HARVARD BUSINESS SCHOOL

LES PANEL ON LICENSING

FEBRUARY 19, 1975

"LICENSING"

(ALSO KNOWN AS MARKETING OF TECHNOLOGY OR TECHNOLOGY TRANSFER)

HOMER BLAIR

I. BUSINESS ATTRIBUTES OF PROPRIETARY ASSETS INVOLVED IN LICENSING

- A. PATENTS
- B. TRADE SECRETS
- C. KNOW-HOW
- D. TRADEMARKS
- E. COPYRIGHTS

HOMER BLAIR

II. HOW LICENSING OCCURS

- A. FOR LICENSOR (OWNER OF PROPRIETARY ASSETS)
  - 1. FIND LICENSEE (PERSON WANTING TO USE PROPRIETARY ASSETS) AS PART OF PLANNED MARKETING STRATEGY
    - a. ACTUAL PRODUCT LINE OF LICENSOR
    - b. BY-PRODUCT (NOT PART OF PRODUCT LINE)
  - 2. BEING APPROACHED BY POTENTIAL LICENSEE
  - 3. FINDING ITEM WHICH INFRINGES ONE OF YOUR PATENTS
  - 4. SETTLEMENT OF PATENT CONTROVERSY
  - 5. FRANCHISING
  - 6. RESULT OF MERGER OR ACQUISITION

B. FOR LICENSEE

1. FIND LICENSOR

   A. AS PART OF PLANNED MARKETING STRATEGY

   B. DISCOVER PRODUCT OF LICENSOR THAT LICENSEE WANTS TO MAKE

2. BEING APPROACHED BY POTENTIAL LICENSOR

3. SETTLEMENT OF PATENT CONTROVERSY

4. RESULT OF MERGER AND ACQUISITION

5. AFTER SEARCH TO FIND WHETHER PATENTS OF OTHERS WOULD BE INFRINGED BY PLANNED ACTIONS OF LICENSEE

NORM JACOBS

III. TYPES OF BUSINESS ARRANGEMENTS INVOLVING LICENSING

NORM JACOBS

IV. TYPES OF LICENSING AGREEMENTS

A. EXCLUSIVE

B. SEMI-EXCLUSIVE

C. NON-EXCLUSIVE

D. DIFFERENT COUNTRIES

E. TYPES OF PAYMENT

1. ROYALTY

2. LUMP-SUM

3. EQUITY

NORM JACOBS

V. POTENTIAL ANTI-TRUST LICENSING PROBLEMS

- A. FIELDS OF USE
- B. PRICING
- C. GEOGRAPHICAL RESTRICTIONS
- D. TYING
- E. PATENT POOLS

DUDLEY SMITH

VI. LICENSE AGREEMENT

- A. BASIC FEATURES INCLUDED IN LICENSE
- B. REASONS FOR INCLUDING CERTAIN TERMS
- C. BUSINESS RAMIFICATIONS OF THE DIFFERENT FEATURES OF THE LICENSE

DUDLEY SMITH

VII. LICENSE ADMINISTRATION

- A. IMPLEMENTATION OF LICENSE AFTER AGREEMENT HAS BEEN NEGOTIATED
- B. EFFECTIVE TRANSFER OF TECHNOLOGY
- C. CONTINUING RELATIONSHIP
- D. MONITORING RESULTS

DUDLEY SMITH

VIII. ORGANIZATION OF LICENSING ACTIVITY

- A. LOCATION IN CORPORATE ORGANIZATION
- B. TYPE OF PERSONNEL

DUDLEY SMITH

IX. HOW TO GET LICENSING INPUT INTO MARKETING STRATEGY

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OUTLINE OF PRESENTATION BY NORMAN JACOBS

III TYPES OF BUSINESS ARRANGEMENTS INVOLVING LICENSING

A. LICENSING AS ELEMENT IN BUSINESS STRATEGY FOR MAXIMUM UTILIZATION OF RESOURCES

1. CONSIDER GRANTING LICENSES

a. EXPAND GEOGRAPHIC AREAS SERVED

b. EXPAND MARKETS OR APPLICATION AREAS

c. BROADEN USAGE OF TECHNOLOGY BEYOND OWN MARKET SHARE

d. STRENGTHEN MARKETING PROGRAM RE: SECOND SOURCE

2. CONSIDER SEEKING LICENSES

a. FASTER GROWTH THAN INTERNAL R&D ALONE

b. MAXIMIZE RETURN ON MARKETING/MANUFACTURING INVESTMENT

c. ADD ACCESSORY PRODUCTS

d. VERTICAL INTEGRATION

B. TYPICAL BUSINESS ARRANGEMENTS

1. LICENSING BETWEEN UNRELATED ORGANIZATIONS

a. TECHNOLOGY FOR CASH

b. TECHNOLOGY FOR TECHNOLOGY

2. LICENSE WITH EQUITY INVOLVEMENT

a. TECHNOLOGY FOR EQUITY

b. JOINT VENTURE AS LICENSEE

c. OWN SUBSIDIARY AS LICENSEE

ICENSING AGREEMENTS

ITE LICENSE OR SALE OF TECHNOLOGY

AINING SOME RIGHTS

MAKE, USE OR SELL

EXCLUSIVITY

c. GEOGRAPHY

d. FIELD OF USE

e. PLANT CAPACITY

3. PAYMENT TERMS

a. EARNED (RUNNING) ROYALTIES

b. MINIMUM ROYALTIES

c. LUMP SUM PAYMENT

d. EQUITY

e. TECHNOLOGY

V. POTENTIAL ANTITRUST PROBLEMS IN LICENSING

1. LICENSE RESTRICTIONS

PRICING

GEOGRAPHY

FIELD OF USE

2. TYING

3. PATENT POOLS

4. PER SE VIOLATION VS. ECONOMIC JUSTIFICATION

5. INABILITY TO ENFORCE PATENTS