Patent Injunctions & Technology Licensing Considerations in Light of *eBay v. MercExchange*

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Technology Licensing & Valuation Considerations in Light of *eBay v. MercExchange*

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"Price is what you pay. Valuation is what you get."
- Warren Buffett 1930-, American Investment Entrepreneur

I. Introduction

If the importance of a legal battle is measured by the volume of briefs it generates, or the press it prompts, eBay v. MercExchange case[2], decided in May of 2006, is one of the most important disputes to cross headlines in this modern age of law.[3] Some are proclaiming that the decision removes the largest purported weapon in a patent suit, the right to an injunction, from the hands of the patent holder. But, was the resulting four-page decision really all that noteworthy?[4]

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[2] *eBay Inc. v. MercExchange L.L.C.*, 126 S.Ct. 1837 (2006).

[3] Business publications, law journals, technology journals and even the IP blogosphere closely watched the case develop. *Supreme Court Buries Patent Trolls,* Forbes.com (May 16, 2006). *Troll Control*, ABAJ (Sept 2006) at 51, IP Frontline, Thomas G. Field, July 22, 2006 (www.ipfrontline.com), Pierce Law IP News Blog (www.ipnewsblog.com). The Court's grant of certiorari generated some 20 amicus briefs from powerful pharmaceutical lobbies, computer and software giants, prestigious law schools and distinguished university intellectuals. Supreme Court Amicus No. 5-130, 15 respondents for MercExchange including Pharmaceuticals, United Inventors, Universities, BioTech, and Economic and Law Professors, 14 respondents for eBay including Computers and Communications Industry Associations, Software, Electronic Frontier Foundation, RIM, and 52 Law Professors, and 5 respondents for neither including IBM, GE, and AIPLA.

[4] *Ebay*, 126 S.Ct. at 1839-1843.

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Has the Court thrown us back to an historic age of patent law, similar to the era leading up to the establishment of the Court of Appeals for the Federal Circuit?[5] Or, has nothing really changed at all, leading us to continue on a "smooth path of custom", indicative of *stare decisis*?[6]

This paper presents both conclusions as possibilities and, more specifically, identifies the impact of those conclusions on the future of technology licensing valuation. Ultimately, value associated with licensing technologies will falter if *Ebay* made it more difficult for a tech licensor to stop an infringer by way of an injunction. Depending on a variety of factors primarily linked to how courts interpret the *res judicata* of the *Ebay* decision, injunctions in patent suits may or may not issue as regularly as before the Supreme Court released its *Ebay* opinion. Factors influencing the likelihood of an injunction range from the nature of the technology to the forum of the lawsuit. The path this paper takes in arriving at such a conclusion will review the history of the *Ebay* case, rearticulate the three separate concurring opinions of the Supreme Court decision, examine particularities of the case law relied thereon, and explore how the Court's holding is being applied in the most recent legal decisions of today.

II. Background

A. Appellant – eBay

Founded in 1995 by Pierre Omidyar, eBay Inc. operates a well-known internet site which helps private individuals sell goods either at a fixed price or through a "live" on-line auction.[7] Worldwide, $14 of every $100 spent online is spent with eBay.[8] Of all their online sales, 34% come directly from the use of a "Buy-It-Now" fixed-price feature amounting to $4.3 billion in the

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[5] Federal Courts Improvement Act of 1982 (Public Law 164. 97th Cong., 2d sess., 2 April 1982).

[6] "Custom settles habits of thinking in the understanding, as well as of determining in the will, and of motions in the body …which, by often treading, are worn into a smooth path, and the motion in it becomes easy, and as it were natural." John Locke, *An Essay Concerning Human Understanding*, 1689.

[7] *Id.* at 1839.

[8] CNN 2005. *At 10 years, has eBay lost its allure?* Available at: http://www.cnn.com/2005/TECH/internet/06/27/ebay.at.crossroads.ap/index.html (10/21/2006).

first quarter of 2006 alone.[9] This lucrative, fixed-price feature of eBay's website led eBay to its dispute with MercExchange.

B. Appellee – MercExchange

MercExchange, L.L.C., ceased doing its online business in 2000,[10] but owns a patent which centers on the fixed-price feature of eBay's website.[11] Specifically, MercExchange holds a business-method patent for "facilitating the sale of goods between private individuals through a central authority to promote trust among the participants."[12] Initially, MercExchange sought to license its patent to eBay but when this failed, it brought suit.[13] Eventually, MercExchange received an award of $29.5 million in compensatory damages after a jury trial in 2003.[14]

C. Procedural Posture – District Court

On motions for Judgment as a Matter of Law, the District Court found infringement of the patent covering fixed-price trading, and held that damages were appropriate.[15] In order to determine the appropriateness of granting an injunction against eBay, the District Court considered the traditional principals governing equitable relief, those being; (1) whether the plaintiff would face irreparable injury if the injunction did not issue; (2) whether the plaintiff has an adequate remedy at law; (3) whether granting the injunction is in the public interest; and (4)

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9 eBay Inc., *Q1-2006 Financial Report*, (April 19, 2006).

10 *Government Sides Against Ebay in Dispute,* Washington Post (March 11, 2006) Yuki Noguchi.

11 *MercExchange, L.L.C. v. eBay, Inc.,* 401 F.3d 1323, 1325 (Fed. Cir. 2005).

12 *U.S. Patent No.* 5,845,265.

13 *Ebay*, 126 S.Ct. at 1839.

14 *The Software Patent Mess,* Technology Review (March 22, 2006) Sam Williams.

15 $29.5 million is approximately 0.1% of eBay's 2006 fixed-price trading revenue. eBay Inc., *Q1-2006 Financial Report*, (April 19, 2006). Using simple math, we can conclude that eBay earns $29.5 million from MercExchange's patented technology every 15 hours. Consider, then, whether MercExchange is really acting as a "Patent Troll" by extorting unfair royalties from eBay. The term 'patent troll' was first used by Intel in-house counsel to describe the small companies that were suing Intel for patent infringement and more recently to describe any entity in a pejorative manner which uses its patent as a "club to extract unfair royalties from infringers". Sept 2006 ABAJ, 53. *But See infra* note 38 (describing the less derogative and arguably synonymous "Non Practicing Entity").

whether the balance of hardships tips in the plaintiff's favor.[16] The Court declined to grant an injunction, concluding that no irreparable harm would be suffered by MercExchange because it was neither commercially using the technology nor, in principal, opposed to licensing it.[17]

D. Procedural Posture – Court of Appeals for the Federal Circuit

The history of the CAFC treatment of patents is well articulated by the philosopher John Locke when he stated that customs, over time, can lead to general rules.[18] Over time, the CAFC created the custom, and thereby the "general rule" to issue permanent injunctions once patent validity and infringement had been found.[19] The CAFC does not apply this "general rule" in exceptional circumstances which might go against public policy.[20] In any event, the CAFC, keeping to its rule born of custom, found no exceptional circumstance which would justify denying MercExchange a permanent injunction. As such, the CAFC overturned the ruling of the District Court, eBay appealed to the Supreme Court for certiorari to decide the appropriateness of the Federal Circuit's "categorical rule" for issuing injunctions in patent infringement cases.[21]

III. The Supreme Court Decisions

A. The Supreme Court Unanimous Holding

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16 *MercExchange, L.L.C. v. eBay, Inc.,* 275 F. Supp. 2d 695, 711 (E.D. Va., 2003).

17 *Id. at 712-713.* The District Court and defendant, eBay, relied heavily on *Foster v. American Mach. & Foundry Co.,* 492 F.2d 1317 (2d Cir. 1974) (finding that a compulsory royalty was the appropriate remedy where a patent holder is not practicing its technology commercially). The District Courts in *eBay* and *Foster* both overlooked a 100 year old, yet highly relevant, holding in *Continental Paper Bag Co. v. Eastern Paper Bag Co.* 210 U.S. 405, 422-430 (1908) (a court of equity may grant an injunction even when the patent holder has unreasonably declined to use their patent).

18 *See Supra* note 6.

19 *MercExchange, L.L.C. v. eBay, Inc.,* 401 F.3d 1323, 1339 (2005).

20 *See eg. Roche Products v. Bolar Pharmaceutical Co.,* 733 F. 2d 734-858 (Generic manufacturer, Bolar, submitted an infringing quantity of pharmaceutical compound to the FDA for approval in anticipation of the Roche patent's expiration. As only 6 months remained in Roche's patent term by the time the case came before the Court. It held that Bolar's infringement was *de minimis* compared to the public health interest being met by Bolar. The Federal Circuit, reasoning that "standards of public interest…measure the propriety and need for an injunction," declined to grant Roche's petition for injunctive relief) (C.A.F.C. 1984).

21 *eBay, Inc. v. MercExchange, L.L.C.,* 126 S. Ct. 733, (2005).

A half-victory for eBay, the Supreme Court unanimously vacated the decision of the CAFC while also criticizing the District Court decision. [22] The Supreme Court held that neither of the lower courts had properly applied the "historical" four-part injunctive test used by courts of equity.[23] The four-part test articulated by the Supreme Court requires a plaintiff to demonstrate:

> (1) it has suffered an irreparable injury; (2) the remedies available at law are inadequate to compensate that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.[24]

In rejecting the reasoning of the District Court, the Supreme Court reaffirmed the "right to exclude others" as an attribute of patent ownership.[25] The Court points out that the right to exclude is inherent in personal property ownership as mentioned in the Patent Act, 35 U.S.C. § 261 which reads, "subject to the provisions of this title, patents shall have the attributes of personal property… including the right to exclude".[26] This right cannot be categorically eliminated simply because a patent owner is a non-practicing licensor.[27] Rather, the Supreme Court required that the District Court carefully consider *all* nuances of the four-factor test upon remand. [28]

Through use of the Patent Act, the Supreme Court similarly rejected the "categorical rule" of the CAFC.[29] In particular, the Supreme Court focused on 35 U.S.C. § 283, which states: "The several courts may grant injunctions in accordance with the *principles of equity* to prevent the

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22 *Ebay*, 126 S.Ct. at 1839.

23 *Id.*

24 *Id at* 1839, citing to: *Weinberger v Romero-Barcelo*, 456 U.S. 305 (1982); *Amoco v Village of Gambell*, 480 U.S. 531 (1987).

25 *Ebay,* 126 S.Ct. 1837, at 1838.

26 This right originates in the U.S. Const. art. I. § 8, cl. 8, "Congress shall have the power to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

27 *Ebay,* 126 S.Ct. 1837, 1840. *See also Continental Paper Bag* 210 U.S. 405 at 422-430.

28 *Ebay,* at 1841.

29 *Id.*

violation of any right secured by patent, on such terms as the court deems reasonable."[30] The Supreme Court held that a categorical rule prescribing injunctions for any valid patent could not be reconciled with 35 U.S.C. § 283 mandate, articulating that all nuances of the four-factor test must be considered. [31]

Beneath this broad rule of *Ebay* is the Court's desire to remain consistent with its application of equity to intellectual property under the umbrella of the Copyright Act.[32] The Court has consistently rejected any contention that an injunction automatically follows the finding of an infringed copyright.[33] Rather, the Court affirms a practice in Copyright Law of relying upon "traditional equitable considerations" in accordance with a history of its own *stare decisis.*[34] The Court, by analogy, applies its methodology of granting injunctive relief in copyright law to patent law.[35]

B. The Supreme Court's Split Decisions

While the Justices of the Supreme Court agreed that the traditional four-factor test of equity must be employed when determining whether an injunction should be granted in a patent case, the Justices issued three separate opinions emphasizing different ways in which the nuances

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30 *Id.*. at 1839. emphasis added.

31 *Id.*

32 17 U.S.C. § 502(a). Courts may grant injunctive relief "on such terms as it may deem reasonable to prevent or restrain infringement of a copyright".

33 *Ebay,* at 1840.

34 *Id.* Citing to *New York Times Co. v. Tasini,* 533 U.S. 483, 505 (2001); *Campbell v. Acuff-Rose Music, Inc.* 510 U.S. 569, 578 (1994); *Dun v. Lubermen's Credit Assn.,* 209 U.S. 20, 23-24 (1908).

35 *Ebay,* at 1840. Whether this analogy is appropriate can no longer be appealed. But, for the sake of thoroughness, compare the referenced copyright case of *Dun v. Lubermen* 209 U.S. 20 at 23-24 with *Continental Paper Bag Co.* 210 U.S. 405 (same year as Dun). In *Dun,,* the injunction was not granted because the nature of the copyright was in a database, and databases are commonly known to be the subject of only limited protection. In *Dunn,* the court speaks to the public interest outweighing the minimal infringement. The tune of the court is altogether different in *Paper Bag*, a patent case, the court states "whenever this court has had occasion to speak it has decided that an inventor receives from a patent *the right to exclude* others from its use for the time prescribed in the statute." *Id at* 425, also citing to *Bement v. National Harrow Company,* 186 U.S. 70, 90 (1902). Stating very strongly "if [a patentee] will neither use his device nor permit others to use it, he has but suppressed his own, ... his title is exclusive, and so clearly within the constitutional provisions in the respect to private property that he is neither bound to use his discovery himself or permit others to use it." Again, in *Paper Bag* "we dissent entirely from the thought... that he [the inventor] is under some sort of moral obligation to see that the public acquires the right to free use of that invention as soon as possible... it is his absolute property. He may withhold the knowledge of it from the public." *Id* at 424.

of that test might be applied.[36] Justice Thomas wrote the first opinion, Chief Justice Roberts, the second, and Justice Kennedy, the third. [37]

Justice Thomas illustrates circumstances in which non-practicing entities[38] might be entitled to an injunction.[39] He cites to the *Paper Bag* decision[40] and points to the specific examples of "university researchers and self-made inventors" that might prefer to seek a license when they cannot feasibly practice or take their technology to market themselves. [41] In summary, Justice Thomas hints that an injunction may be appropriately granted to entities that lack a feasible mode of commercialization, and thus must rely exclusively on licensing revenue to forward their mission of innovation. [42]

Chief Justice Roberts, joined by Justices Scalia and Ginsburg, states that "Like [cases] should be decided alike", indicating a deference to historic customs of application.[43] In the spirit of Lockean philosophy[44], the Roberts Opinion gives recognition to historic trends which have shaped the course of equity law to date. [45] As Roberts reminds us "a page of history is worth a volume of logic"[46] and that the four-factor test is not a "clean slate" to be written on at the whim of the lower courts. [47] When it comes down to it, Chief Justice Roberts seems to be saying that

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36 *Ebay,* at 1839-1843.

37 *Id.*

38 Non Practicing Entities, or "NPE's", may be any persons, corporations, research foundations, universities, or other entities which develop and patent technologies. Rather than proceeding themselves with the technology towards actual commercial development or production, NPE's instead seek revenues from assigning or licensing rights to the technologies. These entities essentially act as specialized, professional research/innovation centers that further innovation through effective technology transfer models. Determining whether a plaintiff is an innovation-promoting NPE, as described herein, or an extortion minded "Patent Troll" (*See supra* note 15), will not be discussed in depth in this paper. But, the author's tongue-in-cheek experience has shown that the choice of title is frequently determined by whether you are sitting in the courtroom next to the infringer or the infringed.

39 *Id* at 1840.

40 *See supra* note 33.

41 *Ebay.* At 1839.

42 *Ebay.* at 1839.

43 *Id* at 1842. Seems indicative of *stare decisis.*

44 *See supra* note 6.

45 *Id.*

46 So long as that "page of history" is on point with our own events of present day.

47 *Ebay* at 1842.

where injunctions were found reasonable in the past, they should be found reasonable in the present, so long as the situations are alike.

Justice Kennedy, joined by Justices Stevens, Souter and Breyer, points out that certain patent classifications may lend themselves more heavily than others towards inequitable exploitation by the patent holder.[48] Primarily he points to business method patents, and patents which are heavily layered on prior technologies, such as computer architecture and semi-conductors.[49] Ultimately, since Justice Kennedy seems primarily concerned with "patent trolls"[50] using their exclusive rights as a "club to extract unfair royalties" from companies which are heavily invested in trying to put the technology to market.[51] In order to easily meet this policy concern, courts could simply look to the fairness or reasonableness of the license fee demanded by the inventor when determining whether to grant an injunction in lieu of the infringer agreeing to pay the license fee. This method would be comfortably in line with the standard court practice of reviewing the reasonableness of jury damage awards.[52]

D. The Ebay Factors

The three separate opinions by the Supreme Court give birth to a suggested method of interpreting the four-factor equity test in a special manner as related to NPE's which shall be referred to herein as the "*Ebay* Factors". The *Ebay* Factors recommend that a four-factor equity test favor an injunction when the patent holder; (1) cannot reasonably bring the work to market; (2) is similarly situated to prior patent holders who have garnered injunctions; and (3) did not demand unreasonable royalties in lieu of an injunction.[53] These factors attempt to package the

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[48] *Id.*

[49] FTC, To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy. Ch.3 pp 38-39 (Oct. 2003) available at http://www.ftc.gov/os/2003/10/innovationrpt.pdf

[50] *See supra* note 15.

[51] *Ebay* at 1842.

[52] This is presumably more favorable than the alternative possibility of courts actually deriving royalty rates in the case of a holding for a compulsory license. The proposed method simply requires a finding of fairness and reasonableness, while the latter method requires the court to play tricks with numbers, and pull royalty fees out of a judicial magic-hat.

[53] These suggestive directed guidelines are simply taken from the three opinions explained *supra.*

application of the complicated *Ebay* case into a more simple, palatable and applicable formula.[54] Furthermore, familiarity with these factors may help patent owners attach more value to their technologies as they enter the licensing phase.

IV. Maximizing Value of Your Technology Post *Ebay*

A. The Ebay Risk

Value of technology falls as Risk associated with the technology increases.[55] The likelihood of garnering an injunction against infringers is one such risk associated with patented technology.[56] A higher risk associated with getting an injunction may be inherent in the *Ebay* decision because analysis of the four-factors of equitable relief must now be considered in lieu of the CAFC categorical granting of injunctions when a patent is held valid and infringed.[57] Value is directly lowered in two concrete ways; (1) without an injunction to threaten infringers, the advantage and positions of good-faith licensors over competitors will weaken; and (2) patent holders will lose the substantial leverage of an injunctive threat at the licensing negotiation, resulting in lower license-fees.

In order to counteract the increase in risk, this paper proposes that corporations, research houses, universities, and other entities associated in tech licensing give deference to the *Ebay* Factors when planning their licensing and institutional policies. Specifically, when applying the *Ebay* Factors, licensors should consider risks associated with; (1) a history of independently bringing technology to market; (2) exclusive and non-exclusive licenses; (3) the nature of the patented technology; (4) the potential forum of an ensuing lawsuit; (5) similarities to prior cases; and (6) the reasonableness of the requested license fee.

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[54] Absent such direction, courts may find themselves using the undirected and inappropriate discretion which Chief Justice Roberts cautioned against (*Ebay* at 1842).

[55] Ashley J. Stevens, Valuation Lecture, Franklin Pierce Law Center; Concord, NH (11/01/2006).

[56] *Id.*

[57] *Ebay.* at 1839.

B. The Non-Practicing Entity – History of independently bringing technology to market.

In order to determine if a non-practicing entity will be entitled to an injunction, it is important to consider whether an entity has a history of independently bringing technology to market.[58] Most non-profits, and many small entities perform research with no intention of bringing the resulting technology to market.[59] Non-profits, in particular, are discouraged by taxation issues which can arise out of either an attempt to become market players or an attempt to enter into the practice of developing start-up companies based around the non-profit's technology.[60] Justice Thomas says that such a non-practicing entity may be well justified in seeking an injunction when it "*does not have the means nor the desire* to bring its technology to market".[61]

The concern arises when we consider an entity that has a history of participating actively in the marketplace or sponsoring start-up companies with its technologies. This does not fit neatly within the scenario described by Justice Thomas in which a non-market player wishes to garner injunctive relief.[62] As a rule of thumb, it may be advisable for research institutions either to consistently stay away from manufacturing so as to fall into the Justice Thomas category, or to consistently participate in the product manufacture of any technology of interest so as not to qualify as a non-practicing entity in the first place.

C. Value of an Exclusive vs. Non-Exclusive License

While non-profits and other entities already tend to consider the pros and cons of going with an exclusive or non-exclusive licensing agreement, they should now do so with consideration of *Ebay*.

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58 *Ebay,* at 1839.

59 *Id.*

60 Prof. Karen Hersey, Lecture: *Licensing Non-Profit Technology to Start-Ups*, Franklin Pierce Law Center; Concord, NH (11/22/2006).

61 *Ebay,* at 1839. Emphasis added.

62 *Id.*

Non-exclusive licenses may become less valuable because of the possibility for third parties to squeeze themselves into compulsory license arrangements despite the wishes of the patent holder. In *Ebay*, MercExchange had already granted several non-exclusive licenses to other corporations prior to and during its dealings with eBay.[63] Justice Kennedy wrote in *Ebay* that a willingness to license as a form of business may weigh against granting an injunction since the equity factors concerning injury might skew in favor of the defendant.[64] Several courts post *Ebay* have reflected Justice Kennedy's sentiment.[65]

Exclusive licenses contain an added "harm" element associated with the expectation of no unapproved third parties being granted a license to practice the technology. This expectation and value is strongly tied to exclusive licenses, generally leading them to have a higher value than non-exclusive licenses. Therefore, exclusive licenses may be given greater consideration for injunctive relief against third parties (as opposed to non-exclusive licenses).[66]

D. Nature of the Patented Technology

Justice Kennedy indicates that some areas of technology are less likely to warrant injunctive relief than others.[67] Specifically mentioned, injunctive relief may be "less appropriate" for patents related to business methods, computer architecture, and semi-conductors.[68] It follows that entities seeking injunctions will have a higher likelihood of injunctive protection if the technology is in a field which is *not* related to business methods, computer architecture, or semi-conductors.

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63 MercExchange Company Report http://mercexchange.com/licensed.htm (accessed 11/01/2006).

64 *Ebay,* at 1841.

65 *See Paice, L.L.C. v. Toyota Motor Corp*., (E.D. Tex. Aug. 16, 2006); *z4 Techs., Inc. v. Microsoft Corp.*, 434 F. Supp. 2d 437 (E.D. Tex. 2006).

66 Non-exclusive licenses still have many benefits not present in exclusive licenses, such as a diversification of risk associated with individual companies failing at market. This paper does not intend to say that exclusive licenses are better than non-exclusive licenses, but merely that practicing exclusive licensing may be more likely to result in a grant of injunctive relief should a third party infringe.

67 *Ebay* at 1842.

68 *Id.*

E. Current Application of Ebay by Courts: Consider Your Forum!

When faced with a looming legal battle, non-profits, inventors, and other entities may wish to consider the disposition and location of any potential lawsuit jurisdiction.

1. Freedom of Discretion

As the Supreme Court was clear in dictating that the district courts have discretion over granting injunctions,[69] a palpable power has been removed from the CAFC with potentially cumbersome consequences. Upon appeal, the discretion exercised by the district courts is subject to an "abuse of discretion" standard or, when considering the findings of fact, a "clearly erroneous" standard.[70] Absent a clear test for applying law to facts, the CAFC has much less power to control incongruities which crop up. Those incongruities will be a result of districts centering their legal analysis on disparate aspects of the *Ebay* decision.[71] Absent a clear test for applying facts, we may find ourselves flipping back to an earlier page of legal history.[72]

2. The Divergence in Forums

Not twenty-five years ago, Congress created the Court of Appeals for the Federal Circuit in order to address the wild lack of uniformity among geographic circuits.[73] The CAFC used its own powers to enumerate the methods for applying law to matters of patents in order to curb forum shopping.[74] The Supreme Court in *Ebay* arguably created a hole in the review powers of the CAFC which could result in a growing divergence among forums, leading ultimately, to a rebirth of forum shopping with respect to injunctions. This is not a hypothetical put forward as an academic hypothesis, but a reality with evidence that compounds upon every new citation to the

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69 *Id* at 1839-1843.

70 FRCP Rule 52(a).

71 This inconsistency might be avoided by utilizing the Ebay Factors as a means of sweeping in all corners of the *Ebay* decision.

72 *Hruska Commission* (67 F.R.D. 195, 1975).

73 *See supra* note 5.

74 "Forum Shopping" with regards to patent litigation is the practice of using the broad range of disparity between circuits pre-CAFC to effect a favorable outcome in a case.

Ebay decision.[75] Therefore, it would be prudent to keep a level of forum shopping in mind before relying too heavily or lightly on expectations that an injunction will or will not grant.

F. Similarities to Prior Cases – Stare Decisis

As stated in the Roberts Opinion and described *supra,* the power for district courts to exercise discretion does not exist in a vacuum or as a "clean slate" as applied to injunctive remedies.[76] "Like [cases] should be decided alike".[77] Therefore, on-point case law, even pre-*Ebay*, may be highly persuasive in determining whether or not a court should grant an injunction. Unfortunately, due to the divergence in forums mentioned in the previous section, it is theoretically possible that two on-point cases may be found which hold opposite outcomes. If that is the case, Roberts may attempt to grant Certiorari to maintain consistency between the lower courts and reduce forum shopping so that "like" may truly be decided "alike".

G. Reasonableness of an Offer to Grant a License

By demonstrating that a potential licensor rejected a reasonable royalty offer, it may be possible to increase the likelihood of garnering injunctive relief. As was mentioned, Kennedy seems primarily concerned with a "patent troll"[78] using an exclusive right as a "club to extract

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[75] *See eg.* Fifth Circuit: *z4 Techs., Inc. v. Microsoft Corp.*, 434 F. Supp. 2d 437 (2006). (Denying petition for an injunction, reasoning "The suggestion that the *right to exclude created a presumption of irreparable harm was not in line* with United States Supreme Court precedent, which mandated that courts balance the traditional principles of equity when considering the remedy of a permanent injunction in patent cases." Emphasis added.) Compare with Sixth Circuit: *Christiana Indus., Inc. v. Empire Elecs., Inc.,* 2006 U.S. Dist. LEXIS 54210 (E.D. Mich. Aug. 4, 2006). ("Defendant argues that the Supreme Court eliminated the presumption of irreparable harm for injunctions upon a showing of validity and infringement. Plaintiff argues, and this Court agrees, that *Ebay did not invalidate the presumption*. Emphasis added.) See also *Am. Seating Co. v. USSC Group, Inc.,* 2006 U.S. Dist. LEXIS 60128 (W.D. Mich., Aug. 24, 2006); *Black & Decker v. Robert Bosch Tool Corp.,* 2006 U.S. Dist. LEXIS 86990 (N.D. Ill. Nov. 29, 2006); *3M Innovative Props. Co. v. Avery Dennison Corp.,* 2006 WL 2735499 (D. Minn. Sept. 25, 2006)*; Litecubes, L.L.C. v. Northern Light Prods.,* 2006 U.S. Dist. LEXIS 60575 (E.D. Mo. Aug. 25, 2006); *Busch v. Seahawk Software Dev., L.L.C.*, 2006 U.S. Dist. LEXIS 39484 (D. Ariz. June 12, 2006)*; Voda v. Cordis Corp.,* 2006 U.S. Dist. LEXIS 63623 (W.D. Okla. Sept. 5, 2006); *Wald v. Mudhopper Oilfield Servs.,* 2006 U.S. Dist. LEXIS 51669 (W.D. Okla. July 27, 2006); *Abbott Labs v. Andrx Pharms., Inc*., 452 F.3d 1331 (C.A.F.C. 2006) (Applying *Ebay* test for permanent injunction to test for preliminary injunction).

[76] *Supra, page 7. Notes 41-44.*

[77] *Ebay* at 1841.

[78] *See supra* note 15.

unfair royalties".[79] If the royalties are not "unfair", then the policy concerns in the Kennedy Opinion have been addressed. Indeed, an irony may unfold where the party refusing to license is, in fact, using its corporate clout to wield a lawsuit as a club against the good-faith patent holder in order to extract cheaper royalties. That reversal of roles may compel an injunction to grant in favor of the inventor.

V. Conclusion

The *extent* to which Supreme Court's *Ebay* decision will affect the number of injunctions granted is at the discretion of the district courts, while the *manner* in which the district courts grant or deny those injunctions has been pinned to the four-factor test of equitable relief. This could heavily impact the valuation associated with technology licenses. Current case law results are clear: Depending on how district courts aim their reading glasses, they either follow the Chief Justice's opinion and grant injunctions as a manner of continued custom,[80] or follow Justice Kennedy's opinion and embark on a new trend of compulsory licensing. This leads to a divergent trend in applying *Ebay* and the inevitable reemergence of forum shopping. It is possible that all-encompassing new "*eBay* Factors" could aid in focus the lower courts' reasoning and increase the likelihood that corporations, inventors, and universities will ultimately obtain injunctions when sought. If history is an indication of things to come, with patience, we will see the CAFC and collective actions of the lower courts bring heightened meaning to *Ebay* by wearing a new "path of custom" into the law which enables all parties to continue engaging in fruitful research and appropriately valued license agreements.[81]

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79 *Ebay* at 1842.

80 *Id* at 1842.

81 *EDIT:* In the year following the original publishing of this paper, there have been twenty-nine cases which have relied on *Ebay* to determine whether injunctive relief is warranted. Of those cases, six involved parties who were denied injunctive relief (including *Ebay on remand*). The plaintiffs were granted injunctions in the other twenty-three cases. *See* Christopher A. Hughes & Avshalom Yotam, Lecture: *Post Ebay Injunctions: The Scoreboard*, AIPLA Annual Meeting; Washington, D.C. (10/18/2007).