

# Large Organization Licensing Strategies

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Slides available: <http://usptotalk.com/LES2014.pdf>

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# LICENSING CHALLENGE #1: COURT DECISIONS ON ELIGIBILITY

- 16 decisions since *Alice*; 100% invalidation rate
- Unclear boundaries:
  - Only business methods?
  - Only software?
  - Only functionally structured claims?
- Poor predictability: open-ended court rationale
  - “Abstract” is defined circularly
  - Patent is invalid if it “preempts the field” of the claimed invention (*McRO v. Activision*)
- Uncertain adjustment by the Patent Office

# LICENSING CHALLENGE #1: RESPONSE TO COURT DECISIONS

- Drafting patent applications differently; filing continuations with updated disclosures
  - <http://patentlyo.com/patent/2014/08/claiming-simple-example.html>
- Reviewing portfolios for enforceable vs. non-enforceable patents
  - <http://www.ipwatchdog.com/2014/09/26/the-impact-of-the-alice-decision-on-corporate-patent-assets/id=51374/>
- Reviewing licenses - *MedImmune v. Genentech*: Declaratory judgment of patent invalidity without breaching agreement
- Participating in important cases - 52 amicus briefs in *Alice v. CLS Bank*
  - <http://www.scotusblog.com/case-files/cases/alice-corporation-pty-ltd-v-cls-bank-international/>

# LICENSING CHALLENGE #2: CHANGES IN LAW

- America Invents Act:
  - First-to-File vs. First-to-Invent
  - New Post-Grant Review processes, including Covered Business Method (CBM) review
- More patent reform on the way (maybe)
- State prosecution of non-practicing entities:  
18 states now have anti-troll legislation
  - <http://www.law.com/sites/articles/2014/09/10/mphj-files-new-suit-challenging-vermont-antitroll-law/?slreturn=20140906143515>

# LICENSING CHALLENGE #2: RESPONSE TO CHANGES IN LAW

- First-to-File: Filing earlier in R&D process
  - <http://www.ipwatchdog.com/2014/04/05/q-a-file-a-patent-application-before-market-evaluation-2/id=48950/>
- Heavy utilization of post-grant review options:  
1,800 third-party challenges in two years;  
Rader declares Appeal Board a “death squad”
  - [http://www.uspto.gov/aia\\_implementation/statistics.jsp](http://www.uspto.gov/aia_implementation/statistics.jsp)
  - <http://www.law360.com/articles/528519/ptab-says-it-s-not-a-death-squad-for-patents>
- Engage Patent Office in public comments and roundtable sessions
  - <http://www.uspto.gov/patents/law/comments/>
- Intellectual Ventures now funds startups
  - <http://www.businessweek.com/articles/2014-09-04/intellectual-ventures-patent-troll-funds-startups-new-products>

# LICENSING CHALLENGE #3: LITIGATION AND PUBLIC PERCEPTION

- Intensely litigious climate
  - Record litigation volume
    - <http://gbq.com/in-case-you-hadnt-heard-patent-litigation-volume-grows/>
  - Record verdicts:
    - *Centocor v. Abbott Labs*: \$1.67 billion
    - *Lucent Technologies v. Microsoft*: 1.52 billion
    - *Apple v. Samsung*: \$1.05 billion
- Strong public interest and response to patents
  - White House anti-software-patent petition in top 10
    - <http://www.computerworld.com/article/2511493/technology-law-regulation/anti-software-patent-petition-makes-white-house-s-top-10.html>

# LICENSING CHALLENGE #3: RESPONSE TO PUBLIC PERCEPTION AND LITIGATION

- Cooling litigation climate?
  - Apple and Google intend to reduce litigation
    - <http://www.nbcnews.com/tech/mobile/apple-google-settle-smartphone-patent-litigation-n107806>
- Extensive cross-licensing
  - Google and Samsung; Microsoft and Apple; Microsoft and Samsung; Google and Cisco...
    - <http://www.out-law.com/articles/2014/january/samsung-agree-cross-licensing-deals-with-google-and-ericsson-on-patents/>
- Microsoft:
  - Collecting royalties on 50% of Android licenses
    - <http://arstechnica.com/information-technology/2011/10/microsoft-collects-license-fees-on-50-of-android-devices-tells-google-to-wake-up/>
  - 2013: \$1 billion in patent licensing from Samsung - more than Skype, Xbox, Windows Phone combined
    - <http://www.theverge.com/2014/10/4/6906789/microsoft-samsung-android-1-billion-royalties>

# LICENSING CHALLENGE #3: RESPONSE TO PUBLIC PERCEPTION AND LITIGATION

- Patent pools for standards-essential technology;  
e.g., Motorola Mobility 3G FRAND license
  - <http://online.wsj.com/news/articles/SB10001424127887323687604578466730481539330>
- Release patents to public domain –  
Tesla Motors: “Will not initiate patent lawsuits  
against anyone who, **in good faith**, wants to use  
our technology”
  - <http://www.teslamotors.com/blog/all-our-patent-are-belong-you>
- Taking on patent trolls to invalidate patents and  
recover legal fees (and for public relations)
  - <http://blog.newegg.com/patent-trolls-learn-mess-newegg/>