



A different kind of white shoe firm.

Antitrust Considerations in IP Monetization Transactions

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Antitrust in IP Monetization

- Antitrust principles
- New IP monetization techniques
- Traditional IP monetization

General Principles - i

- Historical: Inherent conflict between IPR laws granting “monopoly” & antitrust laws prohibiting monopoly
- Current: IPR & antitrust laws are complementary
 - Both encourage innovation, competition & consumer welfare
 - IPR laws do not necessarily confer monopoly, but only right to exclude
 - Still true for new IP monetization techniques?

General Principles - ii

- Antitrust protects competition & consumers, not competitors
- Key factors are impact on
 - Markets
 - Consumers choice
 - Competitive process
- Not panacea for business disputes

New IP Monetization

- Methods
- Antitrust

New Monetization Methods

- Patent portfolio acquisitions (PPAs)
- Patent assertion entities (PAEs)
- Privateering
- Standards-essential patents (SEPs)
- Overlaps
 - Nokia/Microsoft – MOSAID (PPA, PAE, SEP)
 - Google – Motorola Mobility (PPA, SEP)
 - N-Data – (PAE, SEP)

Antitrust

- Agency actions
- Theories

Agency Actions

- FTC, “The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition” March 7, 2011, culmination of DOJ, FTC, PTO hearings 2008-10
- “Patents and Standard Setting: Tools to Prevent ‘Hold-up’ Workshop” FTC, June 2011
- “Patent Assertion Entity Activities Workshop” DOJ, FTC December 2012
- Public comments solicited on PAEs
- DOJ, FTC, “Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/Rand Commitments” January 2013

Ingram Yuzek Gainen Carroll & Bertolotti, LLP

Antitrust theories - i

■ SEPs

□ Perversion of process

- *Allied Tube & Conduit Corp. v. Indian Head, Inc.*
- *American Society of Mechanical Engineers v. Hydrolevel Corp.*

□ Patent ambush/holdup

□ Market power beyond the patent alone

■ PAEs

□ Empirical data on competitive impact

□ Privateering

■ Contract, patent law

Antitrust theories - ii

- Sherman Act §§ 1, 2
 - Privateering to raise rivals' costs – enable royalty stacking
 - Rambus, Unocal – assertion of undisclosed SEP
- Clayton Act §7
 - Accumulation of market power through acquisition v. transfer of market position
 - Failing companies – Kodak, Nortel, start-ups

Antitrust theories - iii

- **FTC Act §5**
 - Unfair or deceptive acts or practices, or unfair methods of competition
 - N-Data – evade F/RAND SEP licensing commitments
- **“Counter-weights”**
 - Patent law – impact on innovation
 - Noerr-Pennington, Professional Real Estate Investors
- **Jury still out**

Traditional IP Monetization

- Methods
- Antitrust

Traditional Monetization Methods

- Assignments
- Licenses

Antitrust

- Federal Guidelines
- Key Questions

Guidelines

- 1995 Antitrust Guidelines for the Licensing of Intellectual Property
 - Technology & innovation markets
 - Safety zone
- 2000 Antitrust Guidelines for Collaborations among Competitors
 - Safety zone
- 2010 Horizontal Merger Guidelines
 - Product & service markets
- Caveats
 - Persuasive only
 - Other sources of antitrust challenges

Key Questions - i

- What is the arrangement
- What are the business goals & how will the arrangement achieve them
- What are the relationships of the IP involved & the parties
- What is the likely competitive impact
 - Prices, output
 - Competitors
 - Exclusion or handicap
 - Market position
 - Incentives to innovate

Key Questions - ii

- Efficiencies
- Objectors
- Alternatives

Summary

■ State of ferment

- PPAs, PAEs, SEPs
- Impact on innovation, competition
- Role of antitrust?
- Stay tuned

■ More settled

- Licenses, assignments
- Federal guidelines



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