

## **Supreme Court Rules in *Quanta Computer v. LG Electronics***

In a unanimous decision written by Justice Clarence Thomas, the Supreme Court held that the doctrine of patent exhaustion applied to LG's "method" patent claims because the licensed products embodied both the "product" claims and "method" claims. The Court found no reasonable use for the licensed products other than in practicing the patented method. The doctrine of patent exhaustion is that an authorized sale of a patented item terminates all patent rights to that item, and under *Quanta* and *Univis*, may terminate patent rights to related methods.

LG Electronics had licensed computer chip and system patents to Intel Corp. The computer maker Quanta bought Intel parts and combined them with non-Intel parts, causing LG Electronics to sue Quanta for patent infringement. The Supreme Court reversed an earlier Federal Circuit decision and found in favor of Quanta, stating, "Intel's microprocessors and chipsets substantially embodied the LGE Patents because they [the microprocessors and chipsets] had no reasonable noninfringing use and included all the inventive aspects of the patented methods." The text of the case can be read at <http://www.supremecourtus.gov/opinions/07pdf/06-937.pdf>.