

**From:** Verne, B. Michael  
**Sent:** Friday, February 03, 2012 3:13 PM  
**To:** Walsh, Kathryn  
**Cc:** Jones, Robert L.  
**Subject:** Patent question

801-10

A controls LLC B. A and several other persons each own an undivided interest in a number of patents used by B in its business. All of the interest holders in the patents have the unfettered right to license the patents to other persons.

C is now going to acquire 100% of the interests in B. It is also going to acquire the interests in the patents from A and the other interest holders.

Question 1 - Is the amount paid by C to the other interest holders in the patents included in the size of transaction for the acquisition of C and the A patent interests? I think the answer is no.

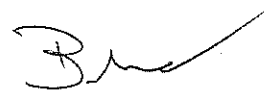
Question 2 - Is the amount paid to A for its interest in the patents included?

Three arguments: That amount would not be included, because all that is being acquired from A is its non-exclusive rights to the patent, or

That amount would be included because the acquisition of an undivided interest in an asset is an acquisition of an asset and it is irrelevant that the undivided interest is in non-exclusive rights to patents, or

That amount would be included because at the end of the transaction C will have the exclusive rights to the patents, even though that is being accomplished through multiple acquisitions from different acquired persons. Thoughts?

NO TO BOTH -  
MB, KW, RS CONCUR

  
2/7/12