

Covenant Not to Challenge in a Patent License Does Not Bar a PTAB Review

A recent decision by the Patent Trial and Appeal Board (PTAB) has reduced a “covenant not to challenge” clause to mere words on paper, and fails to deter licensees from seeking a review of the licensed patent under the America Invents Act (AIA), write **Lillian Safran Shaked & Asaf Naymark** in **IPWatchdog**.

“Covenant Not to Challenge” clauses are common in patent licenses, they write. “The clause provides that a licensee may not challenge the license in court or an administrative proceeding, and can also provide that the licensee cannot assist others in doing so.”

After discussing the case at length, the authors conclude that there is significant risk of damage to a patent licensor from a post-license IPR challenge, whether or not a “covenant no to challenge” is enforceable. “Given the costs involved and the possibility that unrelated license agreements may also be invalidated or terminated as a result of an IPR, there is need for clarification,” they write.

Read the article.