No. 24-

In the

Supreme Court of the United States

KEVIN T. LAVERY,

Petitioner,

v.

PURSUANT HEALTH, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

PETITION FOR A WRIT OF CERTIORARI

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June 23, 2025

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QUESTION PRESENTED

Kimble v. Marvel Enterprises, LLC, 576 U.S. 446 (2015) upheld the rule announced in *Brulotte v. Thys Co.*, 379 U.S. 29 (1964) that an agreement to pay royalties on a patent after its expiration is patent misuse and unlawful *per se*. The *Kimble* majority did not defend the reasoning of *Brulotte*, relying instead on *stare decisis.* Three justices would have overruled "our obvious mistake" in *Brulotte*. 576 U.S. at 472 (Alito, J. dissenting).

There is a worsening split among the circuits on how to apply the *Brulotte* rule. In a remarkable span of only six months, four appellate courts have issued irreconcilable opinions. Three have enforced post-expiration royalties by distinguishing *Brulotte* and *Kimble* or construing those cases narrowly. Two treat the analysis as a question of law, confining the inquiry to the four corners of the contract. In contrast, the Third Circuit instructs courts to engage in intensive fact finding, even advising that respecting *Brulotte* may require a "trial within a trial" to determine patent infringement. One court strains to avoid *Brulotte* with implausible contract construction while another applies the rule mechanically, ignoring context. Notably, all four cases involved royalty disputes over sales of drugs and medical devices—patent-dependent technologies with large upfront expenses, lengthy development, outsize risks, but potentially lucrative profits. These important industries are especially sensitive to legal uncertainty over their patent rights and obligations.

The question presented is:

Whether the Court should overrule *Brulotte* and *Kimble* or at least clarify that an agreement containing a post-expiration royalty is not *per se* patent misuse if the promised royalty is a means of sharing the risks and rewards of commercialization.

CORPORATE DISCLOSURE STATEMENT

Petitioner Kevin Lavery is an individual with no relevant corporate affiliation.

RELATED PROCEEDINGS

The following proceedings are directly related to this case within the meaning of Rule 14.1(b)(iii):

- *Lavery v. Pursuant Health, Inc.*, Case No. 24-1329 (6th Cir.), judgment entered January 24, 2025;

- *Lavery v. Pursuant Health, Inc.*, Case No. 22-10613 (E.D. Mich.), judgment entered March 25, 2024.

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The Sixth Circuit's opinion is reported at 126 F.4th 1170 and reproduced at Appendix page 1a. The district court's opinion and order granting summary judgment for Pursuant is not reported but is available at 2024 U.S. Dist. LEXIS 81597 and reproduced at Appendix page 16a.

JURISDICTION

The Sixth Circuit Court of Appeals entered judgment on January 24, 2025. On April 9, 2025, the Court extended the time to file a petition for a writ of certiorari to June 23, 2025. This Court has jurisdiction pursuant to 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS

35 U.S.C. § 261 provides, in pertinent part: "Subject to the provisions of this title, patents shall have the attributes of personal property."

INTRODUCTION

Brulotte v. Thys Co., 379 U.S. 29 (1964) held that a licensor misused its patent by requiring that farmers pay royalties for using their hop-picking machines after the last patent covering the invention expired. The Court ruled that post-expiration royalties are unlawful *per se* and preempt state contract law. Revisiting *Brulotte* fifty years later, the Court acknowledged the near-universal criticism of the decision and its obsolete antitrust underpinnings. *Kimble v. Marvel Ent., LLC*, 576 U.S. 446, 460-61 (2015). The Court nevertheless declined to overrule on grounds of *stare decisis*.

Kimble has not achieved what it sought to promote, "the evenhanded, predictable, and consistent development of legal principles." *Kimble*, 576 U.S. at 455. In a span of barely six months, four circuits have issued opinions assessing the enforceability of post-expiration royalties, employing four very different analytical approaches. Notwithstanding *Brulotte*, three circuits enforced post-expiration royalty provisions. Three of the four disappointed litigants have petitioned for certiorari. Far from promoting a uniform body of patent law, whether a post-expiration royalty constitutes patent misuse turns on the circuit in which it is litigated.

Today, virtually all cases implicating *Brulotte* arise from contracts negotiated by sophisticated parties, most often to apportion large risks and large potential profits generated by successful commercialization of patented technologies. Indeed, all four recent appellate cases involved development and commercialization of medical drugs or devices. High-stakes disputes in such conditions will inevitably arise, but instead of deciding them under familiar principles of contract law, litigants and judges must first grapple with conflicting and unnecessary federal preemption boundaries. The Court should grant the petition and overrule *Brulotte and Kimble* so that parties may develop and attempt to commercialize patented inventions as they see fit.

STATEMENT OF THE CASE

Legal Background.

A. *Brulotte* and *Kimble* Prohibit Post-Expiration Royalties

Brulotte v. Thys Co., 379 U.S. 29 (1964) held that it was unlawful *per se* to require licensees to pay use-based royalties after the last patent expired. *Id.* at 32. The Court reasoned that post-expiration royalties were "an effort to enlarge the monopoly of the patent by t[y]ing the sale or use of the patented article to the purchase or use of unpatented ones." *Id.* at 33. The *Brulotte* rule and its misplaced application of antitrust concepts was widely criticized by scholars and courts. *E.g. Scheiber v. Dolby Laboratories, Inc.*, 293 F. 3d 1014, 1017 (7th Cir. 2002) ("The decision has, it is true, been severely, and as it seems to us, with all due respect, justly, criticized.") (Posner, J.); *Kimble v. Marvel Enterprises Inc.*, 727 F. 3d 856, 857 (9th Cir. 2013) ("[T]he *Brulotte* rule is counterintuitive and its rationale is arguably unconvincing.").

Kimble v. Marvel Ent., LLC, 576 U.S. 446 (2015) presented the question whether to overrule *Brulotte.* Kimble had settled his infringement claims against Marvel by assigning his patent to Marvel in exchange for a 3% perpetual royalty on sales of its "Web Blaster" toy. Relying on *stare decisis*, the Court reaffirmed the *Brulotte* rule. "Respecting *stare decisis* means sticking to some wrong decisions." 576 U.S. at 455. Three justices would have overruled *Brulotte*. 576 U.S. at 466 ("*Stare decisis* does not require us to retain this baseless and damaging precedent.") (Alito, J., dissenting).

B. The Patent Act's Treatment of Patent Assignments

Kimble held that *Brulotte* prohibits post-expiration royalties arising from patent assignments as well as licenses. The Patent Act provides that "patents shall have the attributes of personal property." 35 U.S.C. § 261. Personal property is routinely conveyed using installment payments. The Solicitor General cited this statute to urge the Court not to grant certiorari in *Kimble*: "It is far from clear that the concerns that animated *Brulotte* should apply with equal force to the arms-length sale of a patent." Brief for the United States as *Amicus Curiae*, *Kimble v. Marvel Ent., LLC*, Case no. 13-720 p. 21, 2014 U.S. S.Ct. Briefs LEXIS 3811. *Kimble* did not address these distinctions nor reconcile its restrictive treatment of patent assignments with 35 U.S.C. § 261.

C. Courts' Fractured Approach After *Kimble*

Kimble dismissed concerns that applying the *Brulotte* rule could be problematic. "The decision is simplicity itself to apply. A court need only ask whether a licensing agreement provides royalties for post-expiration use of a patent. If not, no problem; if so, no dice." 576 U.S. at 459. In the ten years since, no coherent analytical framework has emerged. Scores of opinions issued by state and federal courts evidence great difficulty applying *Brulotte* in the myriad contracts where preemption is asserted. Just since July 2024, in addition to this case, three circuit courts have issued opinions wrestling with the rule. Although the three used widely divergent analytical frameworks, each rejected *Brulotte* preemption and enforced the parties' post-expiration royalty agreements.

1. *Zimmer Biomet Holdings v. Insall*

Dr. Insall licensed his patent portfolio for improved artificial knees to Zimmer. Citing *Brulotte*, Zimmer stopped paying royalties after the last patent expired. An arbitration panel reviewed amended contract language as well limited parol evidence and awarded Insall post-expiration royalties, primarily because the contract technically defined the royalty base as products sold under the "NexGen Knee" family of trademarks.

Zimmer contended in federal court that the award violated *Brulotte* and public policy because its sole reason for paying royalties was Insall's patent portfolio, which was "baked in" to the NexGen trademarks. In *Zimmer Biomet Holdings, Inc. v. Insall*, 108 F.4th 512 (7th Cir. 2024), *cert. denied*, 145 S. Ct. 773 (2024), the Seventh Circuit refused to vacate the award, holding that the panel could conclude the royalty was technically not tethered to the sales of artificial knees incorporating the patented features, but rather to devices that Zimmer continued to sell under the NexGen marks, which arrangement did not offend *Brulotte*. *Zimmer*, 108 F.4th at 519.

2. *Ares Trading v. Dyax*

The facts in *Ares Trading S.A. v. Dyax Corp.*, 114 F.4th 123 (3d Cir. 2024) are more complicated. Ares sold a drug that was identified and derived partly by using a patented method that Ares had licensed from Dyax for further development. Their contract included royalty obligations that persisted after expiration of the method patent. The district court held a bench trial to review the parties' motivations, intentions, upstream and downstream relationships with each other and third parties, and found that Ares' post-expiration royalty obligation did not violate the *Brulotte* rule.

Ares appealed, arguing that *Brulotte* and *Kimble* barred the post-expiration royalty obligation because it arose from Dyax's patent leverage. In a lengthy opinion, the Third Circuit affirmed and upheld the post-expiration royalties. First, it imposed a high evidentiary bar, requiring "clear evidence" that federal patent law conflicts with and preempts state contract law:

> [The Licensee] must show that its obligation conflicts with the federal patent laws, such that "enforcement of [its] contract to pay royalties" is preempted. *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 258–59, 262 (1979). But the Supreme Court has cautioned "that a court should not find pre-emption too readily in the absence of clear evidence of a conflict."

Ares Trading, 114 F.4th at 132, *citing Geier v. Am. Honda Motor Co.*, 529 U.S. 861, 885 (2000). The court then distinguished the facts before it from *Brulotte*: "*Brulotte*'s 'simple' rule does not apply [to] Ares' royalty obligation [because] it is not calculated based on activity *requiring postexpiration use* of inventions covered by the [licensed] patents." *Ares*, 114 F.4th at 137 (emphasis added). The court carefully analyzed the evidence adduced at trial, including upstream and downstream agreements and dealings between the parties and with third parties, to conclude that there was scant evidence that Ares "used" the patents at issue following their expiration, so the post-expiration royalty obligation survived *Brulotte*. After thoroughly reviewing *Brulotte* and *Kimble* it announced a three-part test:

> We understand *Kimble*'s definition of *Brulotte*'s rule as follows: (i) "post-expiration use" refers to practicing inventions after their patents expire—acts that would have infringed the patents pre-expiration; (ii) to determine whether a royalty is "provided for" post-expiration use, courts must determine whether the royalty is calculated based on activity <u>requiring</u> post-expiration use; and (iii) a royalty may be calculated based on activity requiring post-expiration use even if the royalty's value does not vary with that use.

114 F.4th at 140 (emphasis added). The court acknowledged that requiring courts to assess whether post-expiration use occurred "may necessitate a 'trial-within-a-trial' on infringement. . . . If so, that difficulty will be what *Brulotte* requires. The Supreme Court created a per se rule that must be rigidly applied even if its application is difficult." 114 F.4th at 146-47.

3. *C.R. Bard, Inc. v. Atrium*

In stark contrast with the Third Circuit's fact-intensive framework, the Ninth Circuit instructs courts to ignore evidence of the parties' motivations and intent regarding the challenged royalty provision. In *C.R. Bard, Inc. v. Atrium Medical Corp.*, 112 F.4th 1182 (9th Cir. 2024), *cert. denied*, Case no. 24-1143, 2025 U.S. LEXIS 2180 (June 2, 2025), the parties' contract required Atrium to pay $15 million per year as a minimum royalty for its sales of C.R.

Bard's patented medical device. Atrium stopped paying royalties on U.S. sales after the U.S. patent expired. After holding a trial, the district court ruled that the provision was unenforceable under *Brulotte* because the parties adopted the minimum royalty provision based on their assessment of the U.S. market, noting that the minimum royalty provision contained triggers relating to U.S. sales and conditions (*e.g.* certain FDA marketing approvals). *See* 112 F.4th at 1191-93 (noting district court's factual findings and presence of U.S.-based minimum royalty triggers in agreement).

The Ninth Circuit reversed. The court disregarded the trial court's factual findings concerning the parties' motivations for the minimum royalty provision, ruling that whether *Brulotte* forecloses post-expiration payments is purely a question of law: "[It] is a formal inquiry that does not depend on the parties' motivations, the course of their negotiations, or the consideration received by either party in exchange for the inclusion of a particular contractual term." 112 F.4th at 1186. The court ruled that the minimum royalty obligation could be supported by an oblique reference to an unexpired Canadian patent falling within the contract's definition of licensed technology. The court dismissed the U.S.-specific triggers in the minimum royalty provision, stating that they did not expressly "dictat[e]" that the minimum royalty was for U.S. sales. *Id.* at 1193. Nor was it swayed by Atrium's argument that the $15 million/year minimum royalty was wholly disproportionate to Atrium's small Canadian sales. "*Brulotte* establishes a per se rule, so we have no occasion to decide whether the size of a royalty is reasonable." *Id.*

Petitioner discusses these cases further in Section I.B, *infra.*

Factual Background

Dr. Kevin T. Lavery, M.D. is a surgeon and ophthalmologist. App. 2a. In 2003 he received a patent for his novel apparatus and method for screening users' medical conditions in compact and convenient kiosks, particularly vision screening and more particularly screening using a retinal camera. *Id.* Bart Foster had independently invented a vision screening apparatus and had a patent application pending through his then-employer. *Id.* 3a. In 2007, the two like-minded entrepreneurs joined forces to launch Pursuant Health's predecessor company. They signed several agreements to share the formidable start-up risks and the possibility of profits, including a contribution agreement (App. 31a), a consulting agreement (App. 51a), and an assignment of Lavery's patent to the company.

Lavery's main contributions to the venture were (1) assigning to the company (not licensing) his patent together with "All proprietary information, trade secrets, and other intellectual property rights held by Lavery and attendant to the Patent," *see* Contribution Agreement (App. 32a § 1.1(d); App. 49a), and (2) providing extensive consulting services as the company's chief medical officer. *See* App. 36a § 1.6; App. 51a (consulting agreement); 6CA opinion, App. 10a. In return Lavery received 10% equity in the new company and a share of net sales if the company (hereinafter "Pursuant") succeeded in commercializing vision kiosks. Contribution Agreement, App. 31a § 1.1(a) (Intellectual Property delivered); § 1.1(b) (grant of 10% membership interest); § 1.2 (Royalty).

The parties structured a two-tier royalty having different royalty bases and different length terms. Tier 1 was not tied to sales of items that used Lavery's patent, but was calculated on Pursuant's sales of *any* vision screening kiosks *irrespective* of whether the kiosks incorporated a patented feature, including kiosks sold in Canada and Mexico that were not protected by Lavery's U.S. patent. Contribution Agreement App. 31a § 1.2(d) (defining Net Domestic Sales to include all of North America). Tier 2 bumped the royalty to 3% on kiosk sales that used the featured element of Lavery's patent—a retinal camera. Upon expiration of Lavery's patent, the royalty rate reverted to 1%. *Id. See also* 6CA opinion at 3a, 10a.

It is undisputed that Dr. Lavery provided Pursuant with substantial technical and marketing services, including capital fundraising, process validation, product ideas, industry contacts, and instant credibility for the new company through his reputation as an ophthalmology expert. Bart Foster testified that he spoke frequently with Lavery, that Lavery provided "tons of ideas" on kiosk design and roll out, that he made very substantial contributions during the start-up years, that he proposed a specific business model involving physician referrals, supplied names of potential vendors, and provided regulatory advice, clinical validation, and ophthalmology market insights.[1]

1. Lavery's extensive unpaid services as Pursuant's chief medical officer and primary are documented in the record. *See, e.g.*, Lavery depo. pp. 18-20, 61-62 (Dist. Ct. ECF 48-2); Foster depo. pp. 98-100, 103, 105, 109-10, 123-25, 145 (Dist. Ct. ECF 48-3).

The business venture was successful. Bart Foster, Lavery's original business partner, eventually left the company and was replaced by new management. In 2021 the patent expired, Pursuant stopped paying the 1% perpetual royalty, and Lavery sued for breach of contract.

Proceedings Below

The district court granted summary judgment for Pursuant based on its reading of the contracts and *Brulotte* and *Kimble.* App. 16a. On appeal Lavery advanced three arguments. <u>First</u>, the two-tier royalty fell outside *Kimble*'s proscription because the higher rate was plainly tied to kiosk sales that used Lavery's patent and terminated with expiration of the patent, whereas the base rate of 1% was based on sales of *any* vision screening kiosk, regardless whether the kiosk used the patent. <u>Second</u>, the perpetual royalty represented deferred compensation for Lavery's extensive services in the early years of the company as its chief medical officer and the risks he took by investing in the venture. <u>Third</u>, the *Brulotte* rule governing arms-length licensing agreements was inapplicable because this was a deal made between the company's co-owners, falling within *Kimble*'s safe harbor for joint ventures. *See Kimble*, 576 U.S. at 474 ("Finally and most broadly, *Brulotte* poses no bar to business arrangements other than royalties—all kinds of joint ventures, for example—that enable parties to share the risks and rewards of commercializing an invention.").

The Sixth Circuit gave no weight to Lavery's role as co-founder or the motivations that led to the two-tiered royalty, and virtually ignored Lavery's contributions to the start up venture. Instead, the court looked exclusively to the terms of the parties' contract. Responding to Lavery's first argument that one tier of the royalty was for use of his patent and not the other, the court simply averred that each sold kiosk incorporated Lavery's patent, App. 11a; it brushed aside Lavery's argument that the record was silent on whether the sold kiosks actually used his patent: "[O]ur inquiry turns on the objective meaning of the contract, not on what the parties subjectively believed after they signed the papers." App. 14a. The court dismissed Lavery's second and third arguments that the perpetual royalty reflected deferred compensation for his services and risks of a new joint venture, confining its analysis strictly to the written contract. "[T]here is no evidence in the three agreements that supports this claim. In particular the Contribution Agreement says nothing about the royalty amounting to a form of deferred compensation or serving the interests of a joint venture." App. 12a-13a.

REASONS FOR GRANTING THE PETITION

No longer is the *Brulotte* rule an obscure doctrine of little practical importance. As the recent wave of circuit opinions demonstrates, disputes over the rule have become frequent, and the stakes far higher than the modest royalties Thys demanded from hop farmers. Millions of dollars turn on how a judge will apply the unpredictable law, affecting both the immediate litigants as well as overall investor appetite for technology having lengthy commercialization periods.

The circuit courts' analytical frameworks are irreconcilable. At one extreme the Third Circuit construes *Kimble* as requiring a fact intensive inquiry to determine whether the licensee's post expiration activities "used" the original patent, *i.e.*, whether the post-expiration royalty is *for* continued use of the expired patent or *for* something else. The court frankly warned that *Brulotte* and *Kimble* could require a trial-within-trial to determine whether the licensee's post-expiration activity would have infringed the pre-expiration patent. At the other extreme, the Sixth Circuit construes *Kimble* as requiring courts to read contract terms mechanically, ignoring parol evidence of context, intent, and the parties' motivations. The Seventh and Ninth circuits similarly direct their analysis to contract language, but are reluctant to find *Brulotte* preempts bargained-for royalties.

This sea of legal uncertainty could perhaps be tolerated if the *Brulotte* rule safeguarded important legal principles, but nobody defends it on substance. Its antitrust rationale stands thoroughly discredited. The *Kimble* Court essentially conceded that the only reason to retain the misguided rule is *stare decisis*. But that venerable doctrine must yield to ten years of experience showing that it has not promoted evenhanded, predictable, or consistent development of legal principles. Quite the opposite—*Kimble* has spawned more legal uncertainty than ever. Its sweeping "simplicity" language promotes unjust outcomes. The rule surprises contracting parties ignorant of its proscriptions, and burdens those who are aware of it with suboptimal alternatives or work-arounds. Litigation over the rule's reach consumes untold legal resources. And setting aside *Brulotte*'s discredited antitrust underpinnings, *Kimble* is just wrong. The Patent Act commands that courts treat patent assignments no differently than conveyances of personal property.

This case is the ideal vehicle to reconsider and overrule *Brulotte.* The salient facts are uncomplicated and undisputed. There is no need for the Court to construe contract terms. At a minimum, the Court should abandon its *per se* rule and hold that a post-expiration royalty is lawful if it arises from a patent assignment or an agreement to share the risks and rewards of developing or commercializing a patented invention.

A. Uniformity is Critical.

For at least five reasons, it is critical that the Court restore uniformity in this area. First, the Court has repeatedly emphasized "the development of a uniform body of [patent] law." *E.g.*, *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989). A circuit split over *Brulotte* obviously compromises a paramount goal: consistent judicial interpretation of federal patent law. *Cf.* 28 U.S.C. § 1295(a)(1) (vesting Federal Circuit with exclusive jurisdiction over appeals arising under patent laws).

Second, the issue recurs frequently and is apparently accelerating. Four circuit opinions addressing the same seemingly arcane rule—all released within six months of each other—is extraordinary. A computer search confirms that scores of state and federal cases have tangled with the *Brulotte* rule since *Kimble.* The lack of consensus concerning *Brulotte*'s proper application encourages more litigation on the issue, especially if the stakes are high.

Third, as elaborated below the Circuits have adopted radically different frameworks for analyzing the *Brulotte* rule. The Third Circuit bases its *Brulotte* analysis heavily on facts. The Ninth Circuit regards the issue as a pure matter of law, looking exclusively to the contract and rejecting all parol evidence. A party incorporated in Delaware and having its headquarters in California confronts two competing frameworks, virtually assuring forum shopping and collateral litigation.

Fourth, legal uncertainty over patent rights discourages investment. Industries with lengthy and costly development and commercialization frequently rely on long-term royalty agreements to apportion the large risks and uncertain rewards. It is not surprising that all four recent appellate opinions dealt with commercialization of medical drugs and medical devices. The current unpredictable and inconsistent *Brulotte* regime may pose the greatest threat to investment in medical technologies and life sciences.

The fifth and final reason is more subtle but no less powerful. The *Kimble* Court affirmed *Brulotte* in service to *stare decisis*, whose primary purpose is to promote "the evenhanded, predictable, and consistent development of legal principles." *Kimble*, 576 U.S. at 455. If, in *Kimble*'s wake, courts have proven unable to predictably and consistently develop legal principles, then the only justification for adhering to *Brulotte* disappears. In other words, promoting consistency and predictability was *Kimble*'s primary reason for the retaining the *Brulotte* rule; the absence of uniformity should be a primary reason to reconsider and overrule it.

B. Four Circuits Have Adopted Irreconcilable Approaches.

The following summarizes the competing approaches of the four circuits.[2]

	Zimmer Biomet v. Insall (7th)	*Ares Trading v. Dyax (3d)*	*Bard v. Atrium (9th)*	*Lavery v. Pursuant (6th)*
Require clear evidence of federal preemption of state contract law		X		
Construe *Brulotte* narrowly	X	X	X	
Rigid application of *Kimble*'s "simplicity" instruction				X
Rigid application of *Kimble*'s "provided for" and "requiring use" elements		X		

2. Scores of federal and state trial courts have valiantly tackled *Brulotte* since *Kimble*, but including their analyses would make the chart unwieldy.

Conduct fact-based inquiry of parties' motivations, course of dealing, and post-expiration conduct	X (limited)	X (extensive)		
Review royalty sales base to ascertain whether sale/use would necessarily infringe patent	X	X		
Confine analysis to contract language; no weight accorded parties' intent or evidence extrinsic to contract			X	X
Construe ambiguous contract terms favorably to allow post-expiration royalty			X	

Briefly recapping, in *Zimmer* the Seventh Circuit considered whether an arbitration award was enforceable as a matter of public policy in light of *Brulotte*. This procedural posture was atypical but the opinion indicates that the court construes *Kimble* narrowly and will consider evidence of the parties' relationship and their understanding of the meaning of the contract terms. What seemed determinative in that case was whether the royalty base (products marketed under the "NexGen Knee" trademark family) *necessarily* implicated use of Dr. Insall's expired patents.

Two aspects of the Third Circuit's framework stand out. First, unlike the other circuits it imposes a formidable "clear evidence" hurdle before finding *Brulotte* preemption. Second, it takes a holistic approach of the parties' dealings, encouraging intensive fact finding concerning the parties' motivations and dealings with each other and third parties. Indeed, the court warned that respecting *Brulotte* and *Kimble* might require a trial-within-trial to determine whether the licensee's post-expiration activity was tied to use which would have infringed the patent or tied to something else, *i.e.*, assessing what the post-expiration payment was "for."

Like the Seventh and Third Circuits, the Ninth Circuit construes *Brulotte* narrowly. Unlike those circuits, it disavows any consideration of the parties' motivations or parol evidence. Instead, it takes a formalistic approach that looks exclusively at the contract. Unless specified in the agreement, the court eschews any attempt to determine what royalties are actually "for." The circuit court plainly remains "none too happy" about the rule, *Kimble*, 576 U.S. at 451, implausibly construing the contract in *C.R. Bard* to avoid *Brulotte* preemption.

Like the Ninth Circuit, the Sixth Circuit looks only to the contract terms to evaluate *Brulotte* preemption. Unlike all the other circuits, however, the Sixth Circuit construes *Kimble*'s "simplicity" guidance broadly and rigidly: "a court need only ask whether a licensing agreement provides royalties for post-expiration use of a patent. If not, no problem; if so, no dice." App. 9a. This contrasts with the Third and Seventh Circuits, which closely evaluate *what* the royalty is "provided for." The Third Circuit particularly searches whether the post-expiration activity "uses" the patent. It also contrasts with the Ninth Circuit, which minimizes the reach of *Brulotte*.

Had Petitioner's case been evaluated using any other circuit's framework the royalties would have survived. And notwithstanding the Sixth Circuit's attempts to distinguish them, App. 13a-14a, if the other three cases had been evaluated under Sixth Circuit's framework the extended royalties would likely have been barred.

C. The Case Was Wrongly Decided.

Even under *Kimble*'s restrictions, Lavery should receive the promised royalties. Of the four recent appellate cases, Lavery respectfully submits that his royalty claims least merit *Brulotte* nullification. The tiered royalty structure reflected different rates for patent rights (3%) and nonpatent rights (1%). More broadly, this was not a license negotiated by parties having adverse interests, but a deal between partners to commercialize their innovative ideas. Lavery co-founded the company, contributing his talents and his patent in exchange for 10% equity and a share of its sales revenue. By its own terms, *Kimble* poses no bar to joint ventures and similar business arrangements. *Kimble*, 576 U.S. at 474.

Turning to this Court's precedent, *Brulotte*'s rejected doctrinal basis requires no further discussion. *Kimble* also wrongly extended the *Brulotte* rule to sweep in patent assignments. Placing restrictions on patent assignments contradicts the Patent Act, which provides that assignments shall have the attributes of personal property. 35 U.S.C. § 261. As mentioned above, the Solicitor General urged the Court to deny certiorari in *Kimble* because it involved an assignment rather than a license. The Court extended *Brulotte* without considering § 261 or the foreseeable consequences.

To illustrate, suppose Adam agrees to buy Bill's old car, paying Bill ten cents for every mile he drives over a 48 month-period or $50 per month for 48 months, whichever is more. Both know the old heap won't last four years and Adam will be stuck with minimum payments, but the deal poses no legal obstacle. Next Adam agrees to buy Bill's old widget patent, paying Bill ten cents royalty for every widget he sells over a 48-month period or $50 per month for 48 months, whichever is more. The Patent Act assures them the patent assignment will be treated exactly the same as the car, but *Kimble* upsets their deal, invalidating every post-expiration payment as unlawful *per se*.

"[T]he sale of intellectual property alone . . . is a considerably more complex matter than the contract at issue in *Brulotte*, and the concepts underlying *Brulotte* do not necessarily transfer to that context readily." *Zila, Inc. v. Tinnell*, 502 F. 3d 1014, 1021 (9th Cir. 2007). Quite right. For example, suppose Pam agrees to buy Mary's business including her gadget patent for $100 million cash plus $1 per gadget royalty over the life of the patent. Pam sells millions of gadgets each year. Pam "forgets" to pay the statutory maintenance fees on the patent, the patent expires, and Pam halts royalty payments citing the *per se* rule of *Brulotte* and *Kimble.* Pam might terminate the patent and escape costly royalties in any number of ways, such as only weakly defending a claim of invalidity. By extending the *Brulotte* rule to patent assignments, *Kimble* opened the door to all sorts of mischief by assignees to avoid their contractual obligations.

D. Every Factor Counsels Overruling *Brulotte*, or at a Minimum Dramatically Curtailing the Doctrine.

The Court has not endorsed a comprehensive list of factors to consider before overruling precedent. *Dobbs v. Jackson Women's Health Organization*, 597 U.S. 215, 142 S. Ct. 2228, 2265 (2022) addressed five factors, which is a reasonable starting framework for purposes of this petition.

1. *Stare Decisis* is Not Stringent Here Due to the Nature of the Error.

The *Brulotte* rule is a judge-made doctrine; it did not interpret the Constitution or a statute in any meaningful way. *Stare decisis* is less compelling in such circumstances. "The Court's precedents applying common-law statutes and pronouncing the Court's own interpretive methods and principles typically do not fall within that category of stringent statutory *stare decisis.*" *Ramos v. Louisiana*, 140 S. Ct. 1390, 1413 n.2 (2020) (Kavanaugh, J., concurring).

2. The Quality of *Brulotte*'s Reasoning was Weak.

The Court has acknowledged that *Brulotte*'s reasoning has been universally criticized by economists, scholars and respected jurists. *Kimble*, 576 U.S. at 460-61. No member of the *Kimble* Court defended *Brulotte* on its merits. 576 U.S. at 472 (Alito, J. dissenting). The collapse of doctrinal support for *Brulotte* supports renouncing it. *See also Janus v. American Federation of State, County, and Municipal Employees*, 585 U.S. 878, 138 S. Ct. 2448, 2482 (2018) (erosion of doctrinal underpinnings provides "special justification" for overruling precedent).

3. The Present Circuit Split Demonstrates the *Brulotte* Rule is not Workable.

Kimble asserted the *Brulotte* rule is "simplicity itself" to apply. *Kimble*, 576 U.S. at 469. The Court's confidence was misplaced. Four panels of highly capable jurists have propounded four contradictory analytical frameworks. The rule has proven unworkable in any practical, consistent sense.

4. The Rule Has Had a Disruptive Effect on Contract and Patent Law.

Every assertion of *Brulotte* preemption upsets the parties' contractual expectations, but the impact of the rule reaches far beyond individual transactions. The monies at stake can be very large; the disputed royalties in *Ares* were $15 million per year. As the Court recognized in *Kimble*, the rule requires contracting parties to accept suboptimal arrangements. 576 U.S. at 453-54, 464. Such workarounds impose significant transaction costs. Even more disruptive, but unquantifiable, are the deals that *are not* consummated due to legal uncertainties surrounding the Court's doctrine. As discussed above, the technologies most vulnerable to foregone investment are long-term royalties commonly used to spread risks and rewards in patented technologies that require lengthy and/or costly development and commercialization. To the degree the rule discourages such investment, it hinders "progress of science and the useful arts," disrupting not only contract law but a foundation of patent law.

5. There Is No Evidence of Concrete Reliance on the Rule; any Reliance Interest is Speculative.

Kimble identified only one reliance interest supporting retention of the rule: that some parties may not have specified a royalty termination date counting on the *Brulotte* rule to terminate the obligation. 576 U.S. at 457-58. As the dissent pointed out, this is entirely speculative. There was no evidence in that case that any "concrete reliance" had occurred, only "Marvel's self-serving and unsupported assertion." *Id.* at 469. The only concrete reliance interests belonged to those who believed their royalty terms were enforceable, only to have their expectations upset by *Brulotte*. Overruling *Brulotte* is far more likely to protect reliance interests than harm them.

Summarized bluntly: Everyone agrees the *Brulotte* rule has never made substantive sense. It upsets parties' expectations. The courts can't agree how to apply it. Extending the doctrine to assignments encroaches on the careful design of the Patent Act. All of this discourages investment in important patented technologies. The Court should finally overrule *Brulotte* so that parties may develop and attempt to commercialize patented inventions as they see fit. At a minimum it should abandon its *per se* rule and substantially narrow the doctrine to hold that a post-expiration royalty is lawful if it arises from a patent assignment or from an agreement to share the risks and rewards of developing or commercializing a patented invention.

E. This Case is an Excellent Vehicle to Reconsider *Brulotte*.

The question presented is urgent. This is the third petition for certiorari submitted to the Court seeking review of the *Brulotte* rule since October 2024. The Court denied certiorari in *Zimmer Biomet Holdings, Inc. v. Insall*, 108 F.4th 512 (7th Cir. 2024), *cert. denied*, 145 S. Ct. 773 (2024) and *C.R. Bard, Inc. v. Atrium Medical Corp.*, 112 F.4th 1182 (9th Cir. 2024), *cert. denied*, 2025 U.S. LEXIS 2180 (June 2, 2025). *Zimmer* was a poor vehicle given its origins in arbitration. *C.R. Bard* was likewise not a good candidate because it involved a complicated licensing agreement, with the parties disputing key facts that related directly to the challenged royalty term.[3] Complicated contracts and disputed facts are typical in cases disputing the reach of *Brulotte*.

This case is a uniquely good candidate because it presents simple, undisputed facts. A *per se* rule that denies

3. *Ares Trading S.A. v. Dyax Corp.*, 114 F.4th 123 (3d Cir. 2024) was likewise a poor candidate for certiorari due to its complicated and disputed facts.

Dr. Lavery the fruits of his creativity and investment in the company he co-founded cannot be the result the Court anticipated. It is unlikely the Court will find a more sympathetic vehicle to correct its mistake and finally overrule or substantially curtail *Brulotte*.

CONCLUSION

The Court should grant the petition for writ of certiorari.

Respectfully submitted,
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June 23, 2025

APPENDIX

TABLE OF APPENDICES

APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT, FILED JANUARY 24, 2025

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

No. 24-1329
File Name: 25a0016p.06

KEVIN T. LAVERY,

Plaintiff-Appellant,

v.

PURSUANT HEALTH, INC.,

Defendant-Appellee.

Appeal from the United States District Court
for the Eastern District of Michigan at Detroit.
No. 2:22-cv-10613—Jonathan J.C. Grey, District Judge.

Argued: December 12, 2024

Decided and Filed: January 24, 2025

Before: SUTTON, Chief Judge; MURPHY
and BLOOMEKATZ, Circuit Judges.

OPINION

SUTTON, Chief Judge. Kevin Lavery invented a vision screening device and contracted with Pursuant

Health, a company that makes vision screening kiosks, to sell it. He transferred his patent to the company in exchange for royalties on its kiosk sales. When Lavery's patent expired and Pursuant Health stopped paying him, he sued. The district court ruled that the expiration of his patent made the royalty unenforceable and granted summary judgment to Pursuant Health. We affirm.

I.

Kevin Lavery, M.D., ophthalmologist, added inventor to his name in 2001. He created an "automatic medical test apparatus" that could perform vision tests on patients and transmit the results to offsite doctors. R.30-5 at 2. He obtained a patent for the device.

Meanwhile, Bart Foster had been working with his employer, a Novartis subsidiary, to develop EyeSite, a kiosk that would allow people to test their vision at Walmart and other big-box stores around the country. In 2004, Foster applied for, and eventually received, a patent for his kiosk concept and sought to create a new company to pursue the project. Because his employer (Novartis) owned the rights to his patent application, Foster looked for a way to encourage Novartis to transfer the pending patent rights to him and his venture.

Enter Lavery and his patented device. Novartis's attorney told Foster about Lavery's patent after conducting due diligence on its kiosk plans. Foster hoped that, if he could acquire the rights to Lavery's issued patent, Novartis would agree to transfer to him the rights to his own pending patent.

Foster was right. Foster and Lavery signed a letter of intent in June 2007 indicating that they had reached an agreement for Lavery to transfer his patent to a new company that Foster intended to form. Novartis eventually sold Foster the patent rights to the kiosk, and Foster set up his venture, eventually called Pursuant Health, on October 1, 2007. That prompted Foster and his venture to finalize an agreement with Lavery.

On October 11, 2007, Lavery formally agreed to transfer his patent rights to Pursuant Health. Lavery signed three agreements in total: (1) a Letter of Intent with Pursuant Health that memorialized the terms of their exchange, including transfer of stock in Pursuant Health to Lavery; (2) a Contribution Agreement that gave Pursuant Health rights to his "Intellectual Property" in exchange for a 1% cut on domestic sales of its "vision screening kiosks and any derivative or complementary applications," to be bumped to 3% if Pursuant Health sold kiosks with retinal cameras, R.30-8 at 3 (§ 1.2(a), (e)); and (3) a Consulting Agreement that made Lavery the Chief Medical Officer of Pursuant Health and permitted him to supply services for a fee.

The arrangement apparently worked for several years. In 2008, the new company set up the first kiosk in a Walmart in Georgia. More kiosks followed. As Pursuant Health sold kiosks around the country, it paid Lavery his promised royalty. Through 2021, Lavery received around $708,000 in royalties.

Patents do not last forever, however. When Lavery's 20-year patent expired in May 2021, Pursuant Health stopped paying the royalty. Lavery filed this state-law diversity action in federal court, seeking a declaration that the 1% royalty did not have a time limit, damages for breach of the Contribution Agreement, and damages for unjust enrichment. As relevant here, Pursuant Health raised two defenses. The first was that the Contribution Agreement provided for royalties only during the 20-year lifespan of Lavery's patent under the defined "Term" of the Agreement. The second was that, even if the Agreement provided for royalties after the patent's expiration, the patent's expiration rendered the royalty agreement void and unenforceable. Pursuant Health moved for summary judgment on the second ground. The district court granted Pursuant Health's motion. Lavery appeals, challenging only the grant of summary judgment on his claim that Pursuant Health breached the Contribution Agreement.

II.

Congress has made jurisdiction over patent disputes doubly exclusive. It permits them to be heard only at the outset in federal district court, not state court. "[D]istrict courts," Congress has directed, "shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents," and "[n]o State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents." 28 U.S.C. § 1338(a). Congress permits appeals from those district court decisions only to the Federal Circuit. Even though we ordinarily may review a district court's final order granting summary judgment in a diversity action, *see id.* §§ 1291, 1332, that is not true of appeals in "any civil action arising under . . . any Act of Congress relating to patents" or an action involving a "compulsory counterclaim arising under" the same, *id.* § 1295(a)(1). In such cases, appellate jurisdiction lies exclusively with the Federal Circuit. *Id.*

In this instance, Pursuant Health does not raise any counterclaims. That leaves just one question: Does Lavery's state-law contract claim arise under federal patent law? *See id.* Two possibilities for arising-under jurisdiction exist. The most obvious occurs when patent law creates the plaintiff's cause of action. *See Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 808–09, 108 S. Ct. 2166, 100 L. Ed. 2d 811 (1988). The other possibility occurs when state law creates the cause of action but the claim, as pleaded by the plaintiff, turns on a disputed and substantial patent issue. *Id.* at 809; *see Gunn v. Minton*, 568 U.S. 251, 258, 133 S. Ct. 1059, 185 L. Ed. 2d 72 (2013).

Lavery's contract claim does not arise under federal patent law. The claim turns on state law and requires the courts to decide only whether the relevant contracts create a royalty that extends beyond the 20-year expiration date. *See Trifecta Multimedia Holdings Inc. v. WCG Clinical Servs. LLC*, 318 A.3d 450, 470 (Del. Ch. 2024). Although the contract claim concerns the business value of a patent, it does not turn on its validity, infringement of it, or any other patent-law-centric dispute. *See Lab'y Corp. of Am. Holdings v. Metabolite Lab'ys, Inc.*, 599 F.3d 1277, 1284 (Fed. Cir. 2010); *see also Cardiovascular Sys., Inc. v. Cardio Flow, Inc.*, 37 F.4th 1357, 1362 n.2 (8th Cir.

2022). The same is true for Lavery's unjust enrichment claim. It asks only whether a contract controls the parties' relationship and, if not, whether Pursuant Health unjustly retained benefits owed to Lavery. *See Kuroda v. SPJS Holdings, L.L.C.*, 971 A.2d 872, 891 (Del. Ch. 2009). Because Lavery's claims involve state law from start to finish and because they do not turn on the meaning of patent law, they do not arise under patent law.

Pursuant Health's invocation of the 20-year patent bar raises an affirmative defense that does not eliminate our jurisdiction. While Congress vests exclusive jurisdiction in the Federal Circuit over cases with compulsory patent counterclaims, 28 U.S.C. § 1295(a)(1), it has not done the same for affirmative defenses, *see* Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 19(b), 125 Stat. 284, 331–32 (2011). We cannot lightly assume that Congress "silently abrogated," *Kelly v. Robinson*, 479 U.S. 36, 47, 107 S. Ct. 353, 93 L. Ed. 2d 216 (1986), the century-old rule that defenses do not generate "arising under" jurisdiction, *Louisville & N. R. Co. v. Mottley*, 211 U.S. 149, 152–53, 29 S. Ct. 42, 53 L. Ed. 126 (1908); *see also Wesley Corp. v. Zoom T.V. Prods.*, 749 F. App'x 449, 450 (6th Cir. 2019) (order). The Ninth and Federal Circuits agree that 28 U.S.C. § 1295(a) applies only to patent counterclaims, not affirmative defenses. *C.R. Bard, Inc. v. Atrium Med. Corp.*, 112 F.4th 1182, 1188 n.3 (9th Cir. 2024) (per curiam); *Xitronix Corp. v. KLA-Tencor Corp.*, 882 F.3d 1075, 1076 (Fed. Cir. 2018). No circuit has ruled to the contrary to our knowledge.

That leaves Lavery, the claimant, largely in charge of whether to invite or "avoid . . . jurisdiction" in this case.

Caterpillar Inc. v. Williams, 482 U.S. 386, 392, 107 S. Ct. 2425, 96 L. Ed. 2d 318 (1987); *see The Fair v. Kohler Die & Specialty Co.*, 228 U.S. 22, 25, 33 S. Ct. 410, 57 L. Ed. 716, 1913 Dec. Comm'r Pat. 530 (1913). Lavery chose to bring state law claims, neither of which turns on patent law.

The two key Supreme Court cases at issue in this case reinforce our conclusion that we have jurisdiction over this dispute. *Brulotte v. Thys Co.* involved an appeal from the Washington Supreme Court, not from a federal court. 379 U.S. 29, 30, 85 S. Ct. 176, 13 L. Ed. 2d 99 (1964). By 1964, Congress's prohibition on state courts handling patent disputes had been in place for around 90 years. Title XIII, Rev. Stat. § 711 (1874); *see also* Pub. L. No. 80-773, § 1338, 62 Stat. 869, 931 (1948). And *Kimble v. Marvel Entertainment, LLC*, involved an appeal from the Ninth Circuit, not from the Federal Circuit. 576 U.S. 446, 450–51, 135 S. Ct. 2401, 192 L. Ed. 2d 463 (2015). By 2015, Congress's vesting of exclusive jurisdiction over patent appeals in the Federal Circuit had been in place for 33 years. Pub. L. No. 97-164, § 127(a), 96 Stat. 25, 37 (1982). Neither party to today's case disputes this conclusion. We have jurisdiction over this appeal.

III.

At stake on the merits is whether the 20-year limit on this patent rendered the parties' royalty provision unenforceable in 2021. As the proponent of this defense, Pursuant Health bears the burden of proving it. *See Taylor v. Sturgell*, 553 U.S. 880, 907, 128 S. Ct. 2161, 171 L. Ed. 2d 155 (2008). We give fresh review to the district court's summary judgment decision and draw all reasonable factual inferences in Lavery's favor. *See Peffer v. Stephens*, 880 F.3d 256, 260, 262 (6th Cir. 2018).

A.

Patents give their holders certain rights over the patented invention. They may make, use, or sell the invention and exclude others from doing the same. And they may sell or license those rights for royalty payments. At the same time that the Constitution and Congress create these rights, they also limit them. The Constitution empowers Congress to grant inventors exclusivity only for a "limited Time[]," U.S. Const. art. I, § 8, cl. 8, which Congress currently sets at 20 years, 35 U.S.C. § 154(a)(2). When that time runs out, the patent expires, and the public may freely use the invention. Any attempt by the inventor to extend his monopoly after the limited term of exclusivity "runs counter to the policy and purposes of the patent laws." *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 256, 66 S. Ct. 101, 90 L. Ed. 47, 1946 Dec. Comm'r Pat. 616 (1945).

Brulotte and *Kimble* illustrate how this principle works. In *Brulotte*, an inventor licensed his patented hop-picking machine to farmers in exchange for "a minimum royalty of $500 for each hop-picking season or $3.33 1/3 per 200 pounds of dried hops harvested by the machine, whichever is greater." 379 U.S. at 29. The machine incorporated seven of the inventor's patents, all of which expired before the licenses. *Id.* at 30. When the farmers refused to pay the required royalties, the inventor sued.

Id. The Court declined to enforce the royalty provision after the patents expired. *Id.* By requiring the same payment "for use during [the post-expiration] period," the Court explained, the inventor impermissibly "project[ed] [his] monopoly beyond the patent period." *Id.* at 31–32, 34. That, the Court held, was "unlawful per se." *Id.* at 32.

In *Kimble*, the Court rejected an effort to overrule *Brulotte* and clarified how the underlying principle works in practice. As to the limit on royalties, *Kimble* explained, a "court need only ask whether a licensing agreement provides royalties for post-expiration use of a patent. If not, no problem; if so, no dice." 576 U.S. at 459. In applying this rule, *Kimble* offered several legitimate ways in which contracting parties retain flexibility to arrange their post-expiration affairs. *Id.* at 453. Licensees might "defer payments for pre-expiration use of a patent into the post-expiration period." *Id.* Or they might embrace "business arrangements other than royalties," such as sales with respect to trade secrets or other non-patent property. *Id.* at 454. If inventors contributed non-patent rights, they could ask for, say, "a 5% royalty during the patent period (as compensation for the two combined) and a 4% royalty afterward (as payment for the trade secret alone)." *Id.* And if the inventors contributed multiple patents, royalties might "run until the latest-running patent covered in the parties' agreement expires." *Id.*

B.

In applying this test, we start with the most relevant contract: the Contribution Agreement. On one side of the deal, Lavery contributed to the company "Intellectual Property" as described in Exhibit B. R.30-8 at 2 (Contribution Agreement Recital A). In full, Exhibit B refers to Lavery's "U.S. Patent No. 6,594,607 (the '*Patent*')," and "All proprietary information, trade secrets, and other intellectual property rights held by Lavery and attendant to the Patent." R.30-8 at Ex. B.

On the other side of the deal, Lavery received an equity interest in the company and a royalty. Here's what the royalty provision says about Pursuant Health's obligations:

> [It] agree[d] to pay Lavery, or his assignee, a perpetual royalty (the "*Royalty*"), on a quarterly basis, of one percent (1%) (the "*Royalty Percentage*") of the Company's Net Domestic Sales of Products for the prior quarter; *provided*, that at the time that the Company first receives Net Domestic Sales from Retinal Camera Products, the Royalty Percentage shall be increased to three percent (3%) for the remainder of the Term[] . . . .

R.30-8 at 3 (Contribution Agreement § 1.2(a)). "Products," defined a few subsections down, are "vision screening kiosks and any derivative or complementary applications." R.30-8 at 3 (§ 1.2(e)).

A few features of this language and the arrangement between the parties stand out. The Contribution Agreement calls this a "perpetual royalty," and the parties on appeal do not identify any language in this contract or any other between the parties that contains an end date for this royalty payment. By its terms, the key contract thus extends well beyond the 20-year expiration date of Lavery's patent.

At the same time, the relevant contracts do not specifically identify any non-patent contributions, whether trade secrets or something else, that this royalty covers. From the Letter of Intent to the Contribution Agreement, the only specific form of intellectual property that Lavery contributed to the company at the time of the Contribution Agreement was the patent. While inventors remain free to seek compensation for non-patent rights that extend beyond a patent's expiration date, *see Kimble*, 576 U.S. at 454, they must identify them in the contract. In this instance, however, the contract does not contain any cognizable indication that the royalty covered anything other than Lavery's patent.

The royalty base confirms this conclusion. It turns on the number of kiosks sold, each of which incorporated Lavery's patent. The patent sets Lavery's invention in broad terms. It "is an apparatus and method for conducting a medical screening test on a user patient," R.30-5 at 5, including retinal, glucose, blood pressure, and pulmonary tests. The patent covers twelve different types of claims concerning the "medical screening apparatus," which the patent provides can be housed in a "kiosk," run "fully automated test[s]" when prompted by patients, and "transmit[] the test" for offsite analysis. R.30-5 at 5–7. And it covers six different claims concerning methods "for executing a medical test on a user patient" with the apparatus. R.30-5 at 7. By making clear that the coin of the realm was a vision screening kiosk, by calculating the royalty based on the number of kiosks sold, by providing for the sale of kiosks that all incorporated the patent, and by permitting the royalty to extend beyond the patent's expiration date, the contract improperly sought post-expiration royalties.

The royalty's tiered structure points in the same direction. The 1% and 3% royalty rates both turn on patented rights. The contract sets the lower royalty rate as the default and jumps to 3% if Pursuant Health equips its kiosks with retinal cameras, one of the many features of Lavery's patent. Because both royalties turn on sales of kiosks that use the patent, they do not fall within the exception for offering a second rate for non-patented intellectual property—say a lower rate after the patent expires. *Kimble*, 576 U.S. at 454.

By every measure that counts, Pursuant Health and Lavery agreed to a 1% and 3% royalty for use of Lavery's patent. Now that Lavery's patent has ended, he may no longer receive either cut.

Lavery resists this conclusion from multiple directions. He claims that the 1% royalty survives because it amounts to deferred compensation or is part of a joint venture. The first problem with these contentions is that Lavery did not raise them below. The second problem is that there is no evidence in the three agreements that supports this claim. In particular, the Contribution Agreement says nothing about the royalty amounting to a form of deferred compensation or serving the interests of a joint venture. And, notably, it conveys all of the intellectual property that prompted the contract. To repeat, it says: "U.S. Patent No. 6,594,607 (the '*Patent*')" and "All proprietary information, trade secrets, and other intellectual property rights held by Lavery and attendant to the Patent." R.30-8 at Ex. B. While *Kimble* leaves inventors with plenty of options to defer compensation or to compensate an inventor for non-patent property, it does not permit courts to re-write a contract to create a form of compensation not identified in it.

Lavery points out that the Contribution Agreement covers "trade secrets" as well as the patent. In the abstract and in the context of a different contract, that might well be a powerful argument. *See Kimble*, 576 U.S. at 454 ("[P]ost-expiration royalties are allowable so long as tied to a non-patent right—even when closely related to a patent."). But Lavery does not identify any trade secret in the relevant contracts separate from the patented intellectual property, thereby depriving this argument of any traction.

Lavery turns to three cases from our sister circuits for support. But none of them advances his claim. One of them, *Zimmer Biomet Holdings, Inc. v. Insall*, concerned an arbitration award that upheld post-expiration compensation. 108 F.4th 512, 519–20 (7th Cir. 2024). But as the Seventh Circuit correctly observed, it had "no power to unwind" the arbitration panel's decision because it turned on "a question of interpretation" of the contract "reserved for the arbitrators." *Id.*

C.R. Bard, Inc. v. Atrium Medical Corp. does not advance Lavery's position either. 112 F.4th 1182 (9th Cir. 2024). It involved a contract that "unambiguously" provided for royalties on sales of patented products only until the patent expired. *Id.* at 1192. The Ninth Circuit thus had no occasion to explain what should happen to Pursuant Health's distinct contract.

A similar conclusion applies to *Ares Trading S.A. v. Dyax Corp.* 114 F.4th 123 (3d Cir. 2024). In upholding that royalty, the Third Circuit reasoned that the royalty was "not calculated based on activity requiring postexpiration use of" the patents. *Id.* at 143. The contract in that case confirmed, and the licensee conceded, that "the definition of what products the royalty is owed on does not depend in any way on using" the patents and that any use of the patents occurred "entirely before expiration." *Id.* (quotation omitted). The *Ares* royalty, then, did not turn on use of the patents after their expiration. That simply is not the case here. Pursuant Health promised to pay Lavery a royalty on sales of "vision screening kiosks" that both parties agree use his patent. R.30-8 at 3 (§ 1.2(e)).

Lavery contends for the first time on appeal that the "record is silent on whether the parties believed any or all of [Pursuant Health's] early kiosks or later kiosks read on ('infringed') [his] patent claims." Reply Br. 14. But our inquiry turns on the objective meaning of the contract, not on what the parties subjectively believed after they signed the papers. At all events, Lavery's positions in the district court belie the ones he professes today. He stated several times that Pursuant Health is "currently using" his patent, R.31 at 4–5, 20, and that the royalty base "relates to [his] Patent rights," R.48 at 10. Pursuant Health, too, acknowledged that the royalty base is for "products covered by or related to" Lavery's patent. R.49 at 8.

We affirm.

APPENDIX B — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF MICHIGAN, SOUTHERN DIVISION, FILED MARCH 25, 2024

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Civil Action No. 22-10613
HON. JONATHAN J.C. GREY

KEVIN T. LAVERY, M.D.,

Plaintiff,

v.

PURSUANT HEALTH, INC.,

Defendant.

Filed March 25, 2024

ORDER GRANTING PURSUANT HEALTH'S MOTION FOR SUMMARY JUDGMENT (ECF NO. 30), DENYING DEFENDANT'S MOTION FOR RULE 11 SANCTIONS (ECF NO. 34), AND DISMISSING WITH PREJUDICE LAVERY'S CAUSE OF ACTION

I. INTRODUCTION

Plaintiff Kevin T. Lavery, M.D. filed this action seeking to recovery royalties from defendant Pursuant

Health, Inc. ("Pursuant Health") under a Contribution Agreement executed by Lavery and Pursuant Health's predecessor, SoloHealth, LLC ("SoloHealth"). On April 14, 2023, Pursuant Health moved for summary judgment. (ECF No. 30.) On May 26, 2023, Pursuant Health filed a motion for Rule 11 sanctions. (ECF No. 34.) Both motions have been fully briefed. For the reasons that follow, Pursuant Health's motion for summary judgment is **GRANTED**, Lavery's cause of action is **DISMISSED WITH PREJUDICE**, and Pursuant Health's motion for Rule 11 sanctions is **DENIED**.

II. BACKGROUND

Lavery owned U.S. Patent No. 6,594,607, which related to "a medical screening apparatus and method used in the field of human vision and eyesight" (the "Patent"). (ECF No. 1, PageID.2 at ¶¶ 5-6.) In 2007, Lavery signed an Amended Operating Agreement, Contribution Agreement, and Consulting Agreement with SoloHealth, all in connection to Lavery's ownership of the Patent. Under the Contribution Agreement, Lavery contributed certain intellectual property to SoloHealth so that SoloHealth could develop and distribute products under the Patent in the form of a retinal scan kiosk.

In exchange for the Patent, Lavery procured certain benefits from Solo Health. Pursuant to the: (a) Amended Operating Agreement, Lavery received a 10% interest in, and became a member of, SoloHealth, (b) Contribution Agreement, SoloHealth agreed to pay Lavery a "perpetual royalty" ("the Royalty"), on a quarterly basis, of 1% of

Pursuant Health's Net Domestic Sales of Products for the prior quarter ("the Royalty Percentage"), and (c) Consulting Agreement, Lavery became the Chief Medical Officer of SoloHealth. Pursuant Health subsequently acquired SoloHealth, including its rights to the Patent.

It is undisputed that the Patent expired in May 2021, and Pursuant Health thereafter stopped paying the Royalty to Lavery. Lavery now sues Pursuant Health, seeking: (1) declaratory judgment that he is entitled to a "perpetual royalty" in accordance with Section 1.2(a) of the Contribution Agreement (Count I); (2) damages for the breach of the Contribution Agreement (Count II); and (3) unjust enrichment (Count III).

III. LEGAL STANDARDS

The Rules of Civil Procedures provides that the court "shall grant summary judgment if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a). The presence of factual disputes will preclude granting of summary judgment only if the disputes are genuine and concern material facts. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986). A dispute about a material fact is "genuine" only if "the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Id.*

Although the Court must view the motion in the light most favorable to the nonmoving party, where "the moving party has carried its burden under Rule 56(c), its opponent must do more than simply show that there is some metaphysical doubt as to the material facts." *Matsushita Electric Industrial Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586, 106 S. Ct. 1348, 89 L. Ed. 2d 538 (1986); *Celotex Corp. v. Catrett*, 477 U.S. 317, 323–24, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986). Summary judgment must be entered against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial. In such a situation, there can be "no genuine issue as to any material fact," since a complete failure of proof concerning an essential element of the nonmoving party's case necessarily renders all other facts immaterial. *Celotex Corp.*, 477 U.S. at 322–23. A court must look to the substantive law to identify which facts are material. *Anderson*, 477 U.S. at 248.

IV. MOTION FOR SUMMARY JUDGMENT

Pursuant Health asserts that Counts I and II should be dismissed based on the United States Supreme Court's decision in *Kimble v. Marvel Entertainment*, 576 U.S. 446 (2015), 2015 U.S. LEXIS 4067 ("a patent holder cannot charge royalties for the use of his invention after its patent term expires"). Lavery counters that summary judgment on Counts I and II should be denied because: (a) the Contribution Agreement provided for a "perpetual royalty," (b) an exception to *Kimble* applies in this case because Lavery supplied Pursuant Health with non-Patent intellectual property in conjunction with the transfer of the Patent, (c) Lavery would not have signed the Contribution Agreement if he was not getting a perpetual royalty, and

(d) the version of the Contribution Agreement he signed was not the parties' agreed upon version. For the reasons that follow, the Court finds that *Kimble* governs this case and bars the recovery of royalties, even perpetual royalties, once the Patent expired.

Lavery points to the fact that the word "perpetual" was inserted into the Contribution Agreement at the insistence of Lavery and his counsel, such that the "transaction at issue hinged on its inclusion." (ECF No. 31, PageID.704.) Lavery argues that he never would have signed the Contribution Agreement if it did not grant him a perpetual 1% royalty. (ECF No. 31, PageID.694–697.) In support of his contention, Lavery submits that, on October 6, 2007, Section 1.2(a) of draft version 7 of the Contribution Agreement provided that Lavery would receive an unlimited perpetual royalty:

> (a) As additional consideration for the Contribution, subject to Section 1.2(b), *the Company agrees to pay Lavery, or his assignee, a perpetual royalty (the "Royalty"), on a quarterly basis, of one percent (1%) (the "Royalty Percentage") of the Company's Net Domestic Sales of Products for the prior quarter; provided, that at the time the Company first receives Net Domestic Sales from Retinal Camera Products, the Royalty Percentage shall be increased to three percent (3%)*; and provided further, that no Royalty shall be payable pursuant to Section 1.2 or

> Section 1.3 prior to the first anniversary of the Launch Date (and no Royalty shall accrue for any Net Domestic Sales of Products made prior to the first anniversary of the Launch Date).

(ECF No. 31-3, PageID.723 (emphasis added).)

The executed Contribution Agreement, signed on October 11, 2007, however, contained additional language in Section 1.2(a). The phrase "for the remainder of the Term" had been added after "three percent (3%)," such that the paragraph read, in relevant part: ". . . the Royalty Percentage shall be increased to three percent (3%) for the remainder of the Term[.]" (ECF No. 30-8, PageID.509.) Lavery contends that: (1) neither he nor his attorney had any notice of this additional language, (2) his attorney was not present at the closing because SoloHealth told his attorney that version 7 "should be final," and (3) SoloHealth's attorney confirmed to Lavery at the closing that the 1% royalty was perpetual. (ECF No. 31, PageID.696–697.)

Lavery next argues that the Court should apply the recognized exception to the *Kimble* rule that applies when royalties are "tied to a non-patent right—even when closely related to a patent." (ECF No. 31, PageID.703 (citing *Kimble*, 576 U.S. at 454 and 3 Milgrim on Licensing § 18.07, at 18-16 to 18-17).) He contends the parties negotiated an intellectual property royalty when entering into the Contribution Agreement, not simply a royalty for the Patent. He asserts that Exhibit B to the Contribution Agreement explicitly provides that

Lavery was conveying the Patent and "[a]ll proprietary information, trade secrets, and other intellectual property rights held by Lavery and attendant to the Patent." (ECF No. 30-8, PageID.520.) That language is also referenced in paragraph A of the Recitals to, and in Section 1.1(a) of, the Contribution Agreement. (*Id.* at PageID.508).

In addition to the above language from the Contribution Agreement, Lavery cites language in the Letter of Intent that SoloHealth would receive "certain of your [Lavery's] proprietary information and trade secrets." (ECF No. 30-7, PageID.501.) Lavery argues that the phrase demonstrates that he also conveyed non-Patent rights at closing, which supports his argument that Pursuant Health owed him royalties even after the Patent expired.

Finally, in his response to the motion for Rule 11 sanctions—but not in his response to the motion for summary judgment—Lavery includes a string cite to several of his deposition answers that, he claims, identify trade secrets and confidential/proprietary information he conveyed to SoloHealth. (*See* ECF No. 38, PageID.1074-1075 (citing ECF No. 37 at 25:14-17, 26:10-13, 31:21-36:11, 53:7-19, 59:18-60:2, 60:8-62:15, 71:11-25, 76:17-78:10, 80:8-81:14, 82:10-84:8, 91:3-12, 101:23-102:5, 102:19-104:1, 104:23-106:7, 107:16-125:9, 126:25-130:18, 154:14-155:16, and 156:9-17).) The Court notes that the cited deposition testimony focused on a retinal camera system and business models.

The Court is not persuaded that any of Lavery's arguments support a finding that the *Kimble* exception has been satisfied in this case. First, pursuant to *Kimble*, the fact that Section 1.2(a) of the Contribution Agreement provides that Pursuant Health would pay Lavery a "perpetual royalty" affords Lavery no remedy or relief if the only benefit Lavery conveyed was the Patent. Therefore, even if version 7 of the Contributory Agreement governed the parties' arrangement (as Lavery proposes), the "perpetual" term for royalties still would have ceased when the Patent expired.

Second, the Court recognizes that Exhibit B to the Contribution Agreement states that Lavery was conveying "[a]ll proprietary information, trade secrets, and other intellectual property rights held by Lavery and attendant to the Patent." Lavery did not, however, specify any non-Patent intellectual property in the Letter of Intent or Exhibit B. (*See* ECF No. 30, Ex. 5 at 86:8-87:10, Ex. 7 at PageID.520.)

Third, there is no evidence in the record that, at the time the Contribution Agreement was signed, Lavery provided SoloHealth with any "proprietary information, trade secrets, and other intellectual property rights held by Lavery and attendant to the Patent," as contemplated in the Contribution Agreement. (*See* ECF No. 30-8, PageID.508 (paragraph A of the Recitals and Section 1.1(a)), PageID.520 (Exhibit B).) The absence of any such intellectual property is fatal to Lavery's argument. *See Mille v. Lorain Cnty. Bd. of Elections*, 141 F.3d 252, 256 (6th Cir. 1998) (a party must "set forth through competent and material evidence specific facts showing that that there is a genuine issue for trial" as to whether the party provided intellectual property in addition to a patent).

The Court notes that: (a) the language in the Letter of Intent referenced trade secrets and proprietary information; and (b) Lavery argued that, in connection with the Letter of Intent, he disclosed "know how" regarding implementation of the Patent to take advantage of opportunities. (ECF No. 31, PageID.700.) But, as noted above, Lavery did not specify any such intellectual property in the Letter of Intent. His response also fails to explain how he disclosed "know how" at the time the Contribution Agreement was executed. The only possible "proprietary information" Lavery has identified that may have been exchanged at that time was his idea regarding the use of a retinal camera in a health screening kiosk, but that idea is already embodied in the Patent. (*See* ECF No. 30-5, PageID.444 (the "Summary" section of the Patent includes the following statement: "In one specific aspect, the medical test apparatus is a retinal screening apparatus.").)

To the extent that Lavery provided Pursuant Health any business models, the Court does not find that those models constituted "trade secrets" or "proprietary information." Even if any business models were treated as "trade secrets" or "proprietary information," such secrets or information would have been within the scope of Lavery's duties as Chief Medical Officer and covered by the Consulting Agreement.

The Court also has considered Lavery's testimony that he and SoloHealth's founder (Bart Foster) discussed non-Patent information. Lavery asserts that "[t]he use of a retinal camera in a health screening kiosk is exactly what

Dr. Lavery contemplated when he obtained the Patent, and the ideas that bring the Patent to life—the intellectual property attendant to the Patent—are what Dr. Lavery agreed to contribute for a 1% perpetual royalty." (*Id.* at PageID.700-701.) Once again, however, Lavery does not provide any evidence that he supplied in advance of, or at the closing, any proprietary information to support his claim.

Finally, to the extent that Lavery provided any information or intellectual property of any kind to Pursuant Health after the Contribution Agreement was signed, that intellectual property was governed by the Consulting Agreement. (*See* ECF No. 30-12, PageID.536 at ¶¶ 1, 3.) Accordingly, such intellectual property was not provided to Pursuant Health in exchange for a royalty payment under the Contribution Agreement.

The Court therefore finds that there is no evidence that, at the time the Contribution Agreement was executed, Lavery provided Pursuant Health with any intellectual property other than the Patent. The Court **GRANTS** Pursuant Health's motion for summary judgment on Counts I and II.

In its motion for summary judgment, Pursuant Health argued, and Lavery conceded, that Count III (the unjust enrichment claim) should be dismissed because an express contract governs their relationship. Accordingly, the Court also **GRANTS** summary judgment on Count III.

As no claims remain before the Court, Lavery's cause of action is **DISMISSED WITH PREJUDICE**.

V. MOTION FOR RULE 11 SANCTIONS

Pursuant Health argues that Lavery's pursuit of this case epitomizes the very type of frivolous and harassing litigation that Rule 11 is designed to deter. Pursuant Health asserts that Lavery's cause of action is frivolous because Lavery: (1) provided no "trade secrets" or intellectual property aside from the Patent, and (2) cannot recover royalties on the Patent because it has expired. Pursuant Health states it repeatedly advised Lavery's counsel that the case lacked merit based: (a) on *Kimble*; (b) the absence of any confidentiality provisions in the Contribution Agreement;[1] and (c) the absence of evidence

1. Lavery did not contest that: (a) the Contribution Agreement does not contain a confidentiality provision, which is a requisite condition of maintaining secrecy for an alleged trade secret, (b) he did not specifically designate any information or documents as confidential or a "trade secret," and (c) he disclosed "confidential" information to Sanjeev Hiremath, a person with no connection to Pursuant Health. (ECF No. 30, PageID.369–373; Ex 5 at 78:14-79:24, 83:13-85:11, 109:7-18, 147:23-148:18). *See, e.g., Niemi v. Am. Axle Mfg. & Holding, Inc.*, 2007 Mich. App. LEXIS 22, 2007 WL 29383, at *2 (Mich. Ct. App. Jan. 4, 2007) (summary judgment warranted where plaintiffs "did not enter into written confidentiality agreements or label the documents confidential"); *Kubik, Inc. v. Hull*, 56 Mich. App. 335, 224 N.W.2d 80, 87 (Mich. Ct. App. 1974); *R.C. Olmstead, Inc. v. CU Interface, LLC*, 606 F.3d 262, 276 (6th Cir. 2010) (summary judgment appropriate under Ohio Uniform Trade Secrets Act); *Electro-Craft Corp. v. Controlled Motion, Inc.*, 332 N.W.2d 890, 903 (Minn. 1983); *Sheets v. Yamaha Motors Corp., U.S.A.*, 849 F.2d 179, 183–184 (5th Cir. 1988). Lavery notes that the Letter of Intent that preceded the Contribution Agreement contained a confidentiality provision (see ECF No. 30-7, PageID.504 (at ¶ 10)), but the terms of the Letter of

that Lavery conveyed any non-Patent intellectual property when the Contribution Agreement was executed. Pursuant Health contends that Lavery's counsel's continual failure to investigate those fundamental shortcomings of the case justify an order sanctioning Lavery and his counsel and awarding Pursuant Health the attorney costs and fees it has incurred in this matter.

The Court finds that an award of Rule 11 sanctions is not warranted. Lavery contributed the Patent and, based on language in the Letter of Intent and Contribution Agreement, had reason to believe that additional intellectual property was provided, such that his pursuit of perpetual royalties was not frivolous. Specifically, the Court finds that there was a legitimate basis for filing the action based upon: (a) the "certain of your proprietary information and trade secrets" language in the Letter of Intent; (b) the "[a]ll proprietary information, trade secrets, and other intellectual property rights held by Lavery and attendant to the Patent" language in Exhibit B to the Contribution Agreement; and (c) the retinal camera and business model discussions between Lavery Bart Foster.

Therefore, although Lavery ultimately could not produce specific trade secrets or proprietary information that warranted submitting the case to a jury, the Court finds that Lavery did not file a frivolous case, nor was his pursuit of the case through the summary judgment stage

Intent are superseded by the Contribution Agreement. Further, even if the terms of the confidentiality provision in the Letter of Intent applied, it applied only to information shared in the course of negotiating definitive agreements.

sufficient to constitute harassment of Pursuant Health. The motion for Rule 11 sanctions is **DENIED**.

VI. CONCLUSION

Accordingly,

IT IS ORDERED that Pursuant Health's motion for summary judgment (ECF No. 30) is **GRANTED**.

IT IS FURTHER ORDERED that Pursuant Health's motion for Rule 11 sanctions (ECF No. 34) is **DENIED**.

IT IS FURTHER ORDERED that Lavery's cause of action is **DISMISSED WITH PREJUDICE**.

SO ORDERED.

/s/ Jonathan J.C. Grey
Date: March 25, 2024 Jonathan J.C. Grey
United States District Judge

APPENDIX C — JUDGMENT OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF MICHIGAN, SOUTHERN DIVISION, FILED MARCH 25, 2024

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Civil Action No. 22-10613
HON. JONATHAN J.C. GREY

KEVIN T. LAVERY, M.D.,

Plaintiff,

v.

PURSUANT HEALTH, INC.,

Defendant.

Filed March 25, 2024

JUDGMENT

The above-entitled matter having come before the Court, the Honorable Jonathan J.C. Grey, United States District Judge, presiding, and in accordance with the Order entered on this date;

IT IS ORDERED AND ADJUDGED that Lavery's cause of action is **DISMISSED WITH PREJUDICE**.

SO ORDERED.

/s/ Jonathan J.C. Grey
JONATHAN J.C. GREY
UNITED STATES
DISTRICT JUDGE

Date: March 25, 2024

APPENDIX D — CONTRIBUTION AGREEMENT, FILED MARCH 24, 2023

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (this "*Agreement*") is made as of October 11, 2007 (the "*Effective Date*") by and among SoloHealth LLC, a Delaware limited liability company (the "*Company*"), and Kevin Lavery, M.D. ("*Lavery*").

RECITALS

A. Lavery, in exchange for contributing certain Intellectual Property to the Company (the "*Contribution*"), will receive an equity interest in the Company and a right to a royalty on the Company's net sales associated with the Intellectual Property, as further set forth in this Agreement.

B. Concurrently with the execution of this Agreement and the Closing hereunder, the sole member of the Company, Bart Foster ("*Foster*"), will amend and restate the Company's Operating Agreement in the form attached hereto as *Exhibit A* (the "*Amended Operating Agreement*") and Lavery will become a party to the Amended Operating Agreement and a member of the Company.

In consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lavery and the Company hereby agree as follows:

Appendix D

1. Contribution and Issuance of Membership Interests; Royalty; Additional Consideration.

1.1. *Closing.* Subject to the conditions set forth herein, the closing of the transaction contemplated hereby (the "*Closing*") shall take place at the offices of DLA Piper US LLP, 1201 West Peachtree Street, Suite 2800, Atlanta, GA 30309 on the date hereof and simultaneously with the execution and delivery of this Agreement. At the Closing:

(a) By execution and delivery of this Agreement by the Company and Lavery, all assets listed, described or referenced on *Exhibit B* hereto (the "*Intellectual Property*") shall he contributed in full to the Company;

(b) Foster shall deliver an executed Amended Operating Agreement, evidencing the issuance of membership interests constituting 10% of the membership interests of the Company (the "*Interests*"), to Lavery;

(c) Lavery shall execute and deliver the Amended Operating Agreement;

(d) Lavery shall execute and deliver such transfer instruments as reasonably requested by the Company in order to effect the Contribution, including a patent assignment.

1.2 *Royalty.*

(a) As additional consideration for the Contribution, subject to Section 1.2(b), the Company hereby agrees to pay Lavery, or his assignee, a perpetual royalty (the

"*Royalty*"), on a quarterly basis, of one percent (1%) (the "*Royalty Percentage*") of the Company's Net Domestic Sales of Products for the prior quarter; *provided*, that at the time that the Company first receives Net Domestic Sales from Retinal Camera Products, the Royalty Percentage shall be increased to three percent (3%) for the remainder of the Term; and *provided further*, that no Royalty shall he payable pursuant to Section 1.2 or Section 1.3 prior to the first anniversary of the Launch Date (and no Royalty shall accrue for any Net Domestic Sales of Products made prior to the first anniversary of the Launch Date).

(b) If the Company is required to license additional intellectual property from one or more third parties in order to avoid infringing patents or other intellectual property held by such third parties or for any other reason necessary or reasonably related to the commercialization of the Products and related to the Intellectual Property, the Royalty shall be reduced by any license, royalty or other fees and expenses payable by the Company to such third party (the "*Reduction Expenses*"); *provided*, that (i) the Royalty shall not be reduced as a result of this Section 1.2(b) below two percent (2%) of the Company's Net Domestic Sales of Products in any quarter (but any unused Reduction Expenses shall carryover to offset such royalty during future quarters) and (ii) any reduction that may be applied both to the Royalty and to another royalty owed by the Company shall be applied to both the Royalty and such royalty on a pro rata basis so that no portion of the Reduction Expenses is used to reduce both the Royalty and such other royalty. For purposes of this Agreement:

(c) "*Launch Date*" shall mean the date on which the Company first sells a Product (including the date on which the Company first leases or receives usage fees from a Product or recognizes revenue from sale of advertising or marketing associated with a Product), but not including any beta-testing, pilot project, or the like.

(d) "*Net Domestic Sales*" shall mean the net revenues recognized by the Company for sales of the Products (including revenues from leasing or usage fees or revenues from sale of advertising or marketing associated therewith), in North America, as recognized and reported on the Company's financial statements in accordance with Generally Accepted Accounting Principles.

(e) "*Products*" shall mean vision screening kiosks and any derivative or complementary applications.

(f) "*Retinal Camera Products*" shall mean Products that incorporate a retinal camera.

(g) "*Term*" shall mean the period from the Effective Date until the earlier of (i) the termination of this Agreement by mutual agreement of the parties, (ii) reversion of the Intellectual Property to Lavery under Section 4.1(a) and (iii) the expiration of the Patent.

1.3 *Additional Royalty.*

(a) If the Company's Board of Managers determines in good faith that the Company is unable to license or acquire certain intellectual property from CIBAVision, the Royalty Percentage shall be increased to two percent (2%).

(b) If the Company licenses or acquires intellectual property from CIBAVision at a royalty rate of less than 3% of Net Domestic Sales of Products (such lesser royalty rate referred to as the "*CIBA Royalty Percentage*") (other than a reduction from 3% for similar reasons to those described in Section 1.2(b) of this Agreement), the Royalty Percentage shall be increased by the lesser of (i) one percent (1%) and (ii) 1/2 of the percentage obtained by subtracting the CIBA Royalty Percentage from three percent (3%); *provided*, that, until the end of the Term, there shall he no further increase in the Royalty Percentage pursuant to this Section 1.3(b) if the Royalty Percentage has already been increased pursuant to Section 1.2(a) due to the receipt of Net Domestic Sales from Retinal Camera Products.

1.4 *Value of Contribution*. For purposes of this Agreement and the determination of Lavery's initial Capital Account (as defined in the Amended Operating Agreement), Lavery and the Company agree that the value of the Intellectual Property on the date hereof is $10.00.

1.5 *Additional Consideration*. Upon execution of this Agreement, the Company shall pay Lavery $2,500 by check or wire transfer. Within ten (10) days of the completion of an equity or debt financing in which it raises Sufficient Funds, the Company shall pay Lavery an additional $7,500 by check or wire transfer.

1.6 *Consulting Agreement.* Lavery shall enter into a Consulting Agreement as Chief Medical Officer of the Company in the form of *Exhibit C* hereto.

2. Representations and Warranties of the Company to Lavery. The Company hereby represents and warrants to Lavery as follows:

2.1 *Organization and Authority.* The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite limited liability company power and authority to own, lease and operate its properties and to carry on its business as currently conducted

2.2 *No Defaults or Conflicts.* The Company is not in violation of any term or provision of its Certificate of Formation or Operating Agreement, or any term or provision of any indebtedness, mortgage, indenture, contract or agreement or judgment to which the Company is a party, by which it is bound in any respect or under which it has any rights.

2.3 *Capitalization.* Prior to the amendment and restatement of the Operating Agreement by the Amended Operating Agreement and the admittance of Lavery as a member of the Company, Foster is the sole member of the Company and holds 100% of the Interests.

2.4 *Disclosure.* The Company has made available to Lavery all the information reasonably available to the Company that Lavery has requested in writing.

3. Representations and Warranties of Lavery to the Company. Lavery hereby represents and warrants to the Company as follows:

3.1 *Conflicting Agreements*. Lavery is not in violation of (i) any fiduciary or confidential relationship, (ii) any term of any contract or covenant (either with the Company or with another entity) relating to employment, patents, assignment of inventions, confidentiality, proprietary information disclosure, non-competition or non-solicitation, or (iii) any other contract or agreement, or any judgment, decree or order of any court or administrative agency binding on Lavery and relating to or affecting the right of Lavery to be employed by or serve as a consultant to the Company, or to become a member of the Company. No such relationship, term, contact, agreement, judgment, decree or order conflicts with Lavery's obligations to use his best efforts to promote the interests of the Company nor does the execution and delivery of this Agreement conflict with any such relationship, term, contract, agreement, judgment, decree or order. Notwithstanding the foregoing, the Company acknowledges that Lavery is only required to provid consulting services to the Company pursuant to the Consulting Agreement and that Lavery intends to continue to work on a full-time basis as a practicing ophthalmologist.

3.2 *Litigation*. There is no action, suit or proceeding, or governmental inquiry or investigation, pending or, to Lavery's knowledge, threatened against Lavery or relating to the Intellectual Property, and, to Lavery's knowledge, there is no basis for any such action, suit, proceeding, or governmental inquiry or investigation that would result in a Material Adverse Effect, after giving effect to the Contribution. "*Material Adverse Effect*" means a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property, prospects or results of operations of the Company.

3.3 *Prior Legal Matters*. Lavery has not been (a) subject to voluntary or involuntary petition under the federal bankruptcy laws or any state insolvency law or the appointment of a receiver, fiscal agent or similar officer by a court for his business or property: (b) convicted in a criminal proceeding or named as a subject of a pending criminal proceeding (excluding traffic violations and other minor offenses); (c) subject to any order, judgment, or decree (not subsequently reversed, suspended, or vacated) of any court of competent jurisdiction permanently or temporarily enjoining him from engaging, or otherwise imposing limits or conditions on his engagement in any securities, investment advisory, banking, insurance, or other type of business or acting as an officer or director of a public company; or (d) found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated any federal or state securities, commodities or unfair trade practices law, which such judgment or finding has not been subsequently reversed, suspended, or vacated.

3.4 *Intellectual Property*. To Lavery's knowledge, Lavery owns sufficient legal rights to the Intellectual Property without any conflict with, or infringement of, the rights of others. To Lavery's knowledge, no product or service licensed, manufactured, modified, adapted, translated, distributed (directly and indirectly), transmitted, displayed and performed publicly, rented, leased, assigned, marketed or sold (or proposed to be licensed, manufactured, modified, adapted, translated, distributed (directly and indirectly), transmitted, displayed and performed publicly, rented, leased, assigned, marketed or sold) by Lavery violates or will violate any license, infringes or will infringe or misappropriates or will misappropriate any intellectual property rights of any other party. There are no outstanding options, licenses, agreements, claims, encumbrances or shared ownership interests of any kind relating to the Intellectual Property, nor is Lavery, bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, proprietary rights and processes of any other person or entity. Lavery has not received any communications alleging that Lavery has violated or, by conducting its business, would violate any of the patents, trademarks, service marks, tradenames, copyrights, trade secrets, mask works or other proprietary rights or processes of any other person or entity or threatening any assertion of such a claim. Lavery has not received any communications alleging that the validity, effectiveness or ownership by Lavery of any of the Intellectual Property is or will be challenged. To Livery's knowledge, there is no unauthorized use, infringement or misappropriation of any of the Intellectual Property by any third party. Other than as set forth in this Agreement, there are no royalties, fees or other payments payable to Lavery by any person or entity by reason of the ownership, development, use, license, sale or disposition of the Intellectual Property.

4. Covenants and Other Agreements of the Company.

4.1 *Reversion of Certain Rights to Intellectual Property.*

(a) If, prior to the first anniversary of the Effective Date, the Company has not raised, or has not entered into a term sheet to raise (in which case the transaction must be consummated within 90 days of the first anniversary of the Effective Date) Sufficient Funds, upon written request by Lavery, the Company and Lavery shall each use its or his respective commercially reasonable efforts to unwind the transactions set forth in this Agreement, such that Lavery shall no longer continue as a member of the Company and the Company shall no longer own, and Lavery shall reclaim ownership of the Intellectual Property. For purposes hereof, "*Sufficient Funds*" shall mean a Qualified Financing Transaction (as defined in those certain Convertible Promissory Notes issued by the Company in September 2007) that results in at least $1,500,000 of gross capital for use by the Company for general working capital purposes (including by contribution of in-kind goods and/or services by a strategic investor other than CIBAVision; *provided*, that such goods and services comprise hardware, software and design fabrication for the purpose of building, testing or deploying vision screening kiosks). The date of the closing of the transaction in which the Company has raised Sufficient Funds is referred to herein as the "*Fundraising Date*".

(b) If the Launch Date has not occurred prior to the third anniversary of the Fundraising Date, the Company shall transfer the Patent to Lavery for the original consideration of $10 upon Lavery's written request.

4.2 *Operations*. After the Closing, Lavery shall have no obligation for manufacturing, marketing, advertising or promotional costs attendant to the Intellectual Property. During the Term, the Company agrees to keep accurate records of any and all such costs incurred by the Company (the "*IP Costs*") and to make such records, as well as any material information used for the calculation of the Royalty, available for inspection by Lavery at reasonable times and upon reasonable prior notice.

5. Miscellaneous.

5.1 *Survival of Warranties; Limitation on Liability.* The warranties and representations of the parties contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing for a period of one year. Notwithstanding anything herein to the contrary, other than in cases of fraud, willful misconduct or knowing misrepresentation. Lavery's liability hereunder for breach of a representation or warranty shall not exceed the sum of (a) the amount of the Royalty paid by the Company to Lavery, (b) the amounts paid by the Company to Lavery pursuant to Section 1.4 and (c) the fair market value of the Interests, in each case at the time of the claim of such breach.

5.2 *Notices*. All notices, demands or other communications hereunder shall be in writing and shall be deemed given when delivered personally, mailed by certified mail, return receipt requested, sent by overnight courier service or telecopied, telegraphed or telexed (transmission confirmed), or otherwise actually delivered (i) if to the Company, at 7774 McGinnis Ferry Road, Suite 240, Suwanee, GA 30024, and (ii) if to Lavery, at 1116 W. Ganson, Jackson, MI 49202, or, in each case, such other *address provided by one party to the other pursuant to* this Section 5.2.

5.3 *Severability and Governing Law*. Should any Section or any part of a Section within this Agreement be rendered void, invalid or unenforceable by any court of law for any reason, such invalidity or unenforceability shall not void or render invalid or unenforceable any other Section or part of a Section in this Agreement. This Agreement is made and entered into in the State of Delaware and the internal laws of the State of Delaware (without regard to the principles of conflicts of laws) shall govern the validity and interpretation hereof and the performance by the parties hereto of their respective duties and obligations hereunder.

5.4 *Counterparts and Facsimile Signature*. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

5.5 *Captions and Section Headings*. Section titles or captions contained in this Agreement are inserted as a matter of convenience and for reference purposes only, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

5.6 *Singular and Plural, Etc*. Whenever the singular number is used herein and where required by the context, the same shall include the plural, and the neuter gender shall include the masculine and feminine genders.

5.7 *Amendments and Waivers*. This Agreement may be amended only by a written instrument signed by the Company and Lavery. No failure to exercise and no delay in exercising, on the part of any party, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. No waiver by any party of any term or provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by such party.

5.8 *Successors and Assigns*. All rights, covenants and agreements of the parties contained in this Agreement shall, except as otherwise provided herein, be binding upon and inure to the benefit of their respective successors and assigns. Lavery may not assign this Agreement or his rights and obligations hereunder without the Company's written consent.

5.9 *Expenses*. The Company and Lavery will each hear its respective legal and other fees and expenses in connection with the transactions contemplated by this Agreement.

5.10 *Further Assurances*. Each party hereto agrees from and after the date hereof to do all acts and to make, execute and deliver such written instruments as shall from time to time be reasonably required to carry out the terms and provisions of this Agreement, including such instruments of transfer as may be necessary to assign the Intellectual Property to the Company.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Contribution Agreement as of the Effective Date.

SOLOHEALTH LLC

By: /s/ Bart Foster
Name: Bart Foster, Member and Manager

____
Name: Kevin Lavery, M.D.

IN WITNESS WHEREOF, the parties hereto have executed this Contribution Agreement as of the Effective Date.

SOLOHEALTH LLC

By: __________________________
Name: Bart Foster, Member and Manager

/s/ Kevin Lavery [10/11/07]
Name: Kevin Lavery. M.D.

LIST OF EXHIBITS AND SCHEDULES

Exhibit A	Amended Operating Agreement
Exhibit B	Intellectual Property
Exhibit C	Consulting Agreement

Appendix D

Exhibit A

Amended Operating Agreement

Amended and Restated Operating Agreement

(See Tab 1)

Appendix D

Exhibit B

Intellectual Property

U.S. Patent No. 6,594,607 (the "*Patent*")

All proprietary information, trade secrets, and other intellectual property rights held by Lavery and attendant to the Patent.

Appendix D

Exhibit C

Consulting Agreement

Consulting Agreement

(See Tab 3)

APPENDIX E — CONSULTING AGREEMENT, FILED MARCH 24, 2023

Exhibit 11

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the "*Agreement*") is made and entered into as of this 11th day of October, 2007, by and between SoloHealth LLC, a Delaware limited liability company (the "*Company*"), and Kevin T. Lavery, M.D., an individual ("*Consultant*").

RECITALS

A. Contemporaneously with the execution of this Agreement, the Company is acquiring certain intellectual property from Consultant pursuant to the terms of a Contribution Agreement dated October 11, 2007 ("Contribution Agreement");

B. The Company desires to obtain the benefit of the services of Consultant and Consultant is willing to render such·services on the terms and conditions her:einaftet set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, it is hereby agreed as follows:

1. *Engagement*. Subject to the terms and provisions of this Agreement and for the term set forth herein, the

Company hereby engages Consultant to perform certain duties as reasonably requested by the Company from time to time and as agreeable to Consultant. Consultant shall report to the President and Manager of the Company; Consultant hereby accepts such engagement pursuant to the terms and provisions herein and his duties shall be set forth on Exhibit A.

2. *Term of Engagement*. The term of Consultant's engagement under this Agreement shall commence on the date first set forth above, and shall continue until December 31, 2008 unless terminated earlier pursuant to the terms of Section 7 or extended with the mutual agreement of the Company and Consultant (the "Engagement Period").

3. *Compensation and Expenses*. Consultant shall receive $250 per hour as compensation for his services to the extent they exceed 20 hours per month The Company shall reimburse Consultant for all reasonable and necessary travel expenses incurred in the interest of the business of the Company and other incidental expenses incurred by Consultant directly in connection with his performance of services under this Agreement. All such expenses paid by Consultant will be reimbursed by the Company upon the presentation by Consultant of an itemized account of such expenditures plus adequate supporting documentation. All compensation and expense reimbursement shall be paid by the Company within 15 days of request by Consultant.

4. *Confidential Information*. Consultant, during the Engagement Period and thereafter will not, directly

or indirectly (without the Company's prior written consent), use for himself or use for, or disclose to, any party other than the Company, or any subsidiary or affiliate of the Company, any Confidential Information, as hereafter defined, whether received before or during the Engagement Period. Confidential Information shall include but not be limited to information relating to the following:

(a) the business or products of or services performed by the Company or any of its subsidiaries or affiliates, or

(b) the costs, uses or applications of, or the customers or suppliers (and information concerning, transactions and prospective transactions therewith) for products made, assembled, produced or sold or services performed by the Company, or

(c) financial statements of the Company or any affiliate.

As used herein, "Confidential Information" shall include, but shall not be limited to, information, in whatever form kept or recorded, pertaining to: inventions, know-how, ideas, computer programs, designs, processes and structures; product information; research and development information; customer information; financial information; business processes and methodology; and any other technical and business information of the Company, which is or might reasonably be interpreted to be of a confidential, trade secret and/or proprietary character.

Confidential Information shall not include any information described above or below that is or becomes generally known to the public other than as a result of a disclosure in breach of this Agreement directly or indirectly by the Consultant.

5. *Independent Contractor*. Consultant is retained by the Company only for the purposes of, and to the extent set forth in, this Agreement, and the relationship of Consultant with the Company under this Agreement during the term of this Agreement shall be that of any independent contractor. Consultant agrees to devote sufficient time, effort, resources, ability, skill and attention as he deems necessary for Consultant to perform the services required to be provided to the Company under this Agreement, but Consultant shall have the full authority to select the means, manner and method of performing such services. Consultant shall not be considered by reason of the provisions of this Agreement or otherwise as being an employee of the Company.

6. *Termination*. Prior to the expiration of the Engagement Period, this Agreement and the Engagement Period may be terminated by the Company at any time, "for cause," which for the purposes of this Agreement shall mean:

i) a material breach of this Agreement by Consultant;

ii) the Consultant's commission of fraud or dishonesty against the Company or willful conduct which may significantly impair the reputation of or harm the Company, its subsidiaries or affiliates; or

iii) Consultant's indictment for, conviction of, or entry of a plea of guilty or no contest to, a felony.

Prior to the expiration of the Engagement Period, this Agreement and the Engagement Period may be terminated by the Consultant at any time with 30 days' prior written notice. Sections 4, 7, 8, 9, 10 and 11 shall survive the termination of the Engagement Period and this Agreement.

7. *Works for Hire*. Consultant acknowledges and agrees that as part of Consultant's engagement with the Company, Consultant is expected to make new contributions of value to the Company and agrees to promptly disclose to the Company any and all ideas, discoveries, works of authorship, writings, computer software programs, know-how, processes, formulas, improvements or revisions (collectively, "Works"), whether copyrightable or not copyrightable, patentable or unpatentable, which Consultant may make, devise, conceive, create, design, invent, develop or discover, either solely or jointly with another or others, during the Engagement Period, whether at the request or upon the suggestion of the Company or otherwise, during or outside of normal working hours, which relate to, or are capable of use in connection with the Products (as defined in the Contribution Agreement), or any services or programs

offered, used, sold or being developed by the Company in connection with the Products. Any and all of the foregoing shall belong exclusively to the Company and be deemed to be “Works for Hire,” and the Company shall be deemed the author or creator thereof.

8. *Assignment of Works.* Consultant shall assign to the Company, and hereby does so assign, all Works disclosed, or required to be disclosed, in accordance with this Agreement and assigns the right to obtain patents or copyright registrations on any and all such Works in any or all countries in his name or otherwise. Upon the request of the Company, whether or not made during the Engagement Period, Consultant shall, without further compensation, assist the Company in any way necessary; including, but not limited to executing documents, to accomplish the following, in any or all countries, with respect to any and all Works disclosed, or required to be disclosed, in accordance with this Agreement: (i) to perfect in the Company all right, title and interest in and to the Work; (ii) to file for and/or obtain a patent or patents or a copyright registration or copyright registrations on the Work; and (iii) to protect and enforce the Company’s rights in the Work.

9. *Assignment of Other Rights.* In addition to the foregoing assignment of Works to the Company, Consultant hereby irrevocably transfers and assigns to the Company: (i) all worldwide patents, patent applications, copyrights, mask works, trade secrets and other intellectual property rights in any Invention; and (ii) any and all “Moral Rights” (as defined below) that Consultant may have in or with

respect to any Invention. Consultant also hereby forever and irrevocably waives and agrees never to assert any and all Moral Rights Consultant may have in or with respect to any Invention, even after termination of work on behalf of the Company. "*Moral Rights*" mean any rights to claim authorship of an Invention, to object to or prevent the modification of any Invention, or to withdraw from circulation or control the publication or distribution of any Invention, and any similar right, existing under judicial or statutory law of any country in the world, or under any treaty, regardless of whether or not such right is denominated or generally referred to as a "moral right." "*Invention*" means any Work, work product, or other project or deliverable developed by Consultant during the Engagement Period at the specific request of the Company intended for the exclusive use by the Company during and following the Engagement Period.

10. *Non-solicitation.*

(a) *Non-Recruit of Employees*. During the Engagement Period, and for a period of one year following the termination of the Consultant's engagement by the Company (the "*Restricted Period*"), the Consultant shall not, directly or indirectly hire, solicit, or encourage to leave the Company's employment any employee, consultant, or contractor of the Company or hire any such employee, consultant, or contractor who has left the Company's employment or contractual engagement within three months of such employment or engagement.

(b) *Non-Solicitation of Customers.* During the Restricted Period, the Consultant shall not, directly or indirectly, solicit any Customer of the Company for the purpose of selling or providing any products or services competitive with the business of the Company. The restrictions set forth in this Section 10 apply only to Customers with whom the Consultant had Contact. Nothing in this Section 10 shall be construed to prohibit the Consultant from soliciting any Customer of the Company for the purpose of selling or providing any products or services competitive with the Company's business: (i) to a Customer that explicitly severed its business relationship with the Company; or (ii) which product line or service line the Company no longer offers. "*Customer*" means any person or entity to whom the Company has (i) sold its products or services, or (ii) solicited to sell its products or services.

(c) *Non-Disclosure. of Customer Information.* During the Restricted Period, the Consultant will not divulge or make accessible to any person or entity (i) the names of Customers, or (ii) any information contained in Customer's accounts.

11. *Company Property*. Consultant agrees and covenants that Consultant shall not remove or copy any computer programs, files or information contained in files, or otherwise pertaining to the business of Company without the express written consent of Company, who in all events shall be considered to be the owner and possessor of all such programs, files, documents, and information.

Consultant covenants and agrees that Consultant shall in no way utilize any such information in Consultant's possession for the gain or advantage of Consultant and/or to the detriment of Company. Upon a termination of this Agreement, or at such earlier date as Company may request, Consultant shall deliver forthwith to Company all such programs, files, memoranda, notes, records, reports and other documents (including all copies thereof) which are then in Consultant's possession or control.

12. *Non-Waiver of Rights* The failure to enforce at any time any of the provisions of this Agreement or to require at any time performance by the other party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of either party thereafter to enforce each and every provision in accordance with its terms.

13. *Assignment*. This Agreement shall be freely assignable by the Company and shall inure to the benefit of and be binding upon, the Company, its successors and assigns and/or any other corporate entity which shall succeed to the business presently being operated by the Company, but, being a contract for personal services, neither this Agreement nor any rights hereunder are assignable by Consultant.

14. *Governing Law.* This Agreement shall be interpreted in accordance with and governed by the laws of the State of Michigan.

15. *Amendment.* No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the parties hereto.

16. *Notices.* Any notices to be given by either party hereunder shall be in writing and shall be deemed to have been duly given if delivered or mailed, certified or registered mail, postage prepaid, as follows: to the Company at 7774 McGinnis Ferry Road, Suite 240, Suwanee, GA 30024 and to Consultant at his address, as listed in the Company records; or to such other address as may have been furnished to the other party in writing.

17. *Entire Agreement.* This Agreement supersedes any and all prior consulting agreements, written and/or oral between the Company and Consultant. Consultant hereby waives and releases all rights and claims under any such employment or other similar agreements or with respect thereto.

IN WITNESS WHEREOF, the Consultant and the Company have executed the Agreement on the date first above written.

COMPANY

SOLOHEALTH LLC

By: /s/ Bart Foster
Name: Bart Foster
Title: Manager

CONSULTANT

____
KEVIN T. LAVERY, M.D.

IN WITNESS WHEREOF, the Consultant and the Company have executed the Agreement on the date first above written.

COMPANY

SOLOHEALTH LLC

By: /s/ ___________________
Name: Bart Foster
Title: Manager

CONSULTANT

Kevin T. Lavery__________
KEVIN T. LAVERY, M.D.