Licensing Intellectual Property

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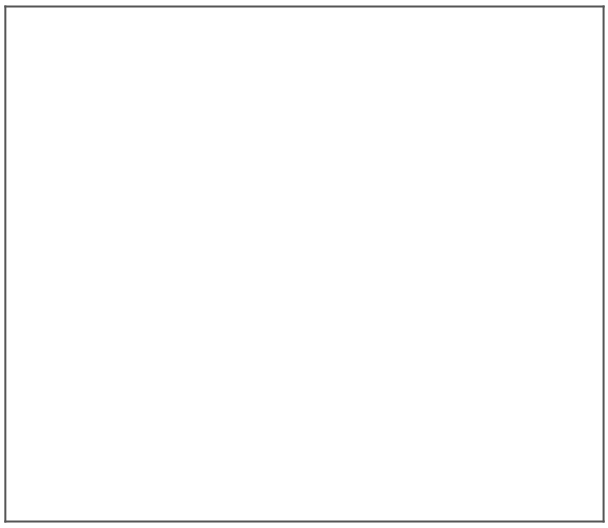
Licensing can be an important pathway to commercializing technology. Inc. magazine published a great article recently providing tips from licensing experts on things you should consider in relation to licensing arrangements ("10 Tips for Licensing Intellectual Property" by Tim Donnelly at).



But what exactly is a licensing arrangement? Basically, it is an agreement which allows you to use, or by which you allow others to use, property to which you or they would not otherwise have access. Typically what we are talking about is intellectual property (IP) that is protected, either because it is a trade secret, or is subject to a legal restriction preventing its use, such as a patent or copyright.

There are many different types of licenses, including patent licenses, product licenses, copyright licenses, trademark licenses, and trade secret licenses. A license could be exclusive or non-exclusive, and could be a joint license (where both parties contribute IP to be used to jointly develop new IP), a cross license (where each party licenses IP to the other), or a conditional license (where, for example, a license is only granted on the happening, or not, of certain events).

The terms of license agreements can vary greatly depending on the nature of the transaction, but key matters to address include the type and and timing of payments, exclusivity, restrictions on competition, scope of market, ownership of existing and newly generated IP, obligations regarding defense and/or prosecution of IP claims, tax issues, rights of assignment, and dispute resolution.

This article was written by Jan Lederman, former Partner of TDS.

