

IBM Intellectual Property

Non-Exclusive Patent Licenses



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Agenda

What is a patent license?

Common Types of Non-Exclusive Patent License

- Cross License
- Enumerated License
- Sliver License
- Springing License
- Guillotine License

Patent License Considerations

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- Payments
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What is a patent license?

Patent Rights -- “whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States . . . any patented invention during the term of the patent therefor, infringes the patent.” 35 U.S.C. § 271(a).

A license provides a party with authority or permission to exercise patent rights (to make, use and/or sell etc ...)

A patent license does not promise that practicing the claimed invention will not infringe someone else's patents.

Patent licenses can be either stand alone or a part of another type of deal (such as a technology license).






“Patent License Agreement” does not describe a specific type of deal but is rather a class of deals having a myriad of variants and purposes that subsume a broad range of business models.

Patent licensing is an integral component of most IP deal models (with the notable exception of stand-alone trademark licenses).

Patent licenses, whether stand-alone or incorporated into another agreement, come in many types that can vary in aspects that have material affects on the deal’s value proposition and on whether the deal ultimately closes.

While this presentation will refer to “patent license models” or “patent license types” it is important to understand that these types and models can usually be mixed and matched in a single patent license agreement or any other type of IP license agreement that involves patents.

Common Patent License Types

	Portfolio License	All a party’s patents are licensed
	Enumerated license	Only listed patents are license
	Sliver license	A category of patents are licensed
	Springing license	Patents are only licensed upon the occurrence of a future event
	Guillotine license	A license terminates on the occurrence of an event

“Cross License”

A patent license where each party receives a license to all or a portion of the other party's licensable patent portfolio. In a typical cross licenses, the license rights are exercisable only within a defined field of use.

Can be for a fixed term or until the end of life of the last of the licensed patents

The portfolio cross license has been a mainstay patent licensing model since it provides the parties with freedom of action or patent peace.

“One Way Grant”

A patent licenses where one party receives a license to all or a portion of the other party's licensable patent portfolio.

Typical one-way patent licenses (in or out), are to either enumerated patents or a defined portion of a portfolio.

One way in grants are typically for freedom of action
e.g. AST licenses, NPE settlements

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"Patent License Issues from the In-House Perspective"