



# Checklist

This checklist sets out the major issues you need to think about before licensing IP. It can be used, for example, to organise your thoughts before talking to your legal advisor, to develop a negotiating strategy for your personal use or as the basis for a preliminary non-binding memorandum of understanding or “heads of terms” before executing a binding agreement. You are also advised to review your intellectual property portfolio and obligations in relation to intellectual property when considering licensing.

N.B. This document is a checklist of the principles to be agreed before an IP licence is drafted. It is not binding on either the licensor or the licensee. It is intended only to assist the parties to identify any major issues early in their negotiations.

SUBJECT	POSSIBLE APPROACH (for discussion)	ANSWERS/NOTES/COMMENTS
<b>Parties</b>	<p>Name, company number (if applicable) and registered office/principal place of business of the licensor.</p> <p>Name, company number (if applicable) and registered office/principal place of business of the licensee.</p> <p>Will other members of the licensee’s group of companies be able to use the IP?</p> <p>If ‘yes’, will the licensor grant the right to use directly to other members of the licensee’s group, or will the licensee grant sub-licences to its group?</p>	
<b>What is being licensed</b>	<p>What is the main IP being licensed?</p> <p>Is the IP capable of registration and should that be put in place before proceeding?</p> <p>Is there any other IP that the licensee will need to be able to use to benefit from the licence?</p> <p>What know-how or other confidential material is the licensee being permitted to use?</p> <p>Does any of the IP belong to someone other than the licensor? If it does, does the licensor have the right to license it?</p> <p>Are there any terms and conditions that apply to any of the IP which has been licensed in that must be carried through to the licence?</p> <p>If the IP is jointly owned by the licensor and another person, does the licensor have the right to license the IP?</p>	



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<p><b>Rights granted/ Restrictions imposed</b></p> <p><b>(These issues should be addressed in relation to each piece of IP being licensed)</b></p>	<p>Will the licence be:</p> <ul style="list-style-type: none"><li>• exclusive (licensor may not use the IP);</li><li>• non-exclusive (licensor may use the IP and grant other licences); or</li><li>• sole (licensor may use the IP but will not grant other licences)?</li></ul> <p>May the licensee grant sub-licences to others?</p> <p>Will the licensee be restricted to using the IP for:</p> <ul style="list-style-type: none"><li>• personal/private use;</li><li>• academic teaching/research;</li><li>• non-profit making purposes; or</li><li>• other limited purposes?</li></ul> <p>Will the right to use the IP be restricted to:</p> <ul style="list-style-type: none"><li>• one or more particular fields of use;</li><li>• one or more distribution channels;</li><li>• one or more specific territories?</li></ul> <p>May the licensee transfer (assign) the licence freely or only with the licensor's permission?</p> <p>May the licensee use the IP to provide services to others?</p> <p>May the licensee manufacture and sell products?</p> <p>May the licensee import products?</p> <p>May the licensee use the IP to carry out a process?</p> <p>What rights and restrictions will apply in respect of:</p> <ul style="list-style-type: none"><li>• copying works;</li><li>• modifying/adapting/translating works;</li><li>• making improvements;</li><li>• incorporating into another work/with other IP;</li><li>• publication and distribution;</li><li>• sharing with others;</li><li>• using only on/with a specific platform or device?</li></ul>	



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<b>Rights granted/ Restrictions imposed</b>  (These issues should be addressed in relation to each piece of IP being licensed)	How will improvements be identified?  Who will own the IP in any improvements/ developments/ modifications/translations?  Will there be any license back of improvements/ developments/modifications/translations?  Will competition law affect the terms of a licence?	
<b>Fees and Payment</b>	How will the licensor and licensee each realise benefit from the licence?  Is the licence part of a larger transaction involving other sources of commercial benefit or trading of IP? If yes, what is the nature of that transaction?  Will there be one or more lump sum payments?  If yes, how much will be paid and when?  Will there be ongoing payments or royalties?  If yes, how are they to be calculated, e.g.: <ul style="list-style-type: none"><li>• by reference to use or items manufactured or sold; or</li><li>• a pre-determined periodic payment?</li></ul> Under what circumstances (if any) and by how much may these payments or royalties be increased? Will they be indexed-linked?  When will these ongoing payments and royalties start?  How frequently will they be calculated and paid?	



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<b>Fees and Payment</b>	<p>Are there any minimum payments? If yes, what are they?</p> <p>Will the licensee have to meet any sales or other targets?</p> <p>How will any targets be reviewed during the licence period?</p> <p>What will be the consequences of not meeting any targets (e.g. loss of exclusivity or termination of the licence)?</p> <p>Will the licensor have the right to audit the licensee's books?</p> <p>At what rate will interest be paid on late payments?</p>	
<b>IP Protection and Infringement</b>	<p>Will the licensor or the licensee be responsible for registering any IP, or renewing any existing registration?</p> <p>Who will bear the costs of the above?</p> <p>Will the licensor or the licensee be responsible for pursuing any infringers?</p> <p>Who will bear the costs of the above?</p> <p>Will the licensor give the licensee any indemnity against the infringement of third party IP?</p> <p>Will the Licensee give the licensor any indemnity against third party claims resulting from the licensee's act or omission?</p>	
<b>Confidentiality</b>	<p>What information of the licensor is to be kept confidential?</p> <p>What information of the licensee is to be kept confidential?</p> <p>Is confidential information to be kept confidential indefinitely or for a definite period?</p> <p>If the latter, what period?</p> <p>Is either party subject to the Freedom of Information Act?</p>	



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<b>Warranties and Liability</b>	<p>Will the licensor give any warranty:</p> <ul style="list-style-type: none"><li>• as to its ownership of the IP/ its right to license;</li><li>• that the licensed IP will not infringe third party rights;</li><li>• that the licensed IP/material will comply with specification;</li><li>• in relation to anything else?</li></ul> <p>Will there be any financial cap of the liability of the licensor?</p> <p>Is liability for loss of profits, business, contracts etc. to be excluded?</p> <p>Is that exclusion to apply where an indemnity has been given?</p>	
<b>Other Issues</b>	<p>Is the licence:</p> <ul style="list-style-type: none"><li>• of indefinite duration (for the life of the IP);</li><li>• for a fixed period (and if it is what is that period)</li><li>• terminable by either party giving notice to the other (and if so under what circumstances)? It is assumed that the licence will be terminable for breach of contract or insolvency of a party.</li></ul> <p>May the licensor terminate if there is a change in the ownership of the licensor?</p> <p>What will happen on the termination/ expiry of the licence?</p> <p>Are any provisions of the licence agreement to continue after termination/expiry and for what period?</p> <p>Who will be the contact point for each party and how can they be contacted?</p> <p>What support and training will the licensor provide to the licensee?</p>	