IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
WACO DIVISION

TELEPUTERS, LLC, Plaintiff, v. RENESAS ELECTRONICS AMERICA INC. AND RENESAS ELECTRONICS CORPORATION. Defendants.	Civil Action No.: WA:20-CV-00599-ADA **JURY TRIAL DEMANDED**

ORDER DENYING DEFENDANTS'
MOTION TO ENFORCE SETTLEMENT AGREEMENT

Before the Court is Defendants' Opposed Motion to Enforce Settlement Agreement. ECF No. 26. The Court held a hearing on August 19, 2021. After reviewing the parties' positions and the applicable law, the Court hereby **DENIES** Defendants' Motion.

The parties agreed to a principal amount to settle the underlying litigation and then jointly moved the Court for a stay on or about October 7, 2020. *See* Dkt. No. 14. Counsel for Teleputers made it clear at the outset of the parties' negotiations in an email that the prospective settlement agreement would not include a broad license to all of Teleputers' current and future patents. *See* ECF No. 23-3 (S. Fuller email dated October 12, 2020). From there many drafts and offers to sign were made, but none were executed by both parties. On December 3, 2020, Teleputers provided Renesas with a final settlement and license agreement which Teleputers' corporate representative executed, but Renesas has not. *See* ECF No. 23-9 (Settlement and License Agreement). Except for the payment owed to Teleputers, to date there has been no meeting of the minds on the other material terms of the settlement.

There is no valid contractual agreement among the parties. While federal law does not

require a written agreement, any such agreement must be entered into voluntarily and knowingly. *See, e.g., Harmon v. Journal Publishing Co*, 476 Fed. Appx. 757, 757 (5th Cir. 2012). For a valid contract to exist under federal law, there must be an offer, acceptance, consideration, essential terms, and a meeting of the minds among the parties. *Johnson v. BP Exploration & Prod*., 786 F.3d 344, 355-59 (5th Cir. 2015). A "material term" is one that "the parties reasonably regarded, at the time of contracting, as a vitally important ingredient in their bargain." *Neeley v. Bankers Tr. Co. of Tex.*, 757 F.2d 621, 628 (5th Cir. 1985). "Courts look not only at any relevant written agreements but also at the relationship of the parties, their course of dealings, and then answer the field and fact-specific question of whether essential terms were sufficiently settled to find a contract." *APS Capital Corp. v. Mesa Air Grp., Inc.*, 580 F.3d 265, 272–73 (5th Cir. 2009). The essential requirements of a valid contract are the same under Texas law. *See, e.g., Cessna Aircraft Co. v. Aircraft Network, LLC*, 213 S.W.3d 455, 465 (Tex. App. – Dallas 2006, pet. denied) (setting out elements of valid contract).

A meeting of the minds as to all material terms is required; however, the only term the parties have ever agreed upon is the amount of the settlement payment. Teleputers never agreed to a broad license and this fact is evidenced in the record. *See* ECF No. 23-3. There can be no legitimate question that the scope of any license or covenant not to sue is a material term to a settlement agreement. Here, there has been no meeting of the minds.

Thus, Defendants' Motion is **DENIED** and the parties are hereby **ORDERED** to submit a proposed scheduling order with a trial date of June 6, 2022 if a new settlement is not reached within 30 days.

SIGNED on this 23rd day of August, 2021.

ALAN D ALBRIGHT
UNITED STATES DISTRICT JUDGE