

A Foley Best Practice



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DON'T LET LOOSE ENDS UNRAVEL YOUR DEALS

Check list to clean up any potential loose ends

Foreign Filing Licenses

- Do all US pending applications and granted patents have proper foreign filing licenses?
- A request for a retroactive foreign filing license can be filed if the error in failing to request a foreign filing license prior to foreign filing was inadvertent.
- This issue may arise with a foreign priority document filed using information developed in the US.

Ownership issues: assignments, employee contract, outside funding?

- Have all cases been properly assigned? Assignments recorded? Including provisional applications?
- Have inventors executed employee agreements obligating them to assign IP rights to the company?
- Were any inventions developed using outside funding, such as federal grants, that would affect rights in a patent?

Licensed-in technology?

- If commercialization requires a license from a third party, has proper license been executed? Sub-license/assignment rights granted in the license?

US maintenance fees and foreign annuities current?

Company policy in place regarding publication clearance?

Case Study: Inequitable Conduct Allegation

Bottom Line: Fear of inequitable conduct allegations, no matter how tenuous, now affects valuation of transactions.

Fact Pattern: License negotiation between a small pharma company and a big pharma company. Small pharma company owns a patent family directed to an organic small molecule.

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- Value of the transaction was initially stated at \$100 million.
- Status of the patent family to be licensed was one granted US patent (Case A) and several other pending US applications, including pending US Case B. The granted US patent was not legally “related” to the pending Case B, but the subject matter of the two cases overlapped.
- Issue raised by the potential licensor: Before the US patent was granted for Case A, the USPTO examiner issued an obviousness-type double patenting rejection in Case B over Case A. The actual office action from Case B containing the obviousness type double patenting rejection was not submitted in an Information Disclosure Statement in Case A.
- All prior art cited in Case B had been made of record in an IDS in Case A.
- The potential licensor felt that failure to submit the office action in an IDS in Case A raised potential inequitable conduct issues, because (a) the two cases were being prosecuted by different examiners, and (b) the office action contained 35 U.S.C. 112 rejections of the claims allegedly potentially relevant to the claim scope of Case A.
- See *McKesson Information Solutions, Inc. v. Bridge Medical, Inc.*, 487 F.3d 897 (Fed. Cir. 2007).
 - McKesson held that patents at issue were unenforceable for inequitable conduct because the applicant failed to (i) disclose rejections (by a different examiner) in co-pending application; (ii) disclose allowance of CIP patent that might have been basis for double patenting rejection; and (iii) disclose prior art Baker patent that was disclosed in co-pending application.
- Ultimately the potential licensor declined to proceed with licensing the patent portfolio because of this issue.

Lessons learned

- Cross-reference subject matter related applications, as well as legally related applications.
- Submit copies of office actions, as well as references, in cross-referenced applications.