

Verne, B. Michael

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From: [REDACTED]
Sent: Wednesday, September 26, 2007 11:50 AM
To: Verne, B. Michael
Subject: HSR Question

Mike -

A client is proposing to take enter into an agreement that is characterized as an exclusive patent license. The license conveys the full panoply of exclusive rights (make, use, sell), but it is not exclusive within what one would normally call a "field of use." Rather, the client's exclusive rights will be to make for and sell to certain types of customers, while the licensor will retain the right to make for and sell to other types of customers.

Notwithstanding the characterization as an exclusive license and the provision that my client will have an exclusive right to make product for certain types of customers, this seems to me to be for HSR purposes an exclusive distribution agreement that would not be reportable, rather than an exclusive license that could trigger an HSR filing obligation (assuming that other thresholds were met).

Can you let me know if you disagree? Thanks.

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I think that if the license is exclusive to manufacture and sell to a category of customers, it is reportable. For instance, I get the license to make and sell to physician practice groups and the licensor retains the right to make and sell to hospitals. Or I can make and sell to institutional pharmacies and the licensor retains the right to make and sell to retail pharmacies. How is that different from having an exclusive right to make and use in the U.S., but not in the rest of the world or in a specific US geographic region?

K. Walsh and K. Berg concur.

BW
9/27/07