Patent Issues in Contracts

Umesh M. Desai

UT Advanced Patent Law Institute

October 21st, 2022

1

Key Patent-Related Provisions

- Affiliates
- Invention, Patent, & Ownership Definitions
- Patent Prosecution
- Grants & Assignment
- Litigation Considerations
- Patent Infringement Indemnity
- Patent Infringement Warranty (UCC)
- Limitations of Liability
- Open-Source Issues

2

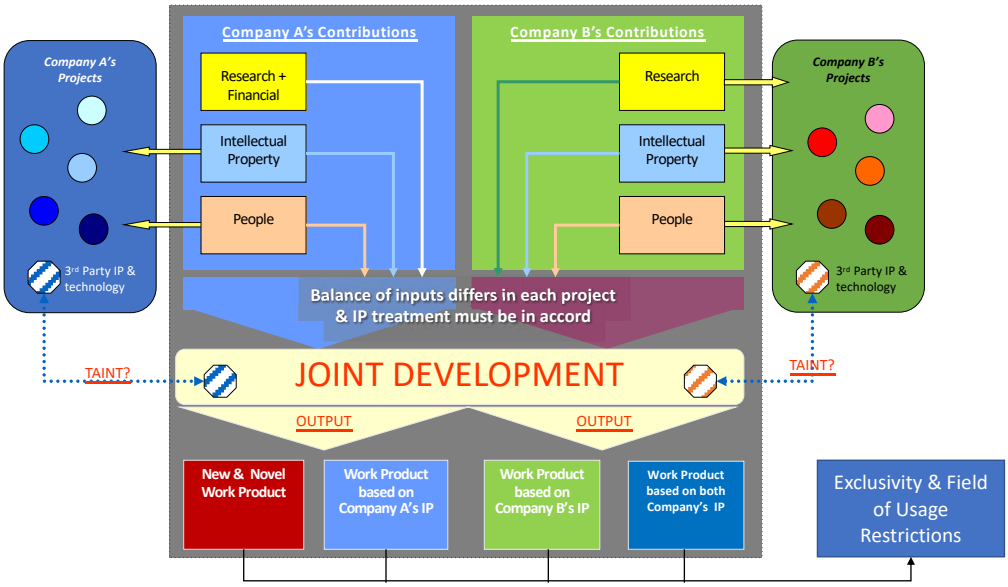
Affiliates

- Your agreement should clearly address how it affects the patent rights granted under the agreement.
- Many corporations have complex corporate structures.
- If intending to limit license grants, do so in the affiliate language rather in the Grant Clause because it will be cleaner.
- Affiliates outside the US present even more challenges: taxation, export control, ownership control of affiliate, foreign partnerships required under local law, compulsory licensing requirements, jurisdiction of disputes.
- What about future affiliates? What about divested affiliates?

Invention, Patent, & Ownership Definitions

- It is critical to define what “inventions” are when they become “patents.” Often, boiler plate definition of inventions run into unintended consequences. Which patents are licensed?
- Is the invention pre-existing, jointly developed, independently developed, and/or an improvement of these. Is the improvement by licensor or licensee and what are the obligations for such ownership or license?
- Typical Arrangement: what’s ours is ours/what’s yours is yours/Joint Inventions are jointly owned; Other complex scenarios.
- What about “Paid-for” Developments? Is development one-time vs scheduled & on the road-map? Paid-for Developments are usually owned by payor.
- Round Robin ownership of patents in JDAs? Single Entity ownership with broad license to the joint party.

Joint Collaboration Scenarios



Patent Prosecution

- Communication about patent prosecution is key to avoiding serious breach of expectations in any licensing scenarios. Is process developed enough?
- What obligation does a patent owner have to continue prosecution of licensed patents and their improvements in a sole, exclusive, or non-exclusive license transaction? What about in a patent pool?
- Who should prosecute the patents in a joint development transaction? What level of control is granted to a party and a co-developer? What are the obligations of disclosure and transparency?
- Who does the law firm represent? Should 'common interest' apply and what are the limits to that representation?
- Foreign Filing decisions: is there a roadmap? Which country? How should costs be split? PCT v. National filings.

UT LAW CLE THE UNIVERSITY OF TEXAS TEXASLAW

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)

Title search: Patent Issues in Contracts

First appeared as part of the conference materials for the
27th Annual Advanced Patent Law Institute session
"Patent License Issues from the In-House Perspective"