

Licensing Intellectual Property

An important aspect of commercializing, franchising, or transferring IP rights involves the licensing of IP.

Licensing IP allows the owner (licensor) to sell his rights to use the IP to a third party (licensee). By extending the license, the owner allows the licensee(s) to use and/or generate revenue (royalties) from the property of the licensor.

A common example of an IP license is when buying a copy of software to use in your business.

Licensing intellectual property increases a company's ability to grow its business, launch new products and services, and expand into a wider range of geographic markets.

What IP will be licensed?

This could be a patent or other material which is protected by copyright or a trademark or allowing the public or subscribers to download a wide range of materials from the licensor's website.

It is possible to license multiple IP rights, E.g. software, the logo of the company or a trademark. If this is the case, the IP owner may want different rights and restrictions to apply to the different sorts of IP.

The licensee may be a company, a group of companies, an individual or a group of individuals.

Main types of licenses

A licensee cannot do much with the IP unless they have a license to do so. The licensor must be specific in the license what the licensee may or may not do with the IP.

There are three main types of licenses:

- Exclusive license;
- Non-exclusive license;
- Sole license.

Exclusive license

Only the person who is granted a license (the licensee), can use the IP for a particular product service or creative work for a limited time without competition from others. The licensor is not entitled to use the IP. These types of licenses are often used when companies want to expand their products into new markets, but do not have enough capital to do so themselves.

Non-exclusive license

The licensor may use the IP and license to more than one licensee. The rights granted under this type of license generally lasts for a fixed period. The non-exclusive license differs from an exclusive license as there are no limits on how many licenses can be given out to third parties. An author or company may choose to have contracts with multiple parties to possibly receive the highest amount of fees or royalties for licensing their IP.

Sole license

A sole license is similar to an exclusive license except that the licensor also retains the right to use the intellectual property rights licensed.

Duration and termination

Another important point of consideration when drafting a license is how long the licensor wants the license to last and what the conditions are for termination.

Conditions for termination can be for instance failure to meet sale targets, change of management/control, breach of conditions etc.

When determining the duration of the license the duration of IP protection should be the main point of departure. For example, patent protection lasts for a maximum of twenty years, while a trademark can last for as long as it is periodically renewed.

Applicable law

When entering into a licensing agreement with a party in a different legal jurisdiction it should be determined which country's laws should apply and if there is a mechanism available for resolving disputes.

A few specific license points to consider in Copyright and Patents.

Copyright-specific license points

Can the licensee:

- Make copies of copyright works?
- Publish copyright material?
- Distribute copyright works?
- If licensee is allowed to publish copyright material, in what form or on what media may this publication take place?
- Modify, translate, or adapt the copyright works and in the event that translation took place, who will own the IP in the translation?
- Determine the number of individuals that may use the copyright materials?
- Etc.¹

Patent-specific license points

Can the licensee:

- Manufacture and sell products protected by the patent?
- Use any process to make a product protected by the patent?
- Make a composite using elements that are protected by the patent?
- Etc.²

What risks will be taken and how to reduce those risks?

Most licenses contain clauses limiting or excluding the licensor's liability, but this may not always work. Law may impose a complex set of rules about effectiveness of limitation and exclusion clauses. These should be drafted by an expert.

Licensees will be looking for warranties from the licensor, e.g., that the licensor has the right to license, if the IP is valid, and that the licensor will defend any claims that third party IP has been infringed. A licensee may also want the licensor to bear the financial consequences of that sort of claim (an indemnity). The licensor on the other hand may want to resist giving those sorts of warranty and indemnity. As a licensor it is important to safeguard its IP. The licensor can do so by doing a check on the integrity of the licensee, ensure that the licensee has all the necessary in place for the IP to be used properly under the terms of the license and most importantly, consider whether the quality of licensor's brand will be affected by the goods it is applied to.

Licensing IP is complex but proves important. For more in depth information kindly find below links with additional information about IP and licensing:

- Successful Technology Licensing
- Joint recommendation concerning trademark licenses

¹ The above list is not exhaustive

² The above list is not exhaustive

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Disclaimer

The Bureau is not a regulatory body and therefore does not have any law enforcing authorities. By law, the Bureau can only carry out tasks pertaining to the registrations of trademarks, provide information to the public regarding intellectual property, and thereto related matters. The Bureau's position is neutral. Given the fact that the Bureau must serve all entrepreneurs, it cannot take the side of one party in a conflict, since this would automatically result in no longer being able to serve all. The Bureau cannot act against any infringement of intellectual property rights or the suspicion thereof. Furthermore, the law does not provide for any instruments for the Bureau to conduct any procedures in relation to infringement or dispute settlement. In the event of any (suspected) infringement, a lawsuit should be filed with the civil court by the owner of the intellectual property rights.

| 📅 IP Events Calendar* | | 📍 Location | 🌐 Website |
|-----------------------|---|----------------------------|---------------------------------|
| 05/10 | WIPO: WIPO/IPO SK Webinar on Mediation of IP and Technology Disputes | Virtual | www.wipo.int |
| 06/10 | WIPO: USPTO/WIPO Webinar: Standard Essential Patents (SEP) - Use of Alternative Dispute Resolution for SEP Disputes | Virtual | www.wipo.int |
| 06/10 | WIPO: Mediation as an Alternative Dispute Resolution | Virtual | www.wipo.int |
| 12/10 13/10 | WIPO Advanced Workshop on Domain Name Dispute Resolution: Update on Precedent and Practice | Geneva, Switzerland | www.wipo.int |
| 16/10 19/10 | LES Annual Meeting 2022 | San Francisco, CA | www.lesusacanada.org |
| 17/10 19/10 | FCBA/EPLAW 2022 Global Series Fall Session | Amsterdam, The Netherlands | www.wipo.int |
| 21/10 | Global FRAND & SEP Symposium | Virtual | www.wipo.int |
| 01/11 | Life Sciences Patent Network (LSPN) San Francisco Conference | San Francisco, CA | www.lspnfall.com |
| 03/11 | Technology Patent Network (TPN) San Jose Conference | San Jose, US | www.technologypatentnetwork.com |
| 08/11 09/11 | Online WIPO Mediation and Arbitration Workshop | Virtual | www.wipo.int |
| 15/11 | INTA: Leadership meeting 2022 | Miami, Florida | www.inta.org |
| 19/11 | IPCA: Annual general meeting 2022 | Miami, Florida | www.ipca.website |
| 29/11 | Life Sciences Patent Network (LSPN) Europe Conference | London, UK | www.lspneurope.com |
| 29/11 | WIPO Seminar on Alternative Dispute Resolution (ADR) for Life Sciences Disputes Management and Resolution | Virtual | www.wipo.int |

* This list is not exhaustive.

