

Licences of Right

This sheet explains the consequences of a UK patent (whether owned by you or someone else) being endorsed "licences of right". This also applies to UK patents which have been obtained via a European patent application.

GENERAL

For some patents, the proprietor may choose to have the official register marked (or "endorsed") "licences of right". This means that, if anyone wants a licence under the patent, the proprietor must grant them one. This will be an ordinary, commercial

licence, on terms agreed between the proprietor and the licensee. However, if they cannot agree terms, the matter can be referred to the UK Intellectual Property Office, who will then decide on fair terms for the licence.

If your patent is endorsed "licences of right"

The renewal fees payable are only half what they would be otherwise. This is the main advantage to you. Such an endorsement may also help to attract licensees by indicating your willingness to grant a licence.

Procedure

If you have a patent which you wish to have endorsed "licences of right", it is necessary to apply to the UK Intellectual Property Office. The UK Intellectual Property Office then checks that there is no obvious reason why this should not be done (primarily that you have not already given someone an exclusive licence). If there are no problems, the Register is duly marked. Once this has been effected, future UK Intellectual Property Office renewal fees on the patent are reduced by half. In addition, our service charge is also reduced.

If you apply to have the register of a patent marked "licences of right", it takes at least ten days for this to take effect. Therefore it is sensible to apply at least one month before a renewal fee is due, to ensure that the fee will be payable at the lower rate. The cost (approximately £95 plus VAT per patent) of the procedure of getting the endorsement made is such that there will certainly not be any saving in the first year. But if the entry remains in force for many years there can be appreciable savings.

If someone else's patent is endorsed "licences of right"

You may approach the proprietor of a patent marked "licences of right" for a licence. The terms (e.g. royalty rate, duration,

etc.) of the licence are subject to the usual commercial negotiation, but may be decided by the UK Intellectual Property Office on application by the proprietor or potential licensee if an agreement cannot be reached.

Other information

- 1) If a patent is endorsed "licences of right" and the proprietor wishes to cancel the endorsement, this can only be done if all existing licensees agree. If the endorsement is cancelled, all of the savings that have been made on the half-rate renewal fees must be repaid.
- 2) One of the consequences of having a "licences of right" endorsement on the Register is that a defendant to proceedings for infringement (otherwise than by importation of an article from a country outside the EEA) of the patent may, by undertaking to take such a licence, avoid the grant of an injunction against infringement and limit his liability for damages to a maximum of twice the licence royalty.
- 3) Existing licensees may ask the UK Intellectual Property Office at any time to exchange their licences for licences of right on terms which may be settled by the UK Intellectual Property Office.
- 4) The UK Intellectual Property Office maintains a database of all patents in force in the UK which are endorsed with "licences of right". This database can be accessed via the UK Intellectual Property Office website.

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