

TABLE OF CONTENTS

VOLUME ONE

CHAPTER 1

Introduction to Licensing

§ 1.01	What Is Licensing?	1-2
	[1] Types of Licensing Agreements	1-8
	[2] Requirements for Effective Licensing Agreements	1-10
	[3] Nature of Rights and Unlicensable Rights	1-12
§ 1.02	Innovation and Licensing in a Worldwide Marketplace	1-21
	[1] Two Paradigms of Intellectual Property Law	1-24
	[2] Innovation in the International Marketplace	1-33
§ 1.03	Business Advantages of Licensing	1-45
	[1] “Leveraging” Resources	1-50.3
	[2] Broadening Geographic Markets	1-54
	[3] Broadening Product Markets	1-57
	[4] Obtaining Early Market Entry	1-62
	[5] Increasing Market Penetration Through Complementary Products	1-64
	[6] Obtaining Additional Revenue	1-65
	[7] Technology “Barter”	1-66
	[8] Enhancing Reputation and Goodwill	1-69
	[9] Controlling Exploitation	1-71
§ 1.04	Business Disadvantages of Licensing	1-72.4
	[1] Loss of Control Over Exploitation	1-72.4
	[2] Loss of Contact with Customers	1-72.7
	[3] Loss of Incentive for Expansion	1-72.8
	[4] Loss of Incentive for Vertical Integration	1-72.9
	[5] Loss of New Business Opportunities	1-72.9
	[6] Dependence on Others for Revenue	1-72.10
	[7] Risk of Piracy	1-72.11
	[8] Loss of Technological “Edge”	1-72.12
	[9] Loss of Public Recognition	1-72.13

LICENSING

§ 1.05	The Subject Matter of Licensing: Bundles of Intangibles.	1-72.14
	[1] “Bundles” of Rights in Intellectual Property.	1-72.14
	[2] Combining Bundles of Rights	1-72.21
§ 1.06	Open Source Licensing.	1-73
	[1] The Legal Status of Open Source Software	1-77
	[a] Copyright and Trademark	1-77
	[b] Patent.	1-86

CHAPTER 1A**Express Licenses as Contracts**

§ 1A.01	The Scope of a License	1A-2
	[1] The Subject of the License.	1A-10
	[2] The Licensed Intellectual Property.	1A-12
	[3] The Rights Conveyed	1A-14
	[4] The Field(s) of Use.	1A-21
	[5] Exclusivity <i>Vel Non</i>	1A-23
	[6] Territorial Limitations.	1A-24
	[7] Temporal Limitations (Duration)	1A-27
	[8] Cross-Licensing.	1A-31
	[9] The “Sense of the Deal” and Its Impact in the Courtroom	1A-34
	[a] Formalism Versus Realism	1A-39
	[b] Private Ordering Versus Public Policy	1A-41
§ 1A.02	Supervening Federal Principles	1A-45
	[1] Federal Preemption Generally	1A-48
	[2] Supervening Principles of Federal Policy Applicable to Licensing Generally	1A-62
	[a] Unauthorized Assignment of Licenses.	1A-66
	[i] Nonexclusive Patent Licenses.	1A-66
	[ii] Rationale for Rule	1A-66.2
	[iii] Application to Nonpatent Licenses.	1A-67
	[iv] Application in Bankruptcy	1A-70
	[v] Exclusive Licenses.	1A-78
	[vi] Characterizing Transactions as Licenses or Sales	1A-88
	[vii] Fair Use and Copyright Licenses.	1A-93
	[b] Unauthorized Sublicensing.	1A-98
	[c] Co-Ownership of Intellectual Property and Standing to Sue	1A-102
	[3] Sovereign Immunity	1A-105

TABLE OF CONTENTS

xv

§ 1A.03	General Principles of Contract Interpretation for Licenses	1A-112
	[1] Licenses as Contracts Under State Law	1A-112
	[2] Contract Formation	1A-124
	[3] General Rules of Interpretation	1A-139
	[a] Interpretation as a Matter of Law	1A-141
	[b] Ambiguities and Summary Judgment	1A-142
	[c] The General Reasonableness Standard and the “Sense of the Deal”	1A-148
	[d] Narrow Construction of Scope	1A-160.1
	[4] Covenants and Conditions and their Different Effects	1A-164
	[5] Rescission and Restitution	1A-168
	[6] Agreements to Agree and the Risk Posed by Termsheets	1A-171
	[7] Implied Covenants of Good Faith and Fair Dealing	1A-175
	[8] Agreements to Arbitrate Disputes	1A-178

CHAPTER 2

Invalid Intellectual Property

§ 2.01	Introduction	2-3
§ 2.02	Licensee’s Right to Repudiate the License Agreement	2-15
	[1] Licensee Estoppel and No-Contest Clauses	2-20
	[a] Patent Licensing: the Legacy of <i>Lear</i>	2-20
	[i] Repudiating the License Agreement	2-22
	[ii] The Licensee’s Dilemma	2-38.2
	[b] Nonpatent Licensing	2-42
	[i] Copyright	2-46
	[ii] Trade Secrets	2-49
	[iii] Semiconductor Chip Protection	2-52
	[iv] Trademarks and Trade Symbols	2-52
	[2] Repudiation of Licenses for Reasons Unrelated to Intellectual Property	2-62.2
§ 2.03	Licensee’s Right to Recover Royalties Already Paid for Rights Under Invalid Patent	2-62.3
	[1] Recovery of Royalties Already Paid for Licenses Under Invalid Patents: The General Rule	2-62.5

LICENSING

	[a]	Contract Doctrine	2-62.6
	[b]	Remedial Principles	2-62.10
	[c]	Patent Policy	2-62.11
	[d]	The General Rule against Recovery of Royalties Already Paid, and the Fraud Exception.	2-62.13
	[e]	Warranties of Patent Validity	2-62.17
	[2]	Challenges to Patent Validity Brought by Third Parties	2-63
	[3]	Involuntary Escrow and the Right to Interim Royalties	2-66
	[a]	Involuntary Escrow Arrangements	2-67
	[b]	Disposition of Escrowed Funds	2-69
§ 2.04		Refusing to Take a “License” Under Invalid Intellectual Property	2-73
	[1]	Threshold Requirements for a Successful Antitrust Claim: Objective Baselessness and Bad Faith	2-75
	[a]	Objective Baselessness	2-78
	[i]	<i>Noerr-Pennington</i> Immunity	2-78
	[ii]	The “Mere Sham” Exception to <i>Noerr-Pennington</i> Immunity	2-81
	[iii]	The Impact of <i>Professional Real Estate Investors, Inc. v. Columbia Pictures Industries, Inc.</i>	2-82
	[iv]	The Impact of the Objective Standard in Intellectual Property Cases	2-88
	[b]	Bad Faith	2-89
	[c]	Exceptions to the Objective Baselessness and Bad Faith Requirements	2-96
	[d]	A Special Case: <i>Walker Process</i> Claims for Asserting Fraudulently Procured Patents	2-98
	[2]	Other Elements of the Antitrust Offense	2-102.5
	[3]	Legal Relief	2-102.9
	[4]	Procedure: A Compulsory Counterclaim?	2-102.11
§ 2.05		Third-Party Causes of Action	2-116
	[1]	Contributory Infringement	2-116.3
	[2]	Unjust Enrichment	2-116.3
	[3]	Interference with Contract	2-117
	[4]	Interference with Business Relations or Prospective Economic Advantage	2-127

CHAPTER 2A

**Declaratory-Judgment Actions
in Patent Law**

§ 2A.01	Background	2A-1
	[1] The Importance of Declaratory Judgments in Patent Law	2A-1
	[2] The Constitutional and Statutory Conditions for Declaratory Judgments	2A-10
	[a] Article III’s “Case or Controversy” Requirement and the Federal Declaratory Judgment Act.	2A-11
	[b] The District Court’s Discretion	2A-16
	[c] The “Totality of Circumstances” Test and the Burden of Proof	2A-18.2
§ 2A.02	The <i>MedImmune</i> Decision and Its Effect	2A-19
	[1] The Supreme Court’s Decision	2A-24
	[2] The Federal Circuit’s View	2A-29
	[3] Open Issues	2A-31
§ 2A.03	Pre- <i>MedImmune</i> History	2A-33
	[1] Overview	2A-33
	[2] The Repudiated “Reasonable Apprehension of Suit” (RAS) Test	2A-33
	[3] Infringement or Preparation for It	2A-62
§ 2A.04	Declaratory Judgments and the Licensee’s Dilemma	2A-69

CHAPTER 3

Involuntary Licensing

§ 3.01	Introduction	3-2
§ 3.02	The Strength of Exclusivity: Refusal to License and Patent Suppression	3-5
	[1] Property, Exclusivity and the Free Market	3-5
	[2] Refusal to License Patents	3-9
	[a] Unilateral Refusal to License Patents	3-10
	[b] Power to Determine Price	3-15
	[3] Refusal to Grant Nonpatent Licenses.	3-17
	[4] Patent Suppression	3-20.6
	[5] General Limitations.	3-20.8
§ 3.03	Statutory Compulsory Licensing	3-22
	[1] Compulsory Licensing Laws Abroad.	3-23
	[a] Compulsory Patent Licensing	3-23
	[b] Compulsory Copyright Licensing	3-24

LICENSING

	[2]	Compulsory Licensing in the United States	3-26
		[a] Compulsory Patent Licensing	3-27
		[b] Compulsory Copyright Licensing	3-28
		[c] Compulsory Licensing of Trade Secrets	3-35
		[d] “Compulsory Licensing” Under Antitrust Decrees	3-36
	[3]	The Collective-Work Publisher’s Privilege	3-36
§ 3.04		Implied Licenses	3-40.2
	[1]	The General Standard for Implied Licenses	3-40.7
	[2]	Implied Licenses and Most-Favored- Licensee Clauses	3-54.12
	[3]	Sale of Nonstaple Components	3-54.13
		[a] No Noninfringing Use	3-54.15
		[b] Unrestricted Sale	3-54.19
		[c] Express or Implied Authorization for Sale	3-54.20
		[d] Limitation to Items Sold	3-54.21
		[e] Repair and Reconstruction	3-54.22
	[4]	Use of Purchased Items in Patented Method or Process	3-54.30
	[5]	Authorized Modification	3-54.33
	[6]	After-Acquired Patents	3-54.34
		[a] Basic Principles	3-54.34
		[b] Application of Basic Principles	3-54.36
	[7]	Employed Inventors	3-54.40
		[a] Hired to Invent	3-54-41
		[b] Shop Rights	3-56.1
		[c] Third-Party Shop Rights	3-59
		[d] The Effect of Agreements	3-60
	[8]	Implication of Licenses Under Nonpatent Intellectual Property	3-62
		[a] Trade Secrets	3-63
		[b] Copyrights	3-64
		[c] Mask Works	3-70
		[d] Trademarks	3-71
§ 3.05		Equitable “Licenses”: Laches and Estoppel	3-75
	[1]	Laches	3-76
		[a] Delay	3-76.4
		[b] Prejudice	3-91
		[c] Good Faith and the Equitable Calculus	3-95
		[d] Effect of Laches	3-96
	[2]	Comparing Laches and Estoppel	3-99
	[3]	Estoppel	3-101
		[a] Misleading Acts, Omissions, or Representations	3-105

TABLE OF CONTENTS

xix

	[b] Reliance	3-108
	[c] Detriment	3-114
	[4] An Intermediate Defense?	3-114
	[5] Acquiescence	3-116
§ 3.06	Denial of Injunctive Relief	3-122
	[1] The Injunction as a Remedy for Infringement	3-124
	[a] Preliminary Injunctions	3-125
	[b] Permanent Injunctions	3-132
	[2] “Compulsory Licensing” Through Denial of Injunctive Relief	3-138.1
	[3] The Effect of Denying Injunctive Relief	3-142

CHAPTER 4

Royalties and Other Monetary Consideration

§ 4.01	Introduction: What Is a Royalty?	4-3
§ 4.02	Amount of Royalty	4-7
	[1] Absence of General Restrictions on Royalty Rate	4-7
	[2] Antitrust and Contractual Restrictions	4-11
	[a] Antitrust Restraints	4-12
	[b] Limitations of Contract Doctrine	4-14
	[3] Custom and Practice	4-16
	[a] Book Publishing	4-16
	[b] Patent Licensing	4-16
	[c] Software Licensing	4-22
	[d] Assessing Costs and Likely Profits	4-22
§ 4.03	The Royalty Base	4-24
	[1] Interpretation of Royalty Base Provisions in Patent Licenses	4-25
	[a] Reliance on Claims of Patent	4-25
	[b] Reliance on Claims of Application for Patent	4-27
	[c] Reliance on General Description	4-28
	[d] Construction of Payment Terms	4-29
	[2] Effect of First-Sale or “Exhaustion” Doctrine on Royalty Base	4-30
	[3] Royalties on Unpatented Subject Matter	4-32
§ 4.04	Total Sales Royalties	4-36
	[1] Business Considerations	4-36
	[2] The Supreme Court’s <i>Automatic Radio</i> and <i>Zenith</i> Decisions	4-38
	[a] The Rule	4-39
	[b] Applying the Rule	4-40

LICENSING

	[i]	Licensee's Power to Propose Alternatives	4-41
	[ii]	Validity in the Absence of Licensee Resistance	4-43
	[c]	Purging of Patent Misuse	4-43
[3]		Practical Effect of Rule	4-44
[4]		Future of the <i>Zenith</i> Rule	4-45
[5]		Expiration of Patents	4-48
	[a]	Last-to-Expire Clauses in Package Licenses	4-48.2
	[b]	Three Types of Package Licenses	4-48.3
	[c]	Effect of Uncertainties in a Patent's Term	4-48.5
	[d]	<i>Brulotte</i> and the Future of Post-Expiration Patent Royalties Generally	4-48.9
[6]		Nonpatent Licensing	4-48.17
§ 4.05		Royalty Rate Discrimination	4-49
	[1]	Section 2 of the Clayton Act	4-50
	[a]	General Principles of Clayton Act § 2	4-52
	[b]	Applicability to Licensing	4-54
	[i]	Transactions in Commodities	4-54
	[ii]	Purchase and Sale	4-56
	[iii]	Mixed Transactions	4-57
	[c]	Applicability of Clayton Act § 2 to Real Licenses	4-60
	[i]	Manufacturing Licenses	4-60
	[ii]	Use Licenses	4-61
	[d]	Defenses to Clayton Act Price Discrimination Claims	4-62
	[i]	The Cost Justification Defense	4-64
	[ii]	The Meeting Competition Defense	4-68
	[iii]	The Changing Circumstances Defense	4-69
	[iv]	The Like Grade and Quality "Defense"	4-69
	[v]	The "Defense" of No Anticompetitive Effect	4-72
	[vi]	The "Defense" of No Antitrust Injury	4-78.2
	[e]	Consequences of Application of Clayton Act § 2	4-78.4
	[i]	Quantity Discounts	4-78.4

TABLE OF CONTENTS

xxi

	[ii] Geographic Discrimination	4-78.6
	[iii] Functional Discounts	4-78.8
	[iv] Potential Licensee Liability	4-81
[2]	Sherman Act Restrictions	4-82
	[a] General Theories of Liability	4-82
	[b] Market Power	4-86
	[c] Price Predation	4-88
[3]	Price Discrimination and Intellectual Property	4-90.4
	[a] Identifying Price Discrimination	4-90.4
	[i] Inapplicability of Cost-Based Tests	4-90.4
	[ii] Comparing Packages of Terms	4-91
	[b] Anticompetitive Effect	4-93
[4]	Misuse Doctrine	4-100
§ 4.06	Predatory Pricing	4-104
	[1] The Concept of Predation: Trading Short-Term Loss for Long-Run Gain	4-104.1
	[2] Governing Law	4-107
	[3] Identifying Predatory Pricing	4-109
	[a] Predatory Intent	4-109
	[b] Below-Cost Pricing	4-112
	[c] Recoupment of Losses	4-119
[4]	Predatory Pricing and Intellectual Property	4-122.1
§ 4.07	Other Consideration	4-125
	[1] Nonequivalence of Different Forms of Consideration	4-125
	[2] Characterization of Consideration	4-126

CHAPTER 5

A Brief Primer on Antitrust Law and Misuse Doctrine

§ 5.01	Introduction: The Relevance of Antitrust and Misuse	5-2
§ 5.02	United States Antitrust Law	5-5
	[1] Goals and Purposes	5-8
	[a] Competition and Economic Efficiency	5-9
	[b] “Political” Goals	5-12
	[c] The Role of Economics	5-15
	[d] Fluidity and Uncertainty	5-18
[2]	The Sherman Act	5-18
	[a] Sherman Act § 1	5-19
	[i] Concerted Action	5-20

LICENSING

	[ii]	The Rule of Reason	5-27
	[iii]	<i>Per Se</i> Illegality	5-34.1
	[iv]	“Exit” Agreements in the Pharmaceutical Industry	5-43
	[b]	Sherman Act § 2	5-52.26
	[i]	Market Power and Market Definition	5-52.28
	[ii]	Monopolization	5-52.83
	[iii]	Attempt to Monopolize	5-52.154
	[iv]	Conspiracy to Monopolize	5-52.168
[3]		The Clayton Act	5-52.169
	[a]	Basic Clayton Act Offenses	5-52.170
	[b]	The “Effect Clauses”	5-52.172
[4]		Enforcement of United States Antitrust Law	5-55
	[a]	Private Enforcement and “Antitrust Injury”	5-55
	[b]	Justice Department Enforcement	5-60.1
	[c]	Federal Trade Commission Enforcement	5-60.3
§ 5.03		Antitrust Law in the European Union	5-61
	[1]	Article 81	5-62
	[2]	Article 82	5-65
	[3]	Exemptions and Enforcement	5-67
	[4]	The Regulatory Exemption for Technology Transfer Agreements	5-70.4
§ 5.04		Misuse Doctrine	5-71
	[1]	Historical Origins of Misuse Doctrine	5-72
	[2]	Patent Misuse, the Antitrust Laws and Purgings	5-77
	[3]	Copyright Misuse	5-84
	[4]	The 1988 Patent Misuse Amendments	5-112.1
	[5]	Analysis and Critique	5-115
	[6]	Misuse of Intellectual Property and Antitrust: A Gradual Reconciliation	5-135
	[a]	“ <i>Per Se</i> ” Misuse	5-142
	[i]	Attempting to “Extend the Term” of Intellectual Property Protection	5-143
	[ii]	Tying	5-149
	[iii]	Package Licensing, Blanket Licensing and “Block Booking”	5-154
	[iv]	Contractual Prohibitions that Contravene Limitations on Copyright	5-159
	[b]	Rule-of-Reason Misuse	5-163

TABLE OF CONTENTS

VOLUME TWO

CHAPTER 6

The Relationship Between Intellectual Property and Antitrust Law

§ 6.01	Introduction	6-2
§ 6.02	Basic Principles and Policies	6-5
	[1] Complementary Goals	6-6
	[2] Potentially Conflicting Means	6-8
§ 6.03	Failed Approaches to the Patent-Antitrust Interface	6-17
	[1] The “Scope of Patent Protection” Doctrine	6-18
	[2] Inherency Theory	6-22.4
§ 6.04	A Suggested Method of Analysis.	6-23
	[1] The Economic Approach: Optimization and the Problem of Indeterminacy	6-24
	[2] A Legal Approach: Balancing the Policies Underlying the Law	6-28
	[3] A Suggested Test for the Validity of Contractual Restraints in Licensing.	6-31
§ 6.05	An Analytical Tool Kit.	6-34
	[1] The Primary Mode of Antitrust Analysis— the Rule of Reason for Vertical Restraints.	6-39
	[a] The Rule of <i>GTE Sylvania, Khan</i> and <i>Leegin Creative Leather</i> <i>Products</i>	6-40
	[b] Restraints Involving Price	6-45
	[c] The Limited Value of Pre-1977 and Pre-2007 Precedent	6-54
	[d] The Impact of <i>GTE Sylvania</i> and Its Progeny on the Importance of the “First-Sale” or “Exhaustion” Doctrine	6-57

LICENSING

[2]	Applying Antitrust Analysis to Licensing . . .	6-60
	[a] The Vertical/Horizontal Distinction . . .	6-61
	[i] Unimportant Intellectual Property	6-65
	[ii] Restraints that Favor Licensees	6-71
	[b] The Obsolete Price/Nonprice Distinction	6-72
	[c] Analysis of Vertical Nonprice Restraints in Licensing	6-75
	[i] Enhancement of Interbrand Competition	6-76
	[ii] Market Definition and Market Power	6-83
	[iii] Acceptance of Start-Up Costs and Risk	6-89
	[iv] Preserving Small Business	6-95
	[v] Duration of the Restraint	6-96
[3]	Maintaining the Limited Term of Protection	6-97
[4]	“Naked” Versus “Ancillary” Restraints	6-100
[5]	Nonpatent Licensing	6-105

CHAPTER 7

Common Restrictive Practices in Licensing: An International Overview

§ 7.01	The “Triage” Approach in the United States, Europe, and Japan	7-2
	[1] The Triage Approach in the United States	7-5
	[a] The Origins of the Triage Approach	7-6
	[b] Differences Between Triage in the United States and Triage in Europe and Japan	7-8.1
	[c] The Early Years of Administrative Guidance	7-11
	[d] The 1995 Licensing Guidelines	7-12.3
	[i] Scope and Coverage	7-12.4
	[ii] General Approach to Licensing	7-12.6
	[iii] Innovation Markets	7-12.12
	[iv] The “Safety Zone”	7-12.15
[2]	Triage in the European Union	7-12.19
	[a] The “Christmas Message”	7-12.20
	[b] The 1984 Block Exemption for Certain Patent Licenses	7-13

TABLE OF CONTENTS

vii

	[c]	The 1989 Block Exemption for Certain Know-How Licenses	7-16
	[d]	The 1996 and Current Exemptions for Certain Technology Transfer Agreements.	7-19
		[i]	Scope and Legal Effect 7-21
		[ii]	Blacklisted Objectives and Provisions 7-24.1
		[iii]	The Horizontal/Vertical Distinction 7-24.12
		[iv]	The Two Market-Share Thresholds 7-24.14
	[3]	The Triage Approach in Japan	7-24.17
	[4]	Application of the Triage Approach	7-24.21
§ 7.02		Restriction on the Sale of Products of Patented Processes.	7-25
§ 7.03		Royalties on Unprotected Items	7-29
§ 7.04		Field-of-Use Restraints	7-35
§ 7.05		Restraints on Protected Products After Their First Authorized Sale	7-46
§ 7.06		Tying	7-67
		[1]	In General 7-67
		[2]	Tying Software to Dominant Platforms. 7-68.15
§ 7.07		Mandatory Package Licensing	7-68.31
§ 7.08		Exclusive Dealing	7-75
§ 7.09		Grantbacks and Back-Licenses.	7-86
§ 7.10		Price Fixing	7-96
§ 7.11		Territorial Restraints	7-105
		[1]	The United States 7-106
		[2]	Europe 7-114
		[a]	Active and Passive Sales 7-114
		[b]	The EC Technology Transfer Regulation 7-115
		[3]	Japan 7-118

CHAPTER 8

Exclusive Licenses

§ 8.01		The Nature of an “Exclusive License”	8-2
		[1]	The Exclusive Licensor’s Rights 8-4
		[2]	Co-Ownership and Exclusive Licenses 8-8
		[a]	Patents 8-9
		[b]	Copyrights. 8-10.5
		[c]	Trade Secrets 8-10.11
		[d]	Mask Works 8-10.14

LICENSING

	[e]	Trademarks and Other Trade Symbols	8-10.16
§ 8.02		Recordation of Exclusive Licenses	8-10.20
	[1]	Patents	8-10.20
	[2]	Copyrights	8-10.29
	[3]	Trademarks	8-10.35
	[4]	Semiconductor Chip Protection	8-10.36
	[5]	Intellectual Property Protected Under State Law	8-11
§ 8.03		Legality of Exclusive Licensing	8-12
	[1]	Vertical Versus Horizontal Effects	8-12
		[a] Single, Two-Party Licenses	8-13
		[b] Multiple Licenses	8-14
		[c] Factors for Analysis	8-15
		[i] Market Power of Licensing Pyramid	8-15
		[ii] Motive for Restraints	8-17
		[iii] Value of Intellectual Property	8-20
	[2]	Patent Pools and Cross-Licensing	8-22
§ 8.04		Enforcement of Exclusivity	8-25
	[1]	Enforcement Against Third Parties	8-25
		[a] Patents	8-26
		[b] Copyrights	8-30
		[c] Trademarks, Trade Names and Other Trade Symbols	8-35
		[d] Semiconductor Chip Protection	8-44
		[e] Trade Secrets	8-45
	[2]	Enforcement Against Licensor	8-46
§ 8.05		Acquisition of Exclusivity	8-46.5
	[1]	Acquisition of Intellectual Property Ownership	8-46.5
		[a] Internal Development	8-46.6
		[b] Acquisition from Others	8-46.7
	[2]	Nonexclusive Licensee's Acquisition of Intellectual Property	8-50
	[3]	Nonexclusive Licensee's Veto over Further Licenses	8-51
§ 8.06		Exclusivity and Standing to Sue	8-55
	[1]	Patent Licensee's Standing	8-57
		[a] Nonexclusive Licensees	8-61
		[b] Exclusive Licensee	8-62
		[i] Grants of "All Substantial Rights" in a Patent	8-65
		[ii] Right to Join Patentee as Party Plaintiff	8-72.8
		[c] Rationale for Rule	8-72.10
		[d] Can Contracts Confer Standing?	8-72.15

TABLE OF CONTENTS

ix

	[e] Standing and Co-Ownership of Patents	8-72.17
[2]	Copyright	8-72.19
	[a] General Standing Rule	8-72.20
	[b] Nonexclusive Licensees	8-72.22
	[c] Exclusive Licensee	8-72.23
	[d] Digital Millennium Rights	8-72.24
[3]	Mask Works	8-72.27
[4]	Trademarks	8-72.28
	[a] Registered Trademarks	8-72.28
	[b] Unregistered Trademarks and Trade Dress	8-72.30
	[i] Lanham Act § 43(a)	8-72.30
	[ii] Common Law	8-72.32
	[c] Concurrent Use and Concurrent Registration	8-72.36
[5]	Trade Secrets	8-72.38
§ 8.07	Exclusive Licensee’s Obligations of Diligence	8-72.42
	[1] Implied Obligations	8-72.42
	[a] When an Obligation Is Implied	8-73
	[b] Nature of Implied Obligation	8-77
	[2] Explicit But General Obligations	8-79
	[a] Best Efforts	8-80
	[b] Other General Obligations	8-84
	[3] Specific Obligations	8-86

CHAPTER 9

Most Favored Licensees

§ 9.01	Introduction	9-1
§ 9.02	More Favorable Terms	9-4
	[1] Rates, Royalties and Other Terms	9-4
	[2] “Entire Agreement” Clauses	9-6
	[3] Retroactivity	9-6
	[4] Implied Licenses	9-8
	[5] Evaluating the Package of Consideration	9-8
	[6] The Purpose of Most-Favored-Licensee Clauses	9-10
§ 9.03	Procedural Triggers	9-12
§ 9.04	Problematic “More Favorable” Terms	9-14
	[1] Infringement Settlement Licenses	9-14
	[a] The Zero-Royalty Gambit	9-14
	[b] Considerations of Policy	9-15
	[c] Evaluating the Package of Consideration	9-18

LICENSING

	[2] Lump-Sum Conversions and Volume Requirements	9-19
	[3] Other “More Favorable” Terms	9-21
	[4] Voluntary Notification	9-22
§ 9.05	Making Most-Favored-Licensee Clauses Work: Author’s Comments	9-24
	[1] Exclusions and Limitations.	9-24
	[2] Acceptance of Entire Agreement	9-25
	[3] Coordination of Licensing Administration	9-26

CHAPTER 10

Allocating the Risks of Infringement

§ 10.01	Introduction	10-2
§ 10.02	Risks of Third-Party Infringement Claims Against Licensees.	10-5
	[1] The Risk of Infringement of Third-Parties’ Rights	10-9
	[a] Patents.	10-14
	[b] Trademarks	10-18
	[c] Copyrights, Mask Works, and Trade Secrets	10-23
	[2] Implied Warranties and Indemnities	10-27
	[a] The Uniform Commercial Code’s Implied Warranty of Noninfringement	10-27
	[b] Implied Warranties in Licensing Agreements	10-32.2
	[3] Business Justification for Covenants to Indemnify or Defend	10-34
	[4] Interpretation and Enforcement of Indemnities	10-36
	[a] Interpretation.	10-36
	[i] General Rules.	10-37
	[ii] Coverage of Attorneys’ Fees.	10-44
	[iii] Coverage of Fees for Enforcing the Indemnity	10-45
	[iv] Apportionment of Fees	10-47
	[b] Enforcement	10-49
	[i] General Principles	10-50
	[ii] The Rule of Reason Governing Amounts Paid	10-51
	[iii] The <i>Olan Mills</i> Decision and the Indemnitee’s Duty to Investigate	10-55

TABLE OF CONTENTS

xi

[5]	Legal Consequences of Infringement	
	Indemnities	10-59
	[a] Procedural Issues	10-60
	[i] Personal Jurisdiction	10-60
	[ii] Declaratory Jurisdiction.	10-62
	[iii] Right to Intervene	10-65
	[iv] Severance and Transfer of Venue.	10-66
	[v] <i>Res Judicata</i> and Collateral Estoppel.	10-70
	[b] Substantive Issues.	10-74
	[i] Inducement to Infringe	10-74
	[ii] Willfulness of Infringement	10-78
	[iii] Characterization of Licensing Agreement as “Executory Contract”	10-82
[6]	Common Risk-Sharing Provisions	10-86

CHAPTER 11

Special Problems in Licensing

§ 11.01	Introduction	11-1
§ 11.02	Marking Requirements	11-7
	[1] Patent Marking	11-9
	[a] The Rationale for Patent Marking.	11-11
	[b] The Patent Marking Requirement and Consequences of Failure to Mark	11-14
	[c] Marking by Patentees and Licensees	11-22.3
	[d] The “Rule of Reason”	11-22.5
	[2] Trademark Marking.	11-22.8
	[3] Semiconductor Chip Protection	11-26
	[4] Copyright Marking	11-28
	[5] Trade Secrets	11-30
§ 11.03	Licensor Control in Trade Symbol Licensing	11-32
	[1] Control Theory	11-34
	[2] An Overview of Licensing Control Law	11-41
	[3] Consequences of Failure of Control.	11-49
	[4] The Legal Standard for Control.	11-52
	[5] What Should Licensors Do?.	11-70
§ 11.04	Breach of License as Computer Fraud.	11-76
	[1] Computer Fraud and Abuse Act.	11-76
	[2] “Unauthorized Access” as Defined by Case Law	11-79

LICENSING

Appendices

APPENDIX A	General-Purpose Web Publishing Agreement	A-9
APPENDIX B	License and Exclusive Option Agreement	A-55
INDEX	I-1