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A123 Systems Settles Patent Dispute for \$5M, Portion of Future Royalties - cbl

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By Rebecca Lisanne Wells

WATERTOWN, Mass. -- Battery manufacturer **A123 Systems, Inc.** (Nasdaq:AONE) has settled a patent dispute with Hydro-Quebec and the University of Texas at Austin (UT), according to an SEC filing, agreeing to pay **\$5 million** in cash along with allocating a portion of future royalties.

The dispute centered around lithium metal phosphate technologies, specifically LiFePO₄, or lithium iron phosphate. Lithium iron phosphate helps construct lithium-ion batteries used in electric cars, computers, and other products.

The patent dispute started in 2006, when UT Austin and Hydro-Quebec sued A123 and two other companies for using UT Professor John Goodenough's inventions in their products. The U.S. Patent and Trademark Office reviewed the patents and reissued them, but this did not resolve the initial dispute. In 2009, A123 had stated in an SEC filing that they might have to pay "substantial damages" if they lost the case.

The dispute involved six patents in all, collectively called the "Goodenough Patents," named after Professor Goodenough. Hydro-Quebec had licensed the patents and subsequently owned worldwide rights to make lithium ion-phosphate batteries.

Under the terms of the settlement announced last week, A123 was granted a patent sublicense which allows the company access to the patents that were under dispute as well as additional patents for carbon-coating electrodes and lithium metal phosphate. A123 also granted Hydro-Quebec and its partners rights to two battery patents owned by the Watertown-based company.

A123 Systems supplies batteries for electric-powered cars. Their customers include Bayerische Motoren Werke AG, [Chrysler Group LLC](#) and General Motors Co. The company is partially owned by General Electric Co.

No financial terms were disclosed in the SEC filing.

To find out more about the company in this article and to see if you have business connections, click below:

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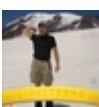
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