



Patent Resources Group

Drafting Patent License Agreements

Course Syllabus

- I. SOME PREMISES, LIMITATIONS, AND LEGAL PRINCIPLES**
 - A. Orientation and a Disclaimer of Legal Completeness
 - B. Evaluating the Legal Nature of the Subject Matter
 - 1. The Scope of a Patent
 - 2. The Scope of Unpatented Technology
 - C. The Transfer of Patent Rights: License or Assignment
 - D. Agreements to Assign, Rights to Sue for Infringement, Joint Ownership Issues
 - 1. Assignment of Right to Sue for Infringement
 - 2. The Rights of Joint Owners
- II. EXPRESS AGREEMENTS: NONEXCLUSIVE LICENSES, NONASSERTION AGREEMENTS, AND EXCLUSIVE LICENSES**
 - A. Forms and Types of Express Licenses
 - B. The Nonexclusive Patent License
 - C. The Nonassertion Agreement
 - D. The Exclusive License
 - 1. Exclusive Licenses: Antitrust Aspects
 - 2. Exclusive Licenses: Sublicensing Rights
 - 3. Exclusive Licenses: Reservations
 - 4. Exclusive Licenses: Protection of the Licensor
 - 5. Exclusive Licenses: Enforcement of the Patent
 - 6. Exclusive Licenses: Assignment of the Patent
- III. SPECIFIC TYPES OF LICENSES**
 - A. The Field of Use License
 - B. The Cross License
 - C. The Grantback License
 - D. The Sublicense
 - 1. "Have Made" Rights
 - E. The Compulsory License
 - F. The Shop Right
 - G. Foundry Agreements
- IV. IMPLIED LICENSES AND PATENT EXHAUSTION**
 - A. Implied Licenses That Arise by Consent of the Patentee
 - B. Implied Licenses That Arise From Misleading Conduct by the Patentee



Patent Resources Group
Drafting Patent License Agreements
Course Syllabus

- C. Implied Licenses That Arise From the Express Grant of Limited Specific Rights
- D. Implied License to Additional Patent Rights That Arise From an Existing License Agreement
- E. Implied Licenses That Arise From an Unrestricted Sale of an Unpatented Machine or Component Useful Only in Practice of a Patent
- F. The Doctrine of Exhaustion and Its Effects on Implied License Issues
- G. The Requirement of Not Practicing the Patent
- H. Restrictions Imposed at the Time of Sale
- I. International Exhaustion
- V. ISSUES IN LICENSE AGREEMENT NEGOTIATION**
 - A. Initiation of Negotiations and the Notice Letter
 - B. Other Consequences of Negotiation
 - C. The Negotiation Agreement
- VI. COMMENTARY ON PRINCIPAL CAUSES OF UNCERTAINTY IN CONTRACT LANGUAGE**
 - A. Orientation and a Disclaimer of Legal Completeness
 - B. A Pessimistic Prognosis Concerning Certainty of Draftsmanship
 - 1. The Semantic Problem
 - 2. Uncertainty Through Human Frailty
- VII. THE OPENING PART OF THE AGREEMENT**
 - A. Date
 - B. Description of the Contracting Parties
 - C. Recitals
 - D. A “Modern” Style of Contract Opening
 - E. Formal Structure of the Body of the Agreement
- VIII. DEFINITIONS**
 - A. The Location of Definitions
 - B. The Several Kinds of Definitions
 - 1. The Precising Definition
 - 2. The Stipulative Definition
 - C. Strategy in the Choice and Design of Definitions
 - D. Precising Definitions for Patent Licenses
 - 1. Licensed Patent Definition



Patent Resources Group
Drafting Patent License Agreements
Course Syllabus

2. Licensed Product Definition
- IX. THE GRANTING CLAUSE; ELEMENTS OF THE GRANT; DEFINITION OF LICENSED SUBJECT MATTER**
- A. The Granting Clause
 - B. Notes on Granting Clauses
 1. “Grants” or “Grants and Agrees to Grant”
 2. “Subsidiaries, Affiliates, and Controlled Companies”
 3. “Under the LICENSED PATENTS”
 4. “And for the Lives of Such PATENTS”
 5. Character of License
 6. Statutory Rights Granted
 7. “Throughout the United States of America, Its Territories and Possessions”
 - C. Definition of Licensed Subject Matter
- X. RESERVATIONS AND IMPROVEMENTS**
- A. Reservations
 1. Reservation of Rights in the Grantor
 2. Reservation Made Necessary by the Existence of Prior Licenses
 3. Reservation in Nonexclusive Grants
 - B. Improvements
- XI. ROYALTIES, REPORTS, AND PAYMENTS**
- A. Determination of Amount of Royalties
 - B. Selection and Definition of the Royalty Base
 1. Selecting the Royalty Base
 2. Defining the Royalty Base
 3. Net Selling Price: Deductions and Special Circumstances
 4. Royalty Stacking Provisions
 - C. General Statement of Royalty Obligation
 - D. Reporting and Accounting Provisions
 - E. Minimum Annual Royalties
 - F. Keeping and Auditing Records of the Licensee
 - G. Providing for the Possibility of Inflation or Deflation
 - H. Nomenclature Information to Be Furnished
- XII. PROTECTION FOR A NONEXCLUSIVE LICENSEE**
- A. Protection Against a Subsequent More Favorable License



Patent Resources Group
Drafting Patent License Agreements
Course Syllabus

- B. Protection Against Toleration of Third-Party Infringement
- XIII. TRANSFERABILITY OF RIGHTS AND OBLIGATIONS PERTAINING TO LICENSES**
 - A. Licensor's Rights and Duties
 - B. Licensee's Rights and Duties
 - C. Bankruptcy Law Considerations
 - D. Bankruptcy License Drafting Issues
 - 1. Protection for the Licensee of a Bankrupt Licensor
 - 2. Protection for the Licensor of a Bankrupt Licensee
 - E. Security Interests
- XIV. VALIDITY AND CONSTRUCTION OF PATENTS**
- XV. REPRESENTATIONS AND WARRANTIES AND NEGATION OF IMPLICATIONS**
 - A. Warranties
 - 1. In Connection With a Simple License Grant
 - 2. In Connection With a Grant of Future Rights
 - 3. In Connection With the Outright Sale of Patents or of a Business to Which Patent Rights May Be Relevant
 - B. Negation of Implications by Licensor
- XVI. INDEMNIFICATION AND LIABILITY INSURANCE**
 - A. Indemnification by the Licensor
 - B. Liability of the Licensor, Indemnification by the Licensee
 - C. Mutual Indemnification Provision
 - D. Liability Insurance Against Third-Party Claims
- XVII. LICENSING OF PENDING PATENT APPLICATIONS**
 - A. Royalty Payment Provisions for Licensing Patent Applications
 - B. Assumption by Licensee of Responsibility for Prosecution of Patent Applications of the Licensor
- XVIII. ALTERNATE DISPUTE RESOLUTION**
 - A. Negotiations
 - B. Mediation
 - C. Arbitration
 - D. Staged Proceedings
- XIX. COMMON PROVISIONS OF CONSEQUENCE**
 - A. Choice of Law and Forum Provisions
 - B. Notices Under the Agreement



Patent Resources Group
Drafting Patent License Agreements
Course Syllabus

- C. Patent Marking
- D. Force Majeure Provision
- E. Severability Provision
- F. Postexecution Amendment of Agreement
- G. Nonwaiver Provision
- H. Integration
 - 1. Contract Interpretation
 - 2. Use of Integration Provision to Preclude Asserted Prior Understandings
- I. Government Approval Provision
- XX. TERM AND TERMINATION OF THE AGREEMENT**
 - A. The Significance of “Termination”
 - B. Formal Treatment of the Termination Problem
 - C. Termination for Breach
 - D. Termination on Change of Control
 - E. Termination Not the Sole Remedy
 - F. Some Tax Considerations in Reference to Termination Provisions
- XXI. EXECUTION OF AGREEMENTS: PROBLEMS OF AUTHORITY AND PROOF**
 - A. Authority to Contract
 - 1. The New Enterprise Situation
 - 2. The Problem of Intracorporation Authority
 - 3. A Married Individual in a Community Property State
 - B. Execution
 - C. Authentication
 - 1. Execution by an Individual Acting on His or Her Own Behalf
 - 2. Execution on Behalf of a Corporation
- XXII. SETTLEMENT OF PATENT LITIGATION**
 - A. Releases
 - B. Discontinuance of Suit
 - C. Avoidance of Publicity
 - D. Avoidance of Relitigation of Validity and Enforceability Issues
- XXIII. CONFIDENTIAL DISCLOSURE AGREEMENTS**
 - A. Confidential Information
 - B. Disclosure of Confidential Information



Patent Resources Group

Drafting Patent License Agreements

Course Syllabus

- C. Confidentiality Obligations
- D. Term of the Agreement
- E. Option for a License

XXIV. AGREEMENTS CONCERNING THE SALE OR OTHER TRANSFER OF UNPATENTED TECHNOLOGICAL VALUES

- A. Definitions
 - 1. Proprietary Information
 - 2. Submitted Ideas
 - 3. Trade Secrets and Know-How
- B. Principal Drafting Problems in Contracts for the Transfer of Technological Information
- C. Dealing With Submitted Ideas and Other Technical Proposals of Highly Contingent Value
- D. Definition of the Field of Technical Values to Be Dealt With
- E. Responsibility of the Supplier of Information; Disclaimers and Reservations
- F. Limitations and Restrictions on the Conduct of the Recipient of Transferred Information; Abnegation of Restrictions
- G. Consequences of Early Termination of Know-How Agreement

XXV. COLLABORATION AGREEMENTS

- A. Infringement Liability
- B. Funding, Options to Cease Funding
- C. Allocation of Intellectual Property Ownership and License Rights
 - 1. Joint Ownership
 - 2. Joint Research and Patentability
 - 3. Licenses for Collaboration Activity
- D. Obtaining and Enforcing Patent Rights
- E. Termination, and Effect on Intellectual Property Rights

XXVI. FOREIGN PATENT LICENSE AGREEMENTS

- A. Place of Payment; Rate of Exchange; Tax Burdens
- B. Problems of Governmental Approval
- C. Registration, Notification, or Recordation of the Transaction
- D. Export Laws and Regulations of the United States
- E. Termination Because of Change of Status of One Party or Because of Modified Exchange Regulations
- F. Choice of Applicable Law



Patent Resources Group
Drafting Patent License Agreements
Course Syllabus

- G. Arbitration
- H. Applicable Language
- I. Definition of Included Patent Rights

XXVII. UNIVERSITY AND GOVERNMENT LICENSING

- A. The Bayh-Dole Act and Regulation of Government-Funded Inventions at Universities
- B. University Patent Policies and Ownership of University Inventions
- C. Inventions Made by Government Employees
- D. Licensing U.S. Government-Owned Inventions
- E. Cooperative Research and Development Agreements (CRADA)

XXVIII. SELECTED COMPETITION LAW ISSUES

- A. The U.S. Antitrust Laws
 - 1. The Sherman Antitrust Act
 - 2. The Clayton Act
 - 3. The FTC Act
 - 4. Relevant Market
 - 5. Rule of Reason
 - 6. The Per Se Rule
 - 7. The DOJ/FTC Guidelines
- B. Licensing and Antitrust
 - 1. Exclusive License
 - 2. Cross License and Patent Pools
 - 3. Refusal to Deal and Exclusive Dealing
 - 4. Improvement Grant Back
 - 5. Tying
 - 6. Reverse Settlements
 - 7. Standards Setting
- C. Patent Misuse and Licensing
- D. Misuse Based on Tying
 - 1. Exception to Tying
 - 2. Tie-Out
 - 3. Package Licensing
- E. The Misuse Problem and Label Licensing
 - 1. Label Licensing Staple Articles or Commodities



Patent Resources Group
Drafting Patent License Agreements
Course Syllabus

2. Articles and Commodities Not Suitable for Noninfringing Use
- F. Other Patent Misuse Scenarios
 1. Total Sales Royalties
 2. Post-Expiration Royalties
 3. Hybrid Patent – Know-How Licenses
 4. Double Royalties
- G. Evolution of Misuse