

Fitch, Even, Tabin & Flannery

FITCH EVEN TABIN & FLANNERY
INTELLECTUAL PROPERTY LAW | EST. IN 1859

Patent Licensing & Negotiations Options

Steve G. Parmelee

Overview

- “What” is being licensed
- Slicing and dicing the “what”
- Compensation options
- Other T’s & C’s of interest/concern
- Setting some expectations
- Behavior check
- Q & A
- Fine print details

“What” Is Being Licensed

- **Patents – some basics**

- A bundle of severable rights

- Make (have made), Use, and Sell

- Geographically limited

- Issued on national/regional basis

- Temporally limited

- Present versus future rights

- Continuations, divisionals, reissues, pending applications, etc.

“What” Is Being Licensed

- **Patents – some specifics**
 - Field of use limitations
 - Licensed claims as versus patents
 - Exclusivity versus non-exclusivity
 - Individual patents versus portfolio grants

“What” Is Being Licensed

- Patents – some standards – related specifics
 - Unlimited license
 - versus*
 - Commercially essential license
 - versus*
 - Technically essential license

Slicing And Dicing

- These various patent rights can be parsed and combined in myriad ways
 - “...hereby grants under claim 15 only of the XYZ patent the right to make (but not to have made), in the State of Texas only, RFID tags are compatible with the Licensor’s readers...”

Slicing And Dicing

- Have a firm idea of your business plan going forward and test the words of the proposed license carefully against that business plan – look for conflicts and disconnects

Compensation Options

- Royalty free
- Royalty-bearing
 - Up-front and/or ongoing
 - Fixed amount and/or variable amount
 - Vary with: sales volume, time, field of use, etc.
- Milestone targets
- Required support/actions

Compensation Options

- Per patent or per portfolio
- Patents as trading cards

Other T's & C's Of Interest

- **Grant back provisions**
 - License rights
 - Obligation to disclose improvements
 - Ownership rights regarding improvements
- **Notice legend requirements**
- **Licensee estoppel provisions**
 - No-go in the U.S. but off-shore....

Other T's & C's Of Interest

- Infringement indemnities
- Warranties and representations regarding ability to successfully use the licensed rights/technology
 - Not common with “mere” patent license
 - More common with technology transfer & license

Setting Some Expectations

- **Count on surprises**
 - Patent scenarios often play out over many years
- **Don't count on a royalty-free existence**
 - Notwithstanding standards body efforts to the contrary
- **Not everything you want or need is always licensable**

Behavior Check

- Don't panic; all business entails taking risks
- Don't be complacent; work to minimize your risks
- Keep your eyes open and pay attention
 - Standards body activities
 - Industry players activities
 - Patent Office output

Behavior Check

- **Be proactive**

- Understand your own portfolio (or lack thereof)

- Understand your counterpart's patent portfolio

- Pay attention to opportunities to develop your own patent portfolio

- Be aware of your tools and use them to seek advantage

- Early adapter – technology supporter
- Market/volume access
- Product differentiation
- Technology trades
- Intellectual property trades

Behavior Check

- Standards Body participation
 - Be cautious and thoughtful with your submissions
 - Timing
 - Degree of detail
 - Be cautious and thoughtful with respect to approving the submissions of others
 - Understand and accept the limitations of the standards setting process

Q & A

- Questions?

Fine Print Details

- Background bio

Steve is a partner at Fitch, Even, Tabin & Flannery with over twenty-five years experience in the field of intellectual property. Prior to working with the firm, Steve worked in private practice for seven years and also worked in Motorola's in-house patent department for 17 years. His last position at Motorola was as Vice-President and Director of Intellectual Property for Nascent and Emerging Technologies where Steve led efforts to identify or create inventions of strategic importance to the company. Prior to that he was Vice-President and Director of Portfolio Management where Steve oversaw various efforts to reform the company's patent acquisition processes. While at Motorola Steve also assisted in designing and presenting a multi-day training program for standards body participants offered through Motorola University.

Steve has extensive experience in all facets of intellectual property practice, both in the United States and in foreign countries. He has represented clients in patent, trademark, copyright, and trade secret matters. His experience includes portfolio reviews (including due diligence studies), defensive and enforcement studies and opinions, licensing, acquisitions and divestitures, standards bodies representation, litigation, anti-counterfeiting, university development and research agreements, government laboratory CRADAs, technology transfers, and various patent acquisition and maintenance activities involving a variety of electrical, software, and mechanical arts. Steve is also experienced in the areas of software-based and web-based inventions as well as inventions pertaining to human-machine interfaces and business methods.

Steve is a frequent speaker on domestic and international intellectual property related topics for various organizations, including both for the legal community and business groups of various kinds. He has also served for many years on the National Knowledge and Intellectual Property Management Taskforce and recently authored a book entitled "Strategic Patent Portfolio Management."

Fine Print Details

- **Disclaimer**

These materials are provided to encourage thought and peer-to-peer dialogue with respect to the subject areas addressed. Consequently, the opinions expressed are not necessarily those of FETF and the presenter himself reserves the right to change his mind as circumstances, altered facts, or changing laws and rulings warrant.

Patents are not the only intellectual property that are potentially relevant to a standards-based platform and its usage; copyright, confidential information, and even trademarks may also play an important role.