A Careful Balancing Act: Using Enforcement in a Successful Patent Licensing Program

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AGENDA

- PATENT LICENSING
  - Programs: Process | Approach | Best Practices
  - Agreements: Flexibility | Structure | Scope
  - Trends: NPEs vs. Product Cos. | America Invents Act | Alice

- ENFORCEMENT & LITIGATION
  - Making Contact with Potential Licensees
  - Impact on Litigation: AIA and Alice | Fee Shifting | Royalty Rates
  - Current Landscape
IP BENEFITS TO OWNERS

- Freedom to Operate / Freedom of Action
  - Introduce products to market with reduced risk
  - Deters others from bringing lawsuits
  - Provides bargaining strength

- Differentiation
  - Higher profit margins through new technologies
  - Exclude others
  - Enforce / Litigate

- Revenue Generation / Monetization
  - Licensing
  - Sales
  - Enforce / Litigate
PATENT LICENSING: PROGRAMS

LICENSING PROGRAMS

- Process
- Approach
- Best Practices
LICENSE AGREEMENTS

- Flexibility of the Licensor / Licensee
- Structure
- Scope
Trends in Patent Licensing

- ↓ NPEs vs. ↑ Product Companies
- Impact of America Invents Act
- Impact of Supreme Court’s *Alice* decision
To be sure, **any time parties are in negotiation over patent rights, the possibility of a lawsuit looms in the background.** No patent owner with any sense would open negotiations by assuring his opposite party that he does not intend to enforce his patent rights under any circumstances. **The threat of enforcement** — either directly by the patentee or indirectly by a third party to whom the patentee licenses or sells the patent — **is the entire source of the patentee's bargaining power.**” (emphasis added)

*EMC Corp. v. Norand Corp.*, 89 F. 3d 807, 811 (Fed. Cir. 1996)
Contacting Potential Licensees

- How?
- Best Practices
- Change in landscape (AIA and Alice)
Impact on Patent Litigation

- AIA and Alice
- Fee Shifting
- Licensing Royalty Rates vs. Damages
Inter Parties Reviews
+ No Willfulness
+ No Injunction
+ Reduced Damages

= No Reason to License

Source:
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