

# Intellectual Property Law Newsletter

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## Good, Better and Best: IP Attorneys and Licensing

By Kevin R. Casey

From the vantage of the good intellectual property attorney, a successful license is the result of a three-step process: (1) communication with the client to understand the goals desired to be obtained; (2) negotiation with another party on behalf of the client to strike a deal; and (3) drafting a suitable agreement to memorialize that deal. Certainly most important to the first step, the attorney must listen. After all, the client must define the goals sought, perhaps through an exchange of ideas and opinions.

The desirable result of licensing negotiations is a "win-win" for the parties involved. Each party emerges with a deal favorable to it in some important ways. In recent years, considerable research has been conducted about the negotiating process; various negotiating strategies have emerged. The process of negotiating a license remains, however, an art form that the attorney must develop through experience. That experience teaches flexibility. One aspect of such flexibility is the role that the attorney assumes, as counsel, during business negotiations. Some clients require or expect the attorney to take the lead as spokesperson on their behalf. Other clients prefer the attorney to play a supportive, advisory role in which the attorney counsels to avoid pitfalls and suggest improvements. The really good or better IP attorney is comfortable in either role.

Every license agreement is and should be different because rarely are two business interactions identical in all aspects. Nevertheless, not every agreement must be drafted anew. The excellent IP attorney maintains a collection of template agreements that offer useful guidance and save time and money by avoiding the need to "reinvent the wheel." Other attorneys who have licensing expertise may be available for consultation. When drafting license agreements, the excellent IP attorney recognizes the need for clarity (e.g., avoiding legalese) and to anticipate foreseeable contingencies, an ability enhanced with experience.

Many business interactions require one or more of the following license agreements: (1) confidential disclosure and secrecy agreements that foster a candid exchange of information; (2) options that facilitate the commercialization of new "incubator" technologies; (3) sales agency, manufacturing, distributorship, and dealership agreements that are essential to the suc-

cess of product licensing; (4) trade secrets, know-how, patents, and other forms of IP that are often essential features of technology transfer licensing; and (5) trademark licensing that allows the use by another of a trademark to inure to the benefit of the trademark owner. Other business interactions, including joint ventures, government funding, supplier and requirements contracts, and financing agreements may include licensing aspects. Agreements that settle litigation often include licenses to the IP asserted in the litigation. The excellent IP attorney has experience with each and every one of the agreements mentioned above.

Modern licensing has become an interdisciplinary field in which the collaboration of technology, law and business is essential to success. The excellent IP attorney can, at least for certain businesses, bring experience in all three fields to the negotiating and drafting table and, in all cases, at least two of the three fields. In technology licensing, having a technical or scientific background is essential to understand the technology, recognize opportunities, and develop proper strategies for business and marketing plans. Skills to determine how a technology can add value or solve different problems in different industries are mandatory. A first step in licensing technology is a thorough understanding of the technology; the excellent IP attorney has the background to provide that understanding.

Legal skills are also required to negotiate and draft different types of agreements. More specifically, technology licensing may require an analysis of the validity, scope, and duration of the claims of the patent to be licensed. With respect to the law, the excellent IP attorney has experience in the field of IP law. He or she knows IP law, or at least where to find it, and how to apply legal principles in the context of licensing.

Licensing teams require additional interdisciplinary skilled people. IP valuation is often necessary to define a main point in any license, namely setting a price tag on what the license is worth. The excellent IP attorney has worked with many sources of IP valuation expertise. International agreements require a thorough understanding of international law to prevent costly errors. The excellent IP attorney has a network of associates, spanning virtually every major country in the world, who are available for guidance.

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In summary, IP attorneys can play a significant role in all aspects of the licensing process. The excellent IP attorney seeks to balance strategic business considerations with the relevant legal principles. Broad experience in many different licensing environments enables the excellent IP attorney to handle ably not only the legal side of licensing, but to offer valuable contributions beyond the scope of the legal questions involved. ■

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## Madrid Protocol for International Trademark Registration

By Frank A. Mazzeo

The Madrid Protocol is expected to become fully effective in the United States in November 2003. It will provide U.S. trademark owners with the ability to register their marks in many countries with only one application (the "international application"), filed in one language in one home office, i.e., the U.S. Patent and Trademark Office, with fees paid in one currency, resulting in one registration (the "international registration"). Once registered in the Madrid system, owners can renew the registration in multiple countries with one step. Changes in the registration, e.g., change of name, can similarly be done in one step covering all countries in which the mark is registered.

A trademark office of a designated country may refuse to register the mark and separate prosecution in the trademark office may still be necessary. However, a refusal must be made within 12 months (18 months for some countries) of when the trademark office was advised it was designated in the application.

Also, for five years from the date of the international application in a home office, the international registration is linked to the home office application or registration. Therefore, if an amendment to the application is filed due to requirements of the home trademark office, the same changes will be made in the international application or registration. This may be a disadvantage for U.S. applicants since their home office, the U.S. Patent and Trademark Office, has more stringent requirements for registration than most countries' trademark offices.

The Madrid Protocol will provide significant savings in cost and time for applicants interested in international trademark protection. However, there may still be situations where applicants will wish to file separate national applications.

The Madrid system of international registration of marks is managed by the International Bureau of the World Intellectual Property Organization (WIPO). As of March 2003, there 58 member countries. ■

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