Press Release

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In Victory for WLF, High Court Upholds 50-Year-Old Precedent Governing Patent Licensing Agreements

(Kimble v. Marvel Enterprises, Inc.)

> **"In a world where patent trolls and rampant litigation funding thrive, 'zombie' litigation—in which long-expired licenses are dredged up for new rounds of litigation—would have been an all-too-likely result of a decision overturning *Brulotte*."**
> **—Richard Samp, WLF Chief Counsel**

WASHINGTON, DC—The U.S. Supreme Court today resisted calls to overturn its 1964 decision in *Brulotte v. Thys Co.*, which established rules governing enforcement of contracts entered into between patent holders and licensees. The Court's decision in *Kimble v. Marvel Enterprises, Inc.* was a victory for the Washington Legal Foundation (WLF), which filed a brief urging the Court to uphold *Brulotte*. The Court agreed with WLF that parties have been relying on the *Brulotte* rule for more than 50 years when drawing up patent licensing agreements and that a decision overturning *Brulotte* would unnecessarily upset settled expectations. WLF warned that overturning *Brulotte* could spawn a cottage industry of lawsuits over long-expired licenses.

Brulotte established a bright-line rule regarding patent licensing agreements: they may not be enforced to require royalty payments for use of the patent after the patent has expired. The Court reasoned that such provisions improperly seek to extend the patent holder's monopoly beyond the patent's expiration date. In recent years, some academics have criticized *Brulotte* as out of step with modern approaches to patent and antitrust law. While noting that criticism, the Court held that *stare decisis*—the principle that counsels courts to stand by their prior decisions—dictates that any change in the *Brulotte* rule should come from Congress, which is free to amend patent laws, not the courts.

Kimble involved a dispute over royalty payments allegedly due the inventor of a web-shooter toy that allows a child to "role play" as Spider-Man. The patent expired in 2010, but the inventor asserted a right to royalties for role-play toys that a Marvel Enterprises licensee still markets.

Following the Court's decision, WLF issued the following statement by Chief Counsel Richard Samp: "In a world where patent trolls and rampant litigation funding thrive, 'zombie' litigation—in which long-expired licenses are dredged up for new rounds of litigation—would have been an all-too-likely result of a decision overturning *Brulotte*. The Court correctly concluded that overturning statutory-interpretation precedents is almost never appropriate when companies have been relying on them in entering into business transactions."

WLF is a public interest law firm and policy center that regularly litigates in support of civil justice reform, to ensure that unwarranted lawsuits do not drive up costs for all consumers.

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