

## Licenses of right

Patent renewal fees can be expensive. They are an ongoing yearly cost that adds up over the life of a patent, and can make you think twice about whether it's worth keeping a patent alive at all - especially one that's nearing the end of its life, when renewal fees are particularly pricey.

If these sentiments resonate, then advertising your patent as being available for licenses of right could be for you.

### What is a license of right?

Many Patent Offices in Europe operate a system that allows a patent owner to mark his patent as being available for "licenses of right". This means that the patent owner has to grant any third party that asks a license on "reasonable terms". In return for advertising his patent as being available for license, the Patent Office will grant the patent owner a 50% reduction in annual renewal fees. This can be a huge saving if you have a large number of patents spread across Europe, and if you're on a budget it could make the difference between being able to keep your patent in force or being forced to let it lapse.

### What are the drawbacks?

The most obvious drawback is that if a party asks for a license, you have to grant one - there is no option to refuse.

Of course, this might not be a bad thing if you are not using the invention yourself, or if you are looking to commercialise your invention - granting a license to a third party can be an excellent way to gain some revenue from your patent. However, if the invention is integral to your core business then being forced to grant a license to a competitor would likely be a major problem.

Other potential drawbacks include:

- If you and the potential licensee cannot agree on terms that you both believe are "reasonable", then the Patent Office will decide what is. It is thus possible that you might be forced to grant a license on terms you are not happy with.
- If you have existing licensees with license terms that are less favourable than those agreed in a license of right, then those existing licensees would have the right to take a licensee under the new, more favourable terms.
- In the event that there is an infringement, then the infringer will have the option to take a license, and the total amount of damages recoverable may be limited (depending on the license terms).

In reality, there is little evidence to suggest that licenses of right are requested often. However, this might simply be a reflection on the fact that few patentees seem to take advantage of the system at the moment.

### **Can I change my mind?**

The short answer is yes. However, if you do choose to remove the license of right advertisement, then the balance of any reduced renewal fees must be paid. In addition, any existing licensees need to consent to the removal.

### **Summary**

Licenses of right are not for everyone, and they are not for every patent. But if you have a large portfolio that includes some underused inventions, or if you are actively seeking licensees, then they may well be for you.

European countries that operate license of right schemes include UK, Germany, Italy, Spain, Ireland, Czech Republic, Lithuania, Latvia, and Slovakia. If you would like specific advice on how to advertise your patent as available for license, please contact your usual Barker Brettell patent attorney.