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Licensing intellectual property

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Abstract This paper presents an overview of several issues concerning licensing intellectual property in or from the United States. We address (1) circumstances requiring government approval of an intellectual property licence; (2) licensing of intellectual property created with the help of government grants; and (3) the value of a patent licence in litigation settlements.

Keywords: licensing, intellectual property, Hart–Scott–Rodino Antitrust Improvements Act, anticompetitive impact

Circumstances requiring government approval of an intellectual property licence

Under the Hart–Scott–Rodino Antitrust Improvements Act ('HSR'),¹ certain mergers and asset acquisitions are subject to approval by either the Antitrust Division of the Justice Department or the Federal Trade Commission (collectively hereinafter the FTC). The purpose of HSR is to give the FTC an opportunity to review the potential anticompetitive impact of certain transactions. HSR applies to transactions that meet specified thresholds. It also requires the parties to notify the FTC and wait at least 30 days before completing the transaction.¹ The reporting and waiting requirements apply to a transaction if (1) the size of the proposed asset transaction and the size of the parties exceed certain minimum thresholds, (2) no exemptions apply² and (3) at least one party is engaged in interstate or foreign commerce.³ Non-compliance with HSR can result in heavy fines.

According to the FTC, an exclusive intellectual property licence is an asset

acquisition and is subject to HSR requirements.⁴ In 1995, the FTC published the 'Antitrust Guidelines for the Licensing of Intellectual Property' (the 'Guidelines')⁵ (new guidelines are expected by July 2001⁶). It sets forth the analysis the FTC undertakes to assess the anticompetitive impact of an agreement licensing intellectual property protected by patent, copyright, trade secret or as know-how.⁵ The FTC performs this analysis once notified. Therefore, prior to notifying the FTC, the parties to an agreement should assess the agreement in light of the Guidelines to determine the chances of approval. However, as noted above HSR does not apply to every agreement – so the first priority is to determine whether HSR applies.

Does HSR apply?

In order for HSR to apply two conditions must be met. First, HSR applies only to exclusive licence agreements. The FTC views an exclusive licence as an asset acquisition. Therefore an asset acquisition is reportable under HSR because it transfers an asset that the licensor cannot transfer to

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others.⁴ Second, the value of the transaction must exceed enumerated thresholds. If the acquiring party, as a result of the transaction, will hold in excess of US\$200m⁷ of the acquired party's total assets, the transaction is subject to HSR.

Alternatively, if the acquiring party acquires between US\$50 and US\$200m of the acquired party's total assets, the transaction is subject to HSR only if the size of the parties is sufficiently large. HSR defines two tests to determine the size of the parties.⁸ Under the first test, the size requirement is met if the acquiring party has total assets or annual sales of at least US\$100m and the acquired party has annual or net sales of at least US\$10m.⁸ The second test merely reverses the relationship of both parties and dollar amounts. Thus, under the second test, the size requirement is met if the acquiring party has total assets or annual sales of at least US\$10m and the acquired party has total assets or annual sales of at least US\$100m.⁹ In calculating a party's assets, all domestic and foreign sales along with the sales and assets of subsidiaries must be included.¹⁰

Therefore, parties must value the acquired asset to determine if HSR applies. The value of the asset is the greater of the fair market value or the acquisition price.¹¹ The acquisition price is the value of all consideration for the licence.¹² The FTC does not discount predetermined future payments to present value or include payments that clearly represent interest in the total. Therefore, it is possible for the parties to agree to terms that avoid HSR requirements by substituting an initial lump sum payment in lieu of future royalties.¹³

Often, however, the parties are not able to calculate the acquisition price in advance because the licence is based on uncertain future royalty payments. Under these circumstances, the parties must estimate the fair market value of the licence. The market value of an intellectual property licence is typically estimated using the discounted cash flow approach.¹³ This approach converts uncertain future royalty payments to their net present value. The process requires the parties to determine the

expected sales of the item to which the royalty is tied, and factor in any limitations on the licence (eg geographic, field of use or time).¹³ Once the expected sales are determined for the life of the licence, the estimate is discounted to its net present value. The discount rate is adjusted to account for any risk associated with the payment stream.¹³

As stated above, the FTC treats predetermined and contingent royalty payments differently. Predetermined royalty payments are not adjusted for risk of non-payment, whereas contingent payments are adjusted for risk. Therefore, an uncertain future royalty payment compels the parties to utilise the fair market value analysis, which discounts the royalty payment and potentially does not exceed the threshold.

When HSR applies

If, after analysis, the parties conclude that the transaction is subject to HSR, they must notify the FTC and wait 30¹⁴ days for an asset acquisition before completing the transaction.¹⁵ The notification includes information about the parties, the transaction and a filing fee. The filing fee is US\$45,000 if the size of the transaction is less than US\$100m; US\$125,000 if the size of the transaction is between US\$100 and US\$500m; and US\$280,000 if the size of the transaction is greater than US\$500m.¹⁶ If the FTC decides that the proposed transaction might have an anticompetitive impact, it will make a 'second request' for information. The second request extends the waiting period for 30 days from when the parties respond to the second request.¹⁷ If, however, the first or extended waiting period expires without further communication from the FTC, the parties may consummate the transaction. Failure to notify the FTC subjects the parties to fines of up to US\$10,000 for each day of non-compliance.¹⁸

Upon notification, the FTC commences an investigation in accordance with the Guidelines to determine the anticompetitive effect of the proposed transaction. The FTC will attempt to define a relevant market¹⁹

that will be affected by the licensing agreement and evaluate any relevant evidence necessary to assess the licensing agreement's impact on the defined market. At the end of the investigation, the FTC determines whether to challenge the agreement under s.7A of the Clayton Act, 15 USC s.18.

Issues to watch when licensing technology created with federal funds

When businesses and non-profit organisations accept funding for research from the federal government or license technology developed with government funds, the government retains certain rights in the technology. These rights are set forth in the Bayh–Dole Act of 1980 (the 'Act').²⁰ One of the policies underlying the Act is to ensure the utilisation of patents secured with government funding. The Act also seeks to increase participation of small businesses and non-profit organisations in federally supported research efforts,²¹ and to increase the use of United States labour to produce inventions stemming from government support. Moreover, the Act enables the government to protect its investment. For example, the government is granted 'march-in' rights that allow it, under certain circumstances, to obtain rights to an invention created with the benefit of government funding.

Federal executive agencies, with the authority to issue grant money, execute funding agreements with small businesses and/or non profit organisations ('contracting parties'). These funding agreements must contain certain provisions or the contracting party is denied support. The funding agreement must state that if the contracting party elects to retain title to a new invention it must make a written election to the funding agency within two years of disclosing the invention.²² If the contracting party fails to elect title, the government *may* claim title to the invention. Whether the government claims title

typically depends on the potential economic value of the invention.

Furthermore, the funding agreement must ensure that the funding agency is entitled to periodic reporting on the utilisation or efforts at obtaining utilisation of the invention.²³ This information is treated as privileged and confidential and is not subject to disclosure under the Freedom of Information Act.²⁴

The funding agreement must specify that the government has a non-exclusive, non-transferable, irrevocable, paid-up licence to practise the invention *even* if the contracting party elects to retain title.²⁵ Lastly, the funding agreement must contain a provision stating that if the contracting party elects and subsequently files a patent application, the application will specify that the invention originated with government support.²⁶

March-in rights

In the 18 years since the Act's enactment, the government has never exercised its s.203 march-in rights. Regardless of how rare it occurs, the threat of march-in is still present and the vague language in s.203 poses serious problems to contracting parties.

Section 203 march-in rights allow any funding agency to 'march-in' and seize title of the invention from the contracting party if the funding agency makes certain findings. More specifically, the funding agency is empowered to grant a licence (which can be exclusive, partially exclusive or non-exclusive) to a reasonable applicant, under reasonable terms, if the agency determines that:

- action is necessary because the contracting party has not, within a reasonable time, taken steps to practical application;
- action is necessary to alleviate health or safety needs which are not reasonably satisfied by the contracting party;
- action is necessary to meet requirements for public use as specified by Federal Regulations and such requirements are not reasonably satisfied by the contracting party; or

- action is necessary because the contracting party has breached the covenant in s.204 insisting that the subject invention be substantially manufactured in the United States.

Thus, it is important for contracting parties to assess whether the Act applies, the likelihood that the government will exercise its march-in rights and the grave consequences that could result from march-in. The fact that the government has never exercised s.203 march-in rights leaves the case law bereft of precedent.

The most recent case to involve a s.203 petition was *Johns Hopkins Univ. et al. v Cellpro, Inc.*, 152 F.3d 1342 (Fed. Cir. 1998). The court held that Cellpro literally infringed both patents in issue ('Civin patents') but remanded the case on the issue of obviousness.²⁷ Defendant-appellant Cellpro petitioned the Director of the National Institutes of Health ('NIH') to invoke march-in rights after Cellpro was found to have willfully infringed Hopkins' patents, which claimed methods of stem cell isolation and the products obtained therefrom.²⁸ Dr Curt Civin, the Director of Oncology at Hopkins, invented the process in 1981 and in 1982 he received a research grant from the NIH. Subsequently, Hopkins, the assignee, was awarded two patents for Dr Civin's inventions.

Cellpro petitioned the Director of the NIH to march-in and award Cellpro a compulsory licence. Cellpro argued that Dr Civin received a grant from the NIH and that a compulsory licence was necessary to 'alleviate public health needs'.²⁹ At the time, Cellpro was the only commercial source of hematopoietic stem cells used in bone marrow replacement therapy. In contrast, Hopkins argued that a compulsory licence would impede or halt future private investment in university research. The record is sparse but Dr Harold Vamus, Director of the NIH, determined that the march-in proceeding was not warranted.²⁹ However, it seems that Dr Vamus's primary concern was whether patients would be harmed by a shortage of the isolated stem cell products. In this case, the injunction

issued by the federal court ensured that there would not be a shortage. Also, the NIH vowed to monitor patient access to the technology after denying Cellpro's petition.

It is apparent that the government is reluctant to exercise its march-in rights. However, since the potential consequences of march-in are so severe, they should always be considered. Similarly, and in conjunction with the aforementioned, contracting parties must realise that the Act is ambiguous. Several portions of s.203 and s.204 illustrate this.

First and foremost, the s.203 language that authorises march-in is extremely vague. For example, it provides for march-in if the government determines that the contracting party has not *taken steps to practical application*,³⁰ or if it determines it is *necessary to alleviate health or safety*.³¹ The statute's ambiguity hinders the ability to predict government action. What will happen if a company finds a cure for an epidemic but the government believes the price is too high? Essentially, the government could exercise s.203 march-in rights. Therefore the vagueness of these terms increases the ambit of the government's already powerful authority to exercise march-in rights.

Second, the statute allows the government to vest the compulsory licence in a 'responsible applicant'.³² The statute does not specify whether the government may be a responsible applicant. The government's ability to march-in under vague conditions, coupled with the government's potential ability to vest title in itself, could hinder parties' ability to license inventions made with government funding.

The government disfavours exclusive licences to foreign corporations. Such agreements generally authorise the government to march-in. A contracting party is prohibited from granting an exclusive licence to foreign corporations unless it demonstrates to the funding agency either: (1) that efforts to license the product to domestic companies failed; or (2) that production of the invention in the United States is not commercially feasible.³³ Thus, contracting parties or any assignees of contracting parties must be cognisant of the

licensing restrictions to foreign corporations to avoid march-in.

Lastly, the statute is devoid of any reference as to whether a licensee is entitled to compensation for expenses incurred prior to the government's march-in.

The value of a licence in a litigation settlement

The value of a settlement depends on the total damages the patentee would likely recover. Numerous factors affect the value of a settlement and parties must analyse and balance these factors to negotiate effectively. The following is an analysis of both the monetary and equitable remedies available to a patentee that would affect a settlement negotiation.

A patentee is entitled to damages if the patent is found valid and infringed.³⁴ The goal of the damages statute³⁴ is to compensate the patentee fully for the infringer's conduct. The court's objective is to put the patentee in the position he or she would have occupied 'but for' the infringement. The appropriate measure of compensatory damages is lost profits, a reasonable royalty or a combination of the two.

Lost profits

An award of lost profits includes damages that arise from diverted sales, price erosion, lost ancillary or collateral sales and any other additional expense the patentee incurs due to infringement. A patentee may only recover its own lost profits, not the profits of the infringer.³⁵

To recover lost profits the patentee must prove causation, ie 'but for' the infringement the patentee would have made the sales instead of the infringer. However, courts may infer causation in two circumstances. The first instance arises if the patentee proves, by a reasonable probability, that: (1) the product is in demand; (2) no acceptable substitute is available; and (3) that the patentee had, or could have had, sufficient capacity to

produce the product. The second instance occurs when the patentee and the infringer are the only two suppliers of the patented product. Without one of these two circumstances, the patentee must prove causation. Causation is more difficult to establish when the market consists of multiple suppliers of the patented product and when the patent covers only a small part of the product sold by the infringer.

The court employs the following factors to calculate lost profits.

Patentee's lost sales

A patentee is entitled to the profits lost on the sales of the patented product. This figure is calculated by first ascertaining the patentee's profit margin for every unit of the patented product sold and then multiplying that figure by the number of infringing products sold by the infringer.

Ancillary sales

Under certain circumstances, a patentee is entitled to lost profits on unpatented products. For example, if the sale of the patented product customarily includes the ancillary sale of an unpatented product, which alone has no separate market value, the patentee is entitled to lost profits of the ancillary device.³⁶ Typically, the patented product and the unpatented product must be components of a functional unit for a court to award lost profits on ancillary sales. The economic value of a patent may be greater than the value of the patented product's sales and, in these situations, courts compensate accordingly.

Price erosion

Price erosion damages compensate a patentee if, because of the infringement, the patentee reduced the price of the patented product when it could have charged a higher price. A patentee is awarded the difference between the price it could have charged and the price charged, for every unit sold at the lower price. Courts have compensated the patentee even when the

patentee's price was raised, as long as the patentee adduced evidence that the price charged could have been higher.³⁷

Collateral sales

If, without the infringement, a patentee could reasonably anticipate the sale of collateral unpatented items (eg service contracts, spare parts, supplies and other items related to the patented product), it may recover lost collateral sales.³⁸

Lost profits after expiration

A patentee is entitled to lost profits beyond the term of the patent. The rationale is that infringement before expiration allows the infringer to gain a percentage of the market share that it would not have had, but for the infringement.³⁹

Reasonable royalty

The damages awarded to a successful patentee in a patent infringement suit are at least a reasonable royalty for the period of infringement.⁴⁰ Courts recognise the difficulty in ascertaining the value of a 'reasonable royalty' for a patent licence.⁴¹

Courts assess a reasonable royalty based on a hypothetical negotiation to arrive at a hypothetical licence agreement just before the infringement began.⁴² In a seminal case, *Georgia Pacific Corp. v United States Plywood Corp.*, 318 F. Supp. 1116 (SDNY 1970), modified and *aff'd* 446 F.2d 295 (2d Cir.), cert denied, 404 US 870 (1971), the district court articulated 15 factors to consider in determining the amount of a 'reasonable royalty':

1. The royalties received by the patentee for licensing the patent in suit, proving or tending to prove an established royalty.
2. The rates paid by the licensee for the use of other patents comparable to the patent in suit.
3. The nature and scope of the licence, as exclusive or non-exclusive; or as restricted or non-restricted in terms of territory or with respect to whom the manufactured product may be sold.
4. The licensor's established policy and marketing programme to maintain his or her patent monopoly by not licensing others to use the invention or by granting licences under special conditions designed to preserve that monopoly.
5. The commercial relationship between the licensor and licensee, such as, whether they are competitors in the same territory in the same line of business; or whether they are inventor and promoter.
6. The effect of selling the patented product in promoting sales of other products of the licensee; that existing value of the invention to the licensor as a generator of sales of his or her non-patented items; and the extent of such derivative or conveyed sales (sales of unpatented items, which are enhanced by the licensee's ability to sell the patented item).
7. The duration of the patent and the term of the licence.
8. The established profitability of the product made under the patent; its commercial success; and its current popularity.
9. The utility and advantages of the patent property over the old modes or devices, if any, that had been used for working out similar results.
10. The nature of the patented invention; the character of the commercial embodiment of it as owned and produced by the licensor; and the benefits to those who have used the invention.
11. The extent to which the infringer has made use of the invention; and any probative evidence of the value of that use.
12. The portion of the profit or of the selling price that may be customary in the particular business or in comparable businesses to allow the use of the invention.
13. The portion of the realisable profit that should be credited to the invention as

- distinguished from non-patented elements, the manufacturing process, business risks, or significant features or improvements added by the infringer.
14. The opinion testimony of qualified experts.
 15. The amount that a licensor (such as the patentee) and a licensee (such as the infringer) would have agreed upon (at the time infringement began) if both had been reasonably and voluntarily trying to reach an agreement; that is, the amount which a prudent licensee – who desired, as a business proposition, to obtain a licence to manufacture and sell a particular article embodying the patented invention – would have been willing to pay as a royalty and yet be able to make a reasonable profit and which amount would have been acceptable by a prudent patentee who was willing to grant a licence.

The court observed that there is no 'set formula by which these factors can be rated precisely in order of their relative importance or by which their economic significance can be automatically transduced into their pecuniary equivalent'.⁴³ In its decision, the court considered several of the 15 factors and declared that in future analyses courts should 'exercise judicial discretion'.⁴⁴

In *TWM Manufacturing Co., Inc., v Dura Corp.*, 789 F.2d 895 (Fed. Cir. 1986), the Federal Circuit upheld a 30 per cent reasonable royalty against Dura. The patentee, Stephen Turner, Jr, created a device that enabled trucks to engage an additional axle and wheels to carry a heavy load. TWM Manufacturing Co., the assignee of Turner, filed suit against Dura and Dura was found to have wilfully infringed.⁴⁵ Dura appealed against the district court's calculation of damages.

The Federal Circuit found that the reasonable royalty must be determined from a hypothetical negotiation between Turner and Dura in 1967.⁴⁶ Citing *Georgia Pacific*, the court determined that the district court properly applied the 'analytical approach' (which subtracts the infringer's usual net

profit from its anticipated net profit realised from sales of infringing devices) to determine the reasonable royalty.⁴⁷ It further observed that the invention's 'immediate commercial success, satisfaction of a long-felt need and absence of a competing suspension possessing all its beneficial characteristics' were factors properly considered by the district court.⁵⁸ The Federal Circuit rejected Dura's claim that the district court improperly included Dura's sales of unpatented wheels and axles in the royalty base. The court concluded that 'where a hypothetical licensee would have anticipated an increase in sales of collateral unpatented items because of the patented device, the patentee should be compensated'.⁴⁹ Thus, the court upheld the 30 per cent reasonable royalty and awarded TWM approximately US\$8.5m. (The award was then trebled to US\$31m owing to Dura's wilful infringement.)

In many instances, the courts do not have an opportunity to determine a reasonable royalty because the case settles – so the parties, and not the court, determine the outcome. What effect, if any, does the grant of a licence as part of a settlement have on prior licences that contain 'most favoured licensee' clauses? The most favoured licensee clause allows an earlier licensee to remain competitive in its field if the licensor grants a later licence at a lower royalty because the most favoured licensee is entitled to the same royalty. However, does the benefit of the settlement terms inure to the most favoured licensee?

In cases that have decided this issue, most favoured licensees argue that a settlement that releases an infringer from past infringement effectively grants a retroactive licence with a zero per cent royalty rate. As a result, the most favoured licensee argues that he too should be entitled to a zero per cent royalty. With the exception of the Sixth Circuit,⁵¹ the majority of courts⁵² have rejected this argument. This reasoning depends on two policy considerations. The first is that based on a literal interpretation, a release is not a licence. The second focuses on the consequences if the minority and not the majority view applied. The fear is, that if

the minority view applied, wherein settlement of past claims is tantamount to a retroactive license with a zero per cent royalty, licensors who have previously licensed the product to a most favoured licensee would be hesitant to settle.

Companies must embrace the rule that a subsequent settlement does not inure a benefit to a most favoured licensee and try to negotiate around it. For example, to avoid litigation, parties can explicitly define what circumstances will trigger the most favoured clause or expressly exclude settlement licenses.

Similarly, parties must understand that in determining whether a subsequent royalty is in fact more favourable than the most favoured licensee's royalty, the courts have typically followed the entire consideration doctrine. For example, if a settlement agreement includes a licence with a lower royalty (than the most favoured licensee's) and a cross-licence, the court cannot automatically grant the lower royalty to the most favoured licensee. The court must attempt to calculate the value of the cross-licence together with the value of the royalty to determine if the entire settlement consideration is indeed more favourable. The difficulty of this valuation persuades courts to decline applying the most favoured licensee clause.⁵²

Reasonable royalty and lost profits combined

A damage award may include both lost profits and a reasonable royalty.⁵³ A combined award of lost profits and a reasonable royalty typically occurs when multiple infringers of the patent exist. In such circumstances, there is a reasonable probability that, without the defendant in the market, a significant share of the sales taken by the defendant may have been diverted to other infringers. Thus, the patentee is entitled to recover lost profits equal to the accused infringer's sales that are adequate to compensate the patentee in proportion to the patentee's market share percentage; any remainder of the infringer's

sales is measured on a reasonable royalty basis.

Injunctive relief and enhanced damages

A factor to consider when negotiating a settlement is the possibility of an injunction. Courts possess broad discretion when issuing injunctions and they rarely deny a request by a patentee for an injunction, provided that the facts meet the requirements. There are two types of injunction. A preliminary injunction is issued shortly after the lawsuit commences in order to prevent infringement during litigation. Before ordering a preliminary injunction, a court will determine whether the patentee has demonstrated: (1) a reasonable likelihood of success on the merits; (2) irreparable harm; (3) that the relative hardship tips in the patentee's favour; and (4) that issuance is not against public interest. The first two factors are the most important. To establish a reasonable likelihood of success, the facts must demonstrate a 'clear showing'⁵⁴ that the patent is valid and infringed. If the patentee clearly demonstrates that the patent is valid and infringed, irreparable harm is presumed and, in most cases, the injunction is issued. Conversely, if the patentee fails to demonstrate validity and infringement, irreparable harm is not presumed. The fact that a patent has only a short time remaining in its term will not dissuade a court from issuing an injunction. As stated by one court, 'patent rights do not peter out as the end of the patent term ... is approached'.⁵⁴

A court orders a permanent injunction at the close of litigation if the patentee successfully proves infringement. For a permanent injunction to issue, the patentee must establish the same factors necessary for a preliminary injunction. A permanent injunction continues until the patent expires. However, a permanent injunction may be denied as to further use of an already manufactured infringing product, if the damage award provides the patentee full compensation for those items.

The Patent Act authorises courts to

increase damages up to three times the amount assessed.³⁴ In most circumstances, courts enhance damages if the infringer's conduct is wilful or in bad faith. An infringement is wilful if the infringer acted with knowledge of the patent. To determine wilfulness, courts consider factors that render the infringer's acts more culpable and factors to mitigate the infringer's conduct. Mitigating factors include opinions by counsel or proof that the infringer attempted to design around the patent.

Courts award prejudgment interest³⁴ when necessary to compensate the patentee for the infringement.⁵⁵ Such an award is entirely within the discretion of the trial court. Prejudgment interest is awarded to a prevailing plaintiff from the date the infringement began. Prejudgment interest is applied only to the actual damage award and not to any enhanced damages.⁵⁶

Lastly, a prevailing party is entitled to attorney fees in 'exceptional cases'.⁵⁷ A finding of wilful infringement is considered an 'exceptional case' and grounds for attorney fees.⁵⁸

In conclusion, the presence or not of the foregoing factors can drastically affect the value of a proposed settlement licence. To negotiate effectively both parties must be informed. Thus, an analyses of lost profits, a reasonable royalty and whether the alleged infringer's conduct was wilful – which permits treble damages and attorney fees – is prudent for both parties prior to negotiating.

Disclaimer

The opinions expressed herein are the personal opinions of the authors, and are not to be considered opinions of Frommer Lawrence & Haug LLP or any of the firm's clients.

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3. As defined in 15 USC s.12.
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5. See United States Dept. of Justice and the Federal Trade Commission, Antitrust Guidelines for the Licensing of Intellectual Property 1 (6th April, 1995).
6. See 15 USC 18a (note) (as amended by PL 106-553, sec. 630, 114 Stat. 2762, 2762-262 (2000)).
7. The aggregate numbers used in 15 USC s.18a(a)(2) and throughout the amended act are subject to adjustment in accordance with s.8(a)(5) of the Clayton Act, 15 USC 19(a)(5).
8. See 15 USC s.18a(a) (as amended by PL 106-553, sec. 630, 114 Stat. 2762, 2762A-258 (2000)).
9. See 15 USC s.18a(a) (as amended by PL 106-553, sec. 630, 114 Stat. 2762, at 2762A-259 (2000)).
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11. See 16 CFR s.801.10(b).
12. See 16 CFR s.801.10(c)(2).
13. Hoffman, A. E., 'Valuing Intellectual Property Licenses for Purposes of the Hart–Scott–Rodino Size-of-Transaction Test', pp 4–6 (unpublished article on file with PriceWaterhouse, Washington, DC).
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16. See 15 USC s.18a (note) (as amended by PL 106-553, sec. 630, 114 Stat. 2762, 2762A-260 (2000)).
17. See 15 USC s.18a(e)(2) (as amended by PL 106-553, sec. 630, 114 Stat. 2762, 2762A-262 (2000)).
18. See 15 USC s.18a(g).
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20. See 35 USC ss.200–212 (2000).
21. See 35 USC s.200.
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34. See 35 USC s.284.

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36. See, eg, *TWM Mfg. v Dura Corp.*, 789 F.2d 895, 901 (Fed. Cir. 1986) (affirming award of damages for unpatented wheels and axles sold with patented vehicle suspension system).
37. See, eg, *Kalman v Berlym Corp.*, 914 F.2d 1473, 1485 (Fed. Cir. 1990) (court found that infringer's presence eroded the patentee's prices by 15 per cent).
38. See *Kaufman Co. v Lantech, Inc.*, 926 F.2d 1136, 1144 (Fed. Cir. 1984).
39. See *Amsted Indus. Inc. v National Castings Inc.*, 16 USPQ 1737, 1754 (N.D. Ill. 1990).
40. See 35 USC s.284 (2000) (states in relevant part 'Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention').
41. See *Georgia Pacific Corp. v United States Plywood Corp.*, 318 F. Supp. 1116, 1118-1119 (SDNY 1970), modified and *aff'd* 446 F.2d 295 (2d Cir.), cert denied, 404 US 870 (1971).
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43. *Georgia Pacific Corp.*, 318 F. Supp. at 1120-21.
44. See *Georgia Pacific Corp.*, 318 F. Supp. at 1120 (quoting *General Mills Corp. v Dailey*, 93 F.2d 938, 942 (6th Cir 1937)).
45. See *TWM Mfg. Co., Inc., v Dura Corp.*, 722 F.2d 1261 (6th Cir. 1983).
46. See *TWM Mfg. Co., Inc., v Dura Corp.*, 789 F.2d 895, 900 (Fed. Cir. 1986).
47. See 789 F.2d at 899.
48. 789 F.2d at 900.
49. 789 F.2d at 901.
50. See 798 F.2d at 900.
51. See *Shatterproof Glass Corp. v Libbey-Owens-Ford Co.*, 482 F.2d 317, 321 (6th Cir. 1973) (finding that a release from claims of past infringement 'was in effect a settlement by payment of just compensation for previous use of the patent' and had the effect of a retroactive licence); but cf. *Studiengesellschaft Kohle, m.b.H. V. Dart Industries, Inc.*, 862 F.2d 1564, 1572 (Fed. Cir. 1988) (distinguishing between a 'settlement' against a threat of litigation as opposed to a settlement without the threat).
52. See, eg, *Studiengesellschaft Kohle m.b.H. v Novamont Corp.*, 704 F.2d 48, 52 (2nd Cir. 1983); *Rothstein v Atlanta Paper Co.*, 321 F.2d 90, 96 (5th Cir. 1963); *Searle Analytic, Inc v Ohio-Nuclear, Inc.*, 398 F. Supp 229 (N.D.Ill. 1975).
53. See *State Indus., Inc. v Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1577 (Fed. Cir 1989).
54. See *Atlas Powder Co. v Revco Chems.*, 773 F.2d 1230 (Fed. Cir. 1985).
55. See *General Motors Corp. v Devex Corp.*, 461 US 648 (1983).
56. See *Underwater Devices Inc. v Morrison-Knudsen Co., Inc.*, 717 F.2d 1380 (Fed. Cir. 1983).
57. 35 USC s.28s.
58. See *Construction Tech. Inc. v Lockformer Co.*, 20 USPQ 2d 1940, 1943 (SDNY 1991).