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## A PRIMER ON LICENSING

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### 🌀 INTRODUCTION 🌀

Licensing is a means by which to share use of intangible property, namely, intellectual property. Licensing of intellectual property is analogous to leasing of tangible property, such as real estate. For instance, a house can be: (1) owned and occupied by the owner; (2) owned by the owner, but occupied by another (that is, leased or rented); or (3) sold by the owner to another party, in which case the owner no longer has a claim of ownership in, nor a right to occupy, the house.

The same is true for intellectual property, it can be: (1) owned and used exclusively by the owner; (2) owned by the owner and used by the owner and/or another user or users; or (3) sold by the owner to another party, in which case the owner no longer has a claim of ownership in, nor a right to use, the intellectual property. Licensing is concerned with the second option.

First, what are the types of intellectual property that can be licensed? There are four types: (1) patents; (2) trademarks (including service marks); (3) copyrights; and (4) trade secrets. In the publishing world, we are primarily concerned with the licensing of trademarks and copyrights and that is all that will be addressed here.

### 🌀 TRADEMARK 🌀

#### (1) Definition

A trademark may consist of words, phrases or designs or combinations thereof which **indicate the source or origin** of a particular good or service.

#### (2) Creation

First use by the owner of the mark in commerce in connection with the particular goods and services.

#### (3) Types

In order of ascending legal and marketing strength:

- (a) Generic: Appellation of the item or service itself. No legal protection.
- (b) Descriptive: A term which describes the nature or quality of the goods and services.
- (c) Suggestive: A term which suggests the nature or quality of the goods and services.
- (d) Arbitrary: An existing term that is applied to an unrelated good or service.
- (e) Coined or Fanciful: A term which is coined anew.

#### (4) Right

The trademark owner has the **exclusive right** to use its mark in commerce in connection with its **particular** goods and services.

#### (5) Term

- (a) **Federal Registration:** 10 year term, subject to renewal and continuous use.
- (b) **State Registration:** Usually a 10 year term (varies from state to state), subject to renewal and continuous use.
- (c) **Common Law Usage:** As long as the trademark is continuously used.

(6) **Marking**

- (a) TRADEMARK® (federal registration).
- (b) TRADEMARK™ (state registration and/or common law usage).

(7) **License**

- (a) Use of the owner's mark in connection with the authorized distribution of the owner's goods and services with which the mark is used.
- (b) Must be in writing.
- (c) The nature of use of the mark and the quality of the goods and services with which the mark is used must be controlled by the trademark owner.

✎ COPYRIGHT ✎

(1) **Definition**

Copyright protection is for **original works of authorship**.

(2) **Creation**

Fixation of the original work of authorship in any tangible medium of expression.

(3) **Types**

**Works** of authorship **include**:

- (a) Literary works;
- (b) Musical works, including any accompanying words;
- (c) Dramatic works, including any accompanying music;
- (d) Pantomimes and choreographic works;
- (e) Pictorial, graphic and sculptural works;
- (f) Motion pictures and other audiovisual works;
- (g) Sound recordings; and
- (h) Architectural works.

(4) **Rights**

The copyright owner has the **exclusive right** to:

- (a) Reproduce the work;
- (b) Prepare derivative works;
- (c) Distribute copies;
- (d) Perform the work publicly; and
- (e) Display the work publicly.

(5) **Term**

- (a) **Individual Work:** Life of author plus 70 years;
- (b) **Anonymous Work, Pseudonymous Work or Work for Hire:** First to expire of 95 years from publication or 120 years from creation.

(6) **Marking**

- (a) © 1996 Author Name
- (b) ® 1996 Singer Name

**(7) License**

- (a) Any of the exclusive rights of the owner in the copyright work.
- (b) Must be in writing.
- (c) The exercise of any of the exclusive rights by a licensee must be controlled by the copyright owner (or licensor).

**✎ LICENSE ✎**

**(1) Definition**

A license is a grant by the owner of an intellectual property right to another to exercise that right under specific terms.

**(2) Contractual Terms**

- (a) Parties
  - (i) Licensor
  - (ii) Licensee
- (b) Property Right
  - (i) What Is Granted
  - (ii) What Is Not Granted
- (c) Term
  - (i) Time Period
  - (ii) Right of Renewal
- (d) Territory
  - (i) Geography/Jurisdiction
  - (ii) Trade Channels
- (e) Time
- (f) Transferability
  - (i) Assignment
  - (ii) Sublicense
- (g) Exclusivity
- (h) Quantity
- (i) Royalty
  - (i) Factor
  - (ii) Calculation
  - (iii) Escalation
- (j) Accountability
- (k) Breach Provisions
- (l) Remedy

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