



ASSIGNING & LICENSING

When you assign your Intellectual Property Rights, you are **TRANSFERRING** ownership of those rights for good. To be effective, assignments need to be in writing and should be signed by both parties.

In any agreement you would be known as the **ASSIGNOR** and the party acquiring the rights would be known as the **ASSIGNEE**.

So what kind of remuneration should you be asking for? Remuneration can comprise a fee received either in one lump sum or in a series of instalments. Alternatively, you may receive a royalty for a specific period, or even a combination of a fee up-front and royalties.

Licensing your rights

When you license your rights, you are effectively permitting someone else to exploit those rights for a certain period of time, usually in return for a **ROYALTY**. After that period has expired the rights revert back to you.

You would become the **LICENSOR** and the party to whom you have granted permission to use your rights would be the **LICENSEE**.

EXCLUSIVE LICENCE

An exclusive licence restricts the licensor from granting a licence to anyone else AND from exploiting those rights themselves. Thus, if you were to grant an exclusive licence to a retailer to manufacture and sell one of your designs, you would be prevented from doing the same yourself and you could not allow anyone else to manufacture or sell that design either.

The benefit of granting this type of licence is that the **ROYALTY** you receive is likely to be greater than the royalty you would receive if you granted a non-exclusive licence.



SOLE LICENCE

If you grant someone a sole licence, the only people allowed to exploit those rights are you and the licensee. You would not be allowed to grant a licence to someone else.

NON EXCLUSIVE LICENCE

If you grant a non-exclusive licence you would still be able to exploit those rights yourself and you could allow others to do so.

Although the **ROYALTY** you would receive under these terms would be less than under an exclusive licence, the benefit would be (subject to market demands and/or geographical restrictions in the licence itself) that there would be no limit on the amount of licensees you may appoint.



10 TOP TIPS FOR LICENSING

1. Assigning or Licensing

Assigning the rights in your designs effectively hands all the control in those designs over to the recipient, and the manner in which the designs can be exploited, unless you agree specific terms under which you keep the right to maintain control over certain matters.

2. Types of Licence

If you do wish to retain more control over your designs, then you should license them rather than assign them. This means that you retain ownership of the rights and grant others the right to use the designs subject to certain restrictions which you can impose.

- An **exclusive licence** means that you cannot use the designs for the duration of the licence – that becomes the exclusive right of the person granted the licence.
- A **sole licence** means that both you and the person granted the licence can use the designs.
- A person who is granted a **non-exclusive licence** merely has the right to use the designs but cannot take action to prevent anyone else also using the designs. Someone granted an exclusive licence can take action to stop anyone else using the designs.

3. Make a list

All the designs which are to be covered by the licence should be listed in a schedule attached to the agreement. This avoids any doubt as to which designs are covered. If the licence covers future designs then further schedules should be added when those designs are created.

4. Copying - who pays the bills?

The licence should state whose responsibility it will be to take action against someone found copying the designs. Sometimes the cost of this can be shared, as can the proceeds recovered from the copier, but the licence should state how they will be shared.



5. Hidden extras

The licence should set out exactly how royalties will be calculated. There will be a big difference between a royalty calculated as a percentage of the retail selling price of the article as opposed to its wholesale price. Check for further deductions for things such as discounts on bulk orders.

6. Which country?

It is possible to license different companies to sell the same design in different countries or other geographical areas. The licence should clearly state which country or countries it covers, and should prevent active sales of the designs outside of that territory. It is also important that the licence states which country's law will apply to the licence.

7. How much?

It is possible to agree either a one-off lump sum, or payment of regular royalties on sales, or a combination of the two, often in the form of an upfront payment followed by royalties. If you do agree an upfront payment and royalties, check to see whether the lump sum payment is deducted from future royalties. Also consider using a minimum guarantee for royalties, so that you are paid a guaranteed minimum amount each year even if the royalties actually earned are less than that amount.

8. How long?

This can often be an important but difficult issue, as the shelf life of the design is often not known at the outset. It may be difficult to get a company to agree to continue paying royalties after the period of copyright or design right protection has expired.

9. The last word...

If you want to ensure that the products are being made to your correct design, or to your standards, then include a right to inspect samples before they are put into production. Similarly, you can include clauses which state the manner in which the products will be promoted. You may want to ask for your name to be included on all publicity materials.



- 10. Remember!...** You should always read the whole of the licence and ask if you are unsure of the effect of any of the terms.

Points to Remember:

Only use an ASSIGNMENT OF RIGHTS agreement where you are happy to give away all your intellectual property rights and do not mind how those rights are exploited by the ASSIGNEE in the future. AVOID signing a document that refers to a sole and exclusive licence. Under UK law this is a contradiction in terms and as such it is not clear whether the licence is a sole licence or an exclusive licence. REMEMBER Laws that apply in one country may not stand in another country. ALWAYS seek expert legal advice before assigning or licensing your intellectual property rights to ensure your agreement will stand up in Court, should you ever find yourself in the unfortunate position of having been copied.

ACID has created an industry standard licence/royalty agreement which is positioned as an industry standard and level playing field between a designer and a manufacturer. It should be used as a simple, standard basis of agreement between both parties.

ACID always advises that any bespoke clauses pertinent to a particular set of circumstances are discussed with an IP lawyer.

Have you signed the ACID IP Charter?

Join a growing number of people who are about IP ethics, respect, and compliance.
<https://www.acid.uk.com/become-a-charter-signatory/>

