

**United States Court of Appeals
for the Federal Circuit**

A.L.M. HOLDING COMPANY,
ERGON ASPHALT & EMULSIONS, INC.,

Plaintiffs-Appellants,

– v. –

ZYDEX INDUSTRIES PRIVATE LTD., ZYDEX INC.,

Defendants-Appellees.

*On Appeal from the United States District Court for
the District of Delaware in No. 1:24-cv-00363-JPM,
Honorable Jon P. McCalla, Judge*

**NON-CONFIDENTIAL BRIEF FOR DEFENDANTS-
APPELLEES**

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APRIL 21, 2025

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

CERTIFICATE OF INTEREST

Case Number 2025-1317

Short Case Caption A.L.M. Holding Company v. Zydex Industries Private Ltd.

Filing Party/Entity Zydex Industries Private Ltd.; Zydex Inc.

Instructions:

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Date: 04/21/2025

Signature: /s/ Edward L. Tulin

Name: Edward L. Tulin

FORM 9. Certificate of Interest

Form 9 (p. 2)
March 2023

| <p>1. Represented Entities. Fed. Cir. R. 47.4(a)(1).</p> | <p>2. Real Party in Interest. Fed. Cir. R. 47.4(a)(2).</p> | <p>3. Parent Corporations and Stockholders. Fed. Cir. R. 47.4(a)(3).</p> |
|--|---|--|
| <p>Provide the full names of all entities represented by undersigned counsel in this case.</p> | <p>Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities.</p> <p><input checked="" type="checkbox"/> None/Not Applicable</p> | <p>Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities.</p> <p><input checked="" type="checkbox"/> None/Not Applicable</p> |
| <p>Zydex Industries Private Ltd.</p> | | |
| <p>Zydex Inc.</p> | | |
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Additional pages attached

4. Legal Representatives. List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

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5. Related Cases. Other than the originating case(s) for this case, are there related or prior cases that meet the criteria under Fed. Cir. R. 47.5(a)?

Yes (file separate notice; see below) No N/A (amicus/movant)

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None/Not Applicable Additional pages attached

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The confidential information on pages 6-8, 10-12, 32, 36-43, 47, and 49, constitute direct quotations to or paraphrasing of terms of confidential license agreements. The material redacted from this brief is subject to a protective order and subject to a claim of confidentiality by Appellants.

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STATEMENT OF RELATED CASES

This appeal has been taken from Case No. 1:24-cv-363-JPM (D. Del.), a case in which Plaintiffs assert U.S. Patent Nos. 7,815,725; 7,981,466; 8,734,581; 9,175,446; 9,394,652; and 10,214,646 ("the patents-in-suit"). The patents-in-suit are asserted in two other currently pending cases:

- *A.L.M. Holding Company et al. v. Zydex Industries Private Ltd. et al.*, Case No. 1:25-cv-00155-JFM (D. Del.); and
- *A.L.M. Holding Company et al. v. All States Materials Group Inc.*, Case No. 3:25-cv-10458-MGM (D. Mass.).

The Agreement at issue in this appeal is referenced in the complaints that Plaintiffs filed in both actions, although Plaintiffs have indicated in those complaints that the Agreement no longer exists (because it has been amended to change it, among other things, from an exclusive license to a non-exclusive license).

STATEMENT OF THE ISSUES

1. Do Plaintiffs lack any exclusionary rights to the patents-in-suit by virtue of a 2008 exclusive license agreement—through which Plaintiffs divested themselves of any right to grant licenses to the patents-in-suit to those outside their corporate family, and lost the right to commercialize the patented technology—and therefore lack Article III standing to assert infringement of those patents?

2. Should the Court jettison its well-established requirement that at least one exclusionary right is required for Article III standing, and hold instead that a bare invocation of a right to recover damages for patent infringement is sufficient to satisfy Article III?

I. INTRODUCTION

This case presents the unusual—though not unprecedented—scenario in which the legal titleholders of patents lack exclusionary rights to those patents. In 2008, Plaintiffs chose to divest all exclusionary rights to the patents-in-suit, including the right to grant third-party licenses to the patents-in-suit, by entering an Agreement that transferred all of their exclusionary rights to non-party Ingevity.¹ As a result, although Plaintiffs started this patent case against Defendants, they cannot end it by granting a license to Defendants; only non-party Ingevity can do that. Indeed, when this long-simmering patent dispute between Plaintiffs and Defendants began nearly eight years ago, Plaintiffs notified Defendants that the products accused of infringement in this case may require a license to their patents. But Plaintiffs proposed no terms for such a license; on the contrary, Plaintiffs merely encouraged Defendants to contact Ingevity to discuss licensing the patents-in-suit. That is not the conduct of someone who holds exclusionary rights to those patents.

Plaintiffs hold title to the patents-in-suit. But Ingevity holds all exclusionary rights to them. As the district court correctly concluded, that means that Plaintiffs lack standing under Article III to assert the patents-in-suit.

Faced with the foregoing, Plaintiffs resort to two untenable tactics. *First*,

¹ Unless otherwise noted, all terms used herein have the same meanings as in Plaintiffs' Principal Brief, all emphases have been added, and all internal quotations and citations have been omitted.

Plaintiffs mischaracterize this Court's caselaw, arguing that exclusionary rights are not necessary for Article III standing. Instead, Plaintiffs contend that any allegation of monetary harm—no matter how generic and unparticularized—is sufficient to satisfy Article III. But this Court's precedent could not be clearer: Plaintiffs have the burden to demonstrate "the irreducible constitutional minimum of an injury in fact," which requires showing that they possess at least one "exclusionary right" to the patents-in-suit. *Intell. Tech LLC v. Zebra Techs. Corp.*, 101 F.4th 807, 813 (Fed. Cir. 2024). The Court should not jettison the exclusionary rights analysis that has long represented the core of its constitutional standing jurisprudence. *WiAV Sols. LLC v. Motorola, Inc.*, 631 F.3d 1257, 1265 (Fed. Cir. 2010) ("[T]he touchstone of constitutional standing in a patent infringement suit is whether a party can establish that it has an exclusionary right"); see *Deere & Co. v. Kinze Mfg., Inc.*, 683 F. Supp. 3d 904, 914 (S.D. Iowa 2023) (surveying Federal Circuit caselaw and concluding that its precedent "firmly establishes [that] a party has constitutional standing in a patent infringement suit only if it possesses exclusionary rights"). But even if it chose to do so, the allegations and evidence offered by Plaintiffs here would be insufficient to show a concrete and particularized injury-in-fact.

Second, Plaintiffs argue that, notwithstanding the plain language of the Agreement, they possess exclusionary rights to the patents-in-suit. Plaintiffs' contentions require the Court to rewrite the Agreement, to ignore the text of the

sublicenses that have been granted, and to hold—for the first time in this Court's history—that patentees with no right to license their patents to anyone outside their corporate family, and no right to use the patented technology for anything other than research and development purposes, nonetheless have suffered an injury-in-fact from alleged third-party infringement. The Court should reject Plaintiffs' argument, which would turn constitutional standing on its head.

"While parties are free to assign some or all patent rights as they see fit based on their interests and objectives, this does not mean that the chosen method of division will satisfy standing requirements." *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1341 n.8 (Fed. Cir. 2007). Plaintiffs chose to enter a contract that stripped them of the right to commercialize their patented technology, and of the right to license or sublicense those patents to any unrelated third-parties. The unavoidable consequence of that contractual scheme is that Plaintiffs lost the ability to satisfy the standing requirements of Article III. While Plaintiffs have apparently now amended the Agreement to include "materially different terms" from those at issue here, (*see* Br. at 1), they unquestionably lacked constitutional standing while the original Agreement was in force. The district court's decision dismissing Plaintiffs' case against Defendants should therefore be affirmed.

II. STATEMENT OF THE CASE

A. The Agreement

On January 1, 2008, Plaintiffs and MeadWestvaco Corporation ("MWV") entered the Agreement, which is governed by Wisconsin law. Appx78 (Agreement at 1); Appx91 (Agreement ¶ 10.1). The Recitals of the Agreement note that "[license term]

license term

license term."

Appx78 (Agreement at 1). The purpose of this exclusive license was to "[license term]

license term."

Appx78 (Agreement at 1). The

relevant license grant is in Paragraph 2.1:

2.1 License and Exclusivity. [Plaintiffs] hereby grant to Licensee a royalty-bearing, worldwide license under the Licensed Technology to manufacture, have manufactured, import, use, sell, offer to sell and otherwise commercialize Licensed Products. This license shall be exclusive (with the proviso that [Plaintiffs] reserve for themselves certain rights set out in Paragraph 2.4) for so long as the annual Earned Royalties paid by Licensee meet the minimum annual royalty amounts set out in Paragraph 3.4. . . . This license includes the right for third parties to manufacture, use (including for the paving of roads), sell and offer for sale Warm Mix Asphalt containing Licensed Products and paved asphalt surfaces made using Licensed Products, but only to the extent that such Licensed Products have been purchased from a Licensee under this Agreement.

Appx81 (Agreement, ¶ 2.1). In addition to the foregoing rights, MWV also obtained the exclusive right to sublicense the patents-in-suit, "provided that it first provides the terms and conditions of any such sublicense to [Plaintiffs] for their prior review

and approval, which approval shall not be unreasonably withheld." Appx81 (Agreement, ¶ 2.3). According to Plaintiffs, the Agreement "provided various rights to MWV under and to the [patents-in-suit], including but not limited to the right to grant sublicenses to third parties, and the right to assign or otherwise transfer MWV's license to a third party in connection with transfers of MWV's assets or voting stock, or in connection with MWV's merger, consolidation or reorganization," along with "the right to make, use, sell, offer for sale, and/or import the inventions claimed in each of the [patents-in-suit]." Appx24 (Compl. ¶¶ 47, 49).

As noted in Paragraph 2.1 of the Agreement, the only rights retained by Plaintiffs are found in Paragraph 2.4, which provides in relevant part:

2.4 Reserved Rights. [Plaintiffs] reserve a royalty-free, worldwide license under the Licensed Technology, with the right to sublicense only their respective Affiliates, to:

- a) manufacture, have manufactured, import and use Licensed Products and asphalt paving mixtures containing Licensed Products for research and development purposes, and
- b) manufacture, have manufactured, import, use, sell and offer to sell asphalt paving mixtures containing Licensed Products purchased from [MWV].

Appx81 (Agreement ¶ 2.4). The "Affiliates" referred to in Paragraph 2.4 were defined in Paragraph 1.1 as:

license term

[REDACTED] license term [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Appx79 (Agreement ¶ 2.4).

Several other provisions of the Agreement also relate to the patents-in-suit. For instance, Paragraph 2.6 of the Agreement provides that while all parties to the

Agreement may "[REDACTED] license term [REDACTED]

[REDACTED] license term [REDACTED] the parties must [REDACTED] license term [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]." Appx82

(Agreement ¶ 2.6); Appx86 (Agreement ¶ 4.2) (requiring Plaintiffs to [REDACTED] license term [REDACTED]

[REDACTED] license term [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] and requiring Plaintiffs to [REDACTED] license term [REDACTED]

[REDACTED]).

In addition, Article V of the Agreement addresses "Patent Litigation." Paragraph 5.1 provides that "the Parties shall mutually determine whether to pursue [patent] infringement," and that they would equally share the costs and any recovery from such infringement litigation. Appx87 (Agreement ¶ 5.1). Paragraph 5.2 of the

Agreement also addresses when one of the parties to the Agreement declines to initiate a patent infringement suit pursuant to Paragraph 5.1:

If either Party does not desire to initiate a legal action under Paragraph 5.1, . . . , the non-initiating Party may provide to the other Party (the "Prosecuting Party") such rights as are necessary for the Prosecuting Party to attempt to enforce all or a portion of the Patent Rights against one or more of the unlicensed third parties. If the Prosecuting Party initiates any such legal action, then the costs thereof shall be at the Prosecuting Party's own expense. The Prosecuting Party will control the conduct of the legal action, keep the non-initiating Party advised of its progress, and will retain for itself any damages recovered or obtained in the legal action. Damages received under this Paragraph 5.2 shall not be subject to the payment of Earned Royalty. The non-initiating Party shall render reasonable assistance to the Prosecuting Party in so enforcing the Patent Rights If the Prosecuting Party reasonably requires, the non-initiating Party shall join the Prosecuting Party as a party in the action and shall be entitled to be represented in the action by its own counsel and at its own expense.

Appx87-88 (Agreement ¶ 5.2).

B. The Sublicenses to the Patents-in-Suit

Prior to the filing of this lawsuit, Plaintiffs had never sued for infringement of any of the patents-in-suit without joining MWV, Ingevity's predecessor-in-interest. In 2013, Plaintiffs and MWV sued third-parties Akzo and ArrMaz for infringement of two of the patents-in-suit. Appx25 (Compl. ¶¶ 51, 52). To resolve that litigation, both Akzo and ArrMaz "agreed to take a royalty bearing license from MWV" on four of the patents-in-suit. Appx26 (Compl. ¶¶ 55, 56). Plaintiffs are not parties to those licenses among MWV, ArrMaz, and Akzo, which instead were granted solely by MWV. See Appx100 ("the ArrMaz Sublicense"); Appx122 ("the Akzo

Sublicense") (" [redacted] license term [redacted]
[redacted] :").

Although both Sublicenses reference the Agreement (referred to therein as "the MWV License"), the terms of the Agreement [redacted] license term [redacted]
[redacted]. Indeed, the Akzo and ArrMaz Sublicenses differ from each other, and from the Agreement, in several ways.

For instance, the Agreement and the Sublicenses [redacted] license term [redacted]
[redacted], respectively. Appx83, Appx104, Appx126. Those Products are each defined in terms of [redacted] license term [redacted] Appx79, Appx101-102, Appx123-124. But each agreement defines that term differently. Cf. Appx80-81, Appx102, Appx124. For instance the Agreement defines "[redacted] license term [redacted] license term [redacted] (Appx80), while the ArrMaz Sublicense defines [redacted] license term [redacted]
[redacted]
[redacted]
[redacted], (Appx102). ArrMaz is [redacted] license term [redacted] license term [redacted]
[redacted]

license term

In addition, the Agreement provides that MWV/Ingevity shall license term

Appx85 (Agreement ¶ 3.5).

By contrast, ArrMaz does not license term; instead

ArrMaz furnishes a " license term

. Appx105-06 (ArrMaz Sublicense ¶

3.2). license term . Appx127-

28 (Akzo Sublicense ¶ 3.2). The license term

. Appx105 (ArrMaz Sublicense ¶ 3.2); Appx127 (Akzo Sublicense,

¶ 3.2). Additionally, license term

," Appx125 (Akzo Sublicense ¶ 2.2), while

license term , Appx102

(ArrMaz Sublicense ¶ 2.2).²

² The ArrMaz Sublicense covers license term that are listed in Appendix to the ArrMaz Sublicense. Appx118; see also Appx100 (noting that " license term

The exclusive license granted to MWV in Section 2.1 of the Agreement (and the nonexclusive licenses that MWV granted to Akzo and ArrMaz) covers all the patents-in-suit. Appx24 (Compl. ¶ 47). In 2016, "Ingevity replaced MWV as the exclusive licensee of the patented technology, with, among other rights, the right to grant sublicenses." Appx24 (Compl. ¶ 47).

The Agreement was valid and in force among Plaintiffs and Ingevity as of March 21, 2024, which was the date that Plaintiffs filed this action in the U.S. District Court for the District of Delaware. As of that date, Ingevity possessed the exclusive rights to commercialize and sublicense the patents-in-suit pursuant to Paragraphs 2.1 and 2.3 of the Agreement. Appx24-25 (Compl. ¶¶ 48-50).

C. Plaintiffs' 2017 Correspondence to Defendants

The roots of the patent dispute between Plaintiffs and Defendants lie in a letter sent nearly a decade ago, in September 2017. That letter identified multiple patents-in-suit, and stated that "a license under [Plaintiffs' patent] portfolio may be needed to import, manufacture, sell, or offer for sale or use" Defendants' products that were later accused of infringement in this case. Appx69. Plaintiffs further noted that they "have exclusively licensed [the patents-in-suit] to Ingevity. *Ingevity has the ability to grant sublicenses*, has done so for two significant sellers of warm mix additives,

license term
").

and may be willing to do so in your case." *Id.* Finally, Plaintiffs offered to put Defendants "in touch with the proper personnel at Ingevity for further discussions." *Id.*; *see also* Appx57 (Compl. ¶ 169).

Defendants replied to Plaintiffs' letter in October 2017, requesting "specific details concerning why [Plaintiffs] believe[] [Defendants] may need a license" for their asphalt additive products, and requested Ingevity's contact information. Appx71. There is no evidence that Plaintiffs (or Ingevity) responded to Defendants' October 2017 letter. Plaintiffs filed suit against Defendants nearly six years later.

D. The District Court Litigation Against Defendants and Its Dismissal for Lack of Standing

On July 21, 2023, Plaintiffs sued Defendants and one of its distributors (Hi-Tech Asphalt Solutions, Inc.) for infringement of two of the patents-in-suit in the U.S. District Court for the Eastern District of Virginia, Civil Action No. 23-cv-467. Appx26 (Compl. ¶ 58.) On January 23, 2024, the parties stipulated to dismissal of that action. *Id.* (Compl. ¶ 60). On March 21, 2024, Plaintiffs filed this action, which alleges infringement of all six of the patents-in-suit.

On June 20, 2024, Defendants moved to dismiss Plaintiffs' Complaint for lack of standing because "Plaintiffs have no exclusionary rights under the Agreement and thus cannot satisfy the injury-in-fact requirement for constitutional standing." *See* Appx2. In a thorough opinion and order issued on November 25, 2024, the district court granted Defendants' motion. Appx2-15. The district court began its analysis

by correctly noting that "Plaintiffs, as the patent owners, have 'exclusionary rights as a baseline matter unless [they have] transferred all exclusionary rights away.'" Appx6 (quoting *Intell. Tech*, 101 F.4th 807, 816 (Fed. Cir. 2024)). The district court then carefully assessed each of the allegedly exclusionary rights that Plaintiffs claimed to hold under the Agreement, and found that none of those alleged rights were exclusionary. Appx6-15.

III. SUMMARY OF ARGUMENT

1. Plaintiffs have the burden to show that they possess at least one exclusionary right to the patents-in-suit. Plaintiffs have not satisfied (and cannot satisfy) that burden because the Agreement transferred all exclusionary rights to the patents-in-suit from Plaintiffs to non-party Ingevity.

2. Plaintiffs identify six rights that they purportedly retained under the Agreement: (i) a "sublicensing veto"; (ii) an "assignment veto"; (iii) the right to "dictate" sublicense terms (which they claim to have already done); (iv) the right to royalties from sublicensees; (v) the right to sublicense to those in Plaintiffs' corporate family; and (vi) the right to participate in patent litigation. In many cases, Plaintiffs misconstrue the rights that they retained under the Agreement. But in any event, no court has ever found that any of Plaintiffs' rights, as articulated in the Agreement, are exclusionary.

3. Similarly, no court has ever found that an entity that exclusively

licensed its patents to an unrelated third-party who then possessed the sole right to grant sublicenses under those patents—and the sole right to settle litigation relating to those patents by granting a license—had standing under Article III. But that is precisely what resulted from the Agreement. Plaintiffs have no right to practice the patents-in-suit for commercial purposes; only Ingevity and Ingevity's sublicensees can do that. Plaintiffs have no right to license or sublicense the patents-in-suit to unrelated third-parties; only Ingevity can do that. And Plaintiffs have no right to settle this action by accepting a royalty for Defendants' licensed use and sale of the accused products; only Ingevity can do that.

4. This case is fundamentally different from the two cases upon which Plaintiffs primarily rely: *Intellectual Tech* and *Mann*. In both of those cases, the would-be plaintiff retained the right to license its patents to unrelated third parties. Plaintiffs unquestionably lack that exclusionary right under the Agreement.

5. The Court should decline to undertake a wholesale reconsideration of its standing jurisprudence; exclusionary rights are the touchstone of the Article III inquiry in patent cases, and they should remain so. Plaintiffs are incorrect that the Supreme Court's decision in *Lexmark International, Inc. v. Static Control Components, Inc.*, 572 U.S. 118 (2014) compels the Court to abandon its precedent relating to exclusionary rights; all that decision requires is that the Court separate the injury-in-fact inquiry from the Section 281 inquiry.

6. Even if the Court were to hold that exclusionary rights are not necessary to satisfy the injury-in-fact inquiry, Plaintiffs' unparticularized and generic allegations of monetary harm in their Complaint (and the complete absence of any evidence relating to their alleged harm) would fall short of the Article III requirements, even as Plaintiffs have mischaracterized them.

IV. ARGUMENT

A. Standard of Review

While the question of whether a party has standing to bring and maintain a lawsuit is reviewed *de novo* on appeal, any related factual findings are reviewed under a clearly erroneous standard. *See Labatt Food Serv., Inc. v. United States*, 577 F.3d 1375, 1378–79 (Fed. Cir. 2009). Plaintiffs have the burden to show that they have "(1) suffered an injury in fact, (2) that is fairly traceable to the challenged conduct of the defendant, and (3) that is likely to be redressed by a favorable judicial decision." *Argentum Pharms. LLC v. Novartis Pharms. Corp.*, 956 F.3d 1374, 1376 (Fed. Cir. 2020) (citing *Spokeo, Inc. v. Robins*, 136 S. Ct. 1540, 1547 (2016)). "Foremost among the requirements" for Article III standing "is injury in fact—a plaintiff's ***pleading and proof*** that he has suffered the 'invasion of a legally protected interest' that is 'concrete and particularized.'" *Gill v. Whitford*, 585 U.S. 48, 65 (2018) (quoting *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560 (1992)).

As the Supreme Court has recognized, the Article III standing inquiry is

undertaken in the context of the specific claims asserted, and is not divorced from the nature of the underlying claim. Accordingly, the Court must assess Plaintiffs' standing based on "the specific common-law, statutory or constitutional claims that [they] present[]." *Int'l Primate Prot. League v. Adm'rs of Tulane Educ. Fund*, 500 U.S. 72, 77 (1991). In this case, that means that the Court must consider the specific statutory claims that have been presented—i.e., claims for relief for infringement under the Patent Act.

B. Exclusionary Rights are Required for Article III Standing

Defendants agree with Plaintiffs that, when it comes to assessing patentee standing in an infringement action, the inquiry under Section 281 of the Patent Act is distinct from the injury-in-fact inquiry under Article III of the Constitution. Defendants further agree that, prior to 2015, "many of the [C]ourt's opinions had improperly melded the injury-in-fact inquiry with the Section 281 inquiry—often performing a combined analysis of the two simultaneously." Br. at 16 (quoting *Intell. Tech.*, 101 F.4th at 814). But the parties part ways when it comes to how to properly assess the injury-in-fact inquiry in the patent context.

This Court has "routinely held that constitutional standing requires at least one exclusionary right." *In re Cirba Inc.*, No. 2021-154, 2021 WL 4302979, at *3 (Fed. Cir. Sept. 22, 2021); see *Schwendimann v. Arkwright Advanced Coating, Inc.*, 959 F.3d 1065, 1077 (Fed. Cir. 2020) (Reyna, J., dissenting) (noting that when

considering the "constitutional" question of "Article III standing," the relevant inquiry is whether the plaintiff "had *any* requisite 'exclusionary rights' in the patents-in-suit at the time of filing her infringement suit"); *Univ. of S. Fla. Rsch. Found., Inc. v. Fujifilm Med. Sys. U.S.A., Inc.*, 19 F.4th 1315, 1323 (Fed. Cir. 2021) (hereafter "*USF*") ("We have held that 'the touchstone of constitutional standing in a patent infringement suit is whether a party can establish that it has an exclusionary right in a patent that, if violated by another, would cause the party holding the exclusionary right to suffer legal injury.") (quoting *WiAV Sols.*, 631 F.3d at 1265). Exclusionary rights "involve the ability to exclude others from practicing an invention or to 'forgive activities that would normally be prohibited under the patent statutes.'" *Lone Star Silicon Innovations LLC v. Nanya Tech. Corp.*, 925 F.3d 1225, 1234 (Fed. Cir. 2019) (quoting *Morrow*, 499 F.3d at 1342).

Plaintiffs incorrectly contend that "Article III standing is a minimal bar met by alleging monetary harm."³ Br. at 14. Plaintiffs' interpretation is directly at odds

³ The Brief of *Amicus Curiae* Glycosyn LLC would have this Court go even further in overturning its precedent. Glycosyn urges this Court to declare that no matter what, "a patentee has constitutional standing to sue infringers." Am. Br. at 6. In Glycosyn's view, the Court should reach that conclusion because "[o]wning a patent is owning a right to exclude others." Am. Br. at 1; *see also id.* at 11 ("A patent owner has standing by virtue of owning the patent, which comes with the attendant right to prevent others from practicing the patent without permission."). Glycosyn is correct that the bundle of rights inherent to patent ownership includes the right to prevent others from practicing the patent without permission. But Glycosyn is incorrect in two respects. First, "the proposition that the 'patentee' has constitutional standing solely because it is the 'patentee' is false." *Deere*, 683 F. Supp. 3d at 914. Second,

with nearly two decades of this Court's precedent and would radically alter the approach to assessing injury-in-fact in patent cases. It should be rejected.

1. Plaintiffs Misinterpret *Intellectual Tech*

Plaintiffs' position rests primarily on a fundamental misreading of *Intellectual Tech*, which they contend "leaves open" a "broad approach" in which "exclusionary rights are sufficient but not necessary for a patent owner to have Article III standing." Br. at 10-11, 17. But there was no such broad/narrow dichotomy "left open," announced, or otherwise endorsed in *Intellectual Tech*, which instead was just the latest in a long line of this Court's precedents to require at least one exclusionary right to satisfy Article III.

Plaintiffs' argument is based on the following statement from *Intellectual Tech*: "In general, the question for the injury-in-fact threshold is whether a party has an exclusionary right." *Intell. Tech*, 101 F.4th at 814 (citing *USF*, 19 F.4th at 1323).

Glycosyn ignores the fact that a patent owner could transfer its right to prevent others from practicing the patent without permission. That is exactly what happened in the Agreement: Plaintiffs transferred the exclusionary rights that were part of their original bundle of rights to Ingevity. Glycosyn does not consider the Agreement, nor any of the unique facts in this case. But under Glycosyn's approach, the Agreement would have divested Plaintiffs not only of their exclusionary rights, but also their title to the patents. *See* Am. Br. at 14-15 (contending that when a patent owner "effectively transferred its ownership rights to another party," then "the patent owner was not actually the patent owner anymore"). The Court need not resolve the question of whether Plaintiffs are still the owners of the patents-in-suit; it is enough for the Court to conclude, as the district court did, that Plaintiffs alienated the right to prevent others from practicing the patent without permission from their title to the patents-in-suit. And that is fatal to Plaintiffs' constitutional standing.

This Court's opinion italicized just the word "an," while in its principal brief, Plaintiffs added italics to the phrase "in general." Br. at 20. In so doing, Plaintiffs distort the Court's point, which was that, *in general*, even a *single* exclusionary right (as opposed to *multiple* exclusionary rights) is sufficient to satisfy the injury-in-fact requirement. *Intell. Tech*, 101 F.4th at 814. Plaintiffs argue that "[t]he caveat 'in general'" in the Court's statement of the law regarding constitutional standing "must allow for exceptions." Br. at 21. But there are exceptions even under the unaltered, more natural reading of this Court's statement: depending on the nature of the exclusionary right, a single right might not be sufficient (i.e., multiple exclusionary rights might be required to satisfy the constitutional requirements). There is thus no basis to conclude that the *Intellectual Tech* Court was expanding the ways through which a patentee-plaintiff could satisfy constitutional standing for at least three reasons.

First, the case cited by the *Intellectual Tech* Court in support of that proposition analyzes constitutional standing exclusively through the lens of whether the plaintiff held any exclusionary rights. *See* 101 F.4th at 814 (citing *USF*, 19 F.4th at 1323). In *USF*, the Court analyzed the language of the agreement-at-issue (which was redacted in the Court's opinion), and concluded that certain "language in the Revenue Allocation Agreement" conveyed "at least one exclusionary right in the patent-in-suit" to the would-be plaintiff. *See USF*, 19 F.4th at 1324.

Second, this Court stated earlier in *Intellectual Tech* that the "question [of] whether [the plaintiff] demonstrated the irreducible constitutional minimum of an injury in fact" turns on whether that would-be plaintiff "retained *an* exclusionary right." 101 F.4th at 813. If the Court were announcing a sea-change to its decades-old constitutional standing jurisprudence, such that exclusionary rights were no longer the touchstone of that inquiry, then this statement confirming the importance of exclusionary rights would have been a very strange way to do so.

Third, the Court's actual analysis in *Intellectual Tech* focused exclusively on the question of whether the plaintiff in that case possessed an exclusionary right. *See* 101 F.4th at 814-17 (framing the issue on appeal as whether the plaintiff "had an exclusionary right in the [asserted patent] when the complaint was filed").

Plaintiffs ignore the foregoing aspects of *Intellectual Tech*, and instead turn to a recent district court decision in support of their interpretation: *Vericool World LLC v. TemperPack Techs., Inc.*, 739 F. Supp. 3d 322 (E.D. Va. 2024). Br. at 20-21. But *Vericool* is at odds with essentially every decision in a patent case that has analyzed constitutional standing since 2007, and its flawed reasoning should not be adopted by this Court for several reasons.

First, the *Vericool* court apparently overlooked the fact that *Intellectual Tech* reaffirmed that exclusionary rights are required for Article III standing. As noted above, *Intellectual Tech* confirmed that the "question [of] whether [the plaintiff]

demonstrated the irreducible constitutional minimum of an injury in fact" turns on whether that would-be plaintiff "retained *an* exclusionary right." 101 F.4th at 813.

Second, *Vericool* incorrectly asserts that there is a "split" of authority over whether Article III requires possession of exclusionary rights to have standing to assert patent infringement. 739 F. Supp. 3d at 332, 332 n.3. Neither of the two cases that *Vericool* cites in support of this purported "split" explicitly considered whether such exclusionary rights were required under Article III for patentee standing. In *Kenall Manufacturing Co. v. Cooper Lighting, LLC*, No. 17-cv-4575, 2020 WL 4015324 (N.D. Ill. July 16, 2020), the defendant sought dismissal, but did not make a separate Article III argument, did not raise the issue of whether exclusionary rights were required, and couched its arguments entirely in the context of whether plaintiff was "the real party in interest under Rule 17(a)." The question of whether Fed. R. Civ. P. 17(a) is satisfied is a very different question from whether Article III of the Constitution is satisfied. And in *Boston Scientific Corp. v. BioCardia, Inc.*, 524 F. Supp. 3d 914 (N.D. Cal. 2021), the parties again raised no question regarding the presence or absence of exclusionary rights; that case dealt exclusively with whether a parent corporation could have Article III standing based on financial injury stemming from alleged harm to a wholly owned subsidiary. *See* 524 F. Supp. 3d at 918-19. That question has nothing to do with the issue here, which is whether, in an arms-length transaction among unrelated entities, the patentees divested themselves

of all exclusionary rights to the patents-in-suit.

2. Plaintiffs' Criticism of *Morrow* and its Progeny is Misplaced

Much of Plaintiffs' principal brief is devoted to maligning this Court's decision in *Morrow*, criticizing it as "problematic," from a "bygone era," and "wrong." Br. at 13, 44. This characterization appears calculated to create the false impression that the Court has described *Morrow* itself (and the exclusionary rights analysis under Article III) as "wrong." But it has not. For instance, Plaintiffs quote *Schwendimann*, 959 F.3d at 1071, for the proposition that "earlier decisions treating the prerequisites of the Patent Act as jurisdictional . . . were wrong." Br. at 45. But *Morrow* is never identified as a "wrong" decision in *Schwendimann*.

It is true that *Morrow* was decided nearly twenty years ago, during a time when, as this Court has stated, "many of this court's opinions had improperly melded the injury-in-fact inquiry with the Section 281 inquiry—often performing an analysis of the two simultaneously." *Intell. Tech*, 101 F.4th at 814. As Defendants acknowledge above, there certainly were pre-*Lexmark* cases that did that. But *Morrow* is not one of them. *Morrow* did not falsely conflate the constitutional and prudential inquiries. Instead, it separated the "prudential" question of whether the would-be plaintiff owned "legal title" to the asserted patent or "all substantial rights" from the question of "exclusionary rights," which instead were relevant to the jurisdictional question of constitutional standing. *Morrow*, 499 F.3d at 1338-39.

This Court's statement in *Intellectual Tech* is not an indictment of all pre-*Lexmark* standing jurisprudence—and it would be inappropriate to throw the proverbial "baby out with the bathwater" with respect to that precedent. *See, e.g., Uniloc USA, Inc. v. Apple, Inc.*, No. 18-cv-358-WHA, 2020 WL 7122617, at *4 (N.D. Cal. Dec. 4, 2020) (rejecting the notion that *Lexmark* requires the Federal Circuit to "dispense" with "the requirement that a patent plaintiff possess exclusionary rights" given that *Lexmark* and *Lone Star* merely require courts "to separate the inquiries of statutory right to sue and constitutional standing").⁴

That is particularly true given that *Morrow* has been cited hundreds of times over the past two decades—including more than a dozen times by this Court. The Court did so most recently in 2021, when the Court affirmatively cited *Morrow* for the proposition that "constitutional standing is satisfied when a party holds at least one exclusionary right." *USF*, 19 F.4th at 1324. Apart from *Vericool*, the outlying

⁴ *Lexmark* was a Lanham Act case in which certiorari was granted "to decide 'the appropriate analytical framework for determining a party's standing to maintain an action for false advertising under the Lanham Act.'" *Lexmark*, 572 U.S. at 125. And while the *Lexmark* Court criticized the use of the term "prudential standing" as "misleading," it did not hold that the Article III inquiry should be divorced entirely from the nature of the statutory cause of action invoked. *Id.* In that case, the defendant "d[id] not deny that [the plaintiff's] allegations of lost sales and damage to its business reputation give it standing under Article III to press its false advertising claim." *Id.* But *Lexmark* does not compel the conclusion that the injury-in-fact inquiry for patent infringement claims may not turn on whether an exclusionary interest is alleged (or proven) to have been damaged. Indeed, the question of whether exclusionary rights are required to show an injury-in-fact under the Patent Act was not before the *Lexmark* Court.

district court case discussed herein, it appears that every court that has considered the question of constitutional standing in patent cases since 2007 has done so exclusively through the prism of exclusionary rights. Neither *Lexmark* nor any other decision requires the Court to abandon its precedent.

That is particularly true given that *Lone Star*—which Plaintiffs characterize as "the first Federal Circuit decision to implement *Lexmark's* forceful separation between Article III standing and . . . 'statutory standing,'" Br. at 43—**reaffirmed that the injury-in-fact inquiry in patent cases turns on the exclusionary rights analysis.**

The *Lone Star* Court affirmatively cited *Morrow* and held that the *Lone Star* plaintiff "alleged that it possesses the sort of exclusionary rights that confer Article III standing." 925 F.3d at 1234. Here, Plaintiffs lack the sort of exclusionary rights that the *Lone Star* plaintiff possessed, including the right to license the patent-at-issue to alleged infringers. *See id.* at 1231. But at any rate, if *Lone Star* exemplifies the "forceful separation" of the Section 281 inquiry from the Article III inquiry, as Plaintiffs themselves contend, then the exclusionary rights analysis is indisputably the correct lens through which to assess constitutional standing in a patent case, even in the wake of *Lexmark*.

3. The Dicta Cited by Plaintiffs Did Not Change the Exclusionary Rights Analysis

Plaintiffs criticize the district court for relying on *Uniloc USA, Inc. v. Motorola Mobility, LLC*, No. 17-cv-1658, 2020 WL 7771219 (D. Del. Dec. 30,

2020), in part because this Court's opinion affirming the judgment in that case noted in dicta that there was "considerable force to Uniloc's argument that, even if [licensee] had been granted a license and an unfettered right to sublicense, Uniloc would have Article III standing," because "patent owners arguably do not lack standing *simply because they granted a license that gave another party the right to sublicense the patent to an alleged infringer.*" *Uniloc USA, Inc. v. Motorola Mobility LLC*, 52 F.4th 1340, 1345 (Fed. Cir. 2022) (hereinafter "*Uniloc*"). *Uniloc* did not abandon this Court's exclusionary rights construct for analyzing constitutional standing—it merely affirms that a patentee can possess an exclusionary right even if another entity has the right to sublicense the patent.

Moreover, this case does not present the situation in which the patent owners "simply . . . granted a license that gave another party the right to sublicense the" patents-in-suit. Plaintiffs did much more than that—they granted a license that gave Ingevity the exclusive right to sublicense the patents-in-suit to alleged infringers outside Plaintiffs' corporate family, and divested themselves of any right to do so, or to practice their own patents for any purpose other than research and development. By contrast, under the agreement at issue in *Uniloc*, the patent owners granted only a "non-exclusive" license to the asserted patents, and retained the ability to license those patents themselves. *Id.* at 52 F.4th at 1351. While Plaintiffs point out several differences between the agreements at issue in *Uniloc* and the Agreement here, the

critical difference for purposes of the constitutional standing analysis is that Plaintiffs cannot license the patents-in-suit to unrelated third-parties, while the patentee retained that ability in *Uniloc*.

Uniloc did not change this Court's standing jurisprudence, and given the distinction between the license agreement in *Uniloc* and the Agreement here, this Court affirmation of the district court's decision would remain true to both the dicta in *Uniloc* and its broader exclusionary rights precedent.

C. Plaintiffs Have Failed to Satisfy Their Burden of Showing That They Possess Exclusionary Rights to the Patents-in-Suit

Paragraph 2.1 of the Agreement unambiguously conveys an "exclusive" license to the patents-in-suit to non-party Ingevity. That "exclusive" license confers all rights (including all exclusionary rights) under the patents-in-suit to Ingevity, except for the limited rights enumerated in Paragraph 2.4. Appx81 (Agreement ¶ 2.1 ("This license [to Ingevity] shall be exclusive (with the proviso that [Plaintiffs] reserve for themselves certain rights set out in Paragraph 2.4)")). If Plaintiffs possess an exclusionary right sufficient to confer standing under Article III, then that right must be found in the Agreement itself.

Plaintiffs identify six purportedly exclusionary rights that they received in the Agreement: (i) the right to "veto" sublicenses; (ii) the right to "veto" an assignment of the Agreement; (iii) the "right to dictate sublicensing terms"; (iv) the right to receive royalties from sublicensees; (v) the right to sublicense their limited, non-

commercial usage rights to Affiliates; and (vi) rights relating to patent infringement actions. As the district court properly found after considering the facts relating to the Agreement, the Akzo and ArrMaz Sublicenses, and Plaintiffs' conduct, none of those are exclusionary rights possessed by Plaintiffs.

1. The Purported "Sublicensing Veto" is Not in the Agreement, and is Not an Exclusionary Right

Plaintiffs contend that they "have the right to reasonably veto Ingevity's proposed sublicenses and assignments, thereby controlling who can practice the patent and on what terms." Br. at 12, 29. That "right" is not conferred under the Agreement, and even if it were, it would not be an exclusionary right.

As an initial matter, what Plaintiffs call a sublicensing "veto" does not appear anywhere in the Agreement; instead, Ingevity has the right to sublicense its rights under the Agreement to anyone of its choosing, anywhere in the world, "provided that it first provides the terms and conditions of any such sublicense to Licensors for their prior review and approval, which approval shall not be unreasonably withheld." Appx81 (Agreement ¶ 2.3). If a dispute arises over whether approval had been "unreasonably withheld" for a sublicensee of Ingevity's choosing (and for terms that Ingevity has negotiated), then that is handled according to the dispute resolution procedures in Paragraph 10.2 of the Agreement. Appx91 (Agreement ¶ 10.2). Plaintiffs offer no evidence that any such dispute has ever arisen, that they have ever exercised this purported "veto" power, or that Plaintiffs have ever done anything

other than rubber-stamp the sublicenses that Ingevity has selected and the sublicenses that Ingevity has executed.

In any event, Plaintiffs cite no instance in which a court has held that the ability to review and approve patent sublicenses—that indisputably can be granted only by the exclusive licensee of those patents, Ingevity—was deemed to be an exclusionary right. On the contrary, a "sublicensing veto" has long been recognized by this Court as "a minor derogation," that does "not substantially interfere with the full use by [the exclusive licensee] of the exclusive rights under the patent, and it has been held not to bar capital gains treatment." *Vaupel Textilmaschinen KG v. Meccanica Euro Italia SpA*, 944 F.2d 870, 875 (Fed. Cir. 1991). Indeed, because Plaintiffs' approval of sublicenses cannot be "unreasonably withheld," there is no "significant[] restrict[ion of] the scope' of the exclusive licensee's rights" such that Plaintiffs can claim to have an exclusionary right that confers constitutional standing. *Nat'l Pasteurized Eggs, Inc. v. Michael Foods, Inc.*, No. 10-cv-646-WMC, 2012 WL 12996200, at *9 (W.D. Wisc. May 18, 2012) (citing *Speedplay, Inc. v. Bebop, Inc.*, 211 F.3d 1245 (Fed. Cir. 2000)).⁵

Plaintiffs ignore this long-standing precedent, and instead rely on a single

⁵ Plaintiffs correctly note that *National Pasteurized Eggs* arose in the context of a challenge under Section 281, and not as part of an inquiry into what constitutes an exclusionary right for purposes of constitutional standing. Br. at 41-42. But the question of whether the "veto" power is a "significant restriction" is still relevant to the Court's determination of whether to characterize this right as exclusionary.

patent case, and several non-patent authorities.

The single patent case relied on by Plaintiffs in support of their contention that their sublicense approval rights are exclusionary is *Propat International Corp. v. RPost, Inc.*, 473 F.3d 1187 (Fed. Cir. 2007). But that case stands only for the unremarkable proposition that a sublicensing veto is consistent "with the retention of an ownership interest in the patent." *Propat*, 473 F.3d at 1191. The question of whether Plaintiffs possess an "ownership" interest in the patents-in-suit is not before the Court in this appeal, and Plaintiffs' purported ownership is irrelevant to the only question that is: whether Plaintiffs have satisfied their burden to show that they retained an exclusionary right to the patents-in-suit under the Agreement. Plaintiffs cite no case in which sublicense approval rights were deemed to be an exclusionary right sufficient to confer Article III standing. Plaintiffs likewise cite no instance in the patent context when such approval rights were deemed to have been reasonably withheld.

Faced with a lack of authority that should be fatal to Plaintiffs' argument, Plaintiffs turn instead to two flavors of non-patent provisions—a "successor" provision in a distribution agreement, and subleasing approval provisions in real estate contracts. Neither is relevant the question of whether contractual rights rise to the level of exclusionary patent rights—but if anything, they suggest that Plaintiffs' rights relating to Ingevity's sublicensees are even more limited than they

might appear at first blush.

First, Plaintiffs rely on *Anheuser-Busch, Inc. v. Natural Beverage Distributors*, 69 F.3d 337 (9th Cir. 1995) (hereafter "*Anheuser*"). Br. at 29. In that case, defendant Florence Beardslee owned and operated Natural Beverage, a wholesale distributorship for Anheuser-Busch. *Anheuser*, 69 F.3d at 339. The parties' relations were governed by an agreement that required Beardslee to designate a qualified "Successor-Manager" who could take over her business in the event she was unable to perform her duties. *Id.* This designation was subject to Anheuser's approval, which could not be unreasonably withheld. *Id.* at 339-40. Beardslee designated her daughter as the Successor-Manager; she was an 18-year-old college freshman studying fashion design and merchandising who indisputably lacked any experience and knowledge in relevant fields. *Id.* at 340. Anheuser withheld its approval. *Id.*

The Ninth Circuit affirmed a grant of summary judgment that Anheuser's withholding of approval for this unqualified individual was not unreasonable. *Id.* at 344. The stated purpose of the approval provision was "to ensure that if the Manager becomes unable to or ceases to manage the distributorship, a competent individual capable of managing the business will be available to assume the role." *Id.* at 343. There is no stated purpose in Paragraph 2.3 of the Agreement here, although the Recitals to the Agreement provide that one purpose of the Agreement was to

" [REDACTED] license term [REDACTED]." If more licenses to the patents-in-suit are granted, then [REDACTED] license term [REDACTED] [REDACTED]. Appx78. Thus, any "veto" of a sublicense that Ingevity wished to grant would be contrary to at least one purpose of the Agreement. And under the rationale of the *Anheuser* court, Plaintiffs' limited ability to review and approve sublicenses is likely further limited by the overall purpose of the Agreement.

Second, Plaintiffs cite a treatise excerpt that compiles cases relating to subletting approval provisions in lease agreements. Br. at 29. That is not analogous to the patent sublicense approval provision in the Agreement—but to the extent that the Court considers this line of cases, their underlying principles support the notion that Section 2.3 of the Agreement does not confer any exclusionary rights. For instance, at least one court has noted that "a provision against subletting is to be construed most strongly against the landlord," and thus it was unreasonable to withhold "consent to the subletting of the premises to a proposed sublessee who was a financially responsible business competitor." 54 A.L.R.3d 679, § 11 (describing *Edelman v. F. W. Woolworth Co.*, 252 Ill. App. 142 (1929)). In other words, there are very limited circumstances under which Plaintiffs could reasonably withhold approval of a sublicense—and they generally are unable to do so even if Ingevity wanted to sublicense a direct competitor of Plaintiffs.

Plaintiffs therefore have not satisfied their burden of showing that their purported "sublicensing veto" constitutes an exclusionary right.

2. The Purported "Assignment Veto" is Not in the Agreement, and is Not an Exclusionary Right

Plaintiffs argue that under Paragraph 11.4 of the Agreement (i) they "retained the right to reasonably veto any assignment of Ingevity's license and rights under the Agreement"; (ii) Ingevity is entitled to assign its rights only in "certain narrow circumstances such as 'in connection with the transfer of substantially all of' its 'assets'"; and (iii) Plaintiffs have "substantial discretion to veto assignments." Br. at 30. Plaintiffs omit that this is a *reciprocal* contractual right that is also possessed by Ingevity. And in any event, Plaintiffs provide no instance in which this sort of provision was found to be an exclusionary right.

Plaintiffs' brief makes it seem like they are the only ones that possess this alleged "assignment veto." Not so. Ingevity is equally empowered to restrict Plaintiffs' assignments of the Agreement. The full text of Paragraph 11.4 is reproduced below:

11.4 Prohibition of Certain Assignments. This Agreement, and the rights and obligations hereunder, may be assigned by a Party to a third party with the written permission of all other Parties (such permission not to be unreasonably withheld), and otherwise may only be assigned or otherwise transferred to a third party in connection with the transfer of substantially all of the assets of a Party or the business unit or division to which this Agreement relates, the transfer of a majority interest in the voting stock of such Party, or the merger, consolidation, or reorganization of such Party.

Appx93 (Agreement, ¶ 11.4). As the full context of this provision makes clear, all Parties to the Agreement have the right to assign or transfer in the event of certain corporate transactions, and otherwise all other parties need permission to transfer or otherwise assign the Agreement (with such permission not to be unreasonably withheld). This is not an exclusionary right; it is a standard restriction on assignments and transfers that is commonly found in contracts of all sorts.

Ironically, the original exclusive licensee (MWV) already invoked this provision to automatically transfer the original Agreement. According to Plaintiffs:

In 2015, MWV formed WestRock Company ("WestRock") in a merger of MWV with RockTenn Company. In 2016, WestRock formed Ingevity Corporation ("Ingevity") as a spinoff standalone company Due to the above-mentioned transfer provision [i.e., Section 11.4 of the Agreement], Ingevity replaced MWV as the exclusive licensee of the patented technology, with, among other rights, the right to grant sublicenses.

Appx24-25 (Compl. ¶ 48). Since the Agreement was executed, there have thus been three exclusive licensees (MWV, WestRock, and Ingevity), and Plaintiffs have put forth no evidence that they were able to restrict or otherwise curtail this chain of transfers and assignments. Nor have Plaintiffs offered any case in which a standard assignment/transfer provision like Paragraph 11.4 of the Agreement was found to be an exclusionary right.

Plaintiffs therefore have not satisfied their burden of showing that their purported "assignment veto" constitutes an exclusionary right.

3. The Purported "Right to Dictate Sublicensing Terms" is Not in the Agreement, and is Not an Exclusionary Right

Plaintiffs contend that they "retained the right to dictate certain terms in all sublicenses," and that "they have already exercised that right." Br. at 31. Plaintiffs do not define what those "certain" terms are. Instead, they point to a statement in Paragraph 2.3 of the Agreement providing that "[t]he obligations in this Agreement shall be binding on any sublicensee as if it were a Party hereto." Br. at 31 (quoting Appx81 (Agreement, ¶ 2.3)). But Plaintiffs ultimately have no right to "dictate" any sublicense terms—and even if they may have input into certain sublicense terms, Plaintiffs point to no authority in which this sort of input was found to be an exclusionary right.

In addition, Plaintiffs' argument is contradicted by their own conduct (i) with respect to potential licensing to Defendants; and (ii) with respect to the sublicenses that Ingevity negotiated and executed with Akzo and ArrMaz.

First, when Plaintiffs first accused Defendants of infringing the patents-in-suit in September 2017, Plaintiffs were unable to do anything other than refer Defendants to Ingevity—the entity with the actual right to negotiate the terms and conditions of any sublicenses to the patents-in-suit. Appx69. Plaintiffs explained in their September 2017 correspondence to Defendants that, when it comes to the terms of any sublicenses to the patents-in-suit, their hands were tied because only "Ingevity has the ability to grant sublicenses . . . and may be willing to do so in your case. We

would be happy to put you in touch with the proper personnel at Ingevity for further discussions." Appx69. This is a remarkable statement from parties claiming to be able to "dictate" the terms of any patent sublicense to Defendants. Under the Agreement, Plaintiffs function as little more than middlemen, brokering connections between Ingevity—the entity with exclusionary interests and the concomitant authority to negotiate and execute sublicenses—on the one hand, and any alleged infringers on the other hand. Plaintiffs could not "dictate" terms relating to the licensing of Defendants' products; they could not even be sure if Ingevity would be "willing" to enter a license with Defendants or what the terms of that license might be. Appx69. That is not the conduct of entities that could "dictate" the terms of a license to the patents-in-suit or that possess any exclusionary rights to those patents.

Second, the sublicenses that Ingevity has granted differ in multiple, material respects from the terms of the Agreement—an indisputable fact that belies Plaintiffs' contention that they have "already exercised" their right to dictate that all terms of the Agreement would be binding on sublicensees. They have done nothing of the sort.

For instance, each of the Agreement, ArrMaz Sublicense, and Akzo Sublicense outline certain obligations with respect to "**license term**," which is a defined term in all three of the agreements. But the definition that is in the Agreement—and that should, according to Plaintiffs, be binding on all

sublicensees—is significantly different from the definitions that Ingevity agreed to in the sublicenses. The table below illustrates the fundamental differences in how this term was defined (and thus how the fundamental obligations under each agreement are significantly different):

| Agreement ¶ 1.13 | ArrMaz Sublicense ¶ 1.6 | Akzo Sublicense ¶ 1.6 |
|------------------------------|----------------------------|----------------------------|
| " license term [REDACTED] | license term [REDACTED] | license term [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] |

| | | |
|--|--|--|
| | license term [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] | |
|--|--|--|

Appx80-81; Appx102; Appx124. In other words, because of the unique terminology that Ingevity and its sublicensees agreed upon, the obligations of the Agreement relating to "license term," as that term is defined in the Agreement, ***are not binding on Akzo or ArrMaz.***

As another example, under Section 3.5 of the Agreement, Ingevity is obligated to furnish Plaintiffs "license term
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]."
Appx85 (Agreement, ¶ 3.5). license term
[REDACTED]

That is not how the reporting or payment obligations work under the ArrMaz Sublicense or the Akzo Sublicense. Instead, ArrMaz and Akzo submit license term
[REDACTED]
[REDACTED]
[REDACTED]

license term. Appx106, Appx127. Thus, the Agreement's core obligations relating to reporting and payments—the ones that Plaintiffs claim to have already "dictated" by requiring them to be identical in any sublicenses—are significantly different from the reporting and payment obligations in the ArrMaz and Akzo Sublicenses.

As yet another example, Ingevity is obligated under the Agreement to "license term

license term

." Appx83. No such obligation appears in either the Akzo or ArrMaz sublicenses, and Plaintiffs have put forth no evidence that either sublicensee has ever license term, though if Plaintiffs actually had already exercised their right to "dictate" that term in the sublicenses, then they must have license term.

In short, Plaintiffs do not appear to have the right to dictate anything when it comes to the terms of Ingevity's sublicenses; Ingevity was apparently able to negotiate different terms with each of its sublicenses, as would be expected for the entity possessing all exclusionary rights to the patents-in-suit.

Plaintiffs therefore have not satisfied their burden of showing that their purported right to "dictate sublicense terms" constitutes an exclusionary right.

4. The Purported "Right to Royalties from Sublicenses" is Not in the Agreement, and is Not an Exclusionary Right

Plaintiffs contend that they "retained the right to royalties from sublicensees," which they argue is tantamount to "the right to exclude parties from practicing the patent unless they pay Plaintiffs the amount Plaintiffs demand." Br. at 31-32. Plaintiffs mischaracterize both the provisions of the Agreement that relate to sublicense royalties and their rights under the Akzo and ArrMaz Sublicenses. As discussed in the preceding subsection, Plaintiffs do not have the right to receive any royalties from sublicensees; [REDACTED] license term

[REDACTED]. Plaintiffs have no recourse against a sublicensee who refuses to pay Plaintiffs what they "demand"; Ingevity negotiated the terms of the sublicenses, and Plaintiffs have no visibility into what those sublicenses have sold or paid to Ingevity. Plaintiffs also have no right to "demand" any payments from sublicenses; they are not party to any sublicenses—nor could they be, because only Ingevity has the right to grant sublicenses.

Moreover, if Ingevity brings a suit for infringement of the patents-in-suit and recovers damages, then those "[d]amages received [are not] subject to the payment" of any royalties to Plaintiffs. Appx87-88 (Agreement ¶ 5.2). In other words, under the terms of the Agreement, Ingevity could sue for infringement of the patents-in-suit, stipulate to a damages award in the form of an ongoing royalty, and not be obligated to pay any pass-through royalties to Plaintiffs—regardless of any

"demand" that Plaintiffs might make.

Plaintiffs overstate their entitlement to sublicense royalties under the Agreement, and provide no authority to support the idea that this constitutes an exclusionary right. Plaintiffs therefore have not satisfied their burden of showing that their purported right to "sublicense royalties" constitutes an exclusionary right.

5. The Right to Sublicense Only Corporate Affiliates for Only R&D Purposes is Not an Exclusionary Right

Plaintiffs note several times that they "have the royalty-free right to sublicense certain rights to their affiliates, without input from Ingevity." Br. at 12, 32. Plaintiffs' characterizations omit critical context—those "certain" rights are just the limited right to use the patents-in-suit for non-commercial purposes, and with "affiliates" limited to just those in Plaintiffs' corporate family.

First, "Affiliates" is defined in Section 1.1 of the Agreement as license term

license term

license term

license term. Appx79. In addition, any Affiliate who obtains any sublicense rights

to the patents-in-suit is not a true third-party to the Agreement, because Plaintiffs

"license term

license term." Appx89 (Agreement ¶ 7.5). Plaintiffs cite no instance in which this

Court (or any other court) has found that sublicense rights extending only to

members of a party's corporate family—license term

license term —constitute exclusionary rights.

Second, Plaintiffs gloss over the fact that they (and their Affiliates) have, at most, the right to "manufacture, have manufactured, import and use Licensed Products and asphalt paving mixtures containing Licensed Products for research and development purposes" and to "manufacture, have manufactured, import, use, sell, and offer to sell asphalt paving mixtures containing Licensed Products purchased from [Ingevity]." Appx81 (Agreement ¶ 2.4). Those are not exclusionary rights; they are all usage rights for certain Licensed Products within Plaintiffs' corporate family (rather than rights that allow Plaintiffs to restrict anyone outside of Plaintiffs' corporate family from using the subject-matter claimed in the patents-in-suit). The ability to use Licensed Products license term

license term for research and development purposes—is not an exclusionary right, but rather is a limited usage right (that, in its non-commercial nature, is inconsistent with the hallmarks of true exclusionary rights). Plaintiffs' right to commercialize Licensed Products only if those were "purchased from [Ingevity]"—is a similarly limited usage right. In other words, Plaintiffs are permitted to use the methods claimed in the patents-in-suit to create asphalt mixtures, but if and only if Plaintiffs have purchased a portion of those mixtures from Ingevity. That is not an exclusionary right that Plaintiffs possess; it is the same limited usage right that all Ingevity customers receive. *See Quanta*

Comput., Inc. v. LG Elecs., Inc., 553 U.S. 617, 625 (2008) ("The longstanding doctrine of patent exhaustion provides that the initial authorized sale of a patented item terminates all patent rights to that item.").

Third, Plaintiffs apparently overlook the fact that [REDACTED] license term

[REDACTED]

[REDACTED] Appx125 (Akzo Sublicense ¶ 2.2) (" [REDACTED] license term

[REDACTED]."). It

would be absurd to conclude that Akzo, as a nonexclusive sublicensee of the patents-in-suit, possesses exclusionary rights to those patents simply by virtue of its [REDACTED] license term

[REDACTED]

Indeed, under Plaintiffs' untenable reading, Akzo's exclusionary rights under the patents-in-suit are greater than those retained by Plaintiffs, because Akzo's right to sublicense [REDACTED] license term. See Appx125 (Akzo Sublicense ¶ 2.2).

Plaintiffs cite no authority for the proposition that the limited right to sublicense to corporate affiliates [REDACTED] license term

[REDACTED]) for research and development purposes is an

exclusionary right. Indeed, while Plaintiffs cite two cases in this section of their Principal Brief, neither involved a sublicense right that was cabined just to corporate affiliates or limited to non-commercial applications, as in the case of the Agreement.

See Br. at 32-33 (citing *Morrow*, 499 F.3d at 1342 (no such restrictions in the agreement at issue); *Luminara Worldwide, LLC v. Liown Elecs. Co. Ltd.*, No. 14-cv-3103, 2015 WL 11018002, at *15 (D. Minn. Apr. 20, 2015) (no such restrictions in agreement at issue)).

Plaintiffs therefore have not satisfied their burden of showing that their "Affiliate sublicense" rights constitute exclusionary rights.

6. Plaintiffs' "Litigation-Related" Rights are Not Exclusionary Rights

Plaintiffs note that "the Agreement allows Plaintiffs and Ingevity to pursue an infringement suit together and split damages, or for either to pursue a suit on their own and keep all damages." Br. at 12; *see also* Br. at 33 ("Plaintiffs retained the right to bring suit against infringers, to participate in the control of such a lawsuit, and to receive a portion of (and in certain circumstances, all of) the damages."). But while Plaintiffs might have the nominal right to start an infringement suit, they indisputably have no right to end it by granting a license; to end such a patent case would require Ingevity to negotiate and issue any such license. Plaintiffs' litigation-related rights are therefore illusory, and distinguishable from those at issue in the cases relied upon in Plaintiffs' principal brief.

As an initial matter, the nominal right to sue for infringement damages cannot be an exclusionary right sufficient to confer Article III standing to sue for infringement damages. Plaintiffs' argument would create a new legal framework in

which standing to sue depends on whether a party has a contractual right to sue—in other words, mere provision of the right to sue would become the proverbial tail that wags the dog for purposes of constitutional standing. Plaintiffs' argument is essentially that they can bring suit because they have an exclusionary right—but the claimed exclusionary right is that they can bring suit. There is no authority for this circular argument.

Indeed, the *Deere* court considered exactly these sorts of enforcement rights in light of the Federal Circuit's precedent, and concluded that a patentee's contractual rights "associated with the initiation or control of patent infringement litigation do not constitute exclusionary rights." 683 F. Supp. 3d at 920. In particular, the *Deere* court closely examined the Federal Circuit's guidance that enforcement rights can be contractually separated from exclusionary rights, and concluded that "enforcement rights are not, unto themselves, 'exclusionary interests' that, upon infringement, create 'legal injury in fact to the patent's exclusionary rights.'" *Id.* at 921 (quoting *Morrow*, 499 F.3d at 1342).

Moreover, while the Agreement may purport to give Plaintiffs the ability to start a patent infringement suit, Ingevity's involvement would indisputably be required to end that suit by granting a license to Defendants. "[T]here has never been a case finding constitutional standing for a [patent] plaintiff" that lacked the ability to settle litigation by granting a license to the alleged infringer. *United Access*

Techs., LLC v. Verizon Internet Servs., Inc., No. 05-cv-866-LPS, 2021 WL 1200650, at *8 (D. Del. Mar. 26, 2021). It would be anathema to the principles of constitutional standing if Plaintiffs were permitted to start this patent infringement case when **they cannot end that case** by granting Defendants a license to the patents-in-suit.

Third, while a contractual right to sue is an important factor for statutory standing, the opposite is true for constitutional standing. See, e.g., *Deere*, 683 F. Supp. 3d at 920 (holding that the right to sue "is not an exclusionary right supportive of constitutional standing"); *Morrow*, 499 F.3d at 1342 (holding that patent enforcement rights are not, unto themselves, "exclusionary interests"); *Uniloc USA, Inc. v. Apple Inc.*, No. 18-cv-358-WHA, 2020 WL 7122617, at *8 (N.D. Cal. Dec. 4, 2020) (noting that "neither waiver, consent, nor contract can manufacture standing"); *Ortho Pharm. Corp. v. Genetics Inst., Inc.*, 52 F.3d 1026, 1034 (Fed. Cir. 1995) (a "contract clause cannot give the right to sue where licensee would otherwise have no such right"). This makes good legal sense. A contractual right to sue may be one factor indicative of patent ownership, which is relevant to a prudential inquiry under Section 281 of the Patent Act. But in the context of constitutional standing, it is neither an exclusionary right nor indicative of an underlying exclusionary right.⁶

⁶ In passing, Plaintiffs mention other rights that they allegedly retained in the Agreement, including the ability to terminate the Agreement upon material breach after a cure period and the right to control patent prosecution. Br. at 35-36. Like the

See Deere, 683 F. Supp. 3d at 920; *Morrow*, 499 F.3d at 1342.

Plaintiffs therefore have not satisfied their burden of showing that their purported rights relating to infringement suits are an exclusionary right.

D. Plaintiffs' Reliance on *Mann* is Misplaced

As discussed above, none of the purported rights that Plaintiffs claim to have in the Agreement have ever been deemed to be exclusionary. Despite bearing the burden of showing that they possess the requisite exclusionary rights, Plaintiffs were able to find no cases in which a patentee with the extremely limited set of rights that Plaintiffs retained under the Agreement was found to have standing under Article III. Faced with that stark reality, Plaintiffs contend that the "most analogous" case is *Alfred E. Mann Foundation for Scientific Research v. Cochlear Corp.*, 604 F.3d 1354 (Fed. Cir. 2010). Br. at 48. It is not. *Mann* is distinguishable in multiple important respects.

In *Mann*, the plaintiff, a research organization referred to as "AMF" in this

purported right to sue, these provisions are relevant only to the Section 281 inquiry, not the Article III inquiry. Moreover, at least with respect to patent prosecution and maintenance, the Agreement makes clear that Ingevity—in addition to holding exclusionary rights—also has many of the hallmarks of a patent owner. The Agreement provides that [REDACTED] license term

[REDACTED] and then Ingevity has "[REDACTED] license term [REDACTED]. Appx87 (Agreement ¶¶ 4.3, 4.4). At least when it comes to [REDACTED] license term [REDACTED], Ingevity may ultimately be the one fulfilling the role of patentee for the patents-in-suit.

Court's opinion, entered into an exclusive license agreement with Advanced Bionics ("AB") in 2004. The sole question in *Mann* was whether, notwithstanding this exclusive license, AMF remained "the owner of the patents-in-suit." 604 F.3d at 1357; *see id.* at 1360 (considering when "a licensor has transferred away sufficient rights to render an exclusive licensee the owner of a patent"). That question is not presented here; whether Plaintiffs are the owners of the patents-in-suit was not addressed in the district court's opinion, and is not an issue to be decided in this appeal. *Mann* never once uses the term "exclusionary" or analyzes any of the rights between the patentee and its exclusive licensee through that lens; it assesses rights strictly through the lens of what is indicative of patent ownership, not of rights to exclude.

Setting aside that fundamental distinction, there are significant factual differences between the Agreement and the exclusive license considered in *Mann* ("the AMF-AB License").

First, the parties in *Mann* disputed the breadth of AB's right to sublicense in the AMF-AB License. The defendant maintained that AB was allowed to grant sublicenses to anyone, while the plaintiff maintained that AB was permitted only to sublicense AB's corporate affiliates, and only if those sublicenses included particular reporting, inspection, and audit rights. *Mann*, 604 F.3d at 1362. By contrast, there is no dispute that the exclusive right to sublicense the patents-in-suit under the

Agreement belongs to Ingevity, and is not limited just to Ingevity's corporate affiliates. Indeed, Ingevity has already sublicensed the patents-in-suit to two companies outside of its corporate family (Akzo and ArrMaz). And Ingevity's undisputed authority to do so is confirmed by the way that Defendants were first approached by Plaintiffs in September 2017—through correspondence in which Plaintiffs acted merely to refer Defendants to Ingevity, the lone entity with the right to grant a sublicense to Defendants. Appx69.

Second, AMF had the right to grant third-party patent licenses under at least some circumstances. *Mann*, 604 F.3d at 1358. Here, Plaintiffs have no ability to grant third-party licenses; the most that Plaintiffs can do is grant R&D sublicenses to their corporate affiliates ([REDACTED] license term [REDACTED] under Paragraph 7.5 of the Agreement).

Third, AMF had the ability under the AMF-AB License to decide the terms on which any patent litigation would be settled, and had complete discretion to settle such a case by granting a defendant a license to the asserted patents. *Id.* at 1357-58. Here, Plaintiffs have no right to settle litigation by granting a license; if Plaintiffs wanted to end this litigation, they would have to bring in non-party Ingevity to negotiate the terms of a sublicense with Defendants (just as Plaintiffs had to bring in Ingevity back when they first accused Defendants of infringement in 2017).

Fourth, all litigation proceeds from patent infringement suits under the AMF-

AB License were to be shared between the patentee and the exclusive licensee, regardless of who participated in that litigation. *See id.* at 1361. By contrast, as discussed above, if Ingevity sued for infringement of the patents-in-suit on its own, then it would retain all proceeds from that litigation.

The patentee in *Mann* thus retained many more rights under the AMF-AB License than Plaintiffs have under the Agreement. *Mann* does not speak to the question of whether any rights under either the AMF-AB License or the Agreement are "exclusionary" for purposes of the constitutional standing analysis, it stands only for the proposition that a patentee that retained more substantial rights than Plaintiffs have here could be considered the "owner" of those patents. This is not the "most analogous" case to the present circumstances—and even if it were, the key distinctions between *Mann* and this case should compel a different outcome here.

E. The Rights at Issue in *Intellectual Tech* Are Distinguishable from those in the Agreement

As discussed above, Plaintiffs incorrectly contend that *Mann* is the "most analogous" case. Plaintiffs also contend that *Intellectual Tech* is the "most recent and relevant precedent." Br. at 46. But Plaintiffs do not discuss the facts of *Intellectual Tech*—and with good reason, because when the facts of the agreement at issue in *Intellectual Tech* are considered, it is clearly distinguishable from the Agreement at issue here.

In *Intellectual Tech*, the plaintiff ("IT") asserted infringement of a patent

against Zebra Techs. Corp. ("Zebra"). 101 F.4th at 810. IT had been assigned that patent from its parent company, OnAsset Intelligence ("OnAsset"). *Id.* IT entered into an agreement with third-party Main Street Capital Corporation ("Main Street"), in which Main Street received a security interest in IT's patent. *Id.* If IT defaulted on its agreement with Main Street, then Main Street was permitted to "control and manage" that patent, so long as it took action to exercise its rights pursuant to that security agreement. *Id.* at 811. IT defaulted on the security agreement it had with Main Street, but there was no evidence that Main Street elected to exercise any rights to control or manage the asserted patent. *Id.* at 812.

The question before the Court was whether IT retained an exclusionary interest in the asserted patent, notwithstanding its default under the security agreement with Main Street. *Id.* at 813. As a first step in this analysis, the Court concluded that Main Street had not received the exclusive rights to license the asserted patents upon IT's default. *Id.* at 815. Thus, Main Street had, at most, "the non-exclusive ability to license" the asserted patent, with the patentee IT having also retained the right to license that patent. *Id.* That alone distinguishes the agreement at issue in *Intellectual Tech* from the Agreement here. All parties agree that the exclusive ability to sublicense the patents-in-suit lies with Ingevity; not even Plaintiffs contend that Ingevity has "the non-exclusive ability to license" the patents-in-suit. Moreover, the *Intellectual Tech* Court noted that "[a] patent owner has

exclusionary rights sufficient to meet the injury-in-fact requirement even where, without more, it grants another party the ability to license." *Id.* Here, Plaintiffs did much more—they granted another party the exclusive ability to license, and divested themselves (and their Affiliates) of any right to practice the patent for non-R&D purposes.

Thus, the Court concluded that "IT still suffers an injury in fact from infringement even if IT and Main Street can both license the patent." *Id.* at 816. But here, Plaintiffs have absolutely no right to license the patents-in-suit to any non-Affiliates, including Defendants. The right to sublicense the patents-in-suit is not "shared";⁷ it is possessed solely by Ingevity.

Intellectual Tech affirms that the "exclusionary rights" analysis should be used to assess whether a patentee has constitutional standing under Article III. And *Intellectual Tech* further stands for the proposition that, when another entity has the *shared* ability to sublicense the patents at issue to unrelated third-parties, the patentee holds at least one exclusionary right. But that is irrelevant to the question presented here, which is whether Plaintiffs—who do not have the shared ability to sublicense the patents-in-suit to unrelated third-parties—nonetheless have an

⁷ Plaintiffs correctly note that the *Intellectual Tech* Court cites *Mann*. However, *Mann* is cited only in support of the principle that the "shared ability" to license a patent does not divest the patent owner of all exclusionary rights. As discussed above, there is no such "shared ability" under the Agreement.

exclusionary right. Relying on *Intellectual Tech* cannot satisfy Plaintiffs' burden to show that they have an exclusionary right.

F. Even if Allegations of Monetary Harm Were Sufficient to Satisfy Article III for Patent Claims, Plaintiffs Neither Alleged nor Provided Evidence of Such Monetary Harm

As discussed above in Section IV.B., this Court should decline Plaintiffs' invitation to reconsider its longstanding doctrine that an exclusionary right is necessary to confer constitutional standing on a patent plaintiff.⁸ But if the Court were to do so, Plaintiffs would still fall far short of the requirements for constitutional standing even under their own analytical framework.

As an initial matter, contrary to Plaintiffs' contentions (*see, e.g.*, Br. at 22), the Supreme Court has not held that any allegation of monetary harm, no matter how generic or untethered to the allegations of the pleadings, is sufficient to satisfy the "injury in fact" requirement. On the contrary, the key to satisfying constitutional standing is "injury in fact—a plaintiff's pleading and proof that he has suffered the 'invasion of a legally protected interest' that is 'concrete and particularized.'" *Gill*, 585 U.S. at 65 (quoting *Lujan*, 504 U.S. at 560). Even setting aside their lack of exclusionary rights, Plaintiffs have neither pleaded nor proven any such injury.

⁸ This case would be a particularly poor vehicle to undertake a wholesale reconsideration of standing jurisprudence given that the Agreement does not even exist anymore. Br. at 1 (citing the amended Agreement that is involved in related case *A.L.M. Holding Co. v. Zydex Indus. Private Ltd.*, 1:25-cv-00155-JFM (D. Del. 2025)).

The only "evidence" of monetary harm cited in Plaintiffs' Principal Brief is Plaintiffs' allegation, repeated six times in the Complaint, that they "have been and continue to be damaged by Defendants' *infringement* of the [patents-in-suit] in an amount to be determined at trial." Br. at 25 (citing Appx58-65 (Compl. ¶¶ 180, 190, 200, 210, 220, 230)). This generic reference to having suffered damages relating to "infringement" would be insufficient, even if the Court were to jettison the "exclusionary rights" analysis.

For instance, in *Lexmark*, the defendant alleged in its counterclaims that it "lost sales" and suffered "damage to its business reputation." *Lexmark*, 572 U.S. at 118. Plaintiffs also rely upon *TransUnion LLC v. Ramirez*, 594 U.S. 413 (2021), but that case likewise turned on allegations of reputational harm as the basis for Article III standing. Plaintiffs' Complaint does not allege that they lost any sales or suffered any damage to their business reputation. Similarly, in *Rocky Mountain Helium, LLC v. United States*, 841 F.3d 1320 (Fed. Cir. 2016), the plaintiff alleged that the Bureau of Land Management breached certain commercial contracts, which came "within the core of the strong background rule making monetary remedies available for contract breaches." *Id.* at 1327. Plaintiffs do not allege damages from breach of contract; the only damages alleged are as a direct result of infringement— infringement that can only be licensed by non-party Ingevity. This distinction between the unsupported, bare allegations of damages from "infringement" and

those in the cases upon which Plaintiffs rely is perhaps best illustrated by *Vericool*.

In that case, the plaintiff had a commercial product that practiced the patents asserted there, called the Vericool Plus. *Vericool*, 739 F. Supp. 3d at 334. Here, Plaintiffs do not allege or provide any evidence that they make a commercial product that competes with any of the accused products—nor could they, given that they retained only the right to practice the patents-in-suit for research and development purposes. Appx81. In addition, the *Vericool* court found that the plaintiff's product targeted the same customer base as the defendant's product, making them market competitors. 739 F. Supp. 3d at 334. Here, Plaintiffs do not allege that they make any products that target the same customer base as Defendants, and do not allege that Plaintiffs compete with Defendants in the same market.

Plaintiffs also make a convoluted argument that they are missing out on royalties that they would be entitled to under the Agreement if Ingevity were to license the patents-in-suit to Plaintiffs, and that this somehow satisfies their burden of showing an injury-in-fact sufficient to sue for patent infringement damages. Br. at 25-26. But that misses the mark for at least three reasons. *First*, Plaintiffs' Complaint is devoid of any allegations of monetary harm due to Defendants' failure to pay royalties to Ingevity. *Second*, Plaintiffs concede, as they must, that they cannot obtain royalties directly from issuing a license to Defendants; only Ingevity has the power to do so under the Agreement, and Ingevity has not issued any license

to Defendants. *Third*, if Plaintiffs believe that they are entitled to additional royalties under the Agreement, that would give rise to a contractual claim against Ingevity, not a claim for damages for infringement. And when it comes to pass-through royalties, Plaintiffs do not cite any case where such an injury (even if alleged in a pleading, which it is not here) was held to satisfy Article III standing in a patent case.

Finally, Plaintiffs rely on *CEMCO, LLC v. KPSI Innovations, Inc.*, No. 23-cv-918, 2023 WL 7386699 (W.D. Wash. Nov. 8, 2023) in support of their argument that their bare allegations of monetary harm are sufficient to satisfy their burden of pleading and proving an injury-in-fact. Br. at 26-27. But that reliance is misplaced. The *CEMCO* court—like all courts (save perhaps *Vericool*) that have considered an Article III standing challenge since *Morrow*—analyzed the question of standing through the prism of "exclusionary right[s]." 2023 WL 738669, at *5 (citing *WiAV Sols.*, 631 F.3d at 1265; *USF*, 19 F.4th at 1324). There, although the *CEMCO* patentee had granted an exclusive license, the exclusive licensee lacked the right to grant any sublicenses (as opposed the Agreement here, where the exclusive licensee Ingevity is the *only* entity that can grant third-party sublicenses). In other words, exclusionary rights were required for the *CEMCO* plaintiff to have suffered an injury-in-fact for purposes of Article III. And as discussed above, Plaintiffs lack any such exclusionary rights.

V. CONCLUSION

The burden is on Plaintiffs to prove that they have constitutional standing by showing that they retained at least one exclusionary right to the patents-in-suit. Plaintiffs have not met that burden. No court has ever held that an analogous exclusive license agreement vested the patentee with such exclusionary rights. And while Plaintiffs argue that the Court should discard decades of jurisprudence relating to constitutional standing and hold that any allegation of monetary damages relating to a patent is sufficient to confer standing, Plaintiffs offer no compelling reason for the Court to do so. Even if the Court were to do so, Plaintiffs' allegations in this case would fall far short of even the "low bar" that Plaintiffs ask the Court to establish for the first time. This is not the case for the Court to take up as a wholesale reconsideration of its standing jurisprudence, given the unique terms of the Agreement and the fact that the Agreement no longer is even in force. For all the foregoing reasons, the Court should affirm the District Court's dismissal.

Dated: April 21, 2025

Respectfully submitted,

/s/ Edward L. Tulin

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**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATIONS

Case Number: 2025-1317

Short Case Caption: A.L.M. Holding Company v. Zydex Industries Private Ltd.

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Signature: /s/ Edward L. Tulin

Name: Edward L. Tulin

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

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Case Number: 2025-1317

Short Case Caption: A.L.M. Holding Company v. Zydex Industries Prviate Ltd.

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Date: 04/21/2025

Signature: /s/ Edward L. Tulin

Name: Edward L. Tulin