

# Patent Issues in Contracts

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## 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

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## 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?

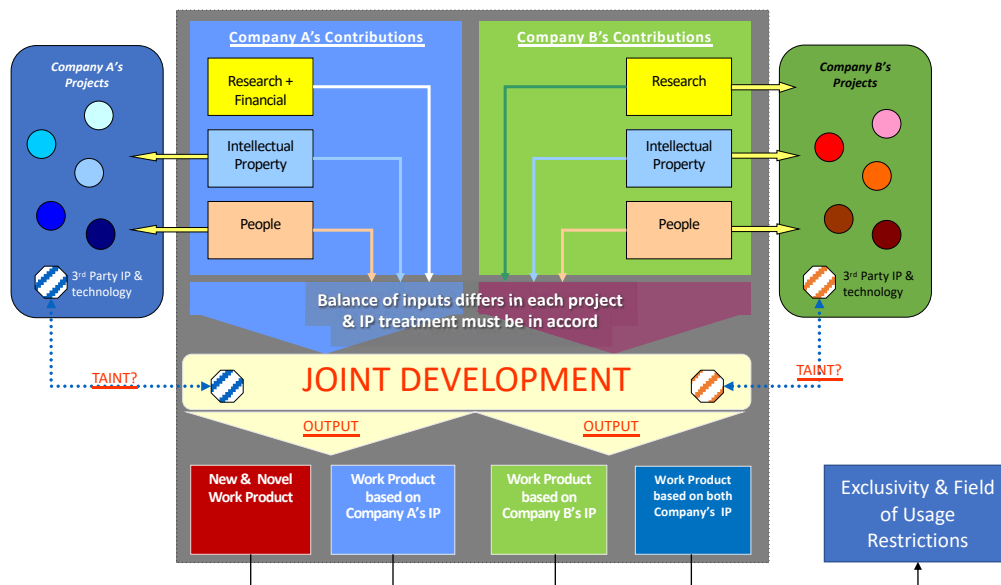
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## Invention, Patent, & Ownership Definitions

- 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.

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## Joint Collaboration Scenarios



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## 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.

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First appeared as part of the conference materials for the  
27<sup>th</sup> Annual Advanced Patent Law Institute session

"Patent License Issues from the In-House Perspective"