

Ten IP and IT License Agreement Strategy Tips



When negotiating and drafting your IP and IT license agreements, in addition to your standard provisions, be mindful of the following issues that could have a material impact on your agreements:

Prevent lack of standing issues and/or unintended tax consequences

Ensure that the nature of the license grant does not unintentionally prevent the parties from having standing to sue to enforce the IP or result in unintended tax consequences

Minimize business interruptions due to bankruptcy

Ensure the proper scope of rights and obligations of the parties under the license (including with respect to access to the IP) in the event of a bankruptcy

Benefit from customized representations and warranties

Ensure that the confidentiality, limitation of liability, warranty and indemnification provisions actually reflect what the parties have negotiated in light of the specific IP involved and are not merely boilerplate provisions that do not reflect the actual needs of the parties

Increase process predictability

Ensure that a license diligence protocol is in place and followed prior to negotiation and execution of the license to allow for efficient negotiations and successful outcomes

Remove impediments to IP ownership

Ensure that appropriate assignments and/or employment agreement provisions are in place to allow for the intended in or out licensing of the IP

Eliminate risk of potential loss of rights and administrative burdens

Ensure that an automated software system is in place for tracking license renewal deadlines, royalty payment dates and other important license deadlines

Avoid impairment of the IP

Ensure that the appropriate safeguards are in place to avoid the enforcement complications associated with a naked license or other impairment of the IP

Allow for changes in the business and IP

Ensure that the license appropriately accounts for newly acquired entities and newly acquired IP

Understand required IP enforceability and license payment procedures

Ensure that the parties take appropriate steps to record the license and obtain governmental approval as required in the appropriate jurisdictions globally for purposes of enforceability of the license and royalty remittance

Account for all transaction activity of the business

Ensure that the license and any other transaction documents involving the IP are drafted appropriately within the context of any broader acquisition, divestiture or reorganization between the parties and that transition periods immediately prior to and after the transaction are accounted for