



LICENSING - THE BASICS

What is an IP license?

A license is a permission to do something that, without the license, would be an infringement of IP. The person granting the license is usually called the licensor, and the person receiving the license is usually called the licensee. (There may be more than one licensor or more than one licensee in a license agreement).

A common example of an IP license is the one you receive whenever you buy a copy of software to use in your business.

The terms and conditions on which IP is licensed are very varied. The licensor and licensee usually agree those terms and conditions by negotiation. The outcome of those negotiations will depend on the relative bargaining power of each side.

You are more likely to obtain favorable terms if you own IP which protects a significant and distinctive innovation or work than if the potential licensee has several equally attractive alternatives.

IP may be “licensed-out” or “licensed-in”. For example, you may “license-out” to another company or organization in return for a reward, financial or other “in-kind” benefits or a combination of both. You may wish to “license-in” if you want to use another company’s IP to develop your own business and products.

You may sometimes have to accept that your IP is not as attractive to a potential licensee as you would like. You will need to find out, so try.

*Will you be ready for a
Licensing Agreement?
Find out if you’re ready
and how to get one.*

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