

Assign or Licence: Intellectual Property Rights?

Inventors and entrepreneurs tend to misunderstand the concepts of assigning and licensing of intellectual property rights (IPR's), writes Dr Rosanna Cooper. These terms are often used interchangeably, but it is crucial for inventors to grasp the differences between assigning and licensing. This article gives an overview of the differences between an assignment and a licence.

Assignment of IPR

An assignment of IPR means the transfer of those rights absolutely to a third party in return for payment. On the assignment of your rights to an assignee, the assignee becomes the proprietor of those rights and the ownership of the IPR would have transferred to the assignee as beneficial owner. The assignee will usually require an assignment with full title guarantee, which means no encumbrances on the IPR such as a charge. The assignee derives his rights from the transfer of the IPR and on the signing of the assignment can do all acts in relation to the IPR as though it belonged to him. **An example of such acts includes** the right to initiate proceedings for infringement of the IPR.

Licensing IPR

As licensor, you may grant an exclusive or non-exclusive right to a licensee to use your IPR in a particular territory in return for royalties. However, you retain all rights in your IPR. If you grant an exclusive licence for a territory then you exclude all parties from that territory. In order to conduct any licensing in that territory, as licensor, you will have to grant a sole and exclusive licence.

A licence allows the licensee the right to perform certain acts in relation to the IPR, which would otherwise be prohibited and thus constitute infringement of those rights. Unlike an assignment, a non-exclusive licensee has no right against the public, however, an exclusive licence may initiate proceedings for infringement but must join the licensor in the action.

When granting a licence of your IPR, it is important to expressly state in an agreement the terms and conditions upon which you are granting this licence to avoid any dispute later on. Below is a checklist of some of the key points to be included in a licence:

- Grant – the scope of the licence i.e. whether it is exclusive, sole or non-exclusive
- Duration
- Territory
- Royalty levels
- Restrictions on the IPR including quality provisions and confidentiality
- Infringement of IPR
- Licensee's obligations
- Warranties and Indemnities
- Termination

© RT Coopers Solicitors, 2003

Dr Rosanna Cooper is the principal of RT Coopers, a commercial law firm focusing on inventors and start-ups.

RT Coopers Solicitors, Office 5 Telfords Yard, 6/8 The Highway, London E1W 2BS.

Tel: 020 7488 2985 Fax: 020 7488 2102

E-mail: enquiry@rtcoopers.com Website: www.rtcoopers.com