



Licensing of intellectual property rights

World Intellectual Property Organization (WIPO)

<http://www.wipo.int>

You may be interested in starting a new business, expanding an existing business (extending your territory or the nature of business) or improving the quality of the goods or services of your SME and thereby its market position. In many situations, licensing of intellectual property rights is an effective tool for achieving these business goals.

A licensing agreement is a partnership between an intellectual property rights owner (licensor) and another who is authorized to use such rights (licensee) in exchange for an agreed payment (fee or royalty). A variety of such licensing agreements are available, which may be broadly categorized as follows:

- Technology License Agreement
- Trademark Licensing and Franchising Agreement
- Copyright License Agreement

In practice, all or some of these agreements often form part of one single contract since in transfers of this nature many rights are involved and not simply one type of intellectual property right. You may also come across licensing agreements in other circumstances, such as, during a merger or acquisition, or in the course of negotiating a joint venture.

All of these mechanisms either on their own or in combination will provide your SME, as a licensor or licensee, a wide variety of possibilities in conducting business in your own country or elsewhere. As an intellectual property owner and a licensor, your SME can expand its business to the frontiers of your partners' business and ensure a steady stream of additional income. As a licensee, your SME can manufacture, sell, import, export, distribute and market various goods or services which it may be prevented from doing otherwise.

In the international context, a formal licensing agreement is possible only if the intellectual property right you wish to license is also protected in the other country or countries of interest to you. If your intellectual property is not protected in such other country or countries then you would not only not be able to license it, but also you would have no legal right to put any restriction on its use by anyone else.

Technology licensing

If your SME is interested in:

- improving the quality of your product or manufacturing a new product by using the rights owned by others in the form of a patent, utility model, or know-how protected by a trade secret, then acquiring such rights through a technology licensing agreement may be the right solution, or

- entering a market or extending your existing market for a product for which your SME owns the rights to a patent, utility model or know-how protected by a trade secret, then authorizing another to use your process or product through a technology licensing agreement may be the right solution.

By a technology licensing agreement the **licensor** authorizes the **licensee** to use the technology under certain agreed terms and conditions. It is, therefore, a contract freely entered into between two parties and contains terms and conditions so agreed.

Franchise or trademark license agreements

If your SME is interested in:

- marketing a product or service and the brand (trademark) of that product is owned by others, or
- entering or expanding the existing market for your product or service for which your SME owns the rights conferred by a trademark, you may consider a trademark license agreement or a franchise agreement.

Through a franchise agreement the owner of certain technical or other expertise who has usually gained a reputation in connection with the use of a trade or service mark (the franchiser) may team up with another enterprise (franchisee) who will bring in expertise of his own or financial resources to provide goods or services directly to the consumer. The franchiser will ensure, through the supply of technical and management skills, that the franchisee maintains the quality and other standards in relation to the use of the trade or service mark which often require certain standardized features like, for example, a uniform trade dress.

Copyright license agreements

If your SME is interested in:

- manufacturing, distributing or marketing the results of the literary and artistic efforts of creators, or
- entering a market or expanding or extending your existing market for the literary and artistic efforts of your enterprise

You may consider a copyright license agreement. Many owners find it difficult to manage their rights on their own and they have formed collective management organizations that represent them and manage their rights for them. If you are interested in acquiring these rights you may have to address yourself to the appropriate collective management organization that will be authorized to license the various rights of their members.



IP Assignment and Licensing in Thailand

ASEAN IPA

<http://www.aseanipa.org>

The assignment, or license agreements, of IP objects must be made in writing, contain minimum requirements, and not be contrary to specific prescriptions in regard to the related rules. Most types of IP objects shall be registered with the related authorities in order to make them valid and enforceable in Thailand.

Trademark

Trademark Assignment – the assignment must be made in writing and registered with the Trademark Office, in order to make it valid and enforceable. The Trademark Office accepts the registration assignment for any pending and registered trademarks, and there is no specific deadline for registering the assignment in Thailand. An important rule relating to trademark assignment is prescribed under Section 50 of the Trademark Act, whereby all associated trademarks shall be transferred, or inherited, only as a whole. The assignment cannot be registered only for some associated trademarks, and partial assignment is not allowed. In addition, the cancellation of filed/registered license agreements relating to assigned trademarks is always a prerequisite, before the assignment is granted in Thailand.

Trademark Licensing – the license agreement and any sub-license agreement must be made in writing and registered with the Trademark Office, in order to make it valid and enforceable. To register a sub-license agreement, the main license agreement must also be registered. If the license agreement is subject to a renewal, such renewal must be re-registered in order to maintain its validity.

A registrable license agreement, according to Section 68 of the Trademark Act, shall at least provide the following: 1) conditions and terms of the agreement between the trademark proprietor and the person applying to be an authorized licensee, which must actually enable the former to control the quality of the goods manufactured by the latter; and 2) the goods on which the licensed trademark is to be used.

The license agreement can include all pending and registered trademarks in Thailand. However, the Trademark Office will only register the licenses of registered trademarks. The license agreement for pending trademarks can be registered, only after it is granted registration, and without the requirement to enter into a new license agreement. There is no deadline for registering a license agreement in Thailand.

Patent

Patent Assignment – the assignment must be made in writing and registered in compliance with the requirements, procedures

and conditions as prescribed by the relevant Ministerial Regulations, in order to make it valid and enforceable. The Patent Office registers the assignment for any pending and registered patents, and there is no specific deadline for registering the patent assignment in Thailand. The application to register the assignment must be separately submitted with the Patent Office, together with the agreement which transfers the patent for each assigning patent.

Patent Licensing – the license agreement must be made in writing, and registered in compliance with the requirements, procedures and conditions as prescribed by the Ministerial Regulations, in order to make it valid and enforceable.

In granting a license, according to Section 39 of the Patent Act: 1) the patentee shall not impose upon the licensee any condition or restrictions, or any royalty term which unfairly limits competition. Conditions, restrictions or terms which tend to unfairly limit competition are prescribed in the Ministerial Regulation No. 25 (B.E. 2542), issued under the Patent Act B.E. 2522, and these include for example: a) prescribing the licensee to provide material, for use in the production, from the holder of the patent, or from the distributor, which the holder of the patent has prescribed or permitted, except where it can be proved that it has to be prescribed so that the product produced gives the result as stipulated under the patent, or it is a material which cannot be acquired from another source; b) prescribing conditions or restrictions of the licensee concerning the hire of persons for the production of the invention, except where it can be proved that such has to be prescribed, so that the product produced gives results which are in accordance with the patent; c) prescribing that the licensee sells, or distributes more than half of the product produced, to the holder of the patent; d) prescribing that the licensee limits the quantity of production, sale or distribution; e) prescribing that the licensee discloses the invention, which the licensee has improved, or to allow the patent holder to seek interest from the said invention without prescribing a suitable remuneration for the licensee; f) prescribing that the licensee exercise the rights under the patent to pay remuneration for the use of the invention according to the patent, after the patent expires, etc.; and 2) the patentee shall not require the licensee to pay royalties for use of the patented invention after the patent has expired. Conditions, restrictions or terms concerning royalties, which are contrary to this provision, are null and void.