

1508005

Gillis, Diana L.

Subject: FW: Request for Interpretation (801.1(g))

801.1(o)
801.2(g)

-----Original Message-----

From: Pope, Susan H.

Sent: Friday, August 28, 2015 10:18 AM

To: [REDACTED]

Cc: [REDACTED]; Walsh, Kathryn E.; Gillis, Diana L.; Whitehead, Nora; Berg, Karen E.

Subject: RE: Request for Interpretation (801.1(g))

[REDACTED], Here is the PNO's position on these types of issues: If there is a specific term after which the rights under the exclusive license revert to the licensor, there is nothing reportable if that normal termination occurs. If, however, the agreement is terminated prior to the normal expiration of the term, the licensor must determine the value of the remainder and file if necessary.

Generally, the license is usually for the life of the patent and the licensee keeps it until the product goes off patent. We have seen, however, a few agreements where there is a performance clause, where if the licensee does not achieve certain target goals, the licensor has the right to terminate the agreement prior to its full term. This, if exercised, would be potentially reportable.

Accordingly, depending on the value of the remainder of the exclusive license, a filing may be required in your scenario.

I hope this is helpful. Best, Susan

Susan H. Pope
Attorney
Federal Trade Commission
400 7th Street, SW
Washington, D.C. 20024
Tel: 202 326-3302
spope@ftc.gov

-----Original Message-----

From: [REDACTED]

Sent: Thursday, August 27, 2015 3:33 PM

To: Walsh, Kathryn E.

Cc: [REDACTED]; [REDACTED]

Subject: Request for Interpretation (801.1(g))

Kate: We understand that in certain circumstances, an exclusive patent license in the pharmaceuticals industry may require mandatory HSR filing as an "asset acquisition" under Definition 801.1(g). We are considering a circumstance in which a license that may have been reportable in the first instance under this new definition is now being terminated prior to its natural expiration. By way of example, Company A is the holder of a patent that generates revenue in NAICS group 3254. In a prior transaction, A transferred "all commercially significant rights to a patent, as defined in §801.1(o), for any therapeutic area (or specific indication within a therapeutic area)" to Company B. The parties now wish to end the license agreement that previously qualified as an asset acquisition under Definition 801.1(g). To accomplish the

termination, Company A and Company B wish to enter into a new agreement whereby (a) the prior license agreement is terminated and (b) Company A pays an agreed sum as compensation for the termination.

Our question is whether the PNO would take the position that a mutually agreed, voluntary termination of an exclusive license would amount to an asset acquisition under 801.1(g). Generally, we think such an interpretation could have far reaching and unintended consequences, as patent licenses often include provisions by which they (a) are terminated according to the expiration of time, (b) are terminated according to the occurrence of events, (c) are terminated according to agreed termination rights of one or both parties at certain intervals or following certain events, etc. Under those circumstances, we assume that no filing would be required, and by analogy we also assume that there is no filing required in the above hypothetical. Nevertheless, given the newness of the 801.1(g) definition and our inability to find directly controlling interpretations, we would very much appreciate your input.

Please let us know if you would like to discuss.

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