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When Does an Exclusive Licensee Have Standing to Sue for Patent Infringement?

WiAV Solutions LLC claimed to be the exclusive licensee of seven patents owned by Mindspeed Technologies, and it sued six companies for infringement. The defendants countered that WiAV could not sue them because WiAV was not an exclusive licensee of the Mindspeed patents, but instead, other third parties had the right to sublicense the patents. The district court agreed, finding that WiAV lacked constitutional standing to assert the Mindspeed patents. On appeal, however, the Federal Circuit rejected the defendants' argument and held that "a licensee is an exclusive licensee of a patent if it holds any of the exclusionary rights that accompany a patent." *WiAV Solutions LLC v. Motorola, Inc.* slip op. at 17 (Fed. Cir. 2010) (*emphasis added*).

More specifically, the Federal Circuit rejected the defendants' argument that to be an exclusive licensee, WiAV had to be the *only* licensee. The Federal Circuit differentiated a "bare licensee," who has nothing more than the promise it will not be sued, from an exclusive licensee, who suffers a "legal injury" from the unauthorized use of the patent by others. In a patent case, a patentee has a statutorily created right to exclude others from making, using, selling, offering for sale, or importing the patented product—and those exclusionary rights can be transferred to others in whole or carved into pieces. The Federal Circuit concluded that a licensee such as WiAV has standing to sue an unauthorized user, even if licenses are available for future rights in the patent, as long as those rights would not extend to the unauthorized user being sued. *Slip Op.* at 12-13 and 17-18.

Based on the holding of the Federal Circuit in *WiAV*, special care should be exercised when drafting license agreements that grant sublicensing rights and when taking a license to a patent that is subject to pre-existing sublicensing rights. In particular, in order to have the ability to sue for infringement, a party to a patent license should pay attention to the scope of the sublicensed rights, including who else might receive sublicenses, what patented technologies could be sublicensed, and whether there are field-of-use restrictions.