



Accessibility Of The LES Experience

By Ronald Grudziecki, President, LES International



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Call For Papers

Suitable papers for publication in future issues of *les Nouvelles* are being sought. Members or non-members who have presented papers at conferences or created original works are invited to submit their work. Submit in electronic form via e-mail or disk (MS Word or text-only format) to:

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We are off to a significant start to attaining our goals this year. A full-time LESI administrative assistant has been hired (Stephanie Silverstein). Stephanie has started and attended our Winter Planning Meeting in Miami, January 18 and 19. We welcome her to our organization and look forward to working with her in the future. She resides at the LES (USA & Canada) offices in Alexandria, Virginia but her sole responsibilities are to LESI. When you see her, please give her a warm LESI welcome. Her e-mail is ssilverstein@lesi.org.

Speaking of the Winter Planning Meeting, we had about 40 National President's, Committee Chairs, Past Presidents, Board members and invited guests attend the meeting in Miami. This meeting provides an opportunity for those attending to discuss ideas and get feedback in a more informal setting than the Delegate's Meetings. It is a time when new ideas can be raised and older ones discussed, implemented, re-implemented, as the case may be.

This year, we discussed meeting sponsorship on an international scale, the external challenges to LESI and how to deal with them, how to improve the visibility of LESI (including to whom we should be visible) and how to enhance the committee Web sites and attract new members. We had a demonstration of the new LESI Web site as well. We also discussed the awards structure of the organization. All discussions were of the group as a whole and a lively atmosphere prevailed throughout the day. The Board also used the opportunity

to have extended meetings dealing with various issues attendant to operation of the organization.

Since our last message, I've had the opportunity as President to visit with the LES Arab Countries, LES Israel and the LES Philippines Societies. I appreciate the arrangements and discussions with all concerned. At the LES Arab Countries Board Meeting, I was privileged to provide a talk on LESI and what it could do for its members. In Israel, I gave a speech on the changes ongoing and proposed in U.S. Patent Law to an audience of about 100 people including the Commissioner of Patents, Dr. Meir Noam. In Manila, I met with the LES Philippines Board and discussed various matters including the 2009 International Conference which they will host. It is a distinct pleasure for me to have the opportunity to meet with the leadership of the Societies and have the open, frank and useful discussions which have occurred so far.

Sue and I are looking forward to this year's International Conference in Zurich, Switzerland from June 17 to 20. The LES Switzerland Organizing Committee is well-organized and has put together an outstanding program and superlative social arrangements. We look forward to seeing you all there. ■



Mr. Talal Abu-Gazallah, President, LES Arab Countries presents Ron Grudziecki with a relief sculpture of the Pharaoh's Treasury in Petra.

LES France Programs Growing And Active

LES France: Successful Conference on International Issues

In 2006 LES France emphasized education in international licensing practices in its innovative conference program. Two themes stood out in the different conferences organized by LES France. Namely, the principles of sharing common points and the differences in the practices of technology transfer and intellectual property management in different countries

As in the past few years, in 2006 LES France members have actively participated in International Delegates meetings and in LESI Committees. We also intend to promote the participation of our members in Industry Sector Committees as well as to provide more information about the activities and goals promoted by LESI.

The development of an international landscape in the choice of our conference topics appears to be what our members expect. So, in order to meet these expectations, we have chosen two main examples: China and Europe.

Management of IP and Litigation in China

This led us to start, in the Spring, with the crucial question of licensing in China. This major partner cannot be ignored anymore in all industrial areas. The conference entitled *Technology Transfer with China* was a half day conference, organized with IRPI (Public Research Organization on IP) and the "Amitiés franco-chinoises" (NGO promoting business exchanges with China). With 150 attendees, this conference clearly dedicated to practical case studies and personal experiences was a great success. This subject is at the heart of the current concerns of the Community and in particular, to our members, to such an extent that LES France was asked to organize a second conference on this subject. Next December a conference on *Management of IP and Litigation in China* will take place and will be more oriented to the IP assets management issues.

Best Technology Transfer Practices from Public Organization through EU Industries

We have continued this international orientation of our program of conferences with an original and very interesting conference that took place last September entitled *Best Technology Transfer Practices from Public Research Organizations to Industry across France, Germany, Italy, Spain & Portugal and the UK*. This one day conference which was jointly set-up by LES France, Germany, Italy, Spain and



Panel of speakers discussing China.

Portugal, involved companies and academic bodies representatives of the various countries. The sharing of experience and practices among different LES chapters, allowed the promotion of a better collaboration among the LES European Societies. This innovative effort was a great occasion to work more closely to increase the setting-up of joint specific actions allowing our respective members to really understand the strength of "LES Europe." As a follow up to this first initiative, we would be delighted to actively participate in larger and more global actions.

Membership in LES France Reaches 370

As already proven by the past with the successful organization of the LESI conference in 2004 in Paris and boosted by the success of our recent and innovative conference program, LES France is confirmed to be an essential part of the LES network. With a total of 370 members (of whose 63 are 2006's new members) LES France is showing its willingness to contribute actively to the international influence of LES Societies. ■



Participants in the joint European conference.

LES Russia

The Theme Is Global—The Interest Therein Is Profound

By Sergey Dorofeev

On November 21, 2006, in Moscow, at the offices of Gorodissky & Partners, the *International Seminar on Current Problems of IP Commercialisation* organised by LES Russia, was held. The Seminar was attended by 34 participants from Russia and other countries.

The LES Russia President—Dr. Natalia Karpova, Head of Foreign Economic Activities, Chair of Academy of National Economy opened the Seminar. In her speech she noted the important role of intellectual property in the rapidly developing world market-oriented economy. An insufficient understanding of the importance of intellectual property by Russian businesses was also pointed out. In this context, the Seminar highlighted the importance given by major foreign companies to the protection of intellectual property, control of intangible assets, and managing of income from the trade in licenses and innovative strategy in their commercial activities.

The first report titled *The Role of Technology Transfer* was delivered by Dr. Markus Jakobi of Isenbruck, Boesl, Hoerschler & Partners (Germany). Dr. Jakobi in the foreword to his report showed the causes of an increased significance of technology transfer with an example of such pharmaceutical companies as Pfizer, GlaxoSmith-Kline, Sanofi-Aventis, Merck, Johnson & Johnson, etc. Actually, recent years have demonstrated the steady trend to an essential increase of specific weight of the income gained from royalties within the total profit of the leading global pharmaceutical companies. The report further detailed various types of technology transfer agreements, possible measures that a company can take to improve efficiency of use of its intangible assets, pros and cons of licensing at different stages of development of a new product, disadvantages of exclusive licenses, various conditions of licensing payments, and many other extraordinarily interesting issues. Dr. Jakobi concluded his report by outlining the importance of estimating a company's intangible assets for elaboration of its market strategy and for prospective evolution of a company, as well as for payment of remuneration for inventors. The audience responded to this report vividly, which was seen in active discussion of the report, and in many questions that were put to its author.

The report titled *So, I have the IP—what should I do with it?* delivered by Dr. Stephen Potter of Intellectual Ventures US, also was of no lesser interest. This report compellingly showed the commercial significance of intellectual property in today's business. The mere fact cited as example that the intangible assets amount to 80 percent and a greater portion in capitalisation of the leading global companies, tells a good deal. The report mostly dwelt on the matters of efficient and correct management of intellectual assets as a part of the



Panel prepares to speak at the LES Russia seminar (left) Stephen Potter, Valery Medvedev, Natalia Karpova and Markus Jakobi.

intangible assets. The only difficulty is that a majority of Russian companies have not sufficiently large patent portfolios to be in a strong position to address efficient management thereof. Nonetheless, let us expect a better future. In any case, this experience must be beneficial, and if not presently, then somewhat later. In examining a strategy of managing the intellectual assets, the special attention in this report was given to the so called “spin-off” companies incorporated on the basis of a novel technology. Such companies, being an efficacious device for commercialisation of technology, generally allow an inventor (or a licensor-company) to stay at the helm of a project and earn a considerable profit. The report also provided a lot of useful information about the offensive and defensive strategies of licensing, policy at markets of big and minor companies, etc. Discussion of this report took quite a time.

The third report, delivered by Ms. Kaisa Fahlund of Hannes Snellman, Finland, was titled *IP Commercialization—legal risks and possibilities*. The beginning of the report dealt with choosing a strategy of commercialisation of a novel technology depending on the nature of a given technical development, a situation existing at the market, and a size of a company, etc. The report further described peculiarities of strategies for holding negotiations, necessity of entering a confidentiality agreement; efficiency of licensing as a means for commercialising the technology and as a means for establishing a balance of interests of both a licensor and licensee was described. Main interests intrinsic to a licensor and licensee were analysed using particular examples. The concluding part of this report gave a detailed analysis of the European anti-monopoly legislation with respect to working-out of licensing agreements, as applied to Russian companies. This report was also heard with great interest as indi-

LES Russia, continued on Page 5

LES Benelux Plans Ahead For 2007-2008

The board of LES Benelux is proud to announce that the Pan-European LES Conference in 2008 will be held in Amsterdam from 28-30 September. This event promises to be an excellent opportunity for extending your international network, especially since an LES International Delegates Meeting will be preceding the conference 26-28 September 2008.

The meeting will be held in NH Barbizon Palace Hotel conveniently located in the centre of Amsterdam, in front of the central railway station and close to the shopping, business and leisure areas. The 15th century St. Olof Chapel and the hotel's unique conference centre are the ideal setting



for having the Pan-European Conference 2008 and the International Delegates Meeting. More information will become available on www.2008.les-benelux.org. If you want to be listed on the mailing list for future information on the conference, please send your address details to meetings@les-benelux.org. ■

LES (USA & Canada) 2007 Spring Meeting

Grand Hyatt Atlanta,
Buckhead, Georgia

Mark your calendars for the 2007 Spring Meeting, May 16-18 at the Grand Hyatt Atlanta in Buckhead, outside of Atlanta, GA. Don't miss this outstanding program, including a keynote address by Matthew Emmens, CEO of Shire Pharmaceuticals, on Licensing Specialty Pharma. Mr. Emmens will be followed by a panel discussion of Revolutionary Intellectual Property Packaging. Plenary speakers on Friday include G. Wayne Clough, President of Georgia Tech, speaking on Research University Economic Development and Hank Barry, Director of the Business Department at Howard Rice Nemerovski Canady Falk & Rabkin speaking on Licensing in the New Media Age. The LES Specialty Pharma Summit will bring together panelists to discuss Financing, Finding Deals, and IP Protection for Recycled Products.



In addition, 18 workshops have been selected specific to Health Care; High Technology; Industry, University and Government Labs; Consumer Products; Chemicals, Energy and Materials; and Legal sectors.

To register, please visit the Web site at www.LESSpring2007.org. Make your hotel reservations now before the rooms sell out! Call 1-800-633-7313 and mention LES to receive the special \$192 room rate. ■

LES Benelux - Meeting Schedule 2007

17 April 2007: NH-Hotel Luxembourg—Are IP-Rights of Any Value to your Company

5 June 2007: Crowne Plaza Brussels (B)—Update IP and Technology Transfer in Emerging Markets, Developments in Key Jurisdictions Including AGM

9 October 2007: Rotterdam Hilton Hotel (NL); Life Sciences

5-6 November: Mandarin Plaza Hotel, Eindhoven(NL)—Licensing Course 2007

4 December 2007: Sheraton Hotel Brussels (B)—Key EU Directives—Two Years On.

For these meetings, members of LES Benelux will receive an invitation with programme and registration form. The programmes will also be published on www.benelux.les-europe.org. For additional information please e-mail to meetings@benelux.les-europe.org.

Editor's Corrections...

Corrections:

Apologies to Brian Brunsvold, author of Recent Decisions in the United States, in the September and March issues, he was incorrectly listed as Paul Brunsvold on the cover page and the article itself.

Apologies to William Barrett in the December 2006 issue. His correct affiliation is President, Global Patent Strategies, PLLC, Research Triangle Park, NC.

Note:

In reference to the featured articles under Important Issues for Today in the December issue, we welcome other views on the Important Issues for Today or any other topic.

For your agenda:

LES International Conference Zurich 2007

17-20 June 2007



For more information and registration: refer to the insert in this issue and go to www.lesi2007.org

LES Russia, continued from Page 3

cated by numerous questions put to its author.

The concluding report delivered by Mr. Alexander Naumov, Deputy Director of Department of Scientific-Technical and Innovation Policy of Russian Ministry of Education and Science, titled *Involvement of state R&D results into business*, was bound for success—in light of the upcoming drafted changes in Russian legislation in the sphere of intellectual property. The report provided a detailed review of the legislative enactments recently adopted by Russian Government and directed to straightening-out the matters of disposal of the rights to results of scientific-technical activities, provision of registry of results of the civil-purpose R&D's, monitoring of results of the R&D's carried out at the expense of the federal budget, and stimulation of the innovative activities, etc.

The highest pitch of the report was, unconditionally, the analysis of the changes, now being drafted, in Russian Civil Code that pertain to the intellectual property, which changes, without doubt, will constitute a revolutionary moment in Russian law. This theme aroused a “hot” discussion that could not be drawn to a close easily.

The gratifying circumstance is that all the reports were equally of intense interest to the attendants. This Seminar can be surely grouped with the successful events organised by LES Russia. ■

Time To Begin Thinking Of Award Nominations

The LES Licensing Achievement Award is one of the crown jewels of LES (USA & Canada). Past recipients include Stanford University, Pfizer Inc., IBM, the U.S. Department of Energy and Genentech. InterDigital Corporation received the Licensing Achievement Award at the Annual Meeting in 2006. It's time to consider nominees for an award presentation to be held at our next LES Annual Meeting scheduled this Fall in Vancouver. Do you have a candidate? We particularly encourage nominations from Industry Sectors and Chapters. Consider the criteria below and submit your nomination.

1. The Award may be granted to an organization that has made an outstanding contribution to licensing or other technology transfer activity.

2. All types of licensing and technology transfer subject matter will be considered, and the selection criteria will include:

- a. Contribution to the progress or recognition of licensing as a business activity
- b. Long-term licensing success
- c. Innovative licensing programs
- d. Distinguished licensing success as compared to peers.

LESI Committee Reviews Legislative Guide On Secured Transactions

This report summarizes a recent activity/undertaking by the LESI Patent & Technology Licensing Committee. The Committee was asked by the LESI President to review the status of a draft Legislative Guide on Secured Transactions that was prepared by the U.N. Commission on International Trade Law (UNCITRAL).

Basically, UNCITRAL is seeking to reform international laws in order to reduce restrictions on the availability of low cost finance and credit. UNCITRAL wants to make it easier for businesses and lending banks to deploy assets as security for raising finance. The primary focus of the Legislative Guide is (and was during drafting) on core commercial assets, such as commercial goods (inventory and equipment) and trade receivables. IP assets and their related income streams were added to the scope of the Guide in its final stages of drafting and were added without input from the IP community.

The IP community has only recently been given an opportunity to review and study the Guide. There is wide recognition by those who have reviewed and studied it that the recommendations in the draft Guide will need substantial adjustment if intellectual property and their related income streams (i.e. royalty income) are to remain within the scope of the Guide. An Ad Hoc Working Group on Intellectual Property Financing and the UNCITRAL draft Legislative Guide has been created. The Ad Hoc Working Group has prepared a Report “to provide a framework for addressing needed adjustments” to the Guide.

The Working Group is currently discussing its Report with UNCITRAL and is hopeful that its concerns regarding IP rights will be addressed before the Legislative Guide is adopted. The LESI Patent & Technology Licensing Committee will continue to monitor the status of the Legislative Guide and the activities of the Working Group. ■

3. The Award is extraordinary and is granted from time to time to a deserving candidate, as determined solely by the Trustees of the Society.

Information should be as complete and comprehensive as possible to support the nomination in view of the criteria. Nominations should be sent to the LES Office in Alexandria, Virginia, before (August 15, 2007) with a copy sent to Immediate Past-President Dwight Olson (dolson@taeus.com) who chairs the award process.

Deals of Distinction Award (DDA) Nominations

The LES Deals of Distinction Awards are again being planned for Vancouver. Please submit your nominations to your sector chairs who will coordinate with the DDA committee. ■

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East Meets West In Vancouver, Canada

LES (USA & Canada) 2007 Annual Meeting • October 14-17, 2007

LES International Delegates Meeting • October 18-20, 2007

The New Deal: Competing in a Global Economy

Plan now to be a part of the largest annual licensing event—the 2007 LES (USA & Canada) Annual Meeting, at the Pan Pacific Hotel and Convention Centre in downtown Vancouver, British Columbia, Canada.

As an **economic gateway between East and West**, Vancouver is an ideal location for the LES Annual Meeting. Licensing and technology transfer occur in a global marketplace of ideas and competition, with a complex set of domestic and international rules, regulations, and possibilities. For over 30 years, LES and its members have been engaged in worldwide licensing activities, at the forefront in understanding how to effectively identify and cultivate business partnerships around the world.

LES 2007 will draw upon the international network of licensing professionals to describe the challenges and opportunities in today's global economy.

Vancouver is a dynamic, multicultural city set in a spectacular natural environment. Business opportunities abound in the commercial capital of western Canada, a link to the rest of world as well as one of the nation's largest industrial centers. In recent years, Vancouver has expanded as a center for software development and biotechnology. It is renowned for being innovative and on the cutting edge of ideas. It is also recognized as a leader in the areas of sustainability, accessibility, and inclusiveness.

The 2007 Annual Meeting Committee is finalizing the meeting program, which will include:

- Leaders of International Licensing and Technology Transfer Plenary Panel
- Industry-focused mini-plenary sessions and interactive workshops for professionals in these key sectors: Consumer Products; Chemicals, Energy and Materials; Healthcare; High Technology; and Industry, University and Government Transactions.

LES 2007 will also feature the signature networking and business development opportunities that make LES events unique:

- **New LES Technology Showcase.** Added this year, the LES Technology Showcase provides owners of intellectual property a venue to present their technology to a select group of LES meeting participants. These industry-based presentations will connect holders and seekers of technology, as well as provide access to potential venture capital investors.

- **LES Tech Fair.** For the fourth consecutive year, the LES Tech Fair will expand to offer firms with intellectual property assets and services unmatched access to their target audiences.

- **Sector-specific Receptions and Dinners.** Join your colleagues at targeted network events organized by industry sector to make the most of your networking time together.

- **Welcome Reception, Themed Events and Closing Gala.** The LES advantage is the ability to meet with such a wide range of professionals, all dedicated to licensing excellence. These evening events bring together all meeting participants to share their experiences and build new relationships.

International

LESI President Ron Grudziecki and his wife, Sue, will welcome LESI delegates Thursday, October 18 for the official opening of the International Delegates' Meeting.

Vancouver

The time is right for LES 2007 in Vancouver. A recent Vancouver Economic Development Commission Study identified these sectors as the leading areas for economic growth and incentives:

- High Tech and R&D
- Media and Communications
- Scientific and Technical Services

Vancouver has been described as one of the most spectacularly situated cities on earth. The downtown core stands proudly on an ocean-swept peninsula surrounded by beaches, sailboats, parks and wildlife. The downtown core is only one mile across at its widest point making it a perfect city for walking. Local sightseeing opportunities include everything from whale watching tours to kayaking along the city shores, mountain biking some of the best trails in the world, to a gondola ride up Grouse Mountain to visit the grizzly bears. For additional information on local attractions, visit www.tourismvancouver.com.

Registration for the 2007 LES Annual Meeting is now available at the meeting Web site, www.les2007.org.

We look forward to seeing you in Vancouver, ready to make your New Deal. ■



Supreme Court Ruling: Patent Licensees May Challenge Patent Validity Without Terminating License Agreements

By Brian Brunsvold and John Paul

Patent licensees wanting to challenge the validity of a patent they have licensed have been required by courts to cease paying royalties or otherwise breach their license agreement before filing a lawsuit to challenge the patent. This created a significant disincentive to patent challenges initiated by licensees because such breaches put the licensee in the position of being subject to a lawsuit for patent infringement and punitive damages if the validity challenge failed.

The Declaratory Judgment Act forms the basis for this policy because it requires a party suing to invalidate a patent to show it has an “actual controversy” with the patent owner. The Supreme Court previously found that an “actual controversy” needed to be “definite and concrete, touching the legal relations of parties having adverse legal interests”; and that it be “real and substantial” and “admit of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts.”

The Court of Appeals for the Federal Circuit has long held that to show an “actual controversy” sufficient to bring a lawsuit to invalidate a patent, a party must demonstrate that it was engaging in some potentially infringing conduct and that it had a reasonable expectation of being sued. In 2004, the Federal Circuit in *Gen-Probe Inc. v. Vysis Inc.* applied this precedent to hold that a patent licensee could not bring a lawsuit to challenge the validity of the patent under which it was licensed without first ceasing royalty payments under the license agreement, and thereby materially breaching the license agreement and subjecting itself to suit. On January 9, 2007, the United States Supreme Court in *Medimmune, Inc. v. Genentech, Inc.*, No. 05-608 (2007), overruled this decision and held that a patent licensee may bring a lawsuit challenging the validity of a licensed patent while simultaneously continuing to make royalty payments in order to maintain its license.

The Medimmune case involved a 1997 license agreement between Medimmune and Genentech. Under that agreement, Medimmune received a license under Genentech’s U.S. Patent No. 4,816,567 (Cabilly I) and continuations of that patent. At the time of the agreement, Genentech had

a pending continuation application (Cabilly II). The PTO declared an interference between the Cabilly II application and another patent owned by a third party. Initially, the PTO determined that the third party’s patent had priority. Genentech then sued to challenge this finding. Subsequently, Genentech and the third party settled and agreed that the Cabilly II patent would have priority. Significantly, the Cabilly II patent would not expire until 2018, while the third party’s patent would have expired in 2006.

After the Cabilly II patent issued, Genentech demanded that Medimmune pay royalties under their Agreement for sales of Medimmune’s Synagis product, which represented nearly 80% of Medimmune’s sales and for which Medimmune had not previously been paying royalties. Medimmune paid the royalties under protest and informed Genentech that it believed the Cabilly II patent was either invalid or not infringed by Synagis. Medimmune then brought a declaratory judgment action seeking a declaration of its rights under the contract as well as declarations of invalidity, unenforceability, and non-infringement.

The district court held that the Federal Circuit’s decision in *Gen-Probe* required that it dismiss the case for lack of an “actual controversy” since Medimmune was continuing to pay royalties under its license agreement. The District Court expressed “serious misgivings” about its decision but ruled that it was bound by Federal Circuit precedent. On appeal, the Federal Circuit affirmed the ruling of the district court. Medimmune then appealed this decision to the U.S. Supreme Court, which granted certiorari and reversed the decision of the Federal Circuit.

The Supreme Court first stated there was universal agreement that a sufficient “actual controversy” would exist if Medimmune ceased its royalty payments. Therefore, the issue in this case came down to whether the payment of royalties “causes the dispute no longer to be a case or controversy within the meaning of Article III.” The Supreme Court stated that under its jurisprudence, when there is threatened action by the government, the Court has not required individuals to expose themselves to liability to the government before

challenging the basis for the threat. For example, the Supreme Court does not require an individual to break a law in order to bring a challenge to the constitutionality of that law.

In the present case, the threatened action was by a private party, however, not the government. The Supreme Court noted that there was much less precedent in this area than in the governmental area. But the court did find the 1943 case of *Altwater v. Freeman*, 319 U.S. 359 (1943) to be instructive in this area. In that case, Freeman and Altwater had entered into a license agreement. Subsequently, Freeman sued Altwater for infringement. In the district court, Altwater was found guilty of infringement and was estopped from challenging the validity of the licensed patent. In addition, an injunction was awarded that required Altwater to pay royalties on certain products. In a subsequent suit against a third party, many claims of the patent were held invalid. Freeman then disclaimed those claims and surrendered the patent for reissue. After reissue of its patent, Freeman filed a second suit against Altwater for breach of contract for non-payment of royalties. Altwater counterclaimed that the license had been terminated by the reissue and that the reissue patent was invalid and not infringed. Altwater, however, continued to pay royalties pursuant to the injunction.

The district court found that the agreement between Altwater and Freeman had terminated upon surrender of the original patent and that the reissue patent was invalid and not infringed. The court of appeals affirmed the finding of termination and noninfringement, but held that the validity claims were moot and vacated the holding of invalidity. The Supreme Court reversed, holding that jurisdiction remained for the claims of patent invalidity. The Court held that the fact that royalties were being paid did not destroy jurisdiction because they were being paid under protest and under compulsion of an injunction. The Supreme Court stated that the requirement of an “actual controversy” was met when “the payment of a claim is demanded as of right and where payment is made, but where the involuntary or coercive nature of the exaction preserves the right to recover sums paid or to challenge the legality of the claim.”

The Supreme Court held that *Altwater* demonstrated that the Supreme Court did not require a party to expose itself to liability to a private party before bringing a declaratory judgment action. Further, the Supreme Court disagreed with the Federal Circuit, which had found *Altwater* distinguishable because it involved the threat of an injunction. Specifically, the Supreme Court

held that *Altwater* did not rest on the fact that the coercion was governmental. *Altwater* spoke only of the consequences of an infringement suit, not prosecution for contempt or other governmental action. In addition, the Supreme Court noted that the Federal Circuit’s “reasonable apprehension of suit” requirement was in conflict with *Altwater*, as well as several other Supreme Court decisions, because “a licensee who pays royalties under compulsion of an injunction has no more apprehension of imminent harm than a licensee who pays royalties for fear of treble damages.” The Supreme Court held that its precedent did not require a patent licensee to breach its license and expose itself to infringement damages in order to challenge the validity of the licensed patent. Therefore, the decision of the Federal Circuit was in error, and Medimmune would be permitted to maintain its suit.

The Supreme Court also rejected Genentech’s argument that a patent license represents a promise that the patent licensee will receive immunity from suit under the patent as long as it pays royalties and does not challenge the patent’s validity. The Court held that a promise not to bring a validity challenge cannot be implied from a promise to pay royalties or from language that required payment only on valid patents. The Supreme Court also rejected the argument that the case was controlled by the common-law rule that a party to a contract cannot challenge the validity of that contract while continuing to reap its benefits. The Court held that Medimmune was not repudiating the contract but was only asserting that the contract did not prevent it from challenging the validity of the patent and that the contract did not require royalty payments on invalid claims. Therefore, this rule was inapplicable to the instant case.

This holding raises many additional issues and significantly changes the balance of power between licensors and licensees during negotiations and after execution of a patent license agreement. For existing agreements, licensees can freely bring validity challenges without risk of losing their license. For agreements yet to be negotiated, licensors will try to mitigate the effects of this decision by including provisions allowing them to terminate the agreement if a licensee challenges patent validity. The structure and substance of other terms and conditions of license agreements may also receive attention. For example, since validity challenges may be made without risk to the licensee, licensors also may attempt to structure their compensation so it is paid in advance or in a form that would either motivate or be affected by a later validity challenge. ■

LES Scandinavia Annual Conference 2007 Surviving In The Global IPR Perspective



2-4 September 2007
Ålesund, Norway
a unique experience

View over Ålesund town centre
photo: Alfred Lüpke/Destination
Ålesund & Sunnmøre.

We are honoured to invite you to the LES Scandinavia Annual Conference 2007 to be held in Ålesund, Norway, 45 minutes flight from Oslo.

Theme

The Conference theme is: **Surviving in the Global IPR Perspective**. Speakers from different countries, businesses and science will share their experience and knowledge, illuminating important business, licensing and IPR issues.

Networking

The conference provides an excellent opportunity for networking and building of new relations within the field of technology transfer.

Conference Venue

The conference will be held at Rica Parken Hotel close to the city centre of Ålesund. Rooms have been reserved in this hotel. Room rates are NOK 956 (approx. 120 EUR) per night, including breakfast and VAT.

Ålesund

The town of Ålesund is located at the 62nd latitude on the west coast of Norway. The town has a unique place in Norwegian architectural history and has an unusually dramatic story to tell. In a stormy night in 1904 the whole town centre burned to the ground. A new town rose phoenix-like from the ashes—in the distinctive Art Nouveau style with myriad turrets, spires and beautiful ornamentation. For further information, go to www.visitaalesund.no.

Tour Program

The tour program covers the beautiful Ålesund region and includes pre-tours to the island of Runde with the stunning bird cliff on Saturday, and on Sunday, the famous Geiranger fjord, which is on the UNESCO's World Heritage List.

Registration Fees

LES members:

NOK 7.500, paid by 1 June 2007

NOK 8.500, paid by 1 July 2007

NOK 9.500, paid after 1 July 2007

Non-members + 10%

Accompanying persons, NOK 800

Further Information

For updated information about the conference, registration, hotel accommodation, travel links, company visit and tours please visit the conference Web site at www.les-scandinavia.org/alesund2007/index.php

We warmly welcome you to the LES Scandinavia Annual Conference 2007 in Ålesund, Norway.

We hope to see you there!

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Conference Program

Sunday 2 September:

Tutorial: Basic Licensing

What is Licensing? Important Elements of a License Agreement—illustrated by a negotiation exercise.

Mr. Arne Alnæs,

Plougmann & Vingtoft

Mr. Peter Cordsen,

The Danish Technological Institute

The U.S. Patent Law under Significant Change

Mr. Ron Grudziecki,

Drinker Biddle & Reath LLP

Monday 3 September:

Conference Moderator:

Mr. Terje Osmundsen,

CEO of the magazine “Mandag Morgen”

Intellectual Property at Bosch—

Globally Active, Locally Effective

Dr. Bertram Huber,

Head of C/IP, Robert Bosch GmbH

Rolls-Royce Marine—Strategy for Success,

Speaker to be announced

Energy and Environmental

Driving Technology Licensing

Dr. Walter G. Copan,

Clean Diesel Technologies Inc.

Company Visit to Stokke AS,

Mr. Herleif Ulstein

(Head IP at Stokke)

Early Stage Licensing—a Special Exercise

Mr. Peter Cordsen,

The Danish Technological Institute

Design as a Competitive Tool

Mr. Skule Storheill,

The Norwegian Design Counsel

The Kongsberg Cluster—A Survival Story

Mr. Rolf Ovenild,

Associate Professor, Buskerud Univ. College

IP Management and Strategies for

Small Companies

Dr. Kari Sipilä,

Future Innovations



Are you also going to the Gala Dinner?

Puffins at Runde Bird Sanctuary
photo: Magnar Fjørtoft/Destination Ålesund & Sunnmøre

Networking Events

Welcome Reception— Sunday 2 September

The Gala Dinner—Monday 3 September

Tuesday 4 September:

Management and Commercialization of IPR from Public-Private Collaborative Research

Dr. Eivind Andersen,

TTO /NTNU, Trondheim

Dr. Ninia Johnsen,

Birkeland Innovation, University of Oslo

Panel Discussion:

Panel leader: Dr. Kari Sipilä,

Future Innovations

Mr. Svein Hofseth,

Norsk Hydro ASA

Dr. Walter Copan,

Clean Diesel Technologies Inc.

Dr. Eivind Andersen,

TTO /NTNU

Dr. Ninia Johnsen,

Birkeland Innovation

Product Life Cycle Patent Protection and Dealing with Competitors' Patents

Ms. Tove Aas Helge,

Senior IP Counsel, GE Healthcare AS

Biotech for the Global Market,

Crucial IPR Learnings

Mr. Jostein Dalland,

Natural ASA

Doing Business in Russia

Mr. Sergey Dorofeev,

Patent Attorney, Gorodissky & Partners

The IKEA Global Franchising Concept

Mr. Hans Skalin,

Supervisory Director, Inter IKEA Systems B.V