CLOSING THE LEGAL–BUSINESS GAP: THINGS THAT PATENT LICENSING AGREEMENTS MAY OVERLOOK (BUT SHOULDN’T)
I. "The BD guy will figure it out"
   A. Financial structure of the deal
II. “The attorneys will structure and negotiate”
   A. The rights and obligations of the parties
III. "It's just boilerplate"
   A. Subsidiary / affiliate / change of control provisions
   B. Governing law
IV. Change of Control / Acquisitions of or by a Party
   A. Acquisition of Licensor
      1. Is it an assignment of the PLA (e.g., fwd merger, FTM, asset sale)?
         a. Are the "Licensed Patents" assigned as well?
         b. Do "Licensed Patents" expand to infect those of the acquiror (of licensor)?
            i. Can be “poison pill” to M&A prospects of licensor
2. Even if not an assignment (e.g., stock purchase, RTM)
   a. (Less common) Does the license grant rights from licensor's affiliates (e.g., parent or sister companies)?
      i. Poison pill to M&A prospects of licensor
3. Also depends on financial structure (e.g., high per unit royalty v. low or fixed royalty)
4. What if acquiror (of licensor) has independent license with licensee?

B. Acquisition of Licensee
1. Is it an assignment of the PLA (e.g., fwd merger, FTM, asset sale)?
   a. Are "Licensed Products" of the (original licensee) assigned as well?
   b. Do "Licensed Products" expand to include those of the acquiror?
      i. Earned ($/unit or % revenue/sales) v. flat royalty ($/year)
   c. What if acquiror (of licensee) already has a separate license with the licensor?
2. Even if not an assignment (e.g., stock purchase, RTM)?
   a. Can the acquiror (of licensee) move its technology/production under the license's license over time?
      i. Earned ($/unit or % revenue/sales) v. flat royalty ($/year)

C. Patent Cross-License

1. The issues become even more complicated

V. Choice of Law can Matter

A. NY law

1. "Affiliate" means, with respect to a party, any other entity controlled by, under common control with, or controlling such party.

2. "Subsidiary" means, with respect to a party, any other entity controlled by such party.

3. "Licensed Patents" means, with respect to the licensor, any patent owned by such licensor.

4. All of the above are likely to be evaluated as snapshot in time, especially if other parts of the PLA expressly refer to "past, present and future"
SPEAKER BIOGRAPHY -- JOSEPH YANG

Joseph Yang is a partner at PatentEsque Law Group, LLP, where he handles all aspects of IP & technology transactions. Joe’s specialty is the use of patents as strategic business assets, including managing the interplay between licensing, portfolio management and litigation. He also has expertise in joint ventures & strategic alliances, as well as IP issues in mergers-and-acquisitions. Joe also has experience in mediation/arbitration, managing patent litigation. and serving as an expert witness.

Joe previously served as Vice President and General Counsel of Cryptography Research, Inc. Before that, Joe was Counsel at the Skadden Arps firm, where he co-founded and later led the IP strategy and transactions practice in the firm's Palo Alto office.

Joe is a recognized authority on IP law and business issues, and has been cited in court decisions and treatises. Here at PLI, he co-chairs the annual "Advanced Licensing Agreements" and "Patent Licensing Today" programs. Joe is recognized as one of the “World’s Leading IP Strategists,” and one of the “World’s Leading Patent & Technology Licensing Lawyers,” by Intellectual Asset Management magazine. He is also profiled in Marquis’ Who’s Who in American Law and Marquis’ Who’s Who in America. Joe has co-taught “Patent Law & Policy” at U.C. Berkeley (Boalt Hall) School of Law, and is currently co-teaching “Patent & Technology Licensing” at Stanford Law School.

Joe holds a J.D. from Stanford and a Ph.D. in engineering from Caltech, where he has served on the Boards of Directors of the Caltech Alumni Association, and the Caltech Associates. Early in his career, Joe was a research engineer in the aerospace/defense and energy industries. Joe can be reached at joe@patentesque.com or 650-233-0822(O).