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## **Selected Licensing Attributes**

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[Rz 1] In TechLawNews 4 (published in Jusletter IT 11 December 2014) we gave a brief overview of different intellectual property rights (IPR).<sup>1</sup> In this article we continue the discussion thereon and provide some insight into possible licensing attributes one might consider when granting (as licensor) or being granted (as licensee) a license on copyrights, trademarks, designs or patents.

[Rz 2] In essence, an IPR gives its owner the (negative) right to prohibit third parties from using it. A use without a license (potentially) infringes on such IPR. That said, the owner may also grant a third party the (positive) right to use an IPR. If you grant, or are granted, an IPR license you might consider some of the selected licensing attributes:

- *(Non-) exclusivity* regulates whether the licensee is the only individual or entity being granted the right to use the IPR.<sup>2</sup> For instance, if an employee creates software by either discharging professional duties or fulfilling contractual obligations, then — unless agreed otherwise<sup>3</sup> — the employee remains the owner of the software and the employer is by law granted an exclusive copyright license on such software (art. 17 CopA<sup>4</sup>).
- *Field of use* regulates the environment in which the IPR may be used. For instance in patent licensing it is quite common to define different fields of use. If the license is non-exclusive, then licensing to different licensees is by definition not a problem. If the license is exclusive, then licensing to different licensees is possible outside the defined the field of use.
- *Geographic scope* regulates the territorial expansion within which an IPR may be used. Licenses can be granted worldwide, by continent, country, region or even smaller territory.
- *License fees* regulate the monetary aspect of a license. The licensor might grant the license royalty-free or be interested in receiving a monetary compensation, i.e. royalties. There are many different licensing models. For instance, the licensing parties might agree (cumulatively) an initial license payment<sup>5</sup>, plus a recurring fixed license payment<sup>6</sup>, plus a variable license fee<sup>7</sup>. Particular attention should be paid if the licensee requires several licenses. In such case it is advisable to discuss an anti-stacking provision to avoid multiple (stacked) royalty payments.
- *Term* regulates the time period during which a license is granted. A license can be granted temporarily or perpetually. Especially if the license is granted irrevocably, then it is advisable to foresee a termination carve-out in case of (material) violation of the license.
- *Sublicense* regulates whether the licensee shall be granted a right to further grant licenses on the licensed IPR. By default a license does not include a sublicense. Sublicenses can cascade over several licensees, in which case the licensor's control over the license decreases. Particular problems may arise once the IPR or the principal license is assigned or has expired. A discussion on *succession protection* in licensing is forthcoming.

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<sup>1</sup> See article «May I 3D-print my designer sunglasses?», Table 1.

<sup>2</sup> Note that exclusivity also deprives the licensor of using the IPR.

<sup>3</sup> Often employment agreements stipulate an assignment of IPR from the employee to the employer.

<sup>4</sup> Copyright Act, CopA, SR 231.1.

<sup>5</sup> E.g. an administration fee for setting up the license.

<sup>6</sup> E.g. a yearly base fee regardless of revenue.

<sup>7</sup> E.g. a license fee based on yearly revenue.