons for the new license, the terms of the EIPH-EIP Licensing agreement were substantially identical to the prior terminated license between EIPH and Elonex plc.

The definition of the “proceedings” that EIP Licensing could bring expressly included the then-pending Phase I infringement litigation. That litigation also included infringement allegations going back to the February 1995 issuance of the ‘952 patent.

#### **IV. DISCUSSION**

AOC claims that the plaintiffs, EIPH and EIP Licensing, lack standing to sue for millions of dollars in damages for infringement of the ‘952 patent occurring from February 14, 1995 until May 14, 1996. In making this claim, AOC argues that: (1) the plaintiffs were not themselves the owners of the patents during that time; (2) they had no direct assignments from the owners; and (3) the documents from which their rights derive failed to manifest the intention to transfer any past infringement rights. For the following reasons, the court concludes that there remains a genuine issue of material fact which will preclude the entry of summary judgment.

In general, only the holder of legal title to a patent at the time of the infringement may bring an action for damages resulting from that infringement. *See Crown Die & Tool Co. v. Nye Tool & Machine Works*, 261 U.s. 24, 40-41 (1923); *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574, 1579 (Fed. Cir. 1991). This is so because infringement harms only the owner of the patent at the time of the infringing acts. It does not affect previous owners whose interest has been terminated before the

infringing acts or future owners whose interest has not yet vested. *See Crown Die*, 261 U.S. at 41.

There are, however, two exceptions to this general rule which may be applicable to the present case. The first exception applies when the owner at the time of the infringement assigns both the patent, and the claim for past infringement, to the same person or entity. *See id.* at 43. Under this exception, the right to sue for past infringement is not transferred unless the assignment agreement manifests an intent to transfer that right. *See Minco, Inc. v. Combustion Eng'g, Inc.*, 95 F.3d 1109, 1117 (Fed. Cir. 1996); *see also Arachnid*, 939 F.2d at 1579, n.7 (noting in dicta that the transfer of this right “must be express, and cannot be inferred from an assignment of the patent itself.”). The bare reference to “all right, title and interest” does not normally transfer the right to sue for past infringement. *See Minco*, 95 F.3d at 1117.

The second applicable exception is when all substantial rights under the patent at the time of the infringement have been transferred to an exclusive licensee, rendering the licensee a virtual assignee. *See e.g., Vaupel Textilmaschinen v. Mecanica Euro Italia*, 944 F.2d 870, 875 (Fed. Cir. 1991) (conferring standing to sue on an exclusive licensee without joining the patent owner).

In the present case, it is undisputed that EIPH and EIP Licensing did not hold legal title to the '952 patent during the period in question. Rather, Cordata, Consilium, and Cental were the various actual owners during that time. None of these entities is a party to the present lawsuit. Thus, for EIPH and EIP Licensing to recover damages for infringement which occurred during that period, one of the above-mentioned exceptions must apply. Because the court finds that it must deny the motion for summary judgment based on the existence of genuine issues of material fact with regard to the first exception, it will not address the second exception.

With regard to the first exception, AOC argues that the prior legal owners of the '952 patent

did not convey the right to sue for past infringement to EIPH or EIP Licensing. However, what remains disputed, and material to the present case, is the intent of the parties in transferring the various patent rights. As stated above, the undisputed facts indicate a complicated series of transfers and assignments of the '952 patent. For instance, by Declaration of Trust dated August 1, 1997, Central assigned its patent rights to EIPH. The Declaration of Trust also cancelled the prior exclusive license agreement between Central and Elonex plc. In that agreement's place, it attached a replacement exclusive patent license as between the replacement owner representative EIPH and Elonex plc. Elonex argues that these actions are of great importance because, as the court recognized in its February 15, 2002 Memorandum and Order, Elonex plc had the right to sue for past infringement as the exclusive licensee with all substantial rights. AOC disputes that, by these actions and documents, among others, the parties intended to convey the right to sue for past infringement as well. Because the parties' intentions in transferring and assigning the patent rights are clearly in dispute, the court concludes that granting summary judgment in favor of AOC would be improper. *See American Bank Note Holographics, Inc. v. Upper Deck Co.*, 1997 WL 30877, at \*2 (S.D.N.Y. Jan. 27, 1997) (stating that a disputed issue of fact as to the intent to assign the right to sue for prior infringement would be reserved for trial.).

In addition to the above dispute, the court is also unable to determine EIP Licensing's status for an additional, independent reason. Specifically, by a novation dated October 15, 1999, EIP Licensing replaced Elonex plc as EIPH's exclusive licensee. However, the record evidence does not unequivocally support, as AOC argues, a determination that EIP Licensing did not also inherit Elonex plc's right to sue for past infringement. Accordingly, because the intent of the parties is in dispute here as well, the court will decline to enter summary judgment in favor of AOC.

**V. CONCLUSION**

For the foregoing reasons, IT IS HEREBY ORDERED that:

1. AOC's Motion for Partial Summary Judgment (D.I. 727) is DENIED.

Dated: October 15, 2002

Gregory M. Sleet  
UNITED STATES DISTRICT JUDGE