

Recent Developments In Licensing

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5 Topics

in Licensing Deals

- 1. SEP Licensing**
- 2. Antitrust Risks**
- 3. Co-ownership Restrictions**
- 4. License and Patent Assignments**
- 5. Strategic Takeaways for Silicon Valley**

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Pantech v. Google (June 23, 2025)

Pantech filed a lawsuit based on SEP

- *Pantech*: Demanded royalties calculated based on revenue of the final smartphone price based on LTE SEP, or Google to halt sales of its "Pixel 7" smartphones.
- *Google*: Refused to disclose detailed sales data, pushing for a royalty calculated based on [cumulative SEP royalties & share of Pantech SEP].

Pantech
LTE SEP

Claim for Injunction



Google
Pixel 7



Before the case: No decision allowing injunction based on SEP

- In *Apple v. Samsung* case (May 26, 2014), the court denied an injunctive relief based on SEPs as it is an "abuse of right".

Pantech v. Google (June 23, 2025)

The Landmark Injunction:

- The Tokyo District Court granted Japan's **first permanent injunction** based on an LTE SEP, ordering Google to halt sales of its "Pixel 7" smartphones.



The "Unwilling Licensee" Verdict:

- The court ruled that downstream implementers cannot hide sales data or reject a revenue-based negotiation framework. Doing so labels the licensee as "**unwilling licensee**," lifting the shield against injunctions.

Tokyo District Court Guidelines (Jan 2026)

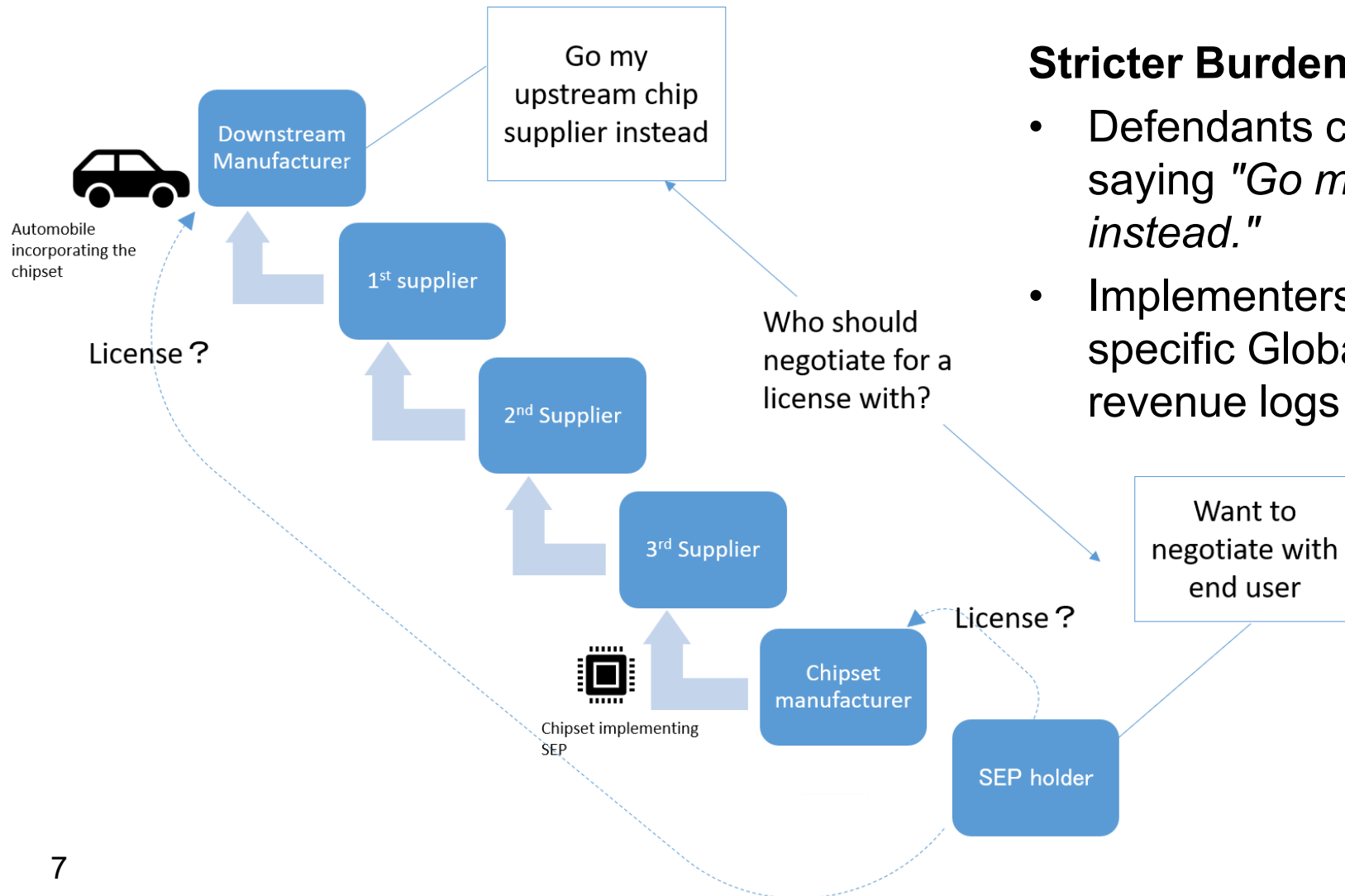
After *Pantech v. Google*:

- Tokyo District Court issued "**New Guidelines for SEP Disputes**" in January 2026.

According to the New Guidelines:

- **Aggressive Court-Led Settlement** : To accelerate global licensing agreements, the court will, as a general rule, lead a settlement negotiation at the very first oral hearing.
- **Mandatory Requirements for the Defendant** :
 - In the initial Answer, the defendant is required to submit a concrete **Global FRAND Counter-Proposal**, together with evidence regarding the **sales volume and revenue of the accused products**.
 - If the defendant fails to do so, **the court may immediately deem the defendant an "Unwilling Licensee"**.

Tokyo District Court Guidelines (Jan 2026)



Stricter Burden on Downstream Implementers:

- Defendants can no longer stall negotiations by saying *"Go my upstream chip supplier instead."*
- Implementers must quickly counter-propose specific Global FRAND terms and disclose revenue logs early.

SEP Mediation by Tokyo District Court

To facilitate the negotiation

- Tokyo District Court started **SEP Mediation** in January 2026.

Purpose:

- To reach an agreement on global FRAND royalties **within 3 hearings**

Mediators:

- **1 Judge + 2 experienced lawyers or patent attorneys**

Strategic Impact:

- Japan has transformed into **a swift forum for SEP holders** to break global negotiation deadlocks without fear of endless delay tactics.

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JFTC/METI's IP Antitrust Guidelines (June 2026)

Brand-new Guidelines:

- On June 24, 2026, the **METI** (Ministry of Economy, Trade and Industry) and the **JFTC** (Japan Fair Trade Commission) jointly issued the historic **"Guidelines for Appropriate Transactions of IP, Know-How, and Data under the Abuse of Superior Bargaining Position"**.
- **Broad Coverage Across All Tech Sectors:**
 - This framework expands beyond pure patent disputes, aggressively targeting software **know-how** and AI/tech **data transactions** across *all industries*.

JFTC/METI's IP Antitrust Guidelines

- **Unilateral Risk-Shifting in IP Indemnification**
 - Forcing a weaker Japanese counterparty (eg supplier, startup) to absolute IP non-infringement warranties or 100% litigation liability shifting without explicit mutual consultation may be considered as an antitrust violation.

(Bad/High-Risk Example)

Section X. IP Indemnification. Licensor hereby represents and warrants to Licensee that the practice of the inventions under the Licensed Patent Rights does not and will not infringe upon any intellectual property rights of any third party. In the event that Licensee suffers any damages, losses, or liabilities resulting from a third-party claim that the Licensed Patent Rights infringe such third party's rights, Licensor shall fully indemnify, defend, and hold harmless Licensee from and against any and all such damages.

(Better with Exceptions and Liability Limitation)

Notwithstanding the above, Licensor shall have no obligation or liability under this Section if the alleged infringement arises from: (i) any modification of the Licensed Patent Rights by Licensee; or (ii) Licensor's compliance with specific designs, blueprints, or instructions provided by Licensee. In no event shall Licensor's total aggregate liability under this Section exceed the total amount of royalties actually paid by Licensee to Licensor under this Agreement during the twelve (12) months preceding the claim.

JFTC/METI's IP Antitrust Guidelines

- **The Improvement Trap (Unlawful Assign-Backs)**
 - The new guidelines mandate that ownership of jointly developed improvements must follow **technical contribution**.
 - Forcing a licensee to automatically assign back or grant an exclusive, royalty-free license-back for improvements they created—without paying reasonable compensation—is a *per se* antitrust risk.

JFTC/METI's IP Antitrust Guidelines

(Bad/High-Risk Example)

Section X. Ownership of Improvements

- (a) Automatic Assignment:** If Licensee conceptualizes, develops, or creates any new inventions, improvements, modifications, or designs based on the Licensed Patent Rights (collectively, "Improvements") during the term of this Agreement, Licensee shall immediately notify Licensor. All rights, titles, and interests in and to such Improvements shall automatically vest in and be solely owned by Licensor without any compensation to Licensee.
- (b) Alternative Exclusive License:** To the extent that automatic assignment under subsection (a) is legally restricted, Licensee hereby grants to Licensor an exclusive, perpetual, irrevocable, fully paid-up, royalty-free, worldwide license to practice and utilize such Improvements.

(Good/Balanced Example)

Section X. Ownership of Improvements

- (a) Notice of Improvements:** If Licensee creates any new inventions, ideas, or designs based on the Licensed Patent Rights (collectively, "Improvements") during the term of this Agreement, Licensee shall promptly notify Licensor in writing. Licensee shall retain all rights, titles, and interests in and to such Improvements.
- (b) Non-Exclusive License Upon Request:** In the event that Licensor requests to practice or utilize such Improvements, Licensee shall grant to Licensor a non-exclusive, non-transferable license to practice the Improvements, subject to the condition that Licensor pays to Licensee a reasonable and mutually agreed-upon royalty or license fee.

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License of Co-owned Patents

The Statutory Gap (Japan vs. US):

- *US Rule* : Co-owner of a patent can license without the other co-owner's consent.
- *Japan Rule (Patent Act, Sec. 73(3))*: A co-owner **cannot** grant a license to a third party without the consent of **all** other co-owners.

License of Co-owned Patents

Practical Drafting Defense:

- In any license with a Japanese entity, explicitly include **the *Representations and Warranties*** section.

Section X. Representations and Warranties of Licensors. Licensors hereby represents and warrants to Licensee that Licensors have obtained all necessary consents from all other co-owners of the Licensed Patent Rights regarding the execution and performance of this Agreement, and that Licensors have the full legal right and authority to enter into and grant the licenses under this Agreement.

+ Stronger with Entire Agreement Clause

Section X. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous oral or written agreements, understandings, negotiations, and discussions between the Parties. No modification, amendment, or waiver of any provision of this Agreement shall be effective unless in writing and signed by both Parties.

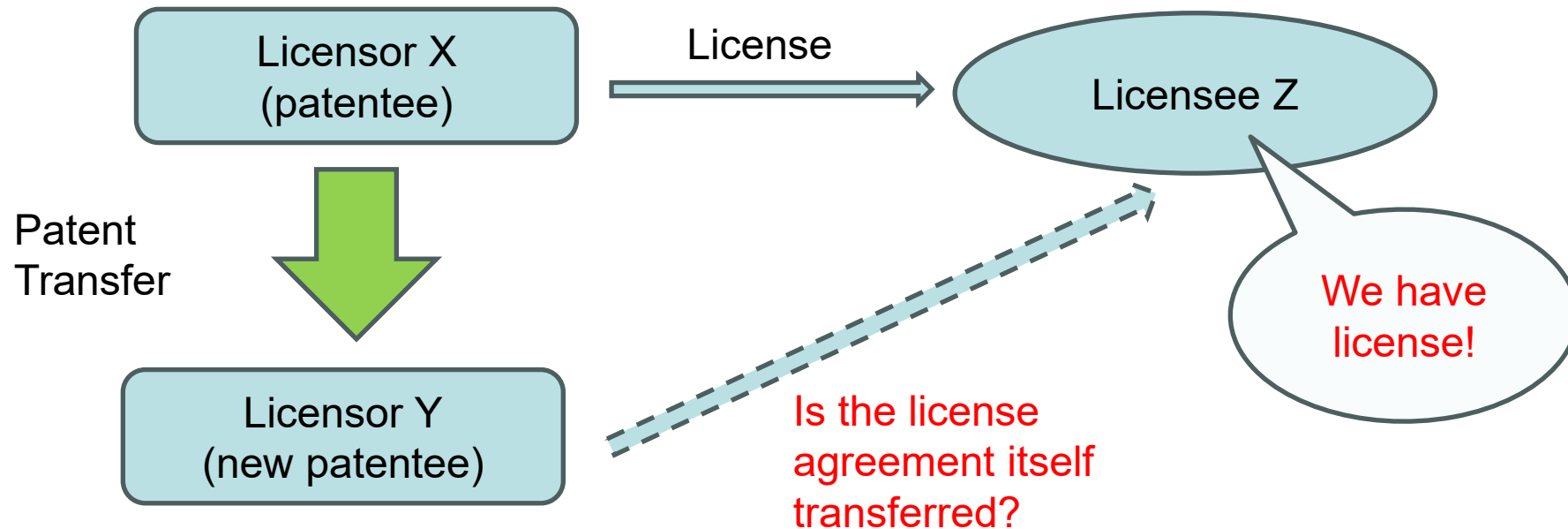
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License and Patent Assignments

The Rule: Automatic Perfection (Sec. 99 revised in 2011)

- Patent Licenses are automatically protected against subsequent patent buyers without needing registration with the JPO.



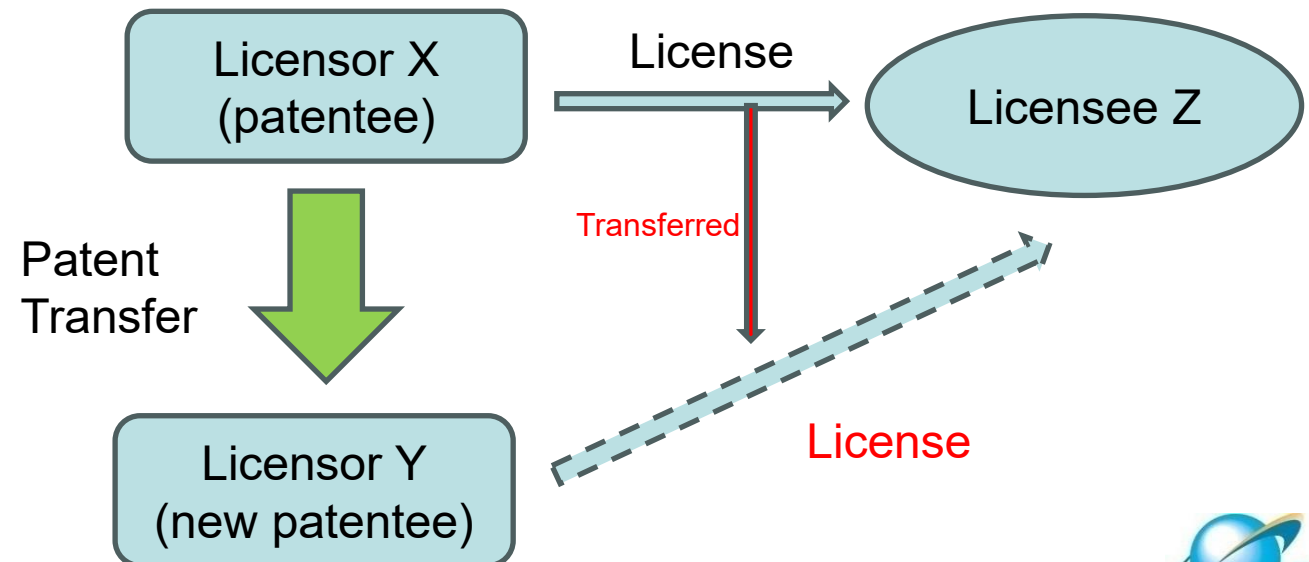
License and Patent Assignments

The Question: Is the license agreement *per se* transferred?

- While the *right to practice* the patent survives the sale, there is **an ongoing legal debate** in Japan regarding whether **ancillary contractual obligations** (e.g., indemnification, grant-backs, cross-licenses) automatically transfer to the new owner.

Osaka District Court (March 11, 2023)

- Taking into account the understandings of the respective parties, the court determined that, the license agreement between X and Z was succeeded to Y.



License and Patent Assignments

The M&A Impact:

- **For Patent Buyers:** Aggressive, deep-dive **Due Diligence** is mandatory.
- **For Licensees:** Always include a robust **No Assignment clause / Successor clause** to contractually bind any future buyer to the *entirety* of the original agreement.

Neither party shall, without the prior written consent of the other party, assign, transfer, or pledge to a third party, or otherwise dispose of, in whole or in part, any of the rights and obligations arising under this Agreement. This Agreement and the obligations hereunder shall be binding upon the Parties hereto and their respective successors and assigns.

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Strategic Takeaways for Silicon Valley

SEP License with End Users:

- Japanese courts have firmly validated the "final product" as the standard base for SEP royalty negotiations.

Japan as a Forum:

- With the 2026 Guidelines, Tokyo District Courts or judicial mediation is now a high-leverage option for SEP holders seeking rapid global resolution.

Due Diligence before Patent Transfer:

- When acquiring Japanese patent portfolios or co-developing tech, adjust your Due Diligence.

Adjust Drafting Templates:

- With the JFTC/METI Antitrust Guidelines, fairness are required for clauses of Improvements, IP indemnification.



Thank you!



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