

## Disney Deal Gets Autodesk Out Of Animation Patent Suit

By **RJ Vogt**

*Law360 (March 16, 2018, 5:30 PM EDT)* -- A California federal judge said Thursday that software giant Autodesk Inc. did not infringe designer Joseph Alter's patent on technology for animating hair and fur by incorporating it into the company's Maya animation program, finding Alter agreed not to sue Autodesk in a previous settlement with Disney.

Alter had sued The Walt Disney Co. over U.S. Patent No. 6,720,962, alleging it used his technology in its XGen software to make movies like "Tangled" and planned to market the infringing animation program via an agreement with Autodesk.

After settling that dispute in 2012, Alter said Autodesk infringed the same patent by updating its Maya program with XGen hair creation systems. Autodesk countered that Alter's deal with Disney barred his claims against the software company, and in Thursday's order, U.S. District Judge William H. Orrick agreed.

"[The] facts support a finding that the parties intended to enter an agreement with a limited license and a broad covenant not to sue," the judge said. "The plain language of the agreement controls. Alter's current claims against Autodesk related to infringement are barred by the covenant."

Jason Bartlett of Mauriel Kapouytian Woods LLP, who represents Alter, told Law360 on Friday that his client plans to appeal.

"Alter is disappointed with the court's construction of the language of the agreement, particularly in light of the undisputed evidence relating to the Alter-Disney agreement negotiation history and the language of the Disney-Autodesk agreement," he said.

The dispute stems from a 2011 licensing deal Autodesk reached with Disney, which the software company announced would "enable Autodesk to make [Disney's XGen technology] available to artists to create digital entertainment."

When Alter, who had granted Autodesk a license to use the '962 patent in 2004, found out the software company was helping bring Disney's XGen hair creation tool to the consumer market, he contacted both companies and said their deal threatened his own livelihood.

After those concerns went largely unanswered, the inventor sued Disney in October 2011 for infringing

the '962 patent by using hair, fur and arbitrary geometry generation systems in almost every animated film the studio had made since releasing "Monsters Inc." in 2001. He also claimed Disney's deal with Autodesk infringed the patent.

Disney and Alter settled in January 2012, allowing Disney to develop XGen and have it distributed by Autodesk. A year later, Autodesk released an update for its Maya product, which provides 3-D modeling, animation and effects for film and video artists, that incorporated XGen technology as well as Alter's patented hair and fur generation system.

Alter sued Disney again in July 2016, claiming it shouldn't have allowed Autodesk to develop and expand the features of XGen related to his patent. He said his business relied on selling Autodesk customers a plug-in called "Shave and a Haircut," but the Maya update caused sales of his plug-in to plummet.

Autodesk responded in August 2016 with its own suit in California federal court, asking for declaratory judgment of noninfringement. Three months later Alter hit back with seven counterclaims, accusing Disney of breaching contracts and claiming Autodesk did not have a valid license on the 962 patent.

In Thursday's decision, Judge Orrick said Alter's 2012 settlement with Disney bars any claims against "licensee releasees." Although Alter had claimed the settlement did not cover Autodesk because it was limited to Disney, Judge Orrick found that Autodesk's relationship with Disney preceded the settlement and qualified it as a releasee.

"Over the course of the negotiation between Alter and Disney, Disney repeatedly indicated that the agreement would need to cover Autodesk," the judge said. "Under the circumstances in which the agreement was executed in this case ... Autodesk was an intended third party beneficiary and has standing to enforce the agreement."

The order granting Autodesk summary judgment gave both parties seven days to determine whether any additional claims require adjudication.

Counsel for Autodesk declined to comment on Friday.

The patent-in-suit is U.S. Patent No. 6,720,962.

Autodesk is represented by Michael A. Jacobs, Richard S.J. Hung, Barbara N. Barath and Christopher J. Wiener of Morrison & Foerster LLP.

Alter is represented by Jason Bartlett, Jason A. Crotty and Marc J. Pernick of Mauriel Kapouytian Woods LLP.

The case is Autodesk Inc. v. Joseph Alter Inc. et al., number 3:16-cv-04722, in the U.S. District Court for the Northern District of California.

--Editing by Breda Lund.