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UC Regents Can't Ditch Contract Suit Over LED Patent License

By **Melissa Angell**

Law360 (November 3, 2020, 6:13 PM EST) -- A California federal judge denied an attempt by the Regents of the University of California to dismiss Epistar Corp.'s contract suit over patent licensing Monday, finding the Taiwanese manufacturer's arguments are specific enough to proceed.

U.S. District Judge Jeffrey S. White ruled that Epistar sufficiently alleged that the Regents breached their licensing contract when they failed to notify Epistar they had sued retailers over potential infringement of related patents.

"[T]he claim in this case is for breach of contract, not for patent infringement," the order said. "What Epistar must plead for a breach of contract claim differs from what is required in a patent infringement case [...] Epistar has done just that."

Epistar launched its suit against the Regents in August, arguing that the university system breached a licensing agreement that gave the manufacturer sole licensor status for the **patents at issue** in a series of lawsuits the Regents filed last year. The Regents' suits accuse Amazon, Target, Ikea, Walmart and Bed Bath & Beyond of illegally importing and selling filament LED lighting that infringed the standard transparent mirrorless light-emitting diode patents, often referred to as STML patents, court documents said.

Epistar — which is a major global supplier of LEDs — previously worked with the University of California's research team in Santa Barbara to develop solid state lighting, according to court documents. Epistar purportedly entered into an exclusive licensing agreement with the UC system in which it paid hundreds of thousands of dollars to gain rights to the STML patents, which allowed it to sue those who infringed the patents.

Epistar **claims in its suit** that UC breached its agreement by failing to notify Epistar of the suspected infringers of the licensed patents and then by ending their agreement prematurely. According to court documents, the Regents terminated the agreement in September 2019 once Epistar began questioning the scope of the patents, citing an alleged breach of the pact from five years earlier.

But the Regents argued in their bid to toss the suit that no facts exist to support claims that they breached a duty to notify Epistar that the products in the filament bulb lawsuits infringed Epistar's rights to the STML patents. The Regents also argued that Epistar failed to sufficiently allege enough facts to identify specific products that illustrate how the STML patents are being infringed.

On Monday, Judge White disagreed and found that Epistar's previous identification of the filament LEDs was specific enough for a breach of contract claim.

"While a breach of contract claim conditioned upon a showing of potential infringement is unique, Epistar has pled sufficient facts with enough specificity to give the Regents notice that the filament LEDs in the filament bulb lawsuits are potentially infringing on the STML patents," the motion said.

In a statement sent on the Regents' behalf, UC's counsel told Law360 on Monday that the ruling failed to address the merits of the case.

"The Regents is confident it will defeat Epistar's claims on the merits, confirming that Epistar breached its license and that the patents Epistar licensed from the Regents do not cover filament LED technology," the statement said.

The patents covered by the licensing agreement are U.S. Patent Nos. 8,022,423 and 7,687,813.

Counsel and representatives for Epistar did not immediately respond to requests for comment.

Epistar is represented by Richard Vasquez and Jeffrey T. Lindgren of Vasquez Benisek & Lindgren LLP.

The Regents of the University of California are represented by Shawn G. Hansen, Penney P. Azizi and Seth D. Levy of Nixon Peabody LLP.

The case is Epistar Corp. v. The Regents of the University of California, case number 4:20-cv-05709, in the U.S. District Court for the Northern District of California.

--Additional reporting by Kevin Stawicki and Hailey Konnath. Editing by Michael Watanabe.

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