

# Licensing

Licensing is a field which can relate to any Intellectual Property Rights, whether registered or un-registered. Licensing may relate to IP rights for which we are responsible, or may relate to separate IP rights obtained elsewhere. Licensing can be inward or outward. Licensing can be high profile and very significant commercially.

## LICENSE CHECKLIST

### Licensor:

- a. Name
- b. Address
- c. Other contact details

### Licensee:

- a. Name
- b. Address
- c. Other contact details

### Licensed IP:

- a. List of IP
- b. In force or secret (for confidential IP)
- c. Who is owner of licensed IP
- d. Pre-licence due diligence complete
- e. Any associated IP included
- f. Maintenance of IP
- g. Registration of licence (user etc.)
- h. TM specification of goods
- i. TM time limits / mark
- j. No use of Mark for Trading of licensee
- k. No misrepresentation of ownership of licensed IP (acknowledgement of ownership)
- l. Accreditation of goodwill

**Licence details:**

- a. Type of licence (sole; exclusive; non- exclusive; cross)
- b. Definition of type of licence (if required)
- c. Scope of licence (what is the licensee allowed to do)
- d. Territory
- e. FOU
- f. Duration of licence
- g. Sub-licences allowed
- h. Sub-licence conditions (end user licence etc.)
- i. Details change of licence type (exclusive to non-exclusive and on what basis)
- j. Details of termination of licence (including breach and consequences)
- k. Licence assignable (if so on what basis)
- l. Post licence disposal of stock
- m. Accretion of goodwill
- n. Samples/inspection
- o. Acknowledgement of ownership

**Licensor Payments etc.:**

- a. Type of payment (up front, royalty, pull through etc.)
- b. Royalty rate
- c. Frequency of royalty payments
- d. Late payment interest rates etc.
- e. Penalties for non-payment (termination, change of licence type)
- f. Guarantees
- g. Remedies
- h. Suspension clause

**Results of licence:**

- a. What are the results (if any)
- b. Who owns the results
- c. What can they be used for
- d. Quality control
- e. Improvements
- f. Ownership of improvements

**Tax & Competition:**

- a. Tax issues (general)
- b. Cross border tax structure
- c. Off shore tax structures (relevant)
- d. EEC competition issues
- e. Relevant EEC directive (R&D; Tech transfer; Copyright etc.)

**Legal Points:**

- a. Jurisdiction
- b. Breach/Material Breach/Remedies/Timescale
- c. Warranties from Licensor to Licensee
- d. Warranties from Licensee to Licensor
- e. Indemnities V “as is”
- f. Liquidated damages
- g. Arbitration
- h. Non-competition
- i. Non-solicitation
- j. Covenants
- k. Representations
- l. Arbitration and other dispute resolution
- m. Force major (check scope is not too broad)

**Other:**

- a. Standards
- b. De facto Standards
- c. Patent pools
- d. Signatures (legal officers of company)
- e. Who enforces IP and on what basis.

## HEADS OF AGREEMENT

The following are specific heads of agreement which are required when preparing an Agreement where Intellectual Property may be, for example, the subject of an Assignment, Licence or Registered User agreement.

1. Who will be the parties to the Agreement?
2. Are the Grantors the Title Holders?
3. What is the purpose of the Agreement? (i.e. Assignment, Licence, Registered User, etc.)
4. What property is involved? (Patent, Design, Trade Mark Numbers)
5. Is the Agreement exclusive, non-exclusive or sole?
6. What is the territory to be covered? (UK, Europe, worldwide, all or selected countries where right is in force, are countries where some/all rights are not in force to be included? etc.)
7. Is the Agreement in respect of making, using, selling or any combination thereof?
8. Are there to be minimums? (i.e. annual sale, royalties, etc.)
9. What is the period and is it renewable? If so, on what terms?
10. What is the consideration? (lump sum, royalties, shareholding or combination of these?)
11. What is the basis for calculating royalties? (% of invoice price)
12. Who will pay expenses of registration and further protection?
13. What information has to change hands? (drawings, specifications, etc.)
14. Is there a need for confidentiality?
15. What are accounting provisions for consideration? (quarterly, payment currency, ex VAT etc.)

16. When will access or audited certificate be provided?
17. What records will be kept of sales?
18. Who will own improvements and modifications?
19. Who will be preparing any artwork etc., and in whom will the Copyright vest?
20. What marking will be on the goods? (i.e. made under Licence etc.)
21. Who will pay renewal fees?
22. Who will take and defend infringement actions and who will pay?
23. Can sub-licences be granted?
24. Who can terminate, why and when? (insolvency, change of control, default, performance etc.)
25. Which country's laws govern?
26. Arbitration.
27. Force Majeure.
28. Who will be liable for any claims? (i.e. public liability)
29. Is licence assignable?
30. What happens to stock etc. on termination?