



Maryland District Court Affirms that Patent Inventor Lacks Standing After Assigning Patent Rights to Third Party

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Plaintiff is the sole inventor of U.S. Patent No. 7,461,581 (the “’581 Patent”), titled “Self-Cleaning Gas Operating System for a Firearm” and founded the Leitner-Wise Rifle Company (LWRC) in 2004 to commercialize his invention. In 2005, Plaintiff sold LWRC, but was retained by the company as an executive, subject to an employment agreement that paid Plaintiff a royalty on each unit of the patented product sold. In 2006, Plaintiff ended his employment with LWRC. As part of the termination of his employment with LWRC, Plaintiff assigned “[his] entire right, title, and interest” in the ’581 Patent to LWRC and signed an agreement relinquishing his rights to any further royalties associated with the ’581 Patent.

Plaintiff subsequently filed suit against LWRCI and Sig Sauer on June 26, 2016, alleging infringement of the ’581 Patent. The complaint also included claims for breach of contract and unjust enrichment relating to Plaintiff’s contention that he retained royalty rights to the ’581 Patent. Defendants filed motions to dismiss the patent infringement claim for lack of standing and to dismiss the breach of contract and unjust enrichment claims on summary judgment. Ruling on Defendants’ motions, the court dismissed all of Plaintiff’s claims, finding that the 2006 agreement between Plaintiff and LWRC relinquished all of Plaintiff’s rights in the ’581 Patent and terminated any royalty rights that Plaintiff previously had to products including the patented invention.

With respect to the patent infringement claim, the court found that the 2006 assignment agreement transferring Plaintiff’s “entire right title and interest” in the ’581 Patent to LWRC unambiguously demonstrated “an intent to transfer, without reservation, all rights in the ’581

Patent.” The court further noted that the Federal Circuit has “implied that this exact language signifies a transfer of all substantial rights in the patent to the assignee.” Even if Plaintiff had retained a royalty right in the ’581 Patent, the court found that such a provision would not limit the assignment to LWRC, unless the reservation was of a “substantial right, such as the right to exclude others from making the patented product.” Since the court found that Plaintiff had assigned his entire right in the ’581 Patent to LWRC and retained no substantial right, the court found that Plaintiff lacked standing and dismissed the patent infringement case.

Leitner-Wise v. LWRC International, LLC et al, 8:16-cv-02430 (D. Md., Feb. 28, 2017)

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