FORM PTO-1595
OMB No. 0651-0027 (exp 10/31/2008)

U.S. DEPARTMENT OF COMMERCE
United States Patent and Trademark Office

RECORDATION FORM COVER SHEET
PATENTS ONLY

1. Name of conveying party(ies):
(Patent Owner)

COINSTAR, INC.

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

2. Name and address of receiving party(ies)
(Claimant to Patent Ownership)

Name: **SCAN COIN INDUSTRIES AB**

Street Address: Jägershillgatan 26, 213 75, Malmö, Sweden

Additional name & address(es) attached? ☐ Yes ☒ No

3. Nature of conveyance:

☐ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☒ Other: Lien – Lis Pendens - Notice of Ownership Claim

Execution Date: October 20, 2008

Internal Address: N/A

4. Application or patent number(s):

☐ This document is being filed together with a new application.

A. Patent Application No.(s)	B. Patent No.(s)
11336413	5564546

Additional numbers attached? ☒ Yes ☐ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Womble Carlyle Sandridge & Rice
Internal Address: P.O. Box 7037
Atlanta, Georgia 30357-0037

Street Address: 1201 West Peachtree Street
Suite 3500
City: Atlanta, State: GA Zip: 30309

Phone Number: **404-962-7523** Fax Number: **404-870-8173**

Email Address: **lisaf@wcsr.com**

6. Total number of applications and patents involved: 38

7. Total fee (37 CFR 1.21(h) & 3.41) $1520.00

☐ Enclosed
☒ Authorized to be charged to deposit account

8. Please debit any deficiencies or credit any overpayments to

Deposit account number 09-0528
(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Name of Person Signing | Signature | 10-20-2008 Date

Total number of pages including cover sheet, attachments, and document: 66

WCSR 4001578v1

CH $1520.00 090528 11336413

Continuation of Section 4 A – Application Numbers

11336413
10894358
11344966
11526196

Continuation of Section 4 B – Patent Numbers

5564546
5620079
5746299
5799767
5842916
5909793
5909794
5957262
5988348
6047807
6047808
6056104
6082519
6095313
6116402
6168001
6174230
6196371
6471030
6484863
6484884
6494776
6520308
6666318
6736251
6758316
6766892
6854581
6863168
6976570
7017729
7028827
7131580
7213697

NOTICE OF OWNERSHIP CLAIM

COINSTAR, INC. (formerly known as Skydeck, Inc. – hereinafter "Coinstar") and SCAN COIN AB (hereinafter "Scan Coin") were parties to an Agreement Pursuant to an Agreement between Skydeck, Inc. (now known as Coinstar, Inc. – hereinafter "Coinstar") and SCAN COIN AB (now known as SCAN COIN INDUSTRIES AB – "Scan Coin") dated April 30, 1993, they entered into an agreement ("Agreement").[1] The Agreement contained specific terms relating to the ownership of intellectual property. For example, Article 9, entitled "Intellectual Property" provided:

> 9.1 Skydeck acknowledges that Scan Coin is the owner of all intellectual property related to the Product, including but not limited to all rights to the patents, patent applications, know-how, designs, trade secrets etc.
>
> 9.2 Any patent or patent application resulting from the work with a new product (for example components that are compatible with the Product that does not fall under the definition in Clause 2.1)[2] developed and built by Scan Coin on request of Skydeck belongs to Skydeck under the condition that the work has been finally paid for by Skydeck. Scan Coin has the first option to negotiate a license under such patent or patent application. Skydeck is not entitled to grant a license to any third party on more favorable conditions than those offered to Scan Coin, under the condition that Scan Coin within thirty (30) days after the offering of the license declares its interest to acquire the license. Skydeck has the corresponding right to, under the same conditions, negotiate a license to the Territory under any new patent- or patent application that belongs to Scan Coin and related to the Machine.
>
> Intellectual property related to a new product that is not owned by Skydeck according to the forthgoing paragraph belongs to Scan Coin.

Pursuant to this Agreement, Scan Coin has asserted ownership of at least the following patents and patent applications, and their related continuations, divisionals, and continuations in part in an Arbitration Proceeding pending before the Arbitration Institute of Stockholm Chamber of Commerce:

US 5.564.546
US 5.620.079
US 5.746.299
US 5.799.767
US 5.842.916

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[1] A full and complete copy of the Agreement and all amendments is attached hereto and incorporated herein as Exhibit A.

[2] Clause 2.1 provides: "'Product' shall mean a coin validation and counting unit currently in the form set out in Attachment 1, and parts thereof, as well as all improvements and developements [sic] thereof."

US 5.909.793
US 5,909,794
US 5.957.262
US 5.988.348
US 6.047.807
US 6.047.808
US 6.056.104
US 6.082.519
US 6.095.313
US 6.116.402
US 6.168.001
US 6.174.230
US 6.196.371
US 6.471.030
US 6.484.863
US 6.484.884
US 6.494.776
US 6.520.308
US 6.666.318
US 6.736.251
US 6.758.316
US 6.766.892
US 6.854.581
US 6.863.168
US 6.976.570
US 7.017.729
US 7.028.827
US 7.131.580
US 7.213.697
US 2006/0219519 A1 (Appl. Ser. No. 11/336,413)
US 2005/0121507 A1 (Appl. Ser. No. 10/894,358)
US 2006/0191770 A1 (Appl. Ser. No. 11/344,966)
US 2007/0069007 A1 (Appl. Ser. No. 11/526,196

Scan Coin maintains that prior to the date of the Agreement, Coinstar filed certain patent applications related to the Product prior to execution of the Agreement that were not disclosed to Scan Coin. The parties had entered into a nondisclosure agreement the year before under which confidential information relating to the Product had been exchanged. There was no carve out of this intellectual property in the Agreement and, therefore, for at least this reason, in accordance with the terms of the Agreement, it belongs to Scan Coin.

During the course of the Agreement, the parties developed certain new products and technological improvements to the Product and technological improvements related to the Product pursuant to Article 9 of the Agreement that belong to Scan Coin. To the extent Coinstar filed patents or patent applications relating to these technological

improvements, such patents and patent applications belong to Scan Coin under the Agreement.

Also pursuant to the Agreement, Coinstar's employees and representatives developed certain technology that is owned by Scan Coin under the provisions of Article 9.

Pursuant to the terms of the Agreement, Scan Coin initiated an arbitration in Sweden to recover damages and declare Scan Coin's ownership of intellectual property covered by the Agreement. That arbitration proceeding is pending at this time as Scan Coin Industries AB ./. Coinstar, Inc.; Arbitration V (032/2007) (the "Arbitration Proceeding"). Coinstar is contesting Scan Coin's allegations in the Arbitration Proceeding and has challenged the jurisdiction of the Arbitration Panel to determine ownership of the listed patents.

After commencement of the Arbitration Proceeding, Coinstar sought judicial intervention by filing a suit against Scan Coin before the Malmö District Court in Sweden on July 6, 2007. Coinstar sought to prohibit the Arbitration Proceeding from determining ownership of the listed patents on the grounds that the Arbitration Institute lacks jurisdiction to settle disputes concerning the ownership of the intellectual property. A judicial hearing has not yet beewasn held by the Malmö District Court, which issued a ruling on October 1, 2007. The Malmö District Court held that the arbitration would proceed. A translation of the Malmö District Court ruling is attached hereto and incorporated herein as Exhibit B.

In addition, on September 19, 2007, Coinstar commenced a proceeding in the United States District Court for the Northern District of Illinois (the same being Civil Action File No. 07 C 5285) against a United States company affiliated with Scan Coin accusing that company of infringing one of the listed patents (the "District Court Action"). Scan Coin intervened in the District Court Action and sought to have that action stayed until resolution of the Arbitration Proceeding. Scan Coin's motion to stay was granted by the Court on July 3, 2008, and no effort to appeal was made by Coinstar. A true and accurate copy of the Order granting the stay in the District Court Action is attached hereto and incorporated herein as Exhibit C. No appeal was taken from this Order within ten days of entry of the Order.

This filing serves as notification of the ownership claims asserted by Scan Coin to the listed patents and of the pending Arbitration Proceeding in Sweden in which Scan Coin asks that ownership of the listed patents be determined.

WOMBLE CARLYLE SANDRIDGE & RICE, PLLC

10/20/08

Louis T. Isaf
Counsel for Scan Coin Industries, AB

EXHIBIT A

Exhibit 1

A G R E E M E N T

made and entered into as of April 30, 1993 by and between

The Skydeck Corporation, 495 Old Spanish Trail, Suite B, Portola Valley, California 94028, USA (hereafter called "Skydeck")

and

Scan Coin AB, Reg No 556193-2673, Jägershillgatan 26, 213 75 Malmö, Sweden (hereafter called "Scan Coin").

1. Background

WHEREAS Skydeck is in the process of developing a coin deposit machine with dispensing discount coupons to customers in or in connection with retail establishments, which machine Skydeck intends to own and operate in such places, and

WHEREAS Scan Coin has developed a coin validation and counting unit which can be applied as part of Skydeck's aforementioned machine, and which unit Skydeck wishes to buy from Scan Coin.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, the parties agree as follows.

2. Definitions

For the purpose of this Agreement

2.1 "Product" shall mean a coin validation and counting unit currently in the form set out in Attachment 1, and parts thereof, as well as all improvements and developements thereof.

2.2 "Machine" shall mean the coin deposit machine (self service) with dispensing discount coupons to customers in or in connection with retail establishments. The Machine is developed by Skydeck.

2.3 "Territory" shall mean the United States of America, Canada and Mexico.

3. Grant, exclusivity etc.

3.1 Skydeck hereby engages Scan Coin on an exclusive basis and Scan Coin agrees to manufacture and supply the Product to Skydeck for use in the Machine in the Territory.

3.2 Skydeck undertakes during the term of this Agreement not to manufacture or from any other party than Scan Coin buy or use products similar to the Product for use in the Machine. Skydeck is only allowed to use the Product in the Machine and undertakes neither directly nor indirectly through another party to utilize the Product for other purposes.

3.3 Scan Coin undertakes, not to sell the Products to customers of whom Scan Coin knows that they intend to use the Product within the Territory in coin deposit machines (self service) with dispensing discount coupons to customers in or in connection with retail establishments, developed, owned or handled by other than Skydeck. This obligation does not restrict Scan Coin to sell the Product as a part

of Scan Coin's validation, counting and sorting machines included in Scan Coin's normal product range. However, Scan Coin undertakes in the Territory not to sell without Skydeck's approval, any Scan Coin sorting self service product together with the improvements and developments according to Clause 6.1, excluding the extra solenoid, which compete with the Machine. Such approval shall not be unreasonably witheld.

3.4 Skydeck has estimated to order and take deliveries of the following minimum quantities of units of the Product during the term of the Agreement.

Year	Units of the Product
1993	25
1994	350
1995	1.000
1996	1.250
1997	1.750
1998	2.500
Total	6.875

Should actual orders and deliveries of units of the Product for one year exceed estimated minimum quantities such excess units of the Product shall be credited Skydeck against the following year's minimum quantity. Any delayed delivery from Scan Coin shall adjust the timing of the said minimum quantities accordingly.

Should Skydeck not order and take deliveries according to above mentioned estimated minimum quantities of units of the Product, Skydeck's exclusivity granted in Clauses 3.1 and 3.3 is terminated without

notice and Scan Coin is free to sell the Product to any other third party irrespectively of the customers' use of the Product.

Skydeck is entitled to retain its exclusivity according to Clauses 3.1 and 3.3 by compensating Scan Coin for the loss of its net contribution, as defined in Attachment 3, calculated on the difference in said estimated quantities and actual delivered quantity of the Product for the calendar year. Such compensation to Scan Coin shall be paid by Skydeck on March 1 at the latest, following the year under which the minimum quantity has not been met.

4. Price etc

4.1 Scan Coin's price for deliveries of the Product during the full calendar year of 1993 is set out in Attachment 2.

4.2 For each subsequent calendar year after 1993 the parties shall meet in October, before the new calendar year, to agree on a new price effective from the following January 1st. The new price shall be based on Scan Coin's price model set out in Attachment 3, which price model Scan Coin has utilized in its calculation of the price set out in Attachment 2.

4.3 Notwithstanding the above, Scan Coin's price shall be subject to increase or decrease at any time during the course of a calendar year with immediate effect on orders not yet confirmed by Scan Coin, in the event it is established the costs related to any of the items included in the price model pursuant to Attachment 3, have changed, more than five (5) per cent compared with the level of such costs in the

price model at the time the prevailing price was established. Said minimum 5 per cent change of costs shall also be reflected and included in the new price.

From the first delivered 6.875 units of the Product SEK 350 shall be deducted from the calculated price for each unit as compensation for Skydeck's payment of improvement- and development work (cf Clause 6.2)

5. Delivery and payment

5.1 Unless otherwise agreed, deliveries of the Product shall be Ex works, Incoterms 1990, Scan Coin's premises in Malmö, pursuant to the delivery terms set out in Attachment 4.

5.2 Payment shall, if not otherwise agreed, be against Letter of Credit payable at sight.

6. Specification, improvement- and development work etc.

6.1 The technical specification of the Product and the improvement- and development work and the functional responsibility for soft- and hardware related to the Product are set out in Attachment 5.

6.2 The costs for the improvement- and development work, which shall be paid by Skydeck as expenses, are set forth in Attachment 6. The costs for the work according to Phase II and III (Design, prototype and testing phases) shall be paid by Skydeck with 50% (SEK 265.250) at the signing of this Agreement and the remaining 50% (SEK 265.250) by Skydeck simultaneously on delivery of the prototypes. The costs for the work according to Phase IV (Manufacturing phase)

shall be paid by Skydeck with 50% (SEK 130.000) immediately after the termination of Phase III and the remaining part by Skydeck simultaneously on delivery of the 25 units of the Product (0-serie).

The improvement- and development costs for the serial production shall be paid by Skydeck and is estimated to a maximum of SEK 1.650.000. As soon as a more accurate estimation of the costs has been carried out the parties shall agree on Skydeck's terms of payment of the costs.

Skydeck's expenses for the improvements- and development costs will be reimbursed Skydeck by deduction from the calculated price for units of the Product according to Clause 4.3 last paragraph..

7. Time schedule, 0-serie etc

7.1 During the calendar year 1993 the Product will be developed and tested and 25 units of the Product (0-serie) will be ordered and delivered to Skydeck. The parties have estimated the work and time schedule according to Attachment 7. The parties shall with due diligence make their best efforts to keep this time schedule.

8. Forecast, placement of purchase orders etc

8.1 Forecast, placement of purchase orders and delivery times for the serial production of the Products after deliveries of the first one thousand (1000) units of the Product are set forth in Attachment 8.

Initial start up phase for the serial production (included first order of such production) shall be subject for a separate agreement between the parties.

After the initial phase and up to the delivery of the first one thousand (1000) units of the Product (included the first order for serial production in the initial start up phase), the six months forecast in Attachment 8 is replaced by a running quarterly forecast submitted by Skydeck to Scan Coin 10-12 weeks before each quarter of the year, showing a forecast for that quarter. This forecast will be considered as a firm order ± 30%. Except as stated in this paragraph Attachment 8 applies on said deliveries of the first one thousand units of the Product.

8.2 Scan Coin shall use its best efforts to provide Skydeck with any additional quantities of the Product in excess of Skydeck's estimated minimum quantities of units of the Product according to Clause 3.4.

8.3 Should Scan Coin encounter substantial difficulties in fulfilling confirmed orders to Skydeck, Scan Coin is willing to discuss the setting up of a joint production of the Product in the United States of America.

9. Intellectual Property

9.1 Skydeck acknowledges that Scan Coin is the owner of all intellectual property related to the Product, including but not limited to all rights to patents, patent applications, know-how, designs, trade secrets etc.

9.2 Any patent or patent application resulting from the work with a new product (for example components that are compatible with the Product, which does not fall under the definition in Clause 2.1) developed and

built by Scan Coin on request of Skydeck belongs to Skydeck under condition that the work has been finally paid for by Skydeck. Scan Coin has the first option to negotiate a license under such patent or patent application. Skydeck is not entitled to grant a license to any third party on more favourable conditions than those offered to Scan Coin, under the condition that Scan Coin within thirty (30) days after the offering of the license declares its interest to acquire the license. Skydeck has the corresponding right to, under the same conditions, negotiate a license for the Territory under any new patent- or patent application that belongs to Scan Coin and relates to the Machine.

Intellectual property related to a new product that is not owned by Skydeck according to the forthgoing paragraph belongs to Scan Coin.

10. Tools etc

10.1 Production equipment such as tools, special testing equipment etc required exclusively for the improvement and development of the Product according to Clause 6.2 shall be paid by the parties in equal shares and shall remain the property of Scan Coin. The costs for the production equipment is estimated to approximately SEK 830,000. All replacement tooling will be paid for by Scan Coin.

11 Documentation

11.1 Scan Coin's technical documentation regarding the Product which is necessary for the operation and support of the Product and the market, shall be furnished by Scan Coin to Skydeck. The documentation

includes a technical function description, maintenance description, physical interfacing description, software interface description, circuit diagram, mechanical/electrical assembly drawings and spare parts lists.

Skydeck shall be free to furnish above mentioned documentation to its customers and service organization (cf Clause 16.1).

12 Warranty

12.1 Scan Coin represents and warrants that the Product is manufactured in accordance with the specification and requirements set forth in Attachment 1 or agreed upon between the parties separately in writing. Scan Coin's liability in respect of any defective parts of the Product shall be limited to the sending of an equivalent part without delay to Skydeck. Skydeck is not entitled to a price reduction for any defective part and Scan Coin is not responsible for any damages incurred directly or indirectly in connection with the sale or use of the Product. Skydeck shall return all defective parts to Scan Coin for approval whether the defect is included under Scan Coin's warranty. The freight cost for the return of the defective part to Scan Coin and the sending of an equivalent part shall be carried by Scan Coin. Scan Coin shall make available any spare parts of all versions of the Product for ten (10) years from delivery of each unit of the Product at a price established pursuant to the price model in Attachment 3. Scan Coin will maintain a level of spare parts to be agreed upon between the parties annually.

Any claim under the warranty against defects in material and workmanship shall be allowed only when it is submitted to Scan Coin in writing within thirty (30) days after the discovery of the defect and in any event within twelve (12) months after the delivery of the Product to Skydeck.

13. Product Liability

13.1 Scan Coin shall be liable for personal injury only if it is proved that such injury was caused by negligence on the part of Scan Coin or others for whom Scan Coin is responsible.

Scan Coin shall not be liable for damage to property occurring whilst the Product is in the possession of Skydeck. Nor shall Scan Coin be liable for damage to products manufactured by Skydeck, or to other products of which Skydeck's products form a part. Apart from these limitations Scan Coin shall be liable for damage to property on the same conditions as for personal injury.

Scan Coin shall in no circumstances be liable for loss of production, loss of profit or any other consequential damage and indirect loss.

To the extent Scan Coin might incur product liability towards any third party as a result of a Product purchased by Skydeck, Skydeck shall indemnify Scan Coin as far as Scan Coin's liability has been limited by the three preceding subparagraphs.

If a claim for damage as described in this Clause is lodged by a third party against one of the parties, the latter party shall forthwith inform the other party thereof.

The above limitations in Scan Coin's liability shall not apply where Scan Coin is shown to have been guilty of gross misconduct.

14. Force Majeure

14.1 The following circumstances shall be considered as cases of force majeure if they intervene after the formation of this Agreement and impedes its performance: Government laws or regulations, industrial disputes, war, riot, fire or any other causes beyond the control of such party.

The party wishing to claim force majeure shall notify the other party in writing without delay of the occurrence and cessation thereof.

15. Project Group, etc

15.1 For the continuous supervision of the parties' performance under this Agreement, and with reference to the future improvement and development of the Product, Scan Coin and Skydeck shall form a joint permanent project group, (hereafter called the "Project Group"), consisting of one representative from each party. The Project Group shall meet on a regular basis. Each party shall carry the cost for its own representation in the Project Group. Minutes from the meetings in the Project Group shall be kept and approved by both parties' representatives.

Within the framework of the Project Group the parties shall discuss Skydeck's possible need for further improvement and development of the Product beyond what is agreed in Clause 6.1. If prepared to implement Skydeck's improvement and development

proposals, Scan Coin shall indicate its impact on already agreed requirements, price pursuant to the price model in Attachment 3, delivery terms, warranties and other material conditions. Any improvement or development of the Product, beyond what is agreed in Clause 6.1, discussed in the Project Group shall only be implemented to the extent that the parties have agreed in writing on the terms of such development.

16. Secrecy

16.1 All information exchanges under this Agreement shall be regarded as confidential and is for the use of the receiving party solely for the purpose of this Agreement. The parties may not use or disclose any such information to a third party without the prior written consent of the furnishing party and shall take all reasonable measures to prevent unauthorized use or disclosure of confidential information by their own employees and/or consultants. This secrecy undertaking shall be effective during the term of this Agreement and for a period of five (5) years following its termination.

Any confidential documentation furnished by one party to the other shall be treated by the other party in relation to customers and service organization in the same way as the other party would treat its own confidential information.

17. Assignment

17.1 Neither party shall have the right to assign his rights or obligations pursuant to this Agreement without the prior written consent of the other

party, which consent shall not be unreasonably withheld. Such consent shall not be required in connection with an assignment to a successor entity resulting from a corporate reorganization of either party (including without limitation a reincorporation) under the condition that the transferor in writing guarantees the succeeding entity's obligations according to this Agreement.

18. Duration of the Agreement

18.1 This Agreement becomes effective on the date first set forth on page 1 above and remains effective until either party terminates this Agreement with six (6) months written notice, provided that such termination shall never become effective before December 31, 1998.

19. Premature termination

19.1 If either party should commit a material breach of the provisions of this Agreement, the other shall - in case of a breach capable of remedy - give written notice requiring such breach to be remedied, and in the event of such breach not being remedied within one (1) month of the date of service of such notice, or in the case of a breach not capable of remedy, have the right to terminate this Agreement forthwith, unless the breach relates to any of the circumstances referred to in Clause 14 (Force Majeure) above. If the grounds of force majeure according to Clause 14 subsist for more than three (3) months the other party shall be entitled to terminate this Agreement forthwith.

This Agreement may otherwise be terminated imme-

diately upon written notice by

(1) any party in the event the notified party becomes insolvent,

(2) Scan Coin if Skydeck, during any year, orders and takes deliveries of less than 30 per cent of the estimated minimum quantities of units of the Product stipulated under Clause 3.4,

(3) Scan Coin if Skydeck discontinues its business relating to the Product.

(4) Skydeck if Scan Coin at two (2) consecutive occasions has failed to fulfil confirmed orders to Skydeck within thirty (30) days calculated from committed delivery date,

(5) Skydeck if Scan Coin's price for the Product, calculated according to the price model in Attachment 3, any calendar year has increased in SEK with more than 15% or in USD with more than 25%.,

Skydeck is only entitled to terminate the Agreement according to point 5 above after the parties in good faith have concluded negotiations regarding measures to reduce the costs for the Product, a joint production of the Product or part thereof in the United States of America etc.

20. Arbitration and Governing Law

20.1 This Agreement presupposes a close and confidential

collaboration and the parties intend to try to solve as they arise, such problems as are not envisaged in this Agreement, or may otherwise give rise to a difference of opinion between the parties.

20.2 Any dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the Rules of the Arbitration Institute of the Stockholm Chamber of Commerce.

The arbitral tribunal shall be composed of three (3) arbitrators.

The place of arbitration shall be Malmö, Sweden.

The language to be used in the arbitral proceedings shall be English.

20.3 This Agreement shall be governed by the law of Sweden.

21. Notices

21.1 All notices, reports, payments and communications required by this Agreement by one party to the other shall be addressed to the parties at their respective official addresses as set forth above or to such other addresses notified by either party in writing. All such notices, reports, payments and communications shall be made by personal delivery, or telex, or telecopier, or registered mail, and shall be considered as served the date received, provided however, in the case of registered mail that it shall be deemed to have been served at the

expiration of ten (10) days from the time of being posted and proof that the letter was properly addressed and posted shall be sufficient proof of service.

22. Severability

22.1 If any provision of this Agreement should be or become fully or partly invalid or unenforceable for any reason whatsoever or should violate any applicable law, this Agreement is to be considered divisible as to such provision and such provision is to be deemed deleted from this Agreement, and the remainder of this Agreement shall be valid and binding as if such provision was not included herein. There shall be substituted for any such provision, a suitable provision which, as far as legally possible, comes nearest to what the parties desired or would have desired according to the sense and purpose of this Agreement, had they considered the point when concluding the Agreement.

The parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

SCAN COIN AB

Jack Karlsson

THE SKYDECK CORPORATION

2234L/EE

Attachment 1
93-04-28

Definition of the "Product"

The *"Product"* in paragraph 2.1 is defined as:

For *prototypes and 0-series:*

- CAM 640
- Outlet mechanism for sixteen US bags

For *serial production:*

- CAM 202
- Outlet mechanism for sixteeen US bags

Attachment 2
93-04-28

Product Cost and Product Price

Indicative Product Cost (PC) and Product Price (PP) in SEK, ex works Malmö

Parts description	0-series (25 units)		1000 units/year	
	Product Cost (SEK)	Product Price (SEK)	Product Cost (SEK)	Product Price (SEK)
CAM 640	9990	16985		
CAM 202	[illegible]	[illegible]	8010	12816
Outlet mechanism for 16 US bags	3900	6630	2350	3760

The Product Prices in the column for 1000 units/year is based on the price model in Attachment 3.

The parts are defined in Attachment 5.

For each part the packing is included in the Product Price.

Attachment 3
1993-03-05

1. PRODUCT COST CALCULATION

Product cost is defined as follows:

Direct material	X
Direct processing costs	+ Y
Product cost (PC)	= X + Y

Direct material includes material, plus additional costs such as freight, insurance, duties etc.

Direct processing costs include direct assembly costs and other costs related to the production only.

2. PRODUCT PRICE (1,000 units/year)

Product price (PP) = 1.6 x PC

3. SPARE PART PRICES

Prices according to Scan Coin's standard export price list for subsidiaries.

4. "Net contribution" according to § 3.4 is to be defined as 15 % of Product Price (PP).

Attachment 4

CONDITIONS OF DELIVERY

1. General
These terms shall apply on every delivery of products from Scan Coin to the purchaser, unless otherwise specifically agreed upon in writing between Scan Coin and the purchaser.

2. Order and Confirmation of Order
Scan Coin will confirm an order from the purchaser by written confirmation. Objections against Scan Coin's confirmation of order must be made without delay.

3. Trading Terms
All trading terms used in orders and/or confirmations of order will be construed in accordance with Incoterms 1990 as amended. If no trade term is specifically agreed upon the delivery shall be Ex Works.

4. Product Information
Information given by Scan Coin in broschures and otherwise is binding on Scan Coin only when specific reference to such information is made in the confirmation of an order.

5. Drawings and Technical Documentation
Any drawings and technical documents submitted by Scan Coin to the purchaser prior or subsequent to the formation of the contract remain the exclusive property of Scan Coin. They may not, without Scan Coin's prior written approval, be utilized by the purchaser or copied, reproduced, transmitted or otherwise communicated to a third party.

6. Packing
The sales price includes packing, sufficient to protect the products under normal conditions.

7. Part Delivery
Any portion of a confirmed order of the products may be shipped as soon as completed at the plant, and payment for any portion so shipped, shall become due in accordance with the Terms of Payment, provided that the purchaser agrees to receive the part delivery. Scan Coin will pay for any additional shipping and handling charges incurred due to the part delivery.

8. Penalty
If not other agreement has been made, penalty for late delivery (part delivery) shall be paid by Scan Coin at a rate of two (2) % per thirty (30) days delay.

The penalty shall be calculated on the basis of the price of the products delayed.

The total sum of penalties for late deliveries shall not exceed five (5)% of the price of the products delayed.

Should the purchaser according to point 7 chose not to take part delivery no penalty shall be paid by Scan Coin related to the offered part delivery.

In addition to the above, the purchaser is not entitled to any compensation for damage in case of late delivery.

2306L/EE

Attachment 5
93-04-28

Technical Specification of the "Product" and definition of the responsibility for the function of software/hardware

A. Technical specification

CAM 640

The CAM unit to be used in the "Machine" is a standard CAM 640 with the following modifications:

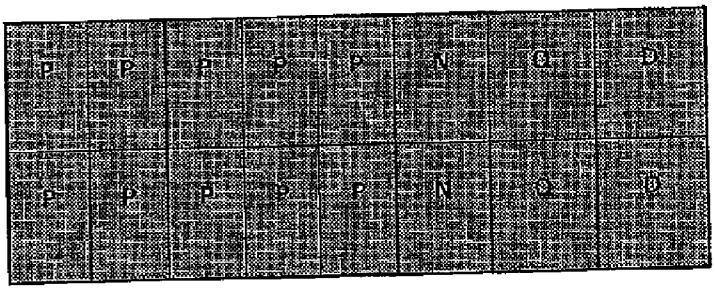
- Extra solenoid to sort dimes from pennies
- Holes in the bottom of the hopper to allow dirt to fall through into a dirt collector.
- Entire hopper on hinges to permit more accessible cleaning of the rail and the hopper.
- The transition zone between the rotating rubber disc and the rail will be modified to avoid dirt getting stuck in this area.
- MIB interface board
- Excl. printer
- Excl. coin chutes

CAM 202

Same as CAM 640 but with the MIB interface board replaced by two PC extension boards.

Outlet mechanism

The outlet mechanism shall feed coins from the CAM unit (either CAM 640 or CAM 202) into sixteen US sized bags according to the following arrangement:



P = 1c (Penny)
N = 5c (Nickel)
D = 10c (Dime)
Q = 25c (Quarter)

Attachment 5
93-04-28

B. Functional responsibility for hardware/software

Scan Coin have functional responsibility for the following functions:

To be agreed upon separately

Skydeck have functional responsibilitiy for the following functions:

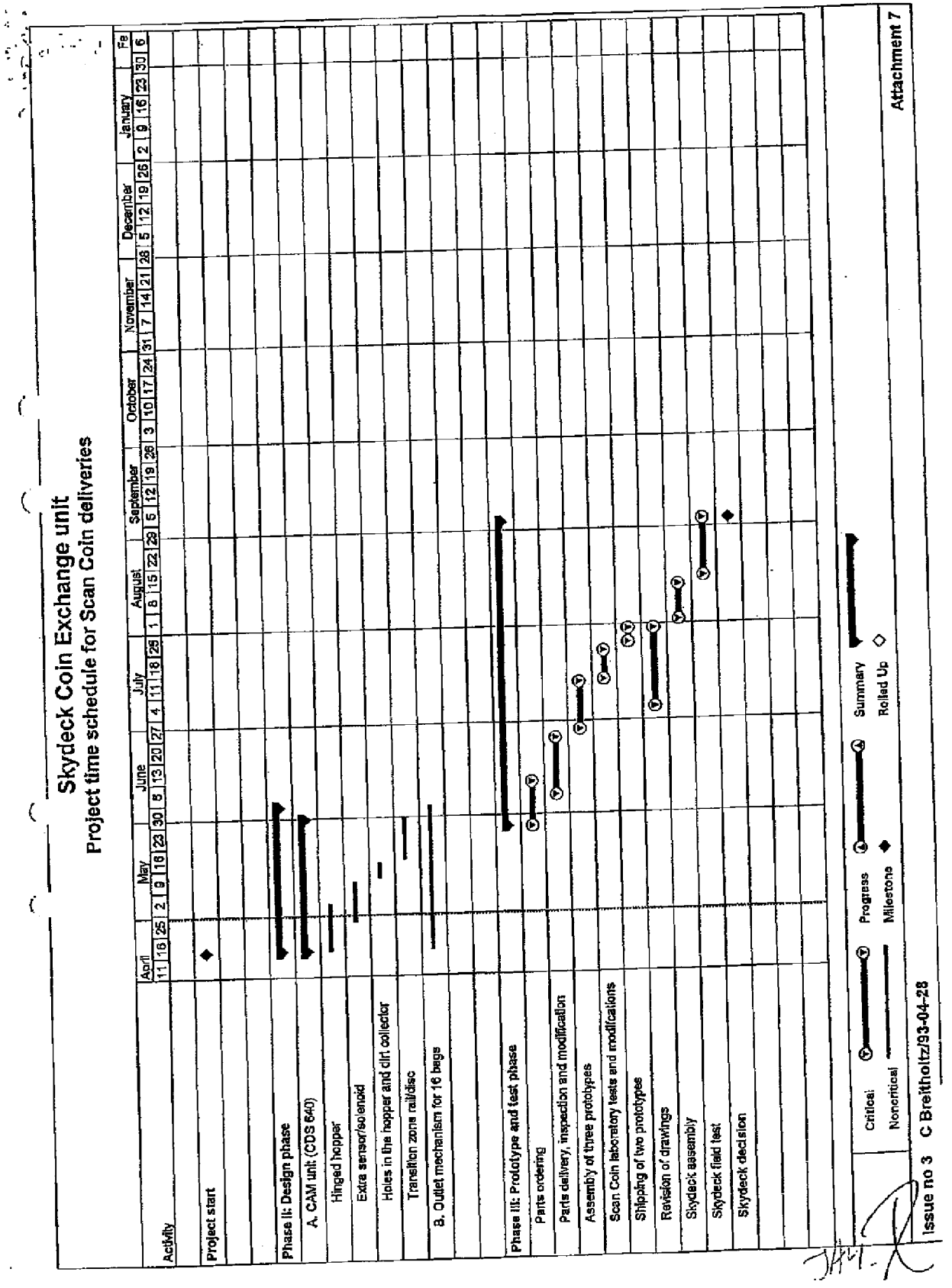
To be agreed upon separately

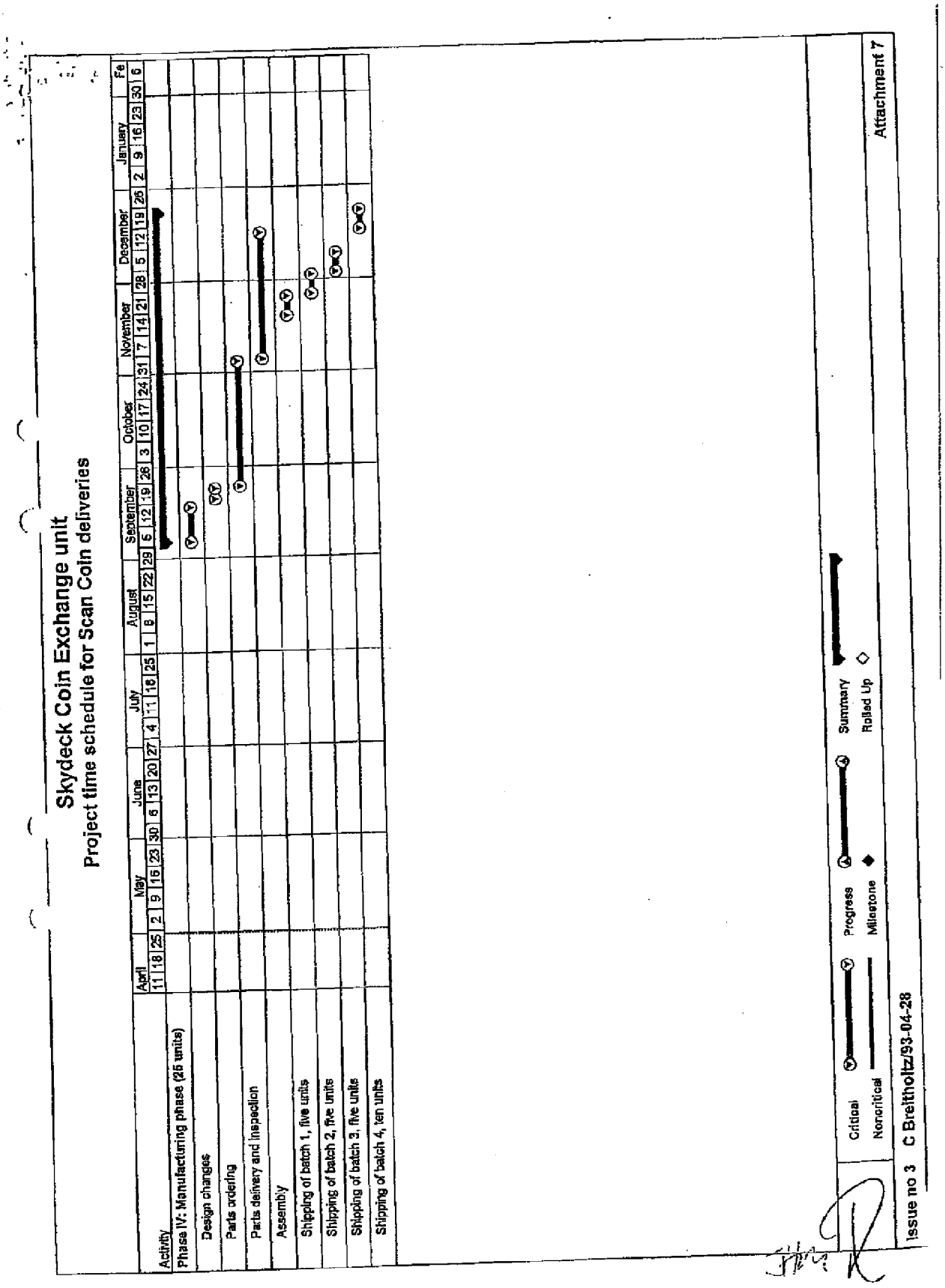
Attachment 6
93-04-28

Specification of R&D costs

Referring to the definition of project phases in Attachment 7, the following specification of R&D costs is made:

- **Prototype and 0-series**
  - *Phase I:* Prestudy phase: — No cost
  - *Phase II & III:* Design, prototype and testing phases — 530 500 SEK
  - *Phase IV:* Manufacturing phase — 260 000 SEK
  - TOTAL for Phase I - IV — 790 500 SEK
- **Serial production, total** — 1 650 000 SEK
- **TOTAL project cost** — 2 440 500 SEK


Skydeck Coin Exchange unit
Project time schedule for Scan Coin deliveries
Activity
April
May
June
July
August
September
October
November
December
January
Project start
Phase II: Design phase
A. CAM unit (CDS 640)
Hinged hopper
Extra sensor/solenoid
Holes in the hopper and dirt collector
Transition zone rail/disc
B. Outlet mechanism for 16 bags
Phase III: Prototype and test phase
Parts ordering
Parts delivery, inspection and modification
Assembly of three prototypes
Scan Coin laboratory tests and modifications
Shipping of two prototypes
Revision of drawings
Skydeck assembly
Skydeck field test
Skydeck decision
Critical
Noncritical
Progress
Milestone
Summary
Rolled Up
Issue no 3 C Breitholtz/93-04-28
Attachment 7


Skydeck Coin Exchange unit
Project time schedule for Scan Coin deliveries
Activity
April
May
June
July
August
September
October
November
December
January
Phase IV: Manufacturing phase (26 units)
Design changes
Parts ordering
Parts delivery and inspection
Assembly
Shipping of batch 1, five units
Shipping of batch 2, five units
Shipping of batch 3, five units
Shipping of batch 4, ten units
Critical
Noncritical
Progress
Milestone
Summary
Rolled Up
Issue no 3 C Breitholtz/93-04-28
Attachment 7

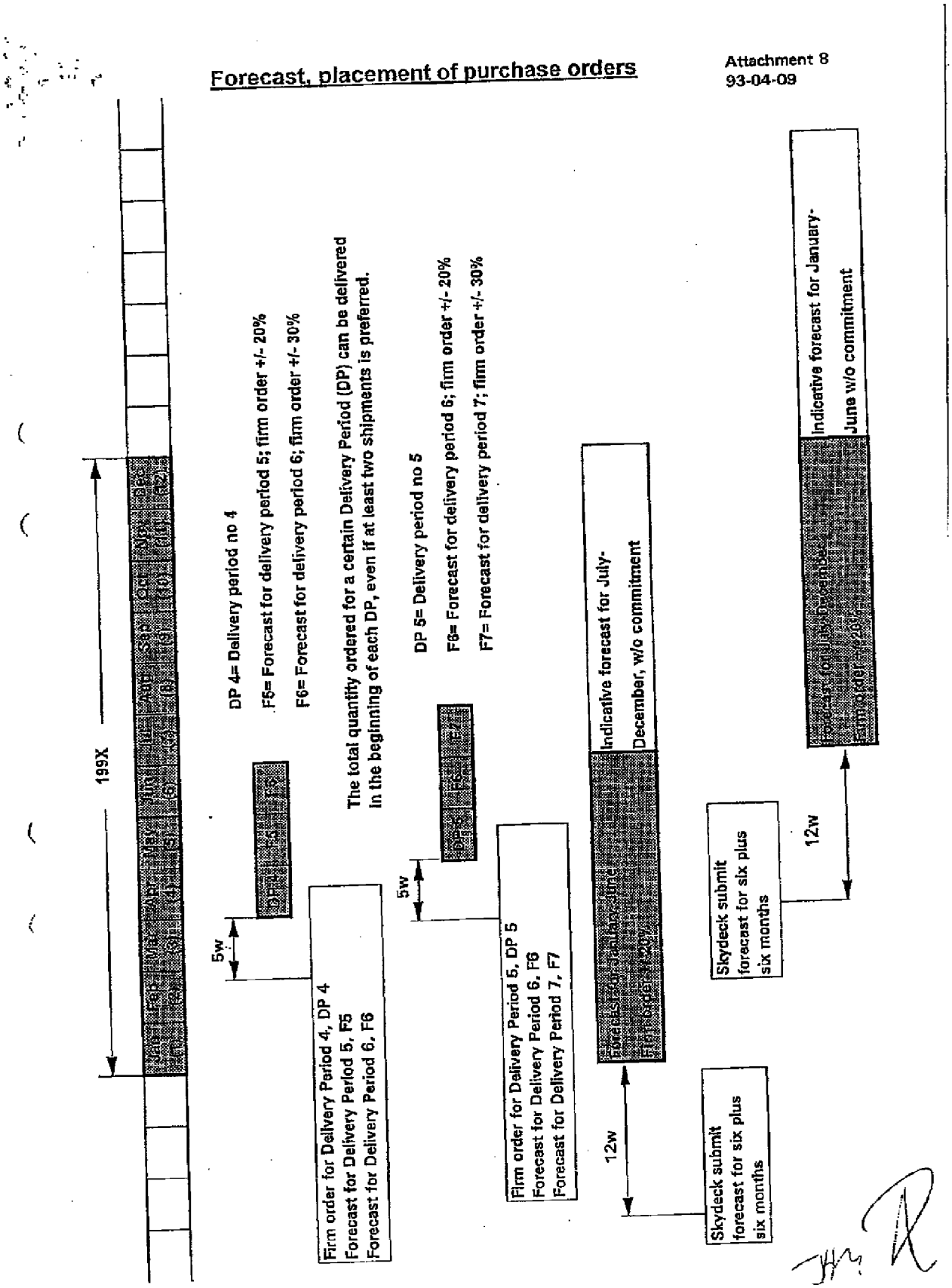

Forecast, placement of purchase orders
Attachment 8
93-04-09
199X
DP 4= Delivery period no 4
F5= Forecast for delivery period 5; firm order +/- 20%
F6= Forecast for delivery period 6; firm order +/- 30%
The total quantity ordered for a certain Delivery Period (DP) can be delivered in the beginning of each DP, even if at least two shipments is preferred.
DP 5= Delivery period no 5
F6= Forecast for delivery period 6; firm order +/- 20%
F7= Forecast for delivery period 7; firm order +/- 30%
5w
Firm order for Delivery Period 4, DP 4
Forecast for Delivery Period 5, F5
Forecast for Delivery Period 6, F6
5w
Firm order for Delivery Period 5, DP 5
Forecast for Delivery Period 6, F6
Forecast for Delivery Period 7, F7
12w
Skydeck submit forecast for six plus six months
Indicative forecast for July-December, w/o commitment
12w
Skydeck submit forecast for six plus six months
Indicative forecast for January-June w/o commitment

Exhibit 2

AMENDMENT TO AGREEMENT

entered April 30, 1993, by and between Scan Coin AB and the Skydeck Corporation ("the Agreement").

The Skydeck Corporation has after the entering of the Agreement changed its business name and is now carrying out its business under the name Coinstar, Inc. at the address 13231 S.E. 36th Street, Suite 200, Bellevue, WA 98006.

Scan Coin AB ("Scan Coin") and the Coinstar, Inc. ("Coinstar") have now agreed that the minimum delivery quantities and the duration of the Agreement shall be modified and that the Clauses 3.4 and 18.1 in the Agreement therefore shall have the following wording.

3.4 Coinstar has estimated to order and take deliveries of the following minimum quantities of units of the Product during the term of the Agreement.

Year	Units of the Product	
1993	25	(already completed)
1994	90	(already ordered)
1995	750	
1996	1.125	
1997	1.500	
1998	2.125	
1999-01-01--1999-06-30	1.300	
TOTAL	6.915	

Should actual orders and deliveries of units of the Product for one year exceed estimated minimum quantities such excess units of the Product shall be credited Coinstar against the following year's minimum quantity. Any delayed delivery from Scan Coin shall adjust the timing of the said minimum quantities accordingly.

Should Coinstar not order and take deliveries according to above mentioned estimated minimum quantities of units of the Product, Coinstar's exclusivity granted in Clauses 3.1 and 3.3 is terminated without notice and Scan Coin is free to sell the Product to any other third party irrespectively of the customer's use of the Product.

Coinstar is entitled to retain its exclusivity according to Clauses 3.1 and 3.3 by compensating Scan Coin for the loss of its net contribution, as defined in Attachment 3, calculated on the difference in said estimated quantities and actual delivered quantity of the Product for the calendar year (and for 1999 its first 6 months). Such compensation to Scan Coin shall be paid by Coinstar on March 1 at the latest, following the year under which the minimum quantity has not been met.

...

18. Duration of the Agreement

18.1 This Agreement becomes effective on the date first set forth on page 1 above and remains effective until either party terminates this Agreement with six (6) months written notice, provided that such termination shall never become effective before June 30, 1999.

Clause 20.2 in the Agreement regarding Arbitration is applicable on this amendment to the Agreement. Except for the Clauses 3.4 and 18.1 allt other contractual obligations in the Agreement are unchanged.

In witness whereof, the parties have executed this amendment to the Agreement in duplicate, each party taking one copy, the last day and year written below.

Date: Aug 10, 1994
SCAN COIN AB

Date: Sept 1. 1994
COINSTAR INC.

Exhibit 3

AMENDMENT TO AGREEMENT

entered April 30, 1993, with amendment to agreement entered September 1, 1994, by and between Scan Coin AB and Coinstar Inc.("the Agreement").

Scan Coin AB ("Scan Coin") and the Coinstar, Inc. ("Coinstar") have now agreed that the Clauses 2.2, 2.3 and 3.3 in the Agreement shall have the following wording.

2.2 "Machine" shall mean the coin deposit machine (self service) with or without dispensing discount coupons to customers in or in connection with retail establishments. The Machine is developed by Coinstar.

2.3 "Territory" shall mean

(i) United States of America, Canada and Mexico in relation with the Machine with dispensing discount coupons,

(ii) United States of America in relation with the Machine without dispensing discount coupons.

3.3 Scan Coin undertakes, not to sell the Products to customers of whom Scan Coin knows that they intend to use the Products

- within the USA in coin deposit machines (self services), owned or handled by other than Coinstar and where the customer's main target group is retail establishments,
- within Canada and Mexico in coin deposit machines (self services) with dispensing discount coupons to customers in or in connection with retail establishment, developed owned or handled by other than Coinstar.

This obligation does not restrict Scan Coin to sell the Products as a part of Scan Coin's normal product range. However, Scan Coin undertakes in the Territory not to sell without Coinstar's approval, any Scan Coin self service product together with the improvements and developments according to Clause 6.1, excluding the extra solenoid, which competes with the Machine. Such approval shall not be unreasonably withheld.

Clause 20.2 in the Agreement regarding Arbitration is applicable on this amendment to the Agreement. Except for the Clauses 2.2, 2.3 and 3.3 all other contractual obligations in the Agreement are unchanged.

In witness whereof, the parties have executed this amendment to the Agreement in duplicate, each party taking one copy, the last day and year written below.

Date: 1995-02-15
SCAN COIN AB

Date: 2-15-95
COINSTAR INC.

loo\avta\coinamen/cea

EXHIBIT B

MALMÖ DISTRICT COURT Department 4 Unit 45	DECISION October 1, 2008 Issued in Malmö, Sweden	Case no. T 5274-07

PARTIES

PLAINTIFF

Coinstar Inc
1800 114th Avenue SE
Bellevue, WA 98004 USA

Counsel: Attorney Jonas Benedictsson and Bachelor of Laws (BLL) Magnus Stålmarker

Baker & McKenzie Legal Offices KB
Box 5719
114 87 Stockholm, Sweden

DEFENDANT
Scan Coin Industries AB, 556193-2673
Jägerhillgatan 26
213 75 MALMÖ, Sweden

Counsel: Attorneys Lennart Olsson and Anders Perborn Wistrand
Legal Office
Box 4149
203 12 Malmö, Sweden

JUDICIAL DECISION

1.The Plaintiff's case is dismissed.

2. Coinstar Inc. must compensate Scan Coin Industries AB for court costs of SEK three hundred eighty thousand two hundred seventy three (380,273), of which SEK 315,000 is for the counsel's remuneration in addition to interest in accordance with Section 6 of the Interest Act (1975:635) from this day until payment is made.

BACKGROUND

On April 30, 1993, Coinstar Inc. and Scan Coin Industries AB, under the names of their then respective firms, entered into a written agreement. According to the agreement Scan Coin was to manufacture and deliver a unit that Coinstar was to use in a self-service machine for changing coins. The agreement, which is written in English, is included as Enclosure 1 to this decision, although certain supplements to the agreement have been excluded. In Section 9 of the agreement "Intellectual Property" is treated – intangible property rights. The agreement also contained an arbitration clause, Point 20.2 in the agreement. Sections 9 and 20 in the agreement are in Swedish translation; they are included as Enclosure 2 of this decision.

On April 4, 2007, Scan Coin with reference to the arbitration clause in Point 20.2 of the agreement called for arbitration procedure against Coinstar with a motion for determination that Scan Coin should be viewed to be better entitled to a number of patents and patent applications or alternatively that Scan Coin should be viewed to have shared ownership to a number of patents.

MOTIONS AND POSITIONS

Coinstar has moved that the District Court should determine that disputes regarding the ownership rights to the patents and patent applications that are given under heading 3.2 in a petition in the present arbitration procedure, included here as Enclosure 3, may not be viewed as included in the arbitration clause in the parties' agreement of April 30, 1993, and that arbitrators therewith lack jurisdiction to try such disputes.

Coinstar has secondly moved that the District Court should determine that disputes regarding the ownership right to the patents and patent applications indicated are not objects of arbitration and that arbitrators therewith lack jurisdiction to try such disputes.

Scan Coin has contested the motions.

Both parties have moved for compensation of court costs.

GROUNDS

Coinstar

The general court should in accordance with Section 2 of the Arbitration Act (1999:116), on application by Coinstar, try the question of the authority of arbitrators to try the pending dispute.

Arbitrators lack authority to determine disputes regarding ownership of patents and patent applications that have neither a connection with nor have arisen from the parties' agreement of April 30, 1993, i.e. ownership rights to patents and patent applications that are in the possession of Coinstar. The legal relationship that Coinstar asserts to support its motions is not covered by the agreement, for which reason arbitrators are not authorized to try the current dispute.

Arbitrators lack authority to try Scan Coin's motion on better rights to Coinstar's patents and patent applications, since such trial includes aspects of the competition law that lie outside the scope of the authority of arbitrators according to Section 1 of the Arbitration Act.

There is uncertainty as to the extent to which arbitrators are competent to determine the current matters under dispute and this uncertainty is a detriment for Coinstar.

Scan Coin

The provisions in Points 9.1 and 9.2 in the agreement were added to regulate ownership rights of intangible property rights between the parties. By intangible property rights are meant, among other things, patents and patent applications. The current arbitration dispute can thus be derived from these provisions. The arbitration dispute arose because of the agreement between the parties and further requires an interpretation of the agreement, for which reason it is viewed as accommodated by the agreement's arbitration clause. There is, moreover, a causal connection between the agreement and the dispute, for which reason an arbitration clause formulated in the current way should be viewed to cover disputes on the interpretation of the agreement. A dispute also falls under the competence of the arbitrators to the extent that a party maintains that its case is based on the agreement with the arbitration clause if the reference is not obviously unfounded.

Scan Coin's interpretation of the agreement does not conflict with legal rules of competition. From the legal viewpoint of the EU it is further acceptable that an arbitration board tries questions related to civil law effects of competition law, since the national court has the possibility to try the compatibility of the arbitration with the legal bases in Sweden – and thus also with the EU Treaty – in the framework of an annulment trial. That an arbitration board tries the question regardless of the compatibility of the outcome with rules governing competition is thus not illegal, for which reason the arbitrators should be viewed as having authority.

THE PARTIES' DEVELOPMENT OF THE CASE

Coinstar

General

Coinstar is a company with its headquarters in the U.S. The company was founded in 1991 and is now listed in the NASDAQ Exchange in New York. The company's original business plan was to make available in shopping centers a self-service machine for changing coins. A user inserts coins in the machine and receives a receipt that can either be used for purchases in the shop or exchanged for cash at a shop checkout. For providing this service Coinstar receives between five and seven percent of the total value of the coins that are changed. The machines are connected centrally and monitored. Operations today consist of providing a large number of different machines for counting, sorting, and changing coins. The machines are found in convenience stores, shopping centers, and in financial institutions. Coinstar applied for a patent on the machine in 1992. Several other patents have been developed from this patent, the so-called mother patent. Coinstar previously carried on operations under the firm Skydeck Corporation.

The agreement and the scope of the arbitration clause

At the beginning of the 1990s Coinstar sought cooperation with many manufacturers of coin machines, including Scan Coin. Only after Scan Coin had signed a confidentiality agreement in 1992 did Coinstar reveal its business idea to Scan Coin. After discussions between the parties Coinstar had the machine developed with the aid of David Kelly Design but chose to purchase a product manufactured by Scan Coin to supply the machine. An agreement on purchase of the product, called the Product in the following, was reached on April 30, 1993. In the agreement it was defined exactly which kind of product the agreement referred to. The agreement states that the Product is a specific unit for verification and counting of coins with the designation CAM 640 for

prototypes and so-called 0 series and CAM 202 for series production. Other than regarding certain indicated developments and improvements of the Product itself, the agreement does not include nor concern any single product or any other products. The parties further agreed not to sell the Product to any one else nor to manufacture the Product themselves or purchase the Product from any one else in the relevant market. The agreement stipulated under Point 15, that every development and improvement of the Product beyond what had already been agreed to in the agreement, should first be discussed in a joint working group where both parties are represented. Possible improvements in the Product could then be carried through only if both parties agreed in writing on the conditions regarding development of the Product. The parties have not reached such an agreement on development and improvement of the Product. It became clear early on, as early as 1994, that the Product did not correspond to Coinstar's expectations. Scan Coin thus did not succeed with product development and the projected functionality was not achieved. Instead and without any special agreement, development began in 1994 at Scan Coin of a different unit for verification and counting of coins. The product was called StarCam. In spite of the fact that the unit did not sort coins but only verified them the unit proved to be considerably more expensive to manufacture than the Product. During the course of this development and outside of the agreement the parties established that an agreement was lacking that regulated commercial development, so both parties wanted to reach a new agreement that would reflect the new conditions. Instead of applying the original agreement Coinstar and Scan Coin have held talks since 1995 regarding their mutual relations and a new agreement that would replace the previous agreement, which was no longer relevant. In the meantime development of StarCam also failed. Some pre-series deliveries occurred during 1995 but testing showed that the unit did not work. Coinstar thus found that there was a situation without an agreement, since the main purpose of the agreement, i.e. Scan Coin's delivery of a working CAM to Coinstar, could not be realized. The Product that the agreement concerned was no longer topical. The development of StarCam outside the agreement also failed and it did not seem to be the time to sign a new, similar agreement on something that seemed to lack the prerequisites for success. Other conditions, mostly commercial, could, however, motivate some sort of continued cooperation, which was not entirely excluded. The discussions gradually led to a letter of intent being exchanged in the beginning of March 1997 in which the structure for a new agreement between the parties was established. A new agreement was, however, not entered into in spite of negotiations during the spring of 1997. No deliveries have occurred since then nor have other obligations been fulfilled according to the original agreement or the new agreement that would have been entered into after that. Through exchange of the parties' letter of intent the agreement has de facto ceased to apply. The agreement ceased to be applied in that the parties already in 1994 departed from the agreement and began development of a different product than

the Product. Coinstar, which during 1997 began to run out of time, thus began its own development of the component that Scan Coin had previously provided. This gradually resulted in a CAM produced in house that was introduced in February 1998. Scan Coin rather promptly maintained that this constituted a breach of the agreement, which Coinstar contested, and a drawn-out conciliation procedure followed. It did not, however, lead to any result and Scan Coin formally terminated the agreement by letter on May 5, 1999, referring to an essential breach of the agreement. Scan Coin also announced that legal means would be applied. Scan Coin did not, however, introduce any legal means. Continued reconciliation discussions should instead continue between the parties. However, no conciliation could be reached. Contact between the parties ceased in the beginning of 2003. On April 4, 2007, Scan Coin called for an arbitration procedure against Coinstar with reference to the arbitration clause found under Point 20.2 of the agreement. In its written request for arbitration Scan Coin presented a motion for decision on the claim that Scan Coin with regard to Coinstar has a better right to a large number of patents and patent applications or alternatively that Scan Coin and Coinstar have shared ownership rights to a number of patents.

The question of better rights falls outside the authority of arbitrators, since the arbitration agreement between the parties does not cover the legal conditions on which Scan Coin bases its claim for better rights. The agreement regulates only how Scan Coin, according to instructions by Coinstar, should modify an existing coin counter and deliver and sell it to Coinstar, which would then assemble it as a component in the machine developed and owned by Coinstar. Points 9.1 and 9.2, on which Scan Coin bases its case, regard only Scan Coin's product and any development of it. It can be seen by the provisions that Scan Coin is the owner of these intangible property rights. Expressed in a different way, the points regulate only Scan Coin's ownership rights to intangible property rights for a certain product, namely the Product. These provisions have nothing to do with the patents and patent applications that the arbitration proceedings deal with. The patents and patent applications that the case is concerned with were developed and are owned by Coinstar and have not been transferred to Scan Coin or led to regulation between the parties either during the agreement or in another way. Point 9.1 in the agreement regulates no intangible property rights at all that concern Coinstar's own development. It follows then that Point 9.1 does not regulate the patents and patent applications that Scan Coin's case is concerned with and thus that a claim on better rights to the patents and patent applications that the arbitration case concerns cannot be based on the agreement in this part. The claim thus falls outside Point 9.1 in the agreement and to a corresponding extent also outside the range of the current arbitration clause. Point 9.2 in the agreement concerns only patents and patent applications that are a result of work with new products that have been developed and manufactured by Scan Coin, which can be seen directly by

the wording of the provision. None of the patents or patent applications that Scan Coin's case is concerned with fulfil these criteria. It is thus neither a question of patents or patent applications for the Product or patents or patent applications for any new product that has been developed and manufactured by Scan Coin. The patents and patent applications that Scan Coin's case concern have instead been developed by Coinstar and are based on the development by Coinstar. It follows from this that Point 9.2 does not regulate the patents and patent applications that Scan Coin's case concerns and thus that a claim on better rights to the patents and patent applications that the case concerns cannot be based on the agreement in this part. The claim thus also falls outside Point 9.2 in the agreement and to a corresponding extent also outside the current range of the arbitration clause.

According to the doctrine of separability an arbitration agreement is an agreement like any other. The range of the arbitration agreement is, however, set by the content of the material agreement. By means of an arbitration agreement in a given agreement the parties have agreed that disputes "arising from" this agreement should be settled through arbitration. Evidently the parties have not agreed that all disputed circumstances between them, regardless whether they are based on the agreement that contains the arbitration agreement or not, should be decided through arbitration. This point of view means in an individual case that the question of jurisdiction may require a careful analysis of what the material agreement concerns and contains. If the motion presented turn out to be itself an issue of something that is not covered by the material agreement or where the basis of the motion is not contained in it, there is no jurisdiction for the arbitrators. According to Coinstar the agreement does not at all concern the regulation of Coinstar's patents and patent applications. The agreement concerns a limited cooperation with Scan Coin regarding a product for which Scan Coin has patents. Under the agreement Coinstar is not deprived of the right to carry on its own development or to apply for patents on what has been developed. The agreement consequently does not say a word about this. With consideration of the limited cooperation under the agreement, this also appears obvious and it is thus equally obvious that Coinstar would not jeopardize all of its own patent portfolio through an agreement that concerns the purchase of a single product (for which there are various alternative manufacturers and suppliers in the market). In order to reach this insight the agreement must be carefully examined and evidence produced on what the cooperation plausibly brought about. When such an investigation is at hand, it will be clear that Coinstar's patents and patent applications from in-house development are not at all regulated in the agreement. Scan Coin's motion is thus not "on account of the agreement". Scan Coin's motion is only due to the fact that the claim has been made that this is the case without support in the agreement. A mere assertion, almost the

expression of a wish, does not form the basis of authority for arbitrators.

The agreement between the parties has ended. The letter of intent signed by the parties was not binding but had instead as its purpose an attempt to clarify the conditions in a new future agreement between the parties. That was, however, the final confirmation that the agreement had ceased to apply in practice. Since the agreement no longer applies, Scan Coin cannot with reference to the agreement demand fulfillment of the conditions in the agreement. The agreement lacks relevance since it no longer applies. Scan Coin's reference to the agreement is clearly without basis.

Scan Coin's motion is, moreover, precluded. Scan Coin claims to have better rights than Coinstar to the current patents. Scan Coin is thus under the impression that all of the current patents belong to Scan Coin by right of ownership. Coinstar would therewith not have had jurisdiction even to apply for patents, much less to get patents granted. It is indicated in Point 20.3 that Swedish law applies to the agreement. According to Swedish patent law, which is thus applicable, it is unambiguous that Scan Coin's motion concerning the main part of the current patents is precluded. It follows from Section 53, first item, and Section 52, fourth item, of the Patent Act (1967:837) that, if a patent has been granted to another party than the one entitled to the patent, the motion for transfer of the patent must be filed at the latest within one year from when the party asserting such a right gains knowledge of the issuing of the patent. Scan Coin has continually observed and known about Coinstar's patents and patent applications. Scan Coin filed a motion by calling for an arbitration procedure on April 4, 2007. The greatest part of the valid patents were granted and had been well known by Scan Coin long before April 4, 2006, i.e. more than a year earlier. Of a total of 46 patents granted according to Scan Coin's motion, only four were granted after this date. Scan Coin's asserted better right to 42 of the patents is thus precluded under any circumstances. The agreement thus cannot form the basis of any right for Scan Coin to have the patents transferred. The arbitration agreement cannot encompass a dispute or the object of a dispute that is no longer based on the agreement. When it is clear that the agreement does not cover a motion concerning the current patents due to preclusion, it is also clear that the arbitration clause does not cover Scan Coin's motion either. In case the Patent Act would not be applicable, Coinstar takes the view that the right to claim fulfillment in each case is precluded with support of Section 23 of the Sale of Goods Act (1990:931).

Limits of arbitration

The interpretation that Scan Coin gives to Points 9.1 and 9.2 in the agreement means an inadmissible limitation of competition. With Scan Coin's interpretation it follows that arbitrators

lack authority to issue a decision that determines that Coinstar with support of the agreement should transfer patents and patent applications to Scan Coin. The consequence of Scan Coin's interpretation is that the agreement contains a so-called grant-back clause under which Coinstar would be obligated to transfer all its newly developed technology to Scan Coin and, moreover, with the right of ownership. Grant-back clauses are considered within competition law to be a serious matter that limits competition. Scan Coin maintains that the current patents and patent applications should be granted to Scan Coin with ownership rights according to the agreement. This would thus mean an obligation for Coinstar to permanently transfer newly developed technology exclusively to Scan Coin. In accordance with Scan Coin's interpretation of the agreement Coinstar has no right to its own technology. Points 9.1 and 9.2 do not, moreover, contain any actually mutual obligations, at least not directly connected with the transfer of the newly developed technology. According to Scan Coin's interpretation of the agreement Coinstar should transfer technology to Scan Coin without any compensation being offered for it. Scan Coin and Coinstar are competitors and important actors in the relevant product and geographical markets. In Great Britain, for example. Scan Coin is, according to information on its home page, the world leader in the automatic handling of coins. According to Article 81 of the EU treaty all agreements between companies that may affect trade between member states and that have as their purpose or result to hinder, limit, or distort competition within the common market are prohibited. Such agreements may, for example, mean that production, markets, technical development, or investments are limited or controlled. Corresponding provisions are also found in Section 6 of the Competition Act (1993:20). It is clear from the wording of the agreement consistent with Scan Coin's interpretation of Points 9.1 and 9.2 that its purpose is to hinder competition. By the purpose of an agreement, what is meant is not the parties' subjective intention but rather the agreement's objective meaning and purpose considered in the economic context in which it will be applied. A limitation of competition is seen even when considering the objective purpose of the agreement. The current grant-back clause also has the effect of limiting competition, since it essentially reduces Coinstar's incentive to engage in research and development work and thus limits competition in the relevant markets. The regulation in the agreement could in addition not only affect the relationship between the parties but also have an effect on the relevant markets with respect to other actors. In evaluating whether the agreement has an effect in limiting competition it is sufficient that there is a risk that competition would be limited, for example by counteracting the emergence of future competition. Article 81 is also applicable regarding agreements that affect a third country such as the United States or Canada, assuming that it could affect commerce in the common market. It is sufficient that an agreement that involves a third country or company with headquarters in a third country could affect cross-border

economic activities in the EU. The article's effect on the competitive structure of the common market should also be considered with application of Article 81. The criterion of mutual trade is considered in the practice of the EU Court to be fulfilled if, with a sufficient degree of probability on the basis of legal or factual circumstances, it may be foreseen that the agreement in question directly or indirectly, factually, or potentially could influence the flow of trade between member states. With respect to this it is a question of improper regulation in the agreement from the point of view of legal competition. A grant back of intangible property rights is incompatible with rules of legal competition in the EU treaty and secondary legislation as well as the Swedish Competition Act, since it constitutes a violation of Article 81 (1) of the EU treaty and is thus invalid *ex tunc* in accordance with Article 81 (2). In a corresponding way there is nullity according to Sections 6 and 7 of the Competition Act. According to Section 1, third item, of the Arbitration Procedure Act arbitrators may certainly try the civil law effects of competition legislation between the parties, but arbitrators may not try issues that only competent authorities and courts have the right to try. For example, only a competent authority or court may issue exceptions from the prohibition against cooperation to limit competition. An arbitration board may, however, not give dispensation in a dispute regarding civil law. If the arbitration board should approve Scan Coin's motion on transfer of Coinstar's patents and patent applications, it would mean in practice that the arbitration board would give assent to an exception from the prohibition against cooperation that constrains competition. The arbitration board is, however, not authorized to permit such an exception. Only the EU Commission and EU Court may permit exceptions as regards legal regulation by the EU. It should be further noted as remarkable if an arbitration decision should obligate Coinstar to take part in an effort to transfer newly developed technology in the form of patents and patent applications if in a later trial this would conflict with legislation on competition. In this connection it should be observed that an arbitration decision may be revoked if it conflicts with the basic provisions of legislation on competition, as for example follows from rulings by the EU Court. The EU Court has in this way determined that Article 81 of the EU treaty constitutes a basic provision that is essential for implementation of the tasks entrusted to the Union and that is particularly important for the functioning of the internal market. When a national court in accordance with national rules of procedure is obligated to decide in favor of the plaintiff on a motion for annulment of an arbitration decision due to the arbitrators' having neglected to observe the grounds of national legislation, the national court must also decide in favor of the plaintiff regarding a motion for annulment that is based on the arbitrators' having set aside the prohibition against measures that limit competition that are given in Article 81. The national court must therewith, in the framework of such an annulment trial ex officio, note violations against Article 81. Such an

obligation is found in Swedish law in Section 33 of the Arbitration Procedure Act for courts to take action for annulment against an arbitration decision that either contains a question that according to Swedish law may not be decided by arbitrators or if the arbitration decision is obviously not compatible with the bases of legal order in Sweden. A Swedish court is therewith obligated to take action for annulment against an arbitration decision in which arbitrators have set aside the prohibition in Article 81. The normative testing of laws and regulations with respect to the Swedish constitution in Section 33 of the Arbitration Procedure Act also seems to come into conflict with EU law, especially pursuant to the above-mentioned rulings of the EU Court, for which reason the possibility of applying this in the current situation ought to be limited. It is explicated by the doctrine that the occurrence of a regulation that is not permitted by laws regulating competition that conflicts with Article 81 and therewith falls under Section 33 of the Arbitration Procedure Act must always be viewed as a hindrance of arbitration procedure. It may for this reason be maintained on good grounds that nullity according to Section 33 of the Arbitration Procedure Act supersedes Section 1, third item, of the same law. The result is that given the violation of Article 81 the dispute should not be arbitrated nor arbitrators authorized to accept the matter for trial.

Scan Coin

General

Scan Coin is a company with its headquarters in Malmö, Sweden, that conducts its main operations outside of Sweden. The company manufactures and sells coin handling machines through subsidiaries and different distributors around the world. The first machines were brought into the market already in 1988. They were offered for sale in the U.S. for the first time in 1989.

The agreement and the scope of the arbitration clause

The first contacts between Coinstar and Scan Coin were made by Jens Molbak, who had started Coinstar (then called Skydeck). He contacted the Scan Coin subsidiary in the U.S. With the contacts Scan Coin demonstrated its machines to Jens Molbak. Jens Molbak was prepared to reveal his business plan only in 1992 after Scan Coin had signed a mutual confidentiality agreement. The innovation of the business plan was that one would be able to produce vouchers or rebate coupons in the machine and that one could own the machine and receive compensation on the turnover. Scan Coin had its own machines at that time that could sort, clean, and count coins. They could also communicate with each other and issue receipts or lottery tickets. The cooperation seemed to be favorable to both parties, since Coinstar had the marketing knowledge and Scan Coin could provide the technical knowledge. The mutual confidentiality agreement meant that Scan Coin had

enough confidence to share its technical knowledge. During the initial contacts the parties had discussions mostly centered on Scan Coin delivering the entire machine. After negotiating for about one and a half years, the parties came to an agreement in 1993 that Scan Coin should only manufacture and deliver a specially advanced unit that would work in Coinstar's machine. It was understood at that time that both the machine and the special unit would be developed and altered. This can be seen by the agreement's definition of the Product, where reference is made to the product in its "now current" form. Relatively soon after the parties had entered into the agreement it was settled that Scan Coin should alter the unit by removing the individual coin sorting. The modified unit was nonetheless still included in the definition of the Product. The decisions on development and alteration of the unit were not made in conformity with the provision of the agreement in Point 15.1 but were rather more informal. Scan Coin began delivery of the units in 1994 and continued up to 1997. The units were tested and installed in Coinstar's machines. Coinstar also made payment for the units that were delivered. A total of 4,140 units were delivered and paid for. Coinstar never asserted that the product that was delivered did not correspond to the product that the agreement regulated. It may be mentioned, for example, that Coinstar as late as in 1997 in connection with being listed on the stock exchange indicated that it bought a unit of the machine from only one supplier - Scan Coin.

Scan Coin wanted to be sure that no hindrance would be placed on acting in the American market after the end of the agreement, for which reason it was eager for the agreement between the parties to regulate the rights of ownership of the intangible property rights. Points 9.1 and 9.2 were therefore the object of extensive discussions. The purpose of the provisions was to regulate the ownership right to patents with connection to the Product or to a development of the Product between the parties and not – as Coinstar now claims – to attempt to regulate competition in the market. It was therefore a question of regulating the dividing line of the conditions under which Scan Coin or Coinstar would own certain intangible property rights. Due to the fact that both parties found that there was reason to renegotiate the agreement, a non-binding letter of intention was signed in 1997. Scan Coin understood that Coinstar above all had a desire to change the exclusivity. In spite of the fact that the document was not binding, Coinstar tried to get Scan Coin to deliver units according to this [letter] instead of the agreement. Scan Coin refused, however, to make a delivery under these conditions.

The question of whether Scan Coin can demand fulfillment of the terminated agreement has no significance for the question of authority of arbitrators to try the dispute. Scan Coin stresses, however, that the company's motion for better or equal rights to certain patents in an arbitration

procedure is an affirmative action for a right and not, as Coinstar maintains, an action for specific performance. Scan Coin is not demanding a performance in kind but only that the legal situation concerning the intangible property rights be determined.

Not even the question of whether certain patents and patent applications are precluded affects the question of the arbitrators' authority to try the dispute. Scan Coin still asserts that Swedish patent law is not applicable in the question of whether the motion for better rights to the current patents, granted in the U.S., should be viewed as precluded. The reference in the parties' agreement that Swedish law should be applied concerns only the agreement's contractual provisions and not questions of preclusion. Scan Coin has, moreover, not been privy to knowledge of all the patents nor had knowledge of further circumstances of relevance such that their motion in accordance with the Patent Act must be viewed as precluded. Section 23 of the Sale of Goods Act is, moreover, not applicable since it is not a question of an action for specific performance. If any law is applicable, it is the International Sale of Goods Act (CISG), which does not contain a corresponding provision on loss of rights after a certain time. It is further the case that Scan Coin already in connection with a declaration of annulment in 1999 furthered a claim on the right of ownership to the patents and patent applications that are now the object of the dispute.

The fact that Scan Coin's motion for arbitration is included in the agreement's arbitration clause is clear from the Swedish translation: "Disputes or claims that arise as a result of or in connection with this Agreement or breach thereof, notice of termination of, or invalidity of the Agreement must be determined through arbitration in accordance with rules of the Arbitration Institute of the Stockholm Chamber of Commerce." The current dispute concerns determination of the right of ownership to certain patents and patent applications. The question of ownership right to intangible property rights is regulated in the agreement. The dispute is consequently contractual, which means that the arbitration clause should thus be considered to cover the current dispute involving patents and patent applications.

Limits of arbitration

Points 9.1 and 9.2 in the agreement do not signify inadmissible limitation of competition. It is not a question of a so-called grant-back clause, since there is no obligation on the part of Coinstar to transfer its technology to Scan Coin or any prohibition against technical development by Coinstar. Coinstar's description of the legal position is in error, since a question of competition according to NJA 2008, p. 120, does not limit the authority of arbitrators to handle it.

REASONS FOR THE DECISION OF THE COURT

The parties have referred to written evidence.

At the request of Scan Coin's a hearing under statutory declaration was held with Richard Ovin. At the request of Coinstar a hearing of witnesses was held with Jens Molbak and with patent engineer Leif Karlsson.

The District Court issues the following decision.

The agreement and the scope of the arbitration clause

Coinstar has *in the first instance* asserted that arbitrators lack authority to try disputes on the current patents and patent applications, since the legal situation that Scan Coin maintains to support its motions is not covered by the agreement. Coinstar has asserted that the right of ownership to the patents and patent applications has neither a connection with nor has arisen from the agreement of April 30, 1993 between the parties.

According to Section 2 of the Arbitration Procedure Act (1999:116) the arbitrators may test their own authority to adjudicate the dispute. It follows from the same provision that this does not keep a court from trying the issue on request by a party. It is an established principle in Swedish law that the allegation doctrine must be applied in this testing.(Cf. N]A 2008, p. 406.)

In the legal case mentioned, when it was initially brought forth that there was some lack of clarity at that time concerning what the allegation doctrine means and how far it extended, the Supreme Court pronounced the following:

"The heart of the allegation doctrine may be viewed to be that the arbitration board, when it tries its authority, may not take a position on the existence of legal facts that the arbitration plaintiff asserts to be included in a legal situation covered by the arbitration agreement. In a test of authority the arbitration board must take as given that these legal facts apply.
A given point of departure for the allegation doctrine is that there is a binding arbitration agreement. A party that has not entered into an arbitration agreement can thus not be made bound by arbitration with support of the doctrine. If there should be a dispute on whether a party is bound by arbitration, the arbitration board must try the issue when it takes a position on its authority.
In a corresponding manner it is the case that the legal situation the arbitration plaintiff asserts to give support for a claim to be put forward must be covered by the arbitration agreement either in that it is noncontroversial or that it has been determined by legal order. If the parties do not agree on the scope of the arbitration agreement, the dispute cannot be solved with the aid of the allegation doctrine. The scope must be determined in the test of authority."

Scan Coin made a motion in the arbitration procedure for better rights to a number of patents and patent applications and has referred to Points 9.1 and 9.2 of the agreement entered into between the parties as a basis of the motion. It is uncontroversial that the agreement contains an arbitration clause. It is clear from the clause that disputes or demands that arise as a result of or in connection with the agreement must be determined by means of an arbitration procedure.

In a test of authority with application of the allegation doctrine the court may not take a position on the existence of the legal facts the arbitration plaintiff claims to be included in a legal situation covered by the arbitration agreement but must assume that these legal facts apply. The District Court must thus assume from Scan Coin's claim that the patents and patent applications in question are included in Points 9.1 and 9.2 of the agreement and therewith also in the agreement's arbitration clause.

There has been a discussion in the legal literature of how far the allegation doctrine extends. Lars Welamson has, for example, pronounced in SvJT 1964, p. 278 f., that

"[i]t will seem much too adventurous that if a party that has entered into an agreement with an arbitration clause would need to risk that any claim directed against an opponent could without the least factual connection to the agreement in the end be judged by arbitrators according to a perhaps all too thoughtless claim that the evaluation of the claim could be derived from the agreement. On the other hand it seems that one has reason to consider a solution seriously according to which the party's reference to the agreement and the arbitration clause could be seen to motivate a final decision by arbitrators if the court found the reference to the agreement to have at least some degree of justification, while the court would have jurisdiction in case the reference to the agreement is obviously unfounded."

Lars Heuman with reference to Lars Welamson's article has expressed the same opinion. (Lars Heuman, Skiljemannarätt, Norstedts Juridik, 1999, p. 76.)

The Supreme Court pronounced in NJA 1982, p. 738, that an arbitration clause in a current case could not be denied significance since a reference by a party to "the license agreement [which contained an arbitration clause] may to the extent evident from the case report not be viewed to any degree as obviously lacking justification." In NJA 2008, p. 120, the Supreme Court pronounced that a motion put forth in the case had "such a strong connection to the agreement [that contained an arbitration clause] that a motion for that matter must be viewed as included in the arbitration clause."

According to the District Court Scan Coin's motion in the arbitration procedure has a such direct

connection to the agreement between the parties of April 30, 1993, that the motion for that matter must be viewed as included in the arbitration clause.

Arbitrators thus do not lack authority on the basis adduced in the first instance by Coinstar to try the issue of ownership rights to the cited patents and patent applications.

Limits of arbitration

Coinstar has asserted in the second instance that arbitrators lack authority to try disputes on current patents and patent applications since such trial includes aspects of competition law that lie outside the scope of the authority of arbitrators according to Section 1 of the Arbitration Procedure Act. Coinstar has asserted that approval of Scan Coin's arbitration motion would be contrary to provisions on competition in EU law. The question of the authority of arbitrators to try quations regarding the law on competition is regulated in Section 1, third item, of the Arbitration Procedure Act. It is clear from the provision mentioned that arbitrators may try the civil law effects of competition law between the parties.

The Supreme Court pronounced in NJA 2008, p. 120, with reference to the decision by the EU Court of June 1, 1999, in case C-126/97, Eco Swiss, REG 1999 I-3055, that it is not in contradiction to EU law that questions having to do with competition law are tried by arbitrators. In its findings the Supreme Court mentions that the EU Court in the decision indicated pronounced that national courts should have the opportunity to try the conformity of arbitration decisions with Article 81 of the EU treaty in the framework of an annulment trial. According to the Supreme Court this presupposes that it is acceptable from the point of view of EU law that arbitrators are authorized to try disputes touching on aspects of competition law.

It is not a matter for the District Court to try the disputed question in this case as to whether approval of Scan Coin's motion on the rights of ownership to the indicated patents and patent applications would be contrary to national and EU legal provisions on competition. The District Court can only confirm with reference to the named provisions in the law on arbitration procedure and the named legal case that the legal situation is such that arbitrators may not be viewed to lack authority to try a dispute that may have legal competitive effects.

Arbitrators thus do not lack authority on the basis of grounds put forth in the second instance by Coinstar to try the issue of ownership rights to the indicated patents and patent applications.

The plaintiff's case is dismissed on the basis of the above.

With the indicated result, Coinstar must compensate Scan Coin for court costs. Scan Coin has claimed compensation of court costs of SEK 580,273, of which SEK 515,000 are for attorney fees, and SEK 65,273 for expenses. Coinstar has confirmed the amount of SEK 315,000 as reasonable attorneys' fees, an amount that generally corresponds to the attorneys' fees that Coinstar claimed compensation for, and SEK 65,273 for expenses.

The compensation claimed by Scan Coin for attorneys' fees, which exceeds the attorneys' fees that Coinstar requested compensation for by SEK 205,000, cannot be viewed as being reasonable in protecting the rights of Scan Coin's in this case. According to the District Court Scan Coin has not shown that the company is entitled to higher compensation for attorneys' fees than the fees Coinstar confirmed. There is, as could be seen, no objection against Scan Coin's motion for compensation for expenses. Coinstar must therefore compensate Scan Coin for court costs at a total of SEK 380,273.

HOW TO APPEAL see enclosure (DV 401)
Appeal – placed before the Supreme Court of Skåne and Blekinge – is to be submitted to the District Court at the latest by October 22, 2008.

Chief Judge Björn Hansson along with Judges Nils Gerleman and Lars Henriksson, Judge acting as Rapporteur, participated in the decision.

Unanimous.

EXHIBIT C

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

COINSTAR, INC. a Delaware Corp.,	)	
	)	
Plaintiff,	)	
	)	07 C 5285
v.	)	
	)	Honorable Charles R. Norgle
SCAN COIN NORTH AMERICA, Inc., a Virginia Corp. and SCAN COIN INDUSTRIES AB, a Swedish Company,	)	
	)	
Defendants.	)	

OPINION AND ORDER

CHARLES R. NORGLE, District Judge

Before the Court is Defendant Scan Coin North America's ("SCNA") Motion to Dismiss Plaintiff Coinstar, Inc.'s ("Coinstar") Complaint or, in the alternative, to Stay this action pending the resolution of the parties' arbitration proceedings. Also before the Court is a second Motion to Stay filed by the Swedish Defendant/Intervenor Scan Coin Industries AB ("SCI"). For the following reasons SCNA's motion to dismiss is denied and the motions to stay are granted.

I. BACKGROUND

A. FACTS

The parties in this case are involved in the manufacture, sale and development of coin validation and counting units. These units are an important component of coin deposit machines found in grocery stores and other retail locations. The ownership of the intellectual property rights related to these units is directly at issue.

In 1993 Coinstar and SCI entered an agreement (the "Agreement") through which Coinstar would purchase from SCI, exclusively, coin validation and counting units that would be

used in coin deposit machines that Coinstar manufactured. The Agreement addressed, among other things, the parties' ownership of certain intellectual property rights as well as the parties' choice of forum in the event a dispute arose from the Agreement. Paragraph 9.1 provided that "[Coinstar] acknowledges that Scan Coin is the owner of all intellectual property related the Product, including but not limited to all rights to patents, patent applications, know-how, designs, trade secrets etc." Def.'s Br. in Supp., Ex A ¶ 9.1. The Agreement defined the "Product" to which Paragraph 9.1 referred as "a coin validation and counting unit currently in the form set out in Attachment 1, and parts thereof, as well as all improvements and development thereof." Id., Ex. A ¶ 2.1. As to the parties' choice of forum, the Agreement stated in paragraphs 20.2 and 20.3 that the laws of Sweden governed the parties' relationship and that "any dispute, controversy or claim arising out of or in connection with [the] Agreement, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the Rules of the Arbitration Institute of the Stockholm Chamber of Commerce." See id., Ex. A ¶¶ 20.2-.20.3.

SCI terminated the Agreement in 1999 because of an alleged breach by Coinstar. Thereafter, the parties could not agree on a common interpretation of the Agreement's terms. As a result, on April 4, 2007 SCI filed with the Arbitration Institute of Stockholm a Request for Arbitration ("Request") pursuant to Paragraph 20.2 of the Agreement. There, SCI sought a declaration that it owned, either outright or jointly, any and all patents associated with the "Product" described in the Agreement ("Swedish Arbitration"). Coinstar submitted its Answer to SCI's Request on May 10, 2007, in which it disputed SCI's assertions and asked that the arbitration panel either reject or dismiss SCI's claims in their entirety. On November 6, 2007 Coinstar filed a comprehensive "Statement of Defence" in support of its position.

With the Swedish Arbitration still pending, Coinstar filed a separate lawsuit against SCI in the District Court of Malmö, Sweden, objecting to the scope of the parties' arbitration clause. From there, Coinstar brought its claims overseas. On September 19, 2007, Coinstar initiated in this Court an action against SCNA, SCI's North American customer, alleging infringement of U.S. Patent No. 7,028,827 (the "827 Patent"), entitled "Coin Counting and Voucher Dispensing Machine and Method." Coinstar alleged in this case that it owns the 827 Patent and that SCNA infringed the 827 Patent through its sales of self-service coin machines in the State of Illinois.

B. PROCEDURAL HISTORY

On October 31, 2007 SCI moved to intervene to protect its interests in the disputed patent. Hearing no objection, the Court granted SCI's motion. SCI asserts that it has agreed to indemnify and defend in this suit its customer SCNA. And, in light of the pending Swedish Arbitration, the Defendants SCNA and SCI have moved to stay the proceedings in this case. The motions are fully briefed and before the Court.

II. DISCUSSION

A. STANDARDS OF DECISION

1. Motion to Dismiss: Rule 12(b)(6)

As always, we take the allegations of the complaint as true and draw all reasonable inferences in favor of the plaintiff for purposes of determining whether they state a claim for relief under Rule 12(b)(6). See, e.g., Sprint Spectrum L.P. v. City of Carmel, Ind., 361 F.3d 998, 1001 (7th Cir. 2004). When reviewing a motion to dismiss under Rule 12(b)(6), the court merely looks at the sufficiency of the complaint, Swierkiewicz v. Sorema, N.A., 534 U.S. 506, 508 (2002); Johnson v. Rivera, 272 F.3d 519, 520-21 (7th Cir. 2001); it does not decide whether the plaintiff has a winning claim. See McCormick v. City of Chi., 230 F.3d 319, 323-26 (7th Cir.

2000) (citing Leatherman v. Tarrant County, 507 U.S. 163 (1993)). Rule 8(a) requires that a complaint contain a "short plain statement of the claim showing that the pleader is entitled to relief." Fed. R. Civ. P. 8(a). This short, plain statement, however, must be enough to give the defendant fair notice of what the claim is and the grounds upon which it rests. Killingsworth v. HSBC Bank Nev., N.A., 507 F.3d 614, 618 (7th Cir. 2007); see Bell Atlantic Corp. v. Twombly, 127 S.Ct. 1955, 1964-65 (2007). The complaint must also contain sufficient allegations based on more than speculation to state a claim to relief that is plausible on its face. E.E.O.C. v. Concentra Health Serv., Inc., 496 F.3d 773, 776 (7th Cir. 2007).

2. Motions to Stay Pending Arbitration

The central purpose of the Federal Arbitration Act ("FAA") is to "ensure that private agreements to arbitrate are enforced according to their terms." Mastrobuono v. Shearson Lehman Hutton, Inc., 514 U.S. 52, 53-54 (1995) (internal quotation marks and citations omitted). This federal policy favoring arbitration has extra force when international arbitration is at issue. Sourcing Unlimited, Inc. v. Asimco Int'l, Inc., 526 F.3d 38, 45 (1st Cir. 2008) (citing Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc., 473 U.S. 614, 629 (1985); Scherk v. Alberto-Culver Co., 417 U.S. 506, 516 (1974)).

The FAA provides that a motion to stay must be granted where a party's claims are within the scope of an applicable arbitration agreement. Sharif v. Wellness Int'l Network, Ltd., 376 F.3d 720, 726 (7th Cir. 2004). Arbitration is favored under the FAA "unless it may be said with positive assurance that the arbitration clause is not susceptible of an interpretation that covers the asserted dispute." S+L+H S.p.A. v. Miller-St. Nazianz, Inc., 188 F.2d 1518, 1524 (7th Cir. 1993) (quoting Int'l Ass'n of Machinists v. Fansteel, Inc., 900 F.2d 1005, 1010 (7th Cir. 1990)). Indeed, "any doubts concerning the scope of the arbitrable issues should be resolved in

favor of arbitration, whether the problem at hand is the construction of the contract language itself or an allegation of waiver, delay, or a like defense to arbitrability." Mastrobuono, 514 U.S. at 62 n.8 (quoting Moses H. Cone Mem'l Hosp. v. Mercury Constr. Corp., 460 U.S. 1, 24-25)). And, based on the federal policy favoring arbitration agreements, courts recognize that a claim is considered "arbitrable if an arbitration clause is capable of any interpretation that a claim is covered." George S. May Int'l Co. v. Hostetler, No. 04 C 1606, 2004 WL 1197395, at *2 (N.D. Ill. May 28, 2004).

B. SCNA'S MOTION TO DISMISS THE COMPLAINT

SCNA moves to dismiss Coinstar's complaint on two grounds. The first is for failure to state a claim pursuant to Rule 12(b)(6), and the second is for a failure to join an indispensible party pursuant to Rule 19. In support of the Rule 19 motion, SCNA asserts that SCI is an indispensible party to this suit, and because Coinstar failed to join SCI in its original complaint, the complaint must be dismissed. But as the Court explained above, since the time SCNA filed its motion to dismiss, SCI has intervened in this matter. As a result, any motion to dismiss based on a failure to join SCI as an indispensible party is moot. The Court therefore denies SCNA's motion pursuant to Rule 19.

With regard to the 12(b)(6) motion, SCNA argues that Coinstar lacks the requisite standing to bring a claim for patent infringement because ownership of the 827 Patent has not yet been determined. In response, Coinstar points out that through its argument SCNA is simply disputing Coinstar's alleged ownership of the 827 Patent, which is not a basis to dismiss a complaint under Rule 12(b)(6). The Court sides with Coinstar on this point. The Court's central function when deciding a motion to dismiss is to determine whether the plaintiff has pleaded facts sufficient to suggest a claim against the defendant. It makes no difference on a motion to

dismiss whether the plaintiff can prove the facts alleged or whether the defendant disputes those facts. We must accept all factual allegations as true, Hentosh v. Herman M. Finch Univ. of Health Sci., 167 F.3d 1170, 1173 (7th Cir. 1999), while the Court has no obligation to make any legal determinations at this point in the proceedings. In a patent infringement suit, the plaintiff need only plead sufficient facts to put the alleged infringer on notice. Phonometrics, Inc. v. Hospitality Franchise Sys., Inc., 203 F.3d 790, 794 (Fed. Cir. 2000).

In its complaint, Coinstar affirmatively alleged ownership of the 827 Patent. Compl. ¶ 11. To support this allegation, Coinstar attached to the complaint as Exhibit 1 a copy of the 827 Patent, which lists "Coinstar, Inc." as the assignee. See Compl., Ex. 1 at 1. Coinstar also alleged that SCNA infringed the 827 Patent by selling self-service coin machines to grocery stores and other retail businesses. Id. ¶¶ 15-16. Finally, Coinstar alleged that it had been damaged by SCNA in a manner to be proven at trial. Id. ¶ 18. Coinstar's complaint states a plausible claim and contains enough detail to allow SCNA to answer. Rule 12(b)(6) requires no more than this. SCNA's motion to dismiss pursuant to Rule 12(b)(6) is therefore denied.

C. DEFENDANTS' MOTION TO STAY

In deciding the motions to stay, the Court must determine whether ownership of the 827 Patent is an issue before the Swedish Arbitration. In other words, a court must consider only the issues relating to arbitrability, and whether those issues are subject to the parties' arbitration agreement. Hawkins v. Aid Ass'n For Lutherans, 338 F.3d 801, 807 (7th Cir. 2003). If under a liberal determination we find that ownership of the 827 Patent is an arbitrable issue, then under the above standards the Court must yield to the Swedish Arbitration and stay the proceedings. See Gersten v. Intrinsic Technologies, LLP, 442 F. Supp. 2d 573, 576 (N.D. Ill. 2006).

On this point, SCI argues that the parties' Agreement concerns the intellectual property rights related to coin validation and counting technology. And, according to SCI, since the parties agreed to arbitrate "any dispute, controversy or claim arising out of or in connection with this Agreement," then any ownership issues surrounding the 827 Patent fall within the Agreement's arbitration clause. It follows that because ownership is a predicate issue for patent infringement, then the claims against SCNA in this case are linked to the claims brought by SCI against Coinstar in the Swedish Arbitration.

In response, Coinstar maintains that the parties never agreed to arbitrate the issue of ownership of the 827 Patent, as evidenced by the express language of the Agreement. Coinstar essentially argues that the Agreement's broad language regarding ownership of intellectual property does not encompass the specific 827 Patent, because Coinstar allegedly filed the 827 Patent before the parties executed the Agreement. As such, Coinstar says, since there is nothing in the Agreement that suggests that Coinstar agreed to transfer to SCI its pre-existing intellectual property rights in the 827 Patent, the 827 Patent falls outside the scope of the Agreement.

To resolve this dispute, the Court turns to the language of Paragraph 9.1. See E.E.O.C. v. Waffle House, Inc., 534 U.S. 279, 289 (2002). Specifically, Paragraph 9.1 states:

> [Coinstar] acknowledges that Scan Coin is the owner of all intellectual property related the Product, including but not limited to all rights to patents, patent applications, know-how, designs, trade secrets etc."

Def.'s Br. in Supp., Ex A ¶ 9.1. In light of this provision, the issue becomes whether the 827 Patent is "related to the 'Product,'" so that the Agreement contemplates and encompasses the 827 Patent, which, in turn, would fall within the scope of the Agreement and thus the arbitration clause. The Court finds that it is.

SCI points out that the definition of "Product" set forth in the Agreement includes coin validation, counting units and all improvements and developments thereof. See Br. in Support of Mot. to Intervene, Ex. B ¶ 2.1. This language, like Paragraph 9.1, is a broad statement that may or may not encompass a number of machines, units and components that are not expressly set forth in the Agreement, but are encompassed by the continuing language – "and all improvements and developments thereof." In this light, we find that the parties' definition for "Product" may include the 827 Patent. But, as SCI argues, there is no need for this Court to decide the merits of the parties' underlying claims and defenses. It is of no consequence that the question of ownership of the 827 Patent remains an open one at this point in the proceedings. In line with the above standards, it is enough that the 827 Patent *may* fall within the scope of the Agreement. George S. May Int'l Co., 2004 WL 1197395, at *2 (noting that a claim is "arbitrable if an arbitration clause is capable of any interpretation that a claim is covered"). Again, the Court must resolve any doubts in favor of arbitration. See Miller v. Flume, 139 F.3d 1130, 1136 (7th Cir. 1998) ("[O]nce it is clear that the parties have a contract that provides for arbitration of some issues between them, any doubts concerning the scope of the arbitration clause are resolved in favor of arbitration.").

Moreover, the Court agrees with SCI that staying this case will promote judicial economy. E.g., Cont'l Cas. Co. v. Am. Nat'l Ins. Co., 417 F.3d 727, 732 n.7 (7th cir. 2005) ("the proper course of action when a party seeks to invoke an arbitration clause is to stay the proceedings rather than to dismiss outright.") (citing Tice v. Am. Airlines, Inc., 288 F.3d 313, 318 (7th Cir. 2002)). Given that the ownership of the 827 Patent is an arbitrable issue, it may be decided at the Swedish Arbitration. As such, there is no need to risk the possibility of inconsistent rulings.

Coinstar objects to this contention, however, claiming that SCI cannot win on its claim that it owns the 827 Patent. See Pl.'s Br. In Opp. to Def.'s Mot. to Dismiss at 11. This argument is purely speculative. The more prudent course in this instance is to stay these proceedings in anticipation of a ruling from the Swedish Arbitration. If the Swedish Arbitration indeed finds that SCI is the owner of the 827 Patent, Coinstar will have no standing to pursue this infringement action, and the ruling will dispose of all issues in this case. If, on the other hand, Coinstar refutes SCI's claim that it owns the 827 Patent, then SCI still has the opportunity to lift the stay in this case and to proceed on its infringement claim. A stay of these proceedings is in the best interest of both parties. Accordingly, this is not the forum to argue ownership of the 827 Patent or the merits of this case. Those issues are for the Swedish Arbitration panel to decide, at least for now.

III. CONCLUSION

For the reasons stated above, SCNA's motion to dismiss is denied and the motions to stay by SCNA and SCI are granted.

IT IS SO ORDERED.

ENTER:

Charles R Norgle

CHARLES R. NORGLE, Judge
United States District Court

DATED: 7/3/08