

801.2  
801.50

**Verne, B. Michael**

**From:** [REDACTED]  
**Sent:** Monday, July 14, 2008 4:18 PM  
**To:** Verne, B. Michael  
**Subject:** Another stumper

Michael: Here's another question that I don't think I've ever encountered before.

Suppose that two companies will form a non-corporate joint venture. One of them will have control of the venture. The other forming party contributes certain intellectual property to the venture. Because the venture will utilize that intellectual property in only one particular field of use, the venture grants back to the contributing party a worldwide, perpetual, royalty free, exclusive license to utilize the intellectual property in any field of use outside that in which the venture will operate.

Assume that we can determine the appropriate value of the IP being contributed (although there are some potentially interesting questions there), and therefore we can determine whether the forming party that will have the majority interest has to make an 801.50 filing.

My question relates to the "exclusive license" that the minority party takes back in connection with its contribution. This looks a bit like an intra-person exemption (i.e., minority partner grants itself an exclusive license). That doesn't seem right, however, as the license is coming from the venture, and therefore from its controlling partner.

I recognize that if the minority party had instead granted the JV an exclusive license, limited to the venture's field of use, that would be an asset acquisition, susceptible of valuation, and retention of the residual rights by the minority party wouldn't raise any issues. But here for some reason the parties want to convey the IP to the venture in toto, and then grant back an exclusive license.

I come out that the grant back is potentially reportable by the minority party as an asset acquisition that is not viewed as an integral part of the formation transaction and is therefore potentially separately reportable.

Have you a reaction?

[REDACTED]

[REDACTED]

AGAE  
B  
7/14/08

---

This message may contain confidential and privileged information. If it has been sent to you in error, please reply to advise the sender of the error and then immediately delete this message.

---