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DDB Owns Rights To Patents In MLB Spat: Judge

By Liz McKenzie

Law360, New York (August 19, 2009) -- A judge has rejected a bid by Major League Baseball's interactive media division to dismiss an infringement suit brought by DDB Technologies LLC over interactive media patents, ruling that DDB owns the patents despite an employment contract between the patent-holding company's owner and a former employer.

Judge Lee Yeakel of U.S. District Court for the Western District of Texas denied MLB Advanced Media LP's motion to dismiss the suit, determining that DDB is the owner of the patents even though the company's founder was subject at the time of the invention to an employment agreement with a former employer that assigned patent rights to the company.

According to the judge, it was clear that the employer, Schlumberger Technology Corp., declined to assign the patents.

David Barstow, who later formed DDB, and his brother Daniel were named inventors on the patents, but at the time of the inventions' development, Barstow was employed by Schlumberger, according to the opinion.

Barstow's employment agreement at Schlumberger stated that in working for the company, all rights to ideas and inventions related to Schlumberger business activities belonged to it, the ruling said.

But according to DDB, Schlumberger lacked interest in the Barstow personal baseball patent project, which contained the patents-in-suit, and that the company had declined the patents.

Barstow disclosed the invention to his employer, per his employment agreement, but Schlumberger never wanted the patents because they did not relate to the company's business, the complaint contends.

Based on discovery evidence, Judge Yeakel determined that Schlumberger appeared to have lacked interest in the patent and, after lengthy conversations with Barstow about the project, had declined the patents.

Barstow, and his company DDB, had legal title to the patents at the time it brought the suit and may proceed with the action, the opinion said.

In July, DDB asked the court to impose sanctions against MLBAM, arguing that the company had violated a 2005 protective order by disclosing confidential discovery information to help its case.

"This was no casual or inadvertent violation," DDB said. "It was calculated, and repeated."

DDB claimed that MLBAM violated the protective order by communicating with Schlumberger to convince the company that the patents were the company's property, not Barstow's, and later used the information to negotiate assigning the patents to MLBAM.

The sanctions motion has not yet been decided.

DDB filed suit in 2004, arguing that MLBAM had infringed patents for advanced interactive technology that were crucial to MLBAM's innovative Web site offerings, including game day simulations of live baseball games, searchable video highlights and statistics trackers for fantasy baseball.

The U.S. Court of Appeals for the Federal Circuit ruled in February 2008 that the district court erred in denying DDB discovery, affirming in part and vacating in part a decision from the Western District of Texas, which had dismissed the case for lack of subject matter jurisdiction.

The district court had dismissed the suit in May 2006, ruling that DDB failed to join all owners of the patents-in-suit and was not able to pursue an infringement action against MLBAM by virtue of its newly acquired interest in those patents.

"Given the central relevance of the information sought in discovery, it was an abuse of discretion for the district court to deny DDB jurisdictional discovery, including document and deposition requests," the Federal Circuit said.

Representatives for DDB and MLBAM could not immediately be reached for comment.

The patents-in-suit are U.S. Patent Numbers 5,189,630; 5,526,479; 5,671,347; and

6,204,862.

DDB is represented by Kinne IP Group, McDonnell Boehnen Hulbert & Berghoff LLP, Baniak Pine & Gannon and Winstead PC.

MLBAM is represented by Foley & Lardner LLP, Haynes & Boone LLP and in-house counsel.

The case is DDB Technologies LLC v. MLB Advanced Media LP, case number 1:04-cv-00352, in the U.S. District Court for the Western District of Texas.

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