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Verne, B. Michael

From: [REDACTED]
Sent: Friday, September 17, 2010 3:28 PM
To: Verne, B. Michael
Subject: Questions Regarding Exclusive Licenses

Mike –

I hope you are well. We have a question whether the acquisition of intellectual property assets by a person who already has an exclusive license to the same IP is a reportable transaction under the HSR Act? In 2006, our client entered into a Exclusive License and Collaboration Agreement (“ECLA”) with Firm A pursuant to which it received an exclusive license under Firm A’s IP rights to make, use and sell pharmaceutical compound XYZ (“Compound XYZ”). Our client and Firm A filed HSR notifications to report the Compound XYZ exclusive license as an asset acquisition in 2006, and the ECLA became effective after termination of the HSR waiting period. Our client’s exclusive license under the Compound XYZ IP rights has not expired or otherwise been terminated.

Our client now proposes to make an outright acquisition of the compound XYZ IP assets for a lump sum payment, which would transfer the Compound XYZ IP to our client, terminate the collaboration agreement and end any obligation of our client to make future royalty payments to Firm A. Assume the lump sum payment exceeds the current HSR thresholds.

We do not believe that our client’s proposed acquisition the Compound XYZ assets requires HSR notification because, under the HSR rules, the 2006 exclusive license of compound XYZ was a “transfer of assets” from Firm A to our client. See FTC Informal Interpretation No. 27 (4th ed. 2007). In other words, our client already owns the compound XYZ assets for HSR purposes and any further acquisition of Compound XYZ’s IP by our client would not be an acquisition of assets “of [] another person” under the HSR Act. See Section 7(a) of the HSR Act. Therefore, no HSR filing would be required.

Do you agree?

I am happy to discuss the issue at your convenience.

Thanks,

[REDACTED]

[REDACTED]

AGREE
BM
9/20/10