

## Patent Misuse is Not a Stand-Alone Cause of Action

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iBiquity had argued that patent exhaustion (Count I) and patent misuse (Count II) are defenses and not affirmative causes of action. Because Continental did not rebut that patent exhaustion could only be a defense, the court granted the motion to dismiss Count I. Regarding patent misuse, the court looked to the Federal Circuit's opinion in *B. Braun Med., Inc. v. Abbott Labs.*, 124 F.3d 1419 (Fed. Cir. 1997). In Braun, the Federal Circuit explained that the patent misuse is "an extension of the equitable doctrine of unclean hands, whereby a court of equity will not lend its support to enforcement of a patent that has been misused." *Id.* at 1427. "When used successfully, this defense results in rendering the patent unenforceable until the misuse is purged." *Id.* But "[i]t does not . . . result in an award of damages to the accused infringer." *Id.* The Federal Circuit further clarified that "the defense of patent misuse may not be converted to an affirmative claim for damages simply by restyling it as a declaratory judgment counterclaim." *Id.* at 1428. In other words, "monetary damages may not be awarded under a declaratory judgment counterclaim based on patent misuse, because patent misuse simply renders the patent unenforceable." *Id.* Accordingly, the court found that Continental could not use its patent misuse claim as a basis for compensatory damages and concluded that patent misuse cannot be brought as a standalone cause of action.

*Continental Automotive GmbH et al v. iBiquity Digital Corporation*, No. 114cv01799 (N.D. IL February 26, 2015, Order) (Lee, J.).

## Categories

District Court

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