

Verne, B. Michael

801-2

From: [Redacted]  
Sent: Thursday, July 10, 2008 3:25 PM  
To: Verne, B. Michael; Berg, Karen E.  
Cc: [Redacted]  
Subject: RE: IP

Hi Mike and Karen.

We appreciate your advice on the telephone today about the proper HSR analysis of an IP collaboration agreement. We are writing to confirm that analysis.

As we discussed A and B are planning to enter into a collaboration agreement under which they will collaborate for the development, manufacture, and sale of a new product (the "New Product"). A and B will jointly own any new IP arising from the joint collaboration (the "Developed Technology").

A will be responsible, under the collaboration agreement, for the manufacture and sale of the New Product. The parties had thought about B giving A an exclusive license during the term of the collaboration to B's undivided joint ownership interests in the Developed Technology to make, use, sell, and import the New Product. Of course, this would be the exclusive grant of IP rights from B to A and would therefore need to be valued under the HSR Act, a very difficult and speculative task in this case, to determine if the grant would be HSR reportable.

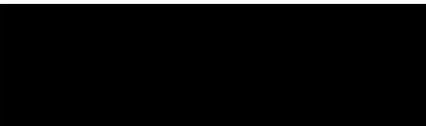
Another option the parties have considered is for B to covenant in the collaboration agreement that during the term of such agreement it will not license its undivided joint ownership interests in the Developed Technology to any one to make, use, sell, and import the New Product, nor will it utilize its undivided joint ownership interests in the Developed Technology to make, use, sell, and import the New Product, unless A were not able to meet its obligations under the collaboration agreement. We understand that if the parties opt for this approach instead of the exclusive license described above, it would not be necessary to value the IP at issue and no HSR filing obligation would arise. We also understand that this approach would not be considered a device for avoidance.

Finally, should either party commit a material breach under the collaboration agreement, the non-breaching party would be entitled to exercise exclusive rights under the breaching party's undivided joint ownership interest in the Developed Technology to make, use, sell, etc. the New Product. We understand that this provision does not create a potentially reportable license now and should one party breach the collaboration agreement in the future, would not create a HSR reportable license at that time. This is because it is unknown whether either party will breach and if a party did breach, the other party would acquire exclusive rights to IP through no act of its own.

Please let us know if we have mis-characterized your advice.

Again, many thanks,  
Michele

AGREE -  
BM  
7/10/08



[Redacted] made the following annotations.

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