Technology Licensing and Contract Clauses:

What Gets Litigated and Who Wins

Mike Adams
WINSTEAD

Kevin Meek
BAKER BOTTS L.L.P.

Eric Mayer
Susman Godfrey L.L.P.

Licensing Landmines

- Presented by Kevin Meek

Patent Marking

- Presented by Eric Mayer

Settlement Agreement Issues

- Presented by Mike Adams

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Licensing Landmines

Kevin Meek

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Antitrust / Misuse

- **Tying and Bundling**
  - Conditioning the license of patented rights on the acquisition of a license to rights in another patent
  - Conditioning the purchase of the patented product on the purchase of a separate product

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Antitrust / Misuse

- **Tying and Bundling cont.**
  - Congress has created a safe harbor under misuse for tying and bundling, but with a caveat
  - 35 U.S.C. § 271(d)

    > No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his . . . [conditioning] the license of any rights to the patent or the sale of the patented product on the acquisition of a license to rights in another patent or purchase of a separate product, ***unless, in view of the circumstances, the patent owner has market power in the relevant market*** . . . .

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Antitrust / Misuse

- **Tying and Bundling cont.**
  - No such safe harbor exists in antitrust contexts
    - But, market power must exist for there to be an antitrust violation
  - Therefore, under either an antitrust or misuse analysis, market power must exist for a violation to occur
  - Pre-2006, market power was presumed in antitrust but not misuse

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Antitrust / Misuse

- **Tying and Bundling cont.**
  - The Supreme Court reversed in *Illinois Tool Works, Inc. v. Independent Ink, Inc,* 547 U.S. 28, 42-43 (2006)
    - Market Power is not presumed in either antitrust or misuse, and must be established by evidence
  - But, it may not be wise to assume that market power does not exist
    - Market power is a fact intensive analysis and leaves much unknown

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Antitrust / Misuse

- **Tying and Bundling cont.**
  - Drafting agreements assuming market power exists
    - Tying arrangements requiring tying of products are disfavored more than arrangements requiring tying of licenses
      - Tying of products requires the licensee to acquire goods that the licensee may not want
      - Tying of licenses does not require the licensee to use the technology, it merely is a covenant not to sue
    - Tying arrangements requiring tying of licenses for blocking patents are ok
      - The licensee would want or need the other licenses to practice the invention anyway

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First appeared as part of the conference materials for the
23rd Annual Technology Law Conference session
"Technology Licensing and Contract Clauses: What Gets Litigated and Who Wins"