

INTELLECTUAL TECH LLC v. ZEBRA TECHS. CORP., Appeal No. 2022-2207 (Fed. Cir. May 1, 2024). Before Prost, Taranto, and Hughes. Appealed from W.D. Tex. (Judge Albright).

Background:

The patentee, Intellectual Tech, entered into a loan agreement with a bank named Main Street Capital Corporation. Intellectual Tech later defaulted on its loan. Main Street held a security interest in Intellectual Tech's patent, and the terms of the security agreement stipulated that in the event of a default, Main Street "may, at its option ... sell, assign, transfer ... or otherwise dispose of the patents and trademarks" or "enforce the patents and trademarks." In other words, Main Street's security interest allowed it to exercise certain rights such as transferring ownership or enforcing the patent, but no rights were automatically transferred. In practice, Main Street never exercised any of its rights regarding the patent-in-suit set forth in the security agreement.

Intellectual Tech later asserted the patent-in-suit against Zebra. In response, Zebra moved for summary judgment, asserting that Intellectual Tech lacked standing under Article III because Main Street was the true owner and Main Street was not a party to the case. The district court granted Zebra's motion and dismissed all claims.

Issue/Holding:

Did the patentee, Intellectual Tech ("IT"), have standing under Article III of the U.S. Constitution? Yes, reversed and remanded.

Discussion:

The Federal Circuit first noted that the only issue in the case was "whether IT demonstrated the irreducible constitutional minimum of an injury in fact." The court then held that "[a]ll that requires here is that IT retained an exclusionary right—i.e., infringement would amount to an invasion of IT's legally protected interest. Under the only reasonable reading of the patent and trademark security agreement, IT still retained at least one exclusionary right, even in view of the rights Main Street gained upon default."

That is, the security interest held by Main Street gave Main Street an option to acquire or transfer the rights to the patent-in-suit, but since that option was never exercised, Intellectual Tech never lost all exclusionary rights. And since Intellectual Tech retained at least some exclusionary rights, it had suffered from an injury-in-fact (infringement of its patent), and it thus had constitutional standing.

According to the Federal Circuit, the district court "incorrectly concluded that Main Street's option to assign presently divested IT of all other legal interests in the '247 patent."

Lastly, it should be noted that statutory standing under 35 U.S.C. §281, which is distinct from constitutional standing under Article III, was not at issue in this case.

**Appendix: Excerpt from the Security Agreement**

4

INTELLECTUAL TECH LLC v.  
ZEBRA TECHNOLOGIES CORPORATION

4. Debtor's Use of the Patents and Trademarks. Debtor shall be permitted to control and manage the Patents and Trademarks, including the right to exclude others from making, using or selling items covered by the Patents and Trademarks and any licenses thereunder, in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Default exists.

J.A. 232.

In the event of a default, section 6 provides options that Main Street can elect to exercise:

6. Remedies. While a Default exists, Secured Party may, at its option, take any or all of the following actions:

(a) Secured Party may exercise any or all remedies available under the Loan Agreement.

(b) Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Patents and Trademarks.

(c) Secured Party may enforce the Patents and Trademarks and any licenses thereunder, and if Secured Party shall commence any suit for such enforcement, Debtor shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement.