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Patent “Make, Use, and Sell” license inherently conveys right to have product made by third party

By Mark D. Simpson

On May 22, 2009, the U.S. Court of Appeals for the Federal Circuit issued its opinion in *Corebrace LLC v. Star Seismic LLC*, a patent case involving a dispute over whether a patent license granting the licensee the right to “make, use, and sell” a patented product also granted the licensee the right to have the product made by a third party (“have made” rights). A copy of the opinion is available at <http://www.ca9.uscourts.gov/opinions/08-1502.pdf>.

In affirming the District Court, the Federal Circuit ruled that a “make, use, and sell” grant in a license inherently includes with it the right to have the product made by a third party, absent a showing of a clear intent in the contract to exclude such rights. This inherent grant, the Court held, is not negated by a reservation of rights clause in the contract, nor is it negated by the fact that the license precluded Star from sublicensing the licensed rights. The Court stated that the right to have a product made by a third party does not amount to a sublicense, because the third party making the product does not itself receive a license from the licensee.

Patent licensors wishing to exclude their licensees from being able to have the licensed product made by a third party should clearly articulate such an exclusion in the license itself. Please feel free to contact the author with any questions related to this important case.

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