

Technology Licensing and Contract Clauses:

What Gets Litigated and Who Wins

Mike Adams
 WINSTEAD

Kevin Meek
 BAKER BOTTS LLP

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



Licensing Landmines

Kevin Meek

BAKER BOTTS  LLP

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



BAKER BOTTS  LLP

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***

BAKER BOTTS  LLP

5

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

BAKER BOTTS  LLP

6

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

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

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

Title search: Technology Licensing and Contract Clauses: What Gets Litigated and Who Wins

Also available as part of the eCourse

[Technology Licensing and Contract Clauses: Litigation, Negotiations, Drafting Agreements, and Spin-Outs](#)

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"