Insights: Perspectives

6 Key Takeaways | What You Don't Know Can Hurt You: Best Practices and Hot Topics For Patent & Technology Licensing

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What You Don't Know Can Hurt You: Best Practices and Hot Topics For Patent & Technology Licensing

Kilpatrick Townsend attorneys Farah Cook and Michelle Tyde recently presented "What You Don't Know Can Hurt You: Best Practices and Hot Topics For Patent & Technology Licensing Transactions" at the firm's Kilpatrick Townsend Intellectual Property Seminar (KTIPS). KTIPS is an intensive, two-day patent strategy and protection seminar designed to provide insightful and in-depth training related to current developments in patent law, and how those impact patent procurement and enforcement strategies.

Below are key takeaways from their presentation:

1. **One Size Does Not Fit All.** Each license is a unique business arrangement, and should reflect the specific relationship and needs of your client by clearly delineating the immediate rights and obligations of the parties, as well as conveying the parties' intent as to future events (e.g., in the event of corporate transaction involving the licensee or changes in the law or marketplace). A lack of detail and specificity are likely to cause problems in the long run.

2. **Ambiguity Leads to Unintended Consequences.** A well-drafted license agreement can be the source of substantial income for the licensor and tremendous business opportunity for the licensee. When poorly drafted, however, it can result in uncertainty, expensive litigation, and the loss of intended rights or a determination by the courts of implied rights. Save money on the front end by engaging experienced counsel to assist in structuring and drafting a license agreement.

3. **Overarching Drafting Principles.** Use terminology consistently, strive for completeness and clarity, and use extreme care with boilerplate provisions.

4. **Distinguish Patents vs. Technology.** Two main key components in an IP licensing transaction are the tangible technology – things, and the intangible - intellectual property rights. These terms are often mistakenly treated as interchangeable - leading to ambiguity. Technology, such as software, can be covered by more than one IP right, e.g., patents and copyrights, which have distinct rights. Carefully consider what tangible and intangible assets are included in the license grant and the specific rights applicable to such assets.

5. **Definitions are Integral.** The most difficult and time consuming portion of a license agreement is drafting the definitions. The definitions are central to the structure of the agreement, forming the framework for all of the provisions. The scope of the license grant often hinges on the definitions.

6. **Implied Rights.** The Federal Circuit routinely grants implied licenses; the right to "make, use, and sell' a product inherently includes the right to have it made by a third party, absent a clear indication of intent to the contrary. Failing to express a clear intent

to restrict certain rights, rather than using boilerplate provisions reserving all rights not expressly granted in the license, can lead to those rights being inherent or implied.



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