



IP LICENSING COMMITTEE

MODEL LICENSING CLAUSES BULLETIN

This paper was created by the Intellectual Property Owners Association IP Licensing Committee to provide background to IPO members. It should not be construed as providing legal advice or as representing the views of IPO.

TOPIC: Model Licensing Clauses on Exclusive Field of Use Licensee's Enforcement of Licensed Patent after *International Gamco, Inc. v. Multimedia Games, Inc.*

BULLETIN NO.: 004

DATE: June 1, 2010, revised April 10, 2012

SUPERSEDES: N/A

DRAFTERS AND EDITORS: Gary Dukarich; Jane Song.

INITIATING LEGAL EVENT: *International Gamco, Inc. v. Multimedia Games, Inc.*, 504 F.3d 1273 (Fed. Cir. 2007).

KEYWORDS: Enforcement, Exclusive Licensee, Field of Use Licensee, Patent, Standing

COMMENTS: In *International Gamco*, the Federal Circuit confirmed that an exclusive field of use licensee does not have standing to assert the licensed patent without the joinder of the patent owner, and held that an exclusive enterprise licensee, like a field of use licensee, does not hold all substantial rights in the licensed patent within the licensed territory and therefore does not have standing to sue in its own name without joining the patent owner.

SCOPE: National

CAUTIONS: No petition for certiorari was brought in the underlying case, and so the Supreme Court has neither reviewed nor considered review of this Federal Circuit decision; this decision could be overruled in future.

CLAUSE A

Purpose: Provide for the patent owner joining with an exclusive field of use licensee in an enforcement action if required to establish standing.

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Comments: Subsection (a) establishes the parties' intent that the licensee may pursue actions with assured standing; subsection (b) requires the patent owner to join the licensee; subsections (c) and (d) are a sample set of ancillary provisions specifying particular details of the patent owner's joinder.

Text:

(a) The parties acknowledge their mutual intent and desire that Licensee will have the exclusive right, but not the obligation, to enforce and defend the Licensed Patents within the Licensed Field, including without limitation pursuing damages, injunctive relief and other remedies for past, current and future infringement of the Licensed Patents within the Licensed Field and pursuing and entering into any settlement related to a claim of infringement of the Licensed Patents within the Licensed Field, notwithstanding any defects that might exist in Licensee's legal standing to accomplish any of the foregoing if Licensee were to proceed alone.

(b) In any legal proceeding involving Licensee based on infringement of any Licensed Patent within the Licensed Field, if Licensee's standing is challenged or if for any other reason Licensee requests that Licensor join such proceeding as a party, then Licensor will join as a party and cooperate with Licensee in such proceeding, at Licensee's expense.

(c) Licensee will have sole control over the prosecution and settlement of any claims of infringement of the Licensed Patents (and any related claims or causes of action) it has asserted in such a proceeding, and Licensor's further obligations will be limited solely to cooperation and to acts necessary to maintain standing, provided, however, that Licensee will not, without Licensor's prior written consent, enter into any settlement that would compromise the validity or enforceability of the Licensed Patents. Licensee will notify Licensor if Licensee plans to initiate any legal proceeding against a third party for infringement of a Licensed Patent within the Licensed Field and will keep Licensor informed as to the progress of such legal proceeding.

(d) Licensee will be responsible for all reasonable, documented, out-of-pocket costs and expenses incurred by Licensor in connection with any legal proceeding described in this Section. Recoveries collected by Licensee in connection with any legal proceeding or settlement thereof will be paid in the following order: First, to Licensor to reimburse its documented expenses and costs incurred in assisting and cooperating with Licensee to the extent not already paid by Licensee, with the condition that these expenses are reasonable and approved in advance by Licensee; second, to Licensee to reimburse its documented and reasonable expenses and costs incurred in connection with such proceeding or settlement thereof, including any amounts already paid to Licensor; and third, the remainder, if any, shared among Licensee and Licensor, with Licensee receiving _____ percent and Licensor receiving _____ percent.

DISCLAIMER: These model clauses are not legal advice. IPO does not endorse or recommend these or any other particular clauses for use in any particular situation. These clauses are provided as one possibility only, and do not replace the need for a qualified attorney to thoroughly review the situation and to draft provisions tailored to the client's specific situation.

FEEDBACK: Please send any comments, corrections, or suggested topics to:
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