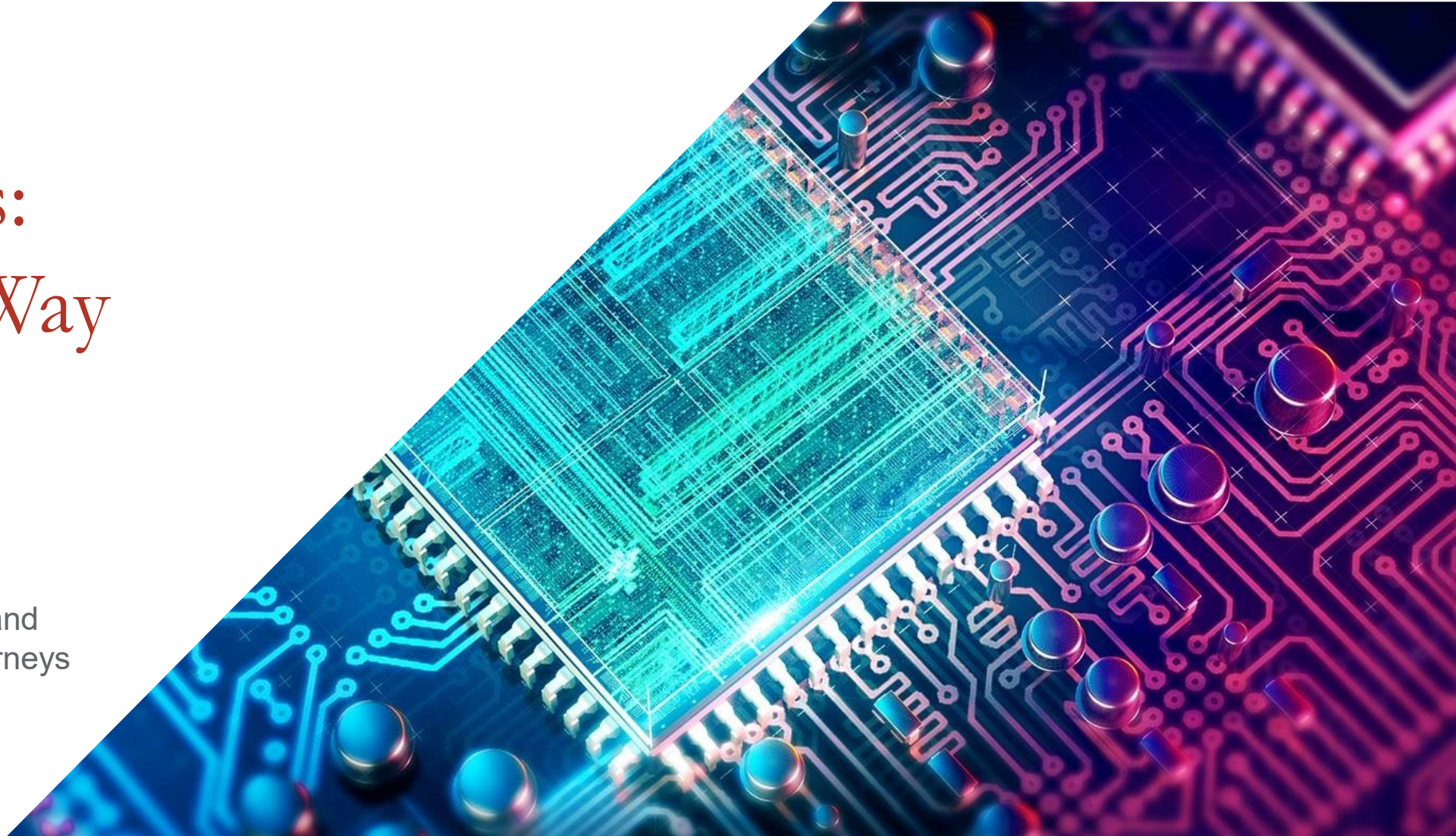


ALLEN & OVERY

# Technology Transactions: This Is the Way

Recent Developments for IP and  
Technology Transactions Attorneys  
October 2021



# Panel Introduction



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# Overview

1

Patent law development impacting licensing

- Assignor Estoppel
- Implied Licensing
- Assignment Language

2

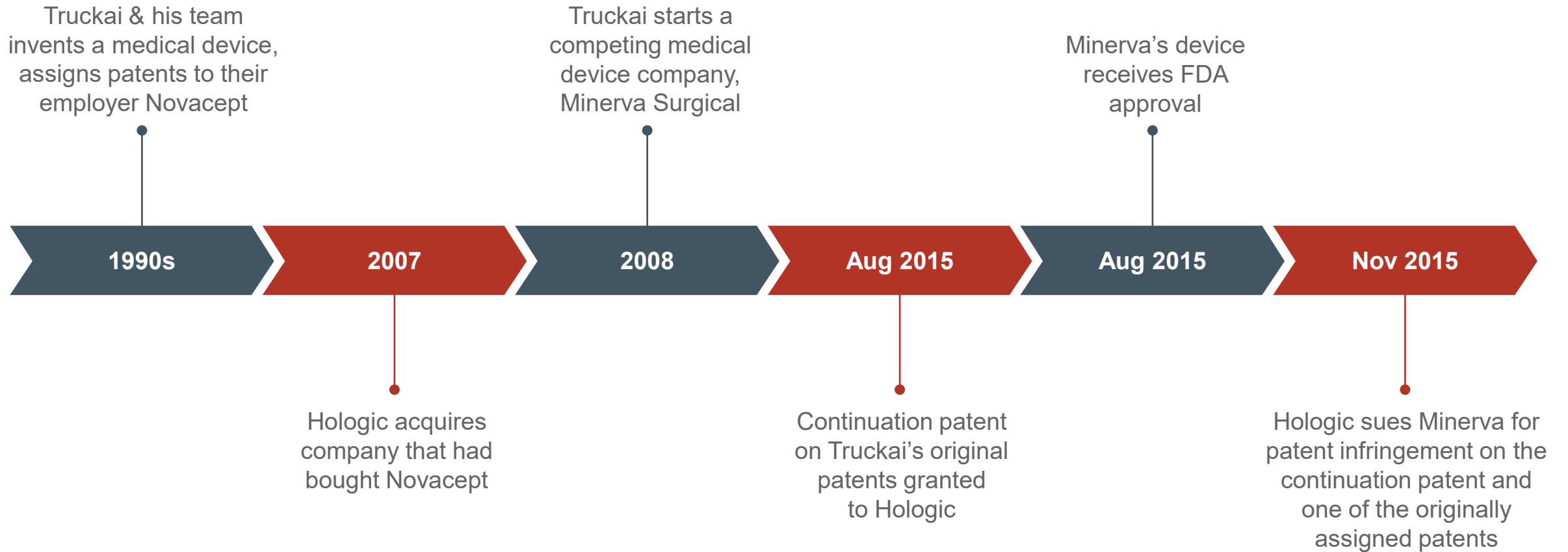
Online contract formation



# Patent Licensing



# Minerva Surgical, Inc. v. Hologic, Inc. (S. Ct. 2021)



# Assignor Estoppel Doctrine

Doctrine that bars the seller of a patent from challenging the validity of the assigned patent

- Purpose behind the doctrine is to promote fair dealing
- Patent licensees **not estopped** from challenging licensed patents



# Minerva: Holding



## Minerva: Holding

- District court and Federal Circuit barred the invalidity defense due to the doctrine of assignor estoppel.
- Supreme Court held that assignor estoppel was not barred in this case because the inventor never made any representations to the content of the continuation patents.
- “Assignor estoppel applies when an invalidity defense in an infringement **suit conflicts with an explicit or implicit representation made in assigning patent rights**. But absent that kind of inconsistency, an invalidity defense raises no concern of fair dealing”

# Minerva: Takeaways



Continuations and/or other changes in the claim set may not be shielded from invalidity claims from the assignor depending on assignment language



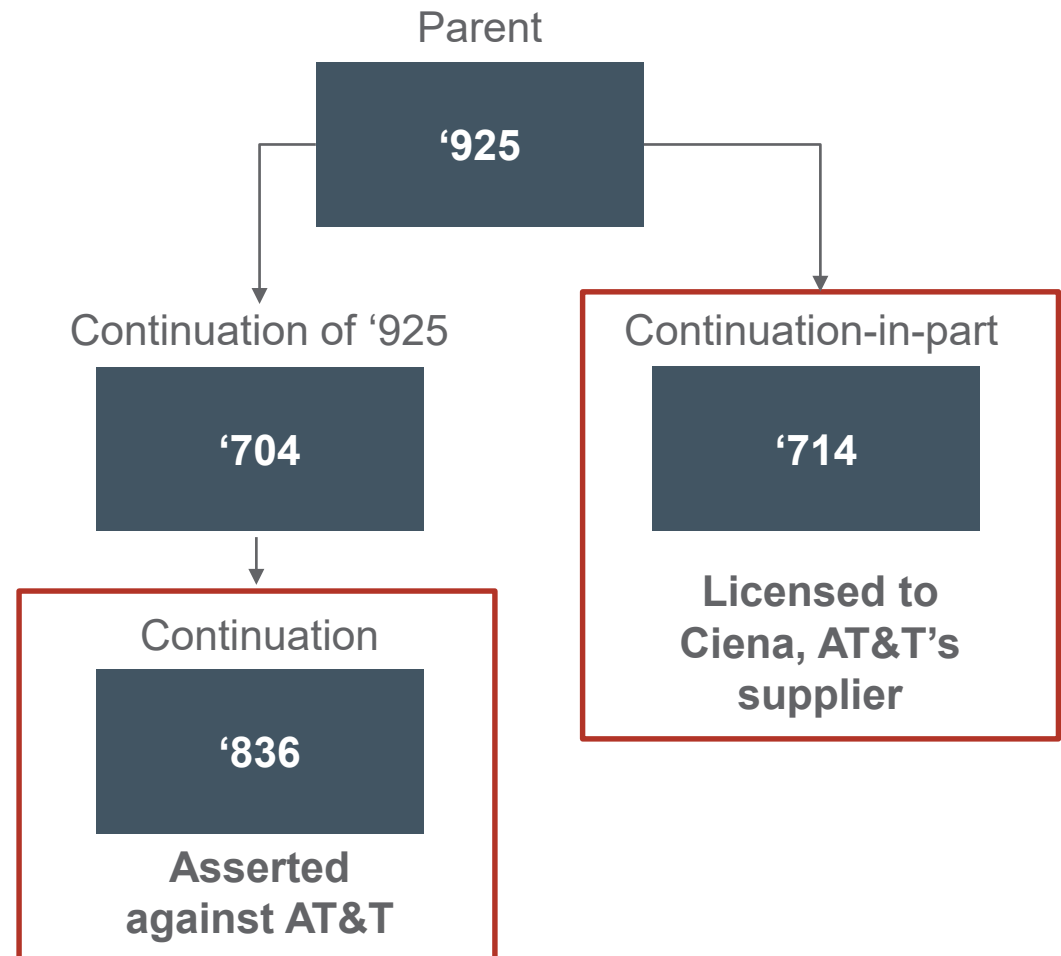
For assignees:  
Assignments should contain extensive representations – including to the written description



# Cheetah Omni LLC v. AT&T Services, Inc. (Fed. Cir. 2020)

NPE Cheetah Omni LLC filed suit against AT&T for patent infringement.

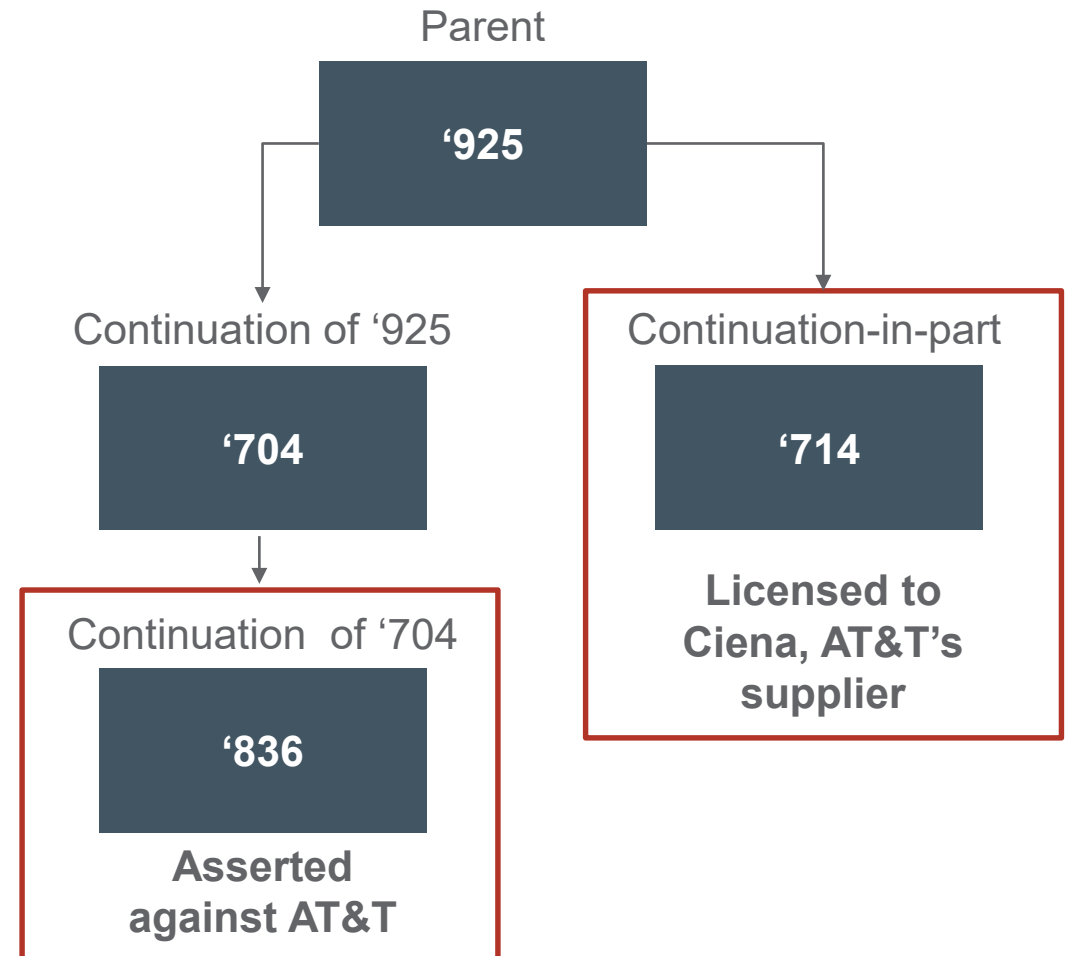
- Ciena, AT&T's supplier of the allegedly infringing components moved to intervene since they had already received a license from Cheetah to a patent ('714) in the same family as the infringing patent.
- This license included an express license to “all parents” ('925). However, the license was silent on whether further continuations to the parents were included.



# Cheetah

Federal Circuit has previously held that:

- Legal estoppel provides an implied license to related, later-issued patents that are necessary to practice the expressly licensed patent (TransCore, LP v. Elec. Transaction Consultants Corp. (Fed. Cir. 2009))
- Absent clear indication of mutual intent, an express license to a patent includes an implied license to its continuations (General Protecht Group Inc. v. Leviton Manufacturing Co. (Fed. Cir. 2011))



# Cheetah: Takeaway



If contracting parties want to exclude a patent in the patent family from a license, they should **specifically exclude it citing the patent number.**

## Licensors:

- Make sure that the license language is limited to the listed patents and that the licensee expressly waives any equitable rights.

## Licensees:

- Include language that specifically give an express license to all the future patents that claim priority back to the listed patents for the sake of clarity.

# Omni MedSci, Inc. v. Apple Inc. (Fed. Cir. 2021)

Tenured professor at University of Michigan took a leave of absence to start a biomedical laser company (Omni MedSci), filed provisional patents during leave

- His employment agreement with UM incorporated the UM bylaws which stated that all patents issued in connection with university research “shall be the property of the University”
- Omni MedSci sued Apple, Apple moved to dismiss infringement complaint for lack of standing, arguing that UM owned the patents per the bylaws





# Omni MedSci: Bylaws

- 1) Patents and copyrights issued or acquired as a result of or in connection with administration, research, or other educational activities conducted by members of the University staff and supported directly or indirectly (e.g., through the use of University resources or facilities) by funds administered by the University regardless of the source of such funds, and all royalties or other revenues derived therefrom shall be the property of the University.
- 4) Patents, copyrights, and property rights in computer software resulting from activities which have received no support, direct or indirect, from the University shall be the property of the inventor, author, or creator thereof, free of any limitation which might otherwise arise by virtue of University employment.
- 5) In cases which involve both University-supported activity and independent activity by a University staff member, patents, copyrights, or other property right in resulting work products shall be owned as agreed upon in writing and in advance of an exploitation thereof by the affected staff member and the Vice-Provost for Research in consultation with the Committee on Patents and Copyrights and with the approval of the University's Office of the General Counsel. It is understood that such agreements shall continue to recognize the traditional faculty and staff prerogatives and property rights concerning intellectual work products.



# Omni: Holding

1

Both district court and Federal Circuit found that the conveyance did not automatically assign the patent rights as it only stipulated a promise to assign the patents, it was not deemed a present automatic assignment.

2

Apple's motion to dismiss was denied

3

Judge Newman dissented stating the “interpretation contravenes these documents’ plain meaning and long understood interpretation”



# Omni: Takeaways

1

Make sure to draft assignment language that effectuates an automatic transfer of IP rights, not merely binding the assignor to assign the rights in the future.

- “agrees to grant and does hereby grant” – valid transfer
- “will assign” – not valid transfer

2

Always execute confirmatory patent assignment documents



# Whitewater v. Alleshouse (Fed. Cir. 2020)

1

Alleshouse worked for Wave Loch (later acquired by Whitewater) as a product manager for water attractions from 2007-2012

2

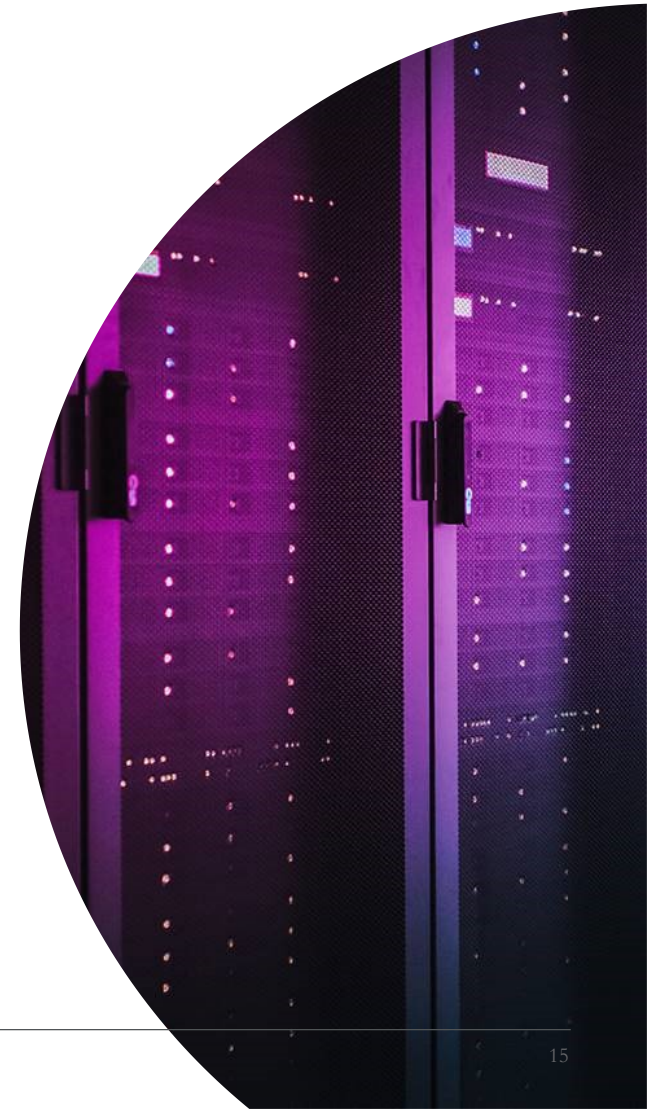
His employment agreement required him to assign any patent rights, including contemplated post-employment, that were connected to Wave Loch's business

3

After Alleshouse quit he contacted an attorney to understand his obligations under his employment agreement. Alleshouse and the attorney went into business together and filed provisional patent applications on a new water attraction.

4

In 2017 Whitewater brought suit against Alleshouse, the attorney, and their new company demanding that the patents were to be re-assigned to Whitewater under the employment agreement and that the attorney was to be removed as an inventor





# Whitewater: Relevant law

## California Labor Code § 2870



(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

- (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
- (2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

## California Labor Code § 2872



- If an employment agreement entered into after January 1, 1980, contains a provision requiring the employee to assign or offer to assign any of his or her rights in any invention to his or her employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention which qualifies fully under the provisions of Section 2870. In any suit or action arising thereunder, the burden of proof shall be on the employee claiming the benefits of its provisions.

## California Business and Professions Code § 16600



- Except as provided in this chapter, every contract by which anyone is restrained from engaging in a lawful profession, trade, or business of any kind is to that extent void.

# Whitewater: Holding



On appeal, the Federal Circuit court held that California Bus. Prof. Code § 16600 which prohibits restraints on competition (e.g., non-compete clauses) trumps any post-employment invention assignment if there is no proprietary information from the employer



Invention assignment provisions covering inventions created post-employment can be invalidated

# Takeaways



Employment invention assignment clauses need to be drafted with care and can't restrain the employee's future ability to engage in their profession



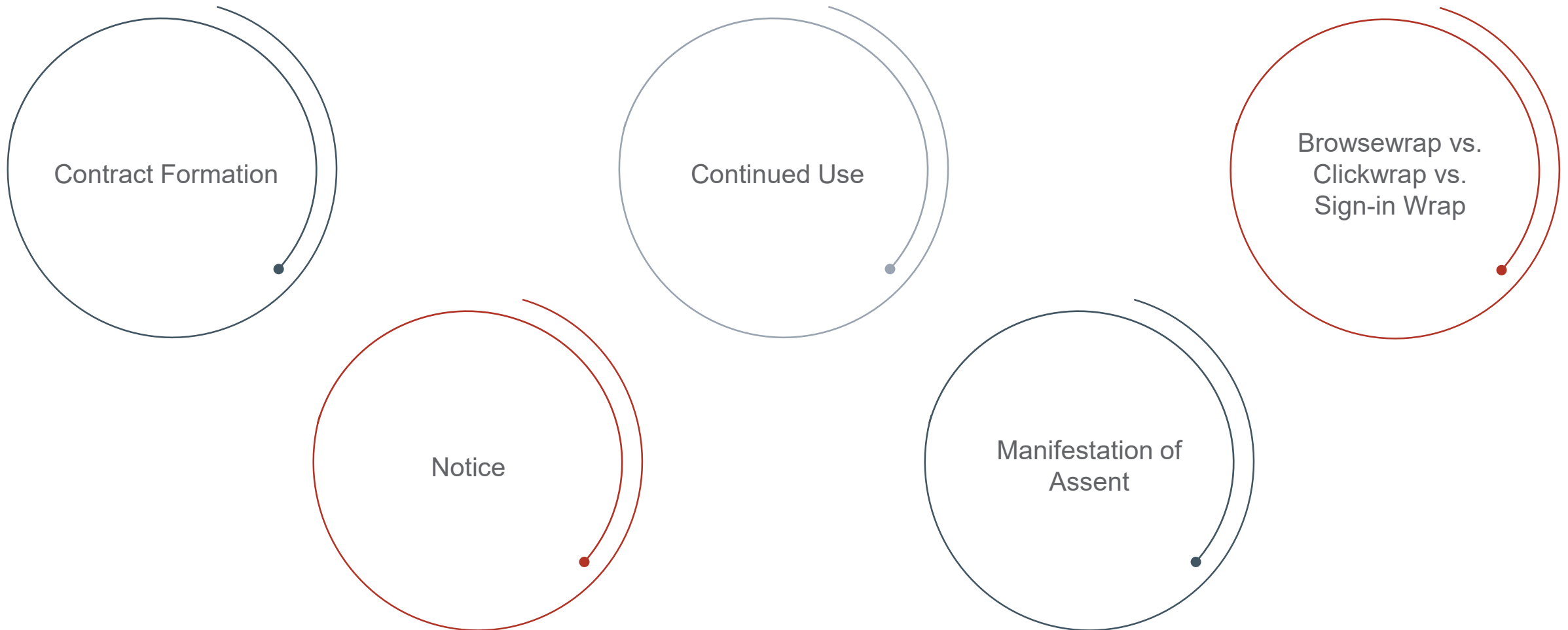
Make sure to include the language required by § 2872

# Online Contract Formation





# Online Contracts – Issues



# Peter v. DoorDash, Inc., (N.D. Cal 2020)

1

DoorDash customers brought suit alleging that DoorDash had engaged in deceptive tipping practices. DoorDash moved to compel arbitration per their T&Cs

2

Sign-in wrap: T&Cs hyperlinked – in blue text at sign up stage

3

Plaintiffs argued lack of reasonable notice of the T&Cs due to small, low contrast font

5:20

< Back Sign In Sign Up Skip

Continue with Facebook

Continue with Google

or continue with email

First Name Required

Last Name Required

Email Required

Phone Required

Password at least 8 characters

Sign Up

By tapping Sign up, Continue with Facebook, or Continue with Google, you agree to our Terms and Conditions and Privacy Statement.

# Peter v. DoorDash, Inc., (N.D. Cal 2020) (cont'd)

1

Court rejected the plaintiff's arguments

- Text is sufficiently close to the sign-up button and the page is “uncluttered”
- Found text to be plainly readable
- Emphasized that the hyperlinked terms should have been underlined

2

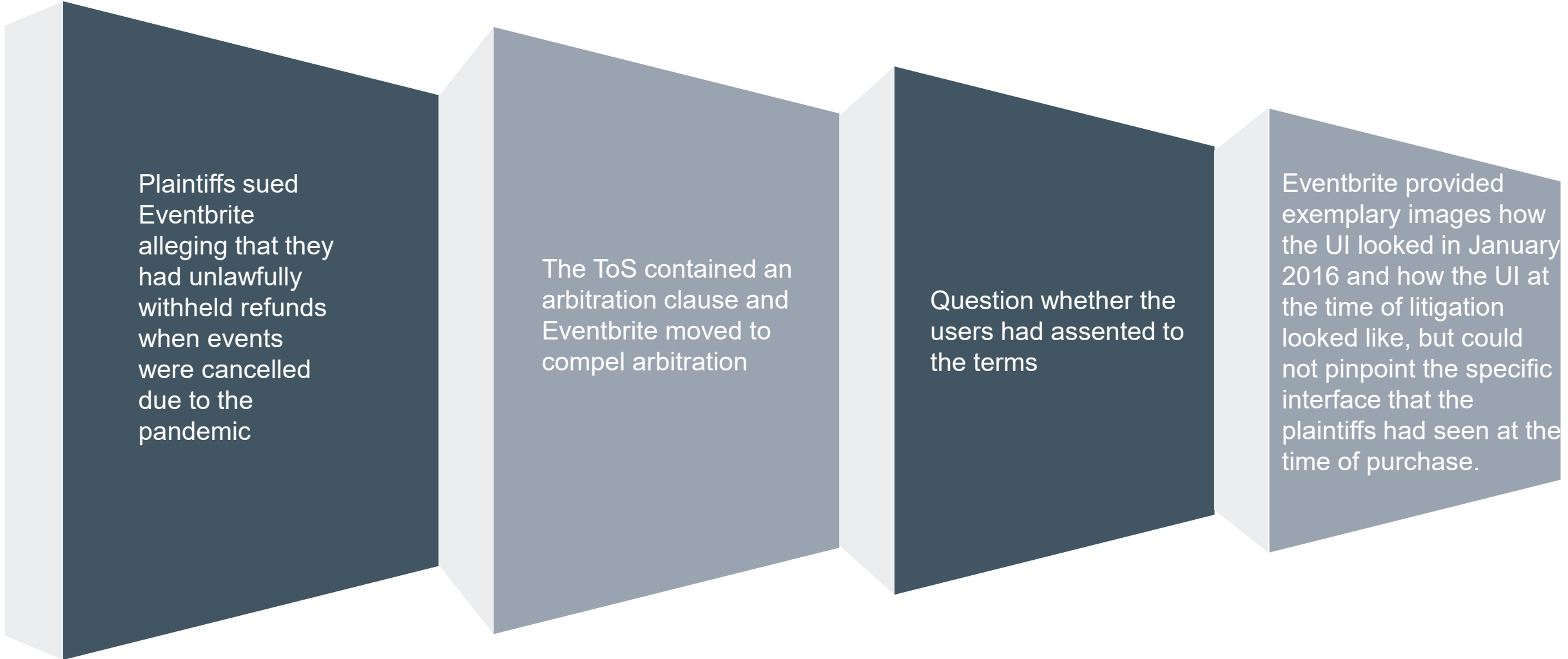
Similar design to the sign-in wrap that had been approved in Meyer v. Uber Technologies, Inc. F.3d 66 (2d Cir. 2017)

3

Inquiry notice established – motion to compel arbitration granted



## Snow v. Eventbrite, Inc., (N.D. Cal, 2020)



Plaintiffs sued Eventbrite alleging that they had unlawfully withheld refunds when events were cancelled due to the pandemic

The ToS contained an arbitration clause and Eventbrite moved to compel arbitration

Question whether the users had assented to the terms

Eventbrite provided exemplary images how the UI looked in January 2016 and how the UI at the time of litigation looked like, but could not pinpoint the specific interface that the plaintiffs had seen at the time of purchase.



# Snow v. Eventbrite: Plaintiff Piceno

Bought tickets in January 2020, no record of how User B signed up or purchased tickets

The screenshot shows a desktop sign-up page with the heading "Sign up". Below the heading is a link "Already have an account? Log in." followed by two input fields labeled "Email" and "Password". A large green button labeled "SIGN UP" is positioned below the fields. At the bottom, a line of text states: "By signing up, I agree to Eventbrite's terms of service, privacy policy, and cookie policy."

Desktop sign-up page in 2016

The screenshot shows a desktop sign-up page with an "Email address" input field at the top. Below it is an orange button labeled "Get Started". Underneath is the word "or". Below that is a black button with the Apple logo and the text "Continue with Apple". At the bottom is a blue button with the Facebook logo, the text "Continue as Doug", and a small profile picture. A line of text at the bottom states: "By clicking 'Get Started' or 'Continue with Facebook', I accept the Eventbrite Terms Of Service, Community Guidelines and have read the Privacy Policy."

Desktop sign-up page in 2020

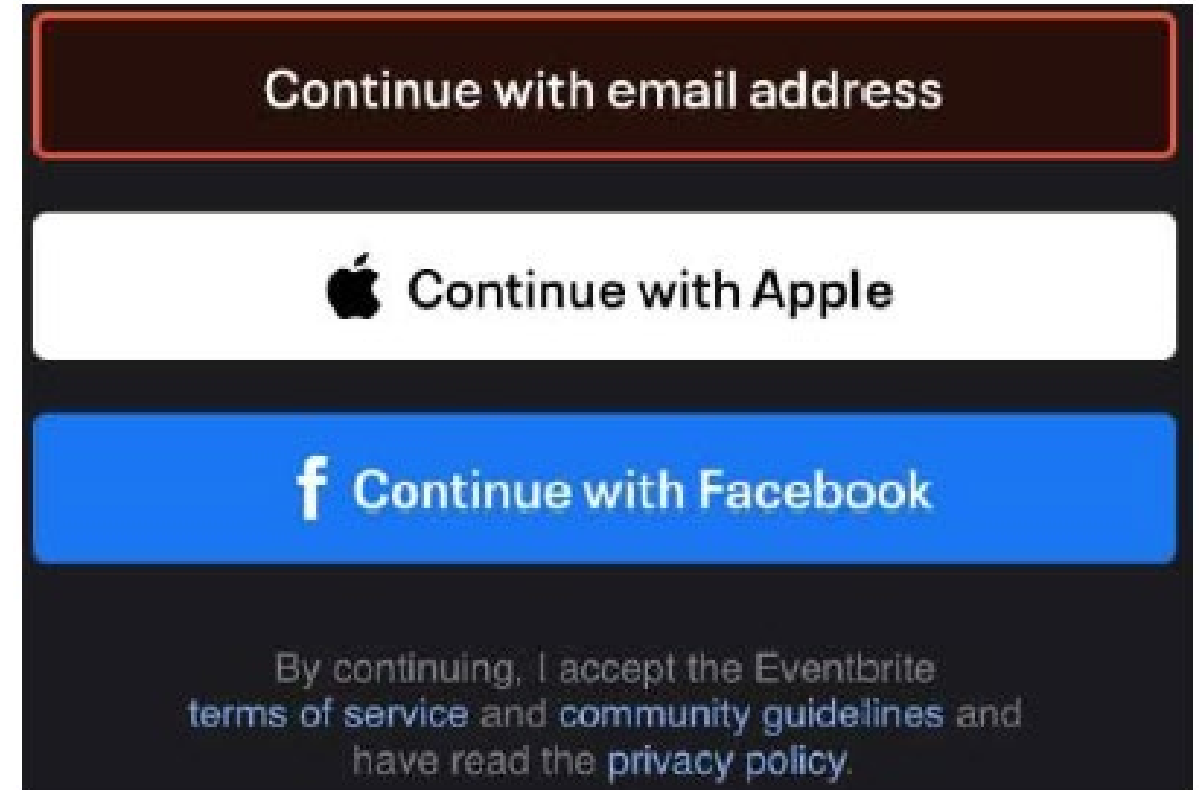
The screenshot shows a mobile app sign-up page with three large buttons: a dark red button labeled "Continue with email address", a white button with the Apple logo and "Continue with Apple", and a blue button with the Facebook logo and "Continue with Facebook". At the bottom, a line of text states: "By continuing, I accept the Eventbrite terms of service and community guidelines and have read the privacy policy."

Mobile app sign-up page in 2020

# Snow v. Eventbrite: Plaintiff Piceno

The 2020 mobile app interface does not have sufficient contrast between the text and the background

Grey text on black background, not conspicuous enough



# Snow v. Eventbrite: Plaintiff Snow

Your Info

First Name \*

Last Name \*

Email \*

Payment Info

Card Number \*

Card Type \*

Select a card type

Expiration Date \*

Month Year

CVV \*

Zip Code\*

Billing address outside of United States?

I accept the terms of service and have read the privacy policy. I agree that Eventbrite may share my information with the event organizer.

Pay Now

Terms of Service | Privacy Policy | Cookie Policy  
Event registration services provided by Eventbrite.  
© 2020 Eventbrite. All Rights Reserved.

1

Mobile web interface is from 2016 – Snow signed up in 2018

2

If this had been the interface that the user saw, it would have been sufficient to put the user on notice, however the defendant could not show which UI the user had seen

3

Burden to prove assent lies on the party trying to enforce agreement

I accept the terms of service and have read the privacy policy. I agree that Eventbrite may share my information with the event organizer.

Pay Now

# Snow v. Eventbrite: Plaintiff Snow



Eventbrite argued that Snow had bought tickets a number of times and would have had to assent to the terms at the point of purchase



Persistent “Place Order” button when scrolling through the order interface— a user could potentially click on the button without actually having seen the terms.



Because of this judge stated that it is more akin to browsewrap than sign-in wrap because the terms aren’t placed directly next to the actionable button = not sufficient to establish inquiry notice

A screenshot of the Eventbrite checkout page. At the top, it says 'Checkout' with a back arrow and a close button, and 'Time left 7:06'. Below is the 'Contact Information' section with a link to 'Continue as guest or login for a faster experience.' and input fields for 'First name \*', 'Last name \*', 'Email \*', and 'Confirm email \*'. The 'Payment' section is titled 'Choose a Payment Method' and shows two options: 'Credit or Debit Card' with a card icon and 'PayPal' with the PayPal logo. Below these is a checkbox for 'Eventbrite can send me emails about the best events happening nearby.' followed by an 'Important notice re COVID-19' section. The notice states that interaction with the general public poses an elevated risk of being exposed to COVID-19 and that Eventbrite is not responsible for health and safety. It encourages users to follow the organizer's safety policies and local laws. Below the notice is a statement: 'By clicking "Place Order", I accept the [Terms of Service](#) and have read the [Privacy Policy](#). I agree that Eventbrite may [share my information](#) with the event organizer.' At the bottom, it says 'Powered by eventbrite'. The footer shows a shopping cart icon with a '2' badge, the total price '\$24.48', and a 'Place Order' button.

# Snow v. Eventbrite: Takeaways



Keep detailed records of  
UI changes including  
screenshots



Log sign-ups and purchases



Always make sure that the  
user cannot click on “Place  
Order” or “Sign Up” buttons  
without seeing  
the terms



# Kauders v. Uber Technologies (Mass. 2021)

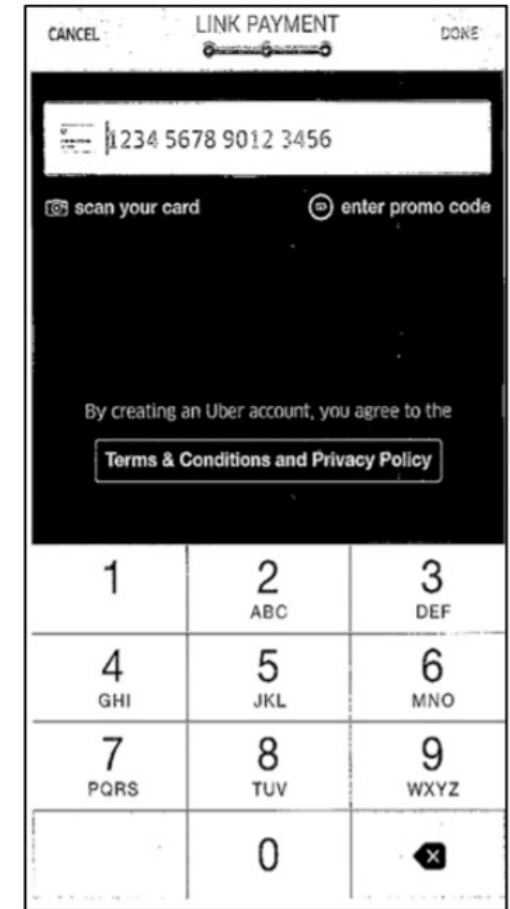
**Plaintiffs Christopher and Hannah Kauders sued Uber claiming that three Uber drivers had refused them rides in violation of Massachusetts state law because they were blind and accompanied by guide dogs.**

- Superior court granted Uber's motion to compel arbitration, arbitration proceedings rules in favor of Uber due to the drivers being characterized as independent contractors
- Appealed to Mass. S. Ct.
- Question whether there was reasonable notice of the terms; and a reasonable manifestation of assent as required under Massachusetts state law to form a valid contract

# Kauders: Notice

The court held that the notice of the terms was not sufficient due to the following:

- ✓ Nature of transaction such that a user may not understand that they are entering into a contract
- ✓ Page focused on payment – headline “Link Payment”
- ✓ “By creating an Uber account, you agree to the”, not prominent enough
- ✓ Final button after payment method input - “DONE”



Uber sign up interface in 2014

# Kauders: Manifestation of Assent

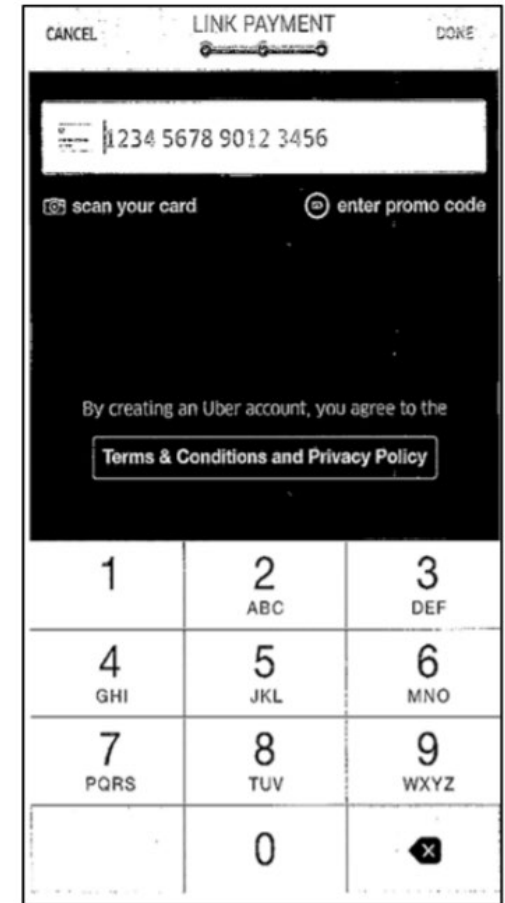


After inputting their payment information the user could register for the service and click “DONE” without clicking the link to the terms and conditions.



Court held that this was not a reasonable manifestation of assent as the user never had to affirmatively state that they agreed to the terms.

“The connection between the action and the terms was thus not direct or unambiguous. Uncertainty and confusion in this regard could have simply been avoided by requiring the terms and conditions to be reviewed and a user to agree.”



Uber sign up interface in 2014

# Emmanuel v. Handy Technologies, Inc., 992 F.3d 1 (2021)

01

Cleaner who had agreed to online terms for a house cleaning service filed suit claiming employee misclassification and minimum wage violations

02

Signed a clickwrap agreement with scrollable terms, plaintiff could accept without scrolling through agreement. Clear notice + “Accept” button.

03

Court did not interpret Kauders as requiring the user to scroll through the entirety of the terms

04

Nature of transaction was such that a reasonable user would have understood that they were entering into a contract



# Takeaways: Summary

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- Always make sure links to the terms are conspicuous
  - For example by making sure that the term hyperlinks are bolded, underlined, and **in contrasting colors**
  - The language explaining that the user is bound to the applicable term also needs to be readable and in direct proximity with the terms
- Consider the nature of the transaction – the more “casual” the transaction – the higher the bar can be to establish notice in some regions
  - Actionable buttons should indicate assent
    - “I accept” > “Next Page”
- Carefully evaluate the interactive elements of a user interface
  - Ensure that the user cannot click an actionable button without having seen the terms or the reference to the terms
  - If a mobile interface, reference to terms should be above the actionable button to ensure that the user can’t scroll down and click the actionable button without having to scroll past the terms

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# Questions?

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