



CITMA WEBINAR - PRACTICAL LESSONS IN TRADE MARK LICENSING

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PRACTICAL LESSONS IN TRADE MARK LICENSING

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AGENDA

- Core pillars of licensing
- Due diligence, warranties and indemnities
- The life of a licence
- ‘End of the road’ (expiry and termination)
- Special circumstances:
 - Sub-licensing / flow-down
 - Co-branding



KEY POINTS

- Not “one size fits all” – templates are great (but should be used responsibly)
- Doesn’t happen in a vacuum
- Should form part of portfolio management (and strategy)



A “TRADE MARK LICENCE” COULD ALSO BE...

Sponsorship/
endorsement
agreement

Collaboration
agreement

Franchise
agreement

Marketing/PR
agency
agreement

Manufacturing
agreement

Distributor
agreement

Consultancy
agreement

Reseller
agreement

Copyright
licence

Settlement
agreement*

CORE PILLARS OF LICENSING

What should a licence include?

Grant

What rights?

What permissions?

What restrictions?

Scope

Territory

Purpose (field of use)

Duration (and expiry/
termination)

Exclusivity

Exclusive

Sole

Non-exclusive

(Mix-and-match)

Registered marks – a person uses a sign if, in particular, he ...

- affixes the sign to goods or the packaging
- offers or exposes goods for sale under the sign
- puts them on the market or stocks them for those purposes under the sign
- offers or supplies services under the sign
- imports or exports goods under the sign
- uses the sign as a trade/company name (or part thereof)
- uses on business papers and in advertising
- affixes it on packaging, labels, tags, security or authenticity features or devices, or any other means to which it may be affixed (and offering or placing on the market, or stocking for such purposes, or importing or exporting the same)

If the mark is unregistered, and the licence relies on copyright –

- copying
- issuing copies to the public
- communicating the work to the public
- importing, possessing and dealing with copies

**Think about what permissions
the licensee needs – and
which it doesn't – before
agreeing “use”**

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CORE PILLARS: RESTRICTIONS



Not using confusingly similar marks in its business



Not using other marks in proximity to the trade mark



Not undertaking acts which might damage the reputation or goodwill of the licensor



Not applying for registration of the mark (or using as trading, company or domain name)



Not editing or modifying the mark (if a logo or stylised words)

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“This agreement shall commence on the Effective Date and shall continue indefinitely, unless terminated earlier in accordance with this clause...

“The Licensor shall have the right to terminate this agreement on giving the Licensee not less than 3 months’ written notice of termination.”

Zaha Hadid Ltd v Zaha Hadid Foundation

[2026] EWCA Civ 192

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Licensor

- Purpose of/rationale for the licence
- Who is the Licensee?
 - Reputation
 - Solvency
 - Substitution (e.g. novation)



Licensee

- Is the Licensor authorised to grant the licence?
- What rights cover the territory/ies of interest?
- Competing/conflicting licences – have any been/will any be granted?

- **Warranty** – a contractual statement given by one party to another party which, if untrue, gives rise to a claim for damages (for breach of warranty) – common examples:
 - Licenser is the sole legal and beneficial owner of licensed rights
 - Licenser is not aware of any third party infringing the licensed rights
 - (if exclusive) No third party has been granted a licence in respect of the licensed rights
 - **WARNING:** warranties on validity and non-infringement by exploitation
- **Indemnity** – a promise to reimburse the other party (or indemnified parties) for a specified loss or liability arising from a defined trigger event (usually created by contract) – common examples:
 - exercise of rights granted by Licensee (and sub-licensees) under licence agreement
 - breach / negligent performance / non-performance of licence agreement (inc. product liability)
 - enforcement of licence agreement

‘LIFE OF THE LICENCE’

Goodwill, reputation management and protecting rights (inc. registration)

Royalties and payment mechanisms

Compliance (inc. quality control and marketing), reporting, auditing and reviews

Sub-licensing and sub-contracting

Enforcement and dealing with claims

Substitution – novation and assignment

Dispute resolution (between the parties)

Governing law and jurisdiction



'END OF THE ROAD' – CAUSES



Expiry (ends after finite term)



Termination for Licensor's breach / non-performance



Termination for Licensee's breach / non-performance



Termination for Licensor's insolvency



Termination for Licensee's insolvency



Termination for convenience



Termination for Licensee's change of control

‘END OF THE ROAD’ – CONSEQUENCES

Cessation of use

Pay due royalties

Return of
confidential
information

Cancellation of
licence at
registries

Delivery up /
destruction of
stock

Delivery up /
destruction of
marketing
materials

Run/sell off
period?

Handover / exit
plan?

SPECIAL CIRCUMSTANCES: SUB-LICENSING

- Flow down $\neq$ mirror
 - Rights granted don't need to be equivalent – but cannot be broader
 - Exclusivity/“use”/territory can be carved up to sub-licensees
 - Liability does not need to ‘match’ head licence
 - Careful flow-down from head licence where compliance is dependent upon performance by sub-licensees



SUB-LICENSING: CONDITIONS



Prior consent v notice of grant



Terms are in writing and substantially the same (copy provided)



Automatic termination on expiry / termination of head licence



Licensee liable for acts and omissions of any sub-licensee



Any protections extend to licensor / no additional exposure or risk



Supplemental direct agreement / direct rights of enforcement

SPECIAL CIRCUMSTANCES: CO-BRANDING

- Cross-licensing – equivalent is not mandatory
- In it for the long haul?
 - Reputation management
 - Approvals / responsiveness
 - Jointly-owned / new registrations
- More complicated?
 - Enforcement – intra-party and third party
 - Termination (and consequences)
 - Sub-licensing / sub-contracting



ANY QUESTIONS?





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A POINT OF VIEW LIKE NO OTHER