



## What is licensing?

A written agreement between an IP right owner (licensor) and another who is authorized to use such rights (licensee) in exchange for an agreed payment.

## Why license?

A license can enable broader and faster diffusion of sustainable innovation. The licensor can benefit from sharing IP with other businesses across sectors and countries to expand the market and gain support to diffuse and commercialize sustainable innovation. The licensee, on the other hand, can benefit from existing innovations by further improving on them and creating new markets.

### Some benefits for the licensor

- Create profit and additional income.
- No need to invest in IP commercialization.
- Partnerships to access new territories and markets.
- Partnerships to set up production.
- Influence market acceptance for sustainable technology and products.
- Influence technology development.
- Share risks.
- Access to IP (Cross-licensing).

### Some benefits for the licensee

- Gain access to technologies, products and processes and new markets.
- Reduce or avoid R&D costs and associated risks, free up resources for other activities such market development.
- Built partnerships for manufacturing, distribution, and other activities.
- Gain freedom to operate.
- Gain competitive advantage and IPR protection.
- Increase asset value of business.
- Access to IP (Cross-licensing).

## How to license?

A licensing agreement should take into account the following components:

The parties (licensor and licensee); Purpose; Definitions and subject matter; Rights granted and restrictions; Improvements; Confidentiality; Royalties, reports and audits; Representations and warranties; Infringement; Term and termination.

The license can be limited based on several reasons:

- Types of use allowed (distribution, derivative works for copyright or manufacture for patents)
- Exclusive or non-exclusive terms
- Geographical scope
- Time
- Grant conditions: you obtain the license only upon compliance with certain conditions.

Licensing, however, may not be sufficient to deploy the technology. This is because trade secrets or technical know-how, which may be beyond the disclosure of the patent and the licensing agreement, may be required to transfer the licensed technology. In this case, it is necessary to include in the licensing agreement or stipulate separately an agreement on access conditions of the know-how. In some cases, third parties may own important IP for implementing the protected technology and additional licensing agreements need to be concluded.

In order to successfully transfer sustainable technology, it is advisable that those who license provide also complementary information on technology transfer.

Individuals, startups, and small business may not have the adequate information on licensing contracts and technology providers and thus, have less opportunities for collaboration. The [World Intellectual Property Organization](#) (WIPO) or EU agencies such as the [EU IPR Helpdesk](#) offer advice in this regard. National patent and trademark offices, the [European Patent](#)

[Organization](#) (EPO), and the [European Union Intellectual Property Office](#) (EUIPO) can also offer support.

### WIPO Green facilitates licensing green technology

An attempt to incentivize collaboration mechanisms in the green sector is being brought forward by the World Intellectual Property Organization (WIPO) through an online platform called "WIPO Green". WIPO Green is a public-private partnership established in 2013 by the WIPO that offers an online platform for exchanging technology that addresses climate change. The ultimate aim is to promote and diffuse sustainable technologies independently of their patentability. Patents are not a requirement for making the green technology on the platform. All technologies at all stages of development can be made available. When users share their patented technologies, these technologies are available for license, collaboration, joint venture and sale. It should be noted that technologies remain the property of the right holder and the type of collaboration is to be decided privately among parties. As stated in the "Frequently asked questions" of the WIPO Green website, as of May 2019, more than 3600 technologies and needs from circa 1200 users in 120 countries are part of the platform. There is no enforcement mechanism; thus the contribution remains entirely voluntary.

The WIPO Green platform:  
<https://www3.wipo.int/wipogreen/en/>

Sometimes licensing can be refused. If the protected technology is used without the permission of the IP right owner, IP rights are

infringed and legal action can be taken against the infringer. However, going to court should be the last solution - especially for small companies who often lack financial and human resources - and should always be preceded by negotiation attempts for a win-win situation. This is because court cases entail considerable time and expenses and there is no certainty on the outcome of the decision.

### Patent infringement

A major case in the green sector in the US was that involving General Electrics (GE) and Mitsubishi on large wind turbines (General Electrics vs Mitsubishi, 2014). The patents held by GE covered core technologies for wind power generation from wind turbines. The patented wind turbines were imported in Texas by Mitsubishi. GE filed a lawsuit against Mitsubishi for patent infringement. The case involved substantial resources and lasted several years with one of the claimed patents expiring during the controversy. The decision was in favour of GE.

When a company provides proof of rejecting a licensing agreement, the counterpart may attempt to obtain a compulsory license in front of a national court. Compulsory licensing, however, is very difficult to obtain *de facto* and one should be very cautious before taking legal action. Compulsory licensing, together with other types of licensing, such as licensing based on fair, reasonable, and non-discriminatory (FRAND) terms or for humanitarian purposes, are explained separately in this Knowledge Brief series.

Please, check the following link for a licensing agreement sample:

<https://www.wipo.int/tk/en/databases/contracts/texts/licencegollin.html>

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