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LICENSE AGREEMENT AS A TOOL FOR INTELLECTUAL PROPERTY RIGHTS TRADE

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Abstract: Effective management of intellectual property rights is an important element of a competitive business strategy today. One of the ways to use the above. rights is paid distribution to third parties. The aim of the research is to find an effective tool to market intellectual property rights. The paper presents a legal analysis of the license agreement as a tool for trading intellectual property rights. Due to the fact that the licensing agreement evokes parallel, interpretative doubts as to the application of specific legislation. Therefore, differences in the provisions of the license agreement under the Act on Copyright and Related Rights and the Industrial Property Law were presented. The paper also deals with the interpretative doubts connected with the parallel application of the two above mentioned legislations. The author also formulated a license agreement pattern.

Keywords: license, civil law agreement, intellectual property, business management, inventions

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Introduction

In today's increasingly knowledge-intensive economy, the implementation of technical and organizational innovation in enterprises and organizations is fundamental. It is now a condition sine qua non success on the market. The current competitiveness pillars are depreciated such as low cost strategy or limiting activity to the local or regional sphere. The ongoing processes of economic globalization and liberalization of world trade result in increased competition in one common market. The only right direction in the development of enterprises and organizations is to invest in innovation (Krzywda, Krzywda 2016, p. 75). The whole innovation process in enterprises is time consuming and expensive. This includes, among other things, investments in qualified staff, the construction of research and development centers, the effective management of acquired intellectual property rights, and the promotion and advertising of new products (Kozerska 2016). Each of the above steps is important and none of them can be ignored. After the innovation stage, companies have a variety of ways to effectively use their patents, trademarks, industrial designs and organizational innovations. It is possible to obtain protection for the invention or trademark, to sell the invention, or to make available the rights to it to third parties. The paper describes the latter possibility. It presents a legal analysis of the admissibility of concluding a licensing agreement as one of the tools for intellectual property rights

understood in sensu largo: works, patents granted to inventions, utility models, industrial designs, trademarks, topographies of integrated circuits and geographical indications.

License Agreement – Systematics

The system of contracts in the light of Polish legislation entails two basic types of contracts: named contracts and unnamed contracts. Contracts are defined in the Civil Code (eg sales contract) and other legal acts (eg license agreement). Unnamed contracts, on the other hand, are based on the principle of freedom of contract (Art. 353^1 KC eg know-how agreement) (Grzybowski 1972, p. 21). As can be seen from the above, the license agreement analyzed is a named contract, and thus regulated by law. This means that the principle of freedom of contract is excluded in this respect, and the license agreement itself is limited by the legal regime of a specific law. Therefore, the creation of this type of contract requires a strict reproduction of the conditions set forth in the Act.

The license agreement was governed by two normative acts of the statutory rank: the Act of 4 February 1994 on copyright and related rights (Ustawa z dnia 4 lutego 1994 r. o prawie autorskim i prawach pokrewnych) (Journal of Laws 1994 No. 24 item 83, as amended) and the Act of 30 June 2000 Industrial Property Law (Ustawa z dnia 30 czerwca 2000 r. *Prawo własności przemysłowej*) (Journal of Laws 2003 No. 119 item 1117, as amended). The copyright law deals with a broadly defined work, which means "any manifestation of creative activity of an individual character, established in whatever form, regardless of its value, purpose and manner of expression" (Art. 1 of the Copyright Act and Related Rights). In the analyzed area, however, only the turnover of selected industrial property rights is regulated. Therefore, in the latter case, the license agreement is only admissible in the scope of trading rights to the invention pursuant to art. Article 66, Utility models (Article 100 (1)), trade marks (Article 163 (1)) and industrial designs (Article 118 (c)). Other categories of industrial property rights: Integrated circuit topographies and geographical indications are not subject to a license agreement, and rights to them may not be transferred through this agreement. The regulatory framework in the national legislation points to four distinct licensing functions: they promote intellectual property, allow intangible assets, influence innovation, and provide a means of resolving conflicts between the creator and the buyer (Pahlow 2006, p. 227).

License Agreement – Copyright Act and Related Rights

Under the Copyright and Related Rights Act, the right to use a work in excess of the permitted personal use may be obtained by obtaining a license from an authorized person and by acquiring the copyright of the rightful owner.

An agreement for the acquisition of copyright to a work results in the transfer of those rights to the buyer who becomes the sole beneficiary.

The license agreement, however, results in the acquisition of the right to use the work itself by the purchaser, but in this case the property rights to the work remain with the creator. From the buyer's point of view, the license agreement is therefore less favorable.

Under copyright law (Article 67), you can distinguish two basic types of license: exclusive license and non-exclusive license. In the case of an exclusive license, the licensor agrees not to grant licenses to other operators in the field. As a consequence, the exclusive license agreement must specify the fields of exploitation. This will be an essential element of this agreement. It is worth noting that granting an exclusive license does not deprive the licensor of the right to use the work. Consequently, the waiver of this right by the licensor should be regulated separately in the contract. A non-exclusive license does not deprive the licensor of the ability to conclude licensing agreements with other entities in a given field of use. This means that the licensor may authorize the use of the work in the field of operation of more than one licensee. In both cases, the licensee may not grant further license to third parties (sublicense).

The form of the license agreement depends on the type of license granted. In the case of an exclusive license, a written form is required, while a non-exclusive license does not require such a form. In practice, however, the written form is used for evidence purposes.

The provisions of the Copyright Act and Related Rights contain provisions for a license agreement, but they are provisions that are of a relatively legal nature. This means that they apply only if the parties have not agreed otherwise. This therefore allows for a wide range of freedom of regulation of specific legal relationships in this area (Domańska-Baer 2009, p. 55). In terms of art. 64 copyright law property rights to a work pass to the buyer at the moment of acceptance of the work, unless the contract provides otherwise. The license agreement must always specify the fields of exploitation, ie the scope of use of the work by the purchaser (Article 41 (2)). This allows the licensee to dispose of the rights to use other fields of exploitation of the work and to settle any doubts between the parties in this regard. Interesting rules in this respect allow you to conclude license agreements for future works at the time of concluding a license agreement that is not yet existing. However, in this case the work must be clearly marked in the contract. However, contracts (including license agreements) for the transfer of rights to all current and future works of the respective creator are excluded. Licensors are always entitled to remuneration unless the contract provides otherwise. In the absence of contractual clauses in this respect, the average value of creation of the work and the transfer of the right to the license are assumed. The above two bases are always taken into account.

The creators have the right to withdraw from the contract. The inventor (the licensor) may refer to: his or her significant creative interests (Article 56 (1)), failure to distribute the work at a particular time included in the licensee (Article 57 pr. inappropriate form (Article 58 (1)).

Important creative interests have not been specified in the law. Court case judgments and literary achievements, however, indicate "the author's continued

goodwill" and "the desire to disseminate the results of artistic or scientific work" (Barta et al. 2005, p. 489).

The licensee may withdraw from the contract if: the creator has not provided the work within the specified time, the delivered work has a defect, the work is affected by a legal defect.

The problem is that the work "does not meet the conditions specified by the contract or the resulting work, for example, the script is incomplete, the map contains errors, advertising does not attract new customers" (Barta et al. 2005, p. 472).

A work is affected by a legal defect where the creator (potential licensor) does not have the right to use it, for example if he is the co-author of the work and acts without the knowledge and consent of the other contributors. A legal defect is also dealt with when the work is plagiarized.

In legal understanding, the rights resulting from the license agreement are temporary. According to art. 66 CA, the basic duration of the license is 5 years. Upon expiry of this term, the license to use the work expires unless the contract provides otherwise. In the contract, however, it is possible to reserve a shorter or longer duration of the legal relationship. In case of extending the duration of the license agreement after 5 years, it is treated as an indefinite contract. Regardless of the period for which each license agreement is concluded, you can terminate it. The entitlements that arise therefrom also expire upon the expiry of the copyright of the creator (Baliga, Kućka 2008, p. 8).

License Agreement – Industrial Property Law

As already mentioned, the Industrial Property Law also regulates the issue of concluding a license agreement. In contrast to the copyright in this case, the license can only apply to patents granted to inventions, utility models, industrial designs and trademarks. According to art. 66 (2) Industrial Property Rights "the patentee may grant, by a contract, another person a license to use his/her invention (license agreement)". The reference to other industrial property rights includes the already mentioned provisions of art. 100 sec. 1, art. 118 and art. 163 (1) IPL. Under the law, several types of license can be distinguished: full and limited license, exclusive and non-exclusive license and simple, limited and extended license.

A full license means that the licensee is entitled to use the invention to the same extent as the licensor.

A limited license, however, takes place when the scope of use of the invention is limited in some way.

An exclusive license as in copyright act means that the licensor has committed not to grant any further license to the same field of use. As in the case of copyright, the licensor may additionally be obliged not to use the invention. This type of license is sometimes referred to in the literature as a strong license (Sołtysiński 1975, p. 256).

Non-exclusive license makes it unlike the exclusive license to use the invention also by the licensor, which can lead to competition between the licensor and the

licensee. If the contract does not indicate which type of license is the legal presumption that it is a non-exclusive license (Article 76 (6) of the Industrial Property Law) (du Vall 2008, p. 282).

A simple license contains only the substantive elements of the license agreement without the additional clauses.

Limited license contains certain limitations compared to a simple license.

The extended license provides additional benefits for the licensee as set out in the Additional Clauses.

In the industrial property law, in addition to the above, the legislator also names specific types of license, namely open license and implicit license. License open on the ground of art. 80 p.w.p. It is permissible to make a declaration of readiness to grant a license to use the invention to the Patent Authority. Such a statement can not be revoked or amended. In this respect the statement is treated as an offer within the meaning of the Civil Code. This type of license is always a full and non-exclusive license and the license fee can not be higher than 10% of the benefit obtained by the licensee in each year of use of the invention, after deduction of expenditure (Article 80 (4)). An open license is obtained by accessing the invention even without negotiating with or before the end of the contract. The sole obligation of the licensee is the written notification of the entitled user of the invention within a month of starting work. Access to an open license may also occur through negotiations between the licensor and the licensee. Such negotiations are aimed at lowering the license fee (below the 10% threshold).

The form of concluding the license agreement on the basis of the industrial property right is one and clearly defined. Each license agreement shall be in writing under pain of nullity. However, in comparison with copyright regulations, a license agreement can only be concluded by a patentee, and thus no license agreements for inventions protected by a patent are excluded. It is noteworthy that a license in every form constitutes the burden of a patent as exclusive to the invention and as such also applies to the successor of the law (Nowicka 2004). The implied license is in a situation in which the test taker transmits the results to the customer. It is then presumed that the inventor has granted the licensee permission to use this invention (Article 81 of the Code). The legal qualification of the implicit license depends to a large extent on the content of the research contract. It may therefore be qualified in one case as an exclusive license and in another as a non-exclusive license.

Industrial property law also classifies a separate type of license, namely a compulsory license. It can be granted only if the statutory requirements are met:

1. Where it is necessary to prevent or to remove the state of the security of the State, in particular in the fields of defense, public order, the protection of human life and health and the protection of the environment.
2. Where it is found that a patent is being misused in terms of Article 68 IPL.
3. Where it is found that a patent holder granted earlier priority (earlier patent) fails to agree to conclude a licensing agreement to meet the needs of the domestic market through the use of a patented invention (dependent patent) the use of which would be made under the scope of the earlier patent.

We need to clarify point 2. Misuse of patent law in terms of Art. 68 p.w.p. is defined as "preventing the use of the invention by a third party if it is necessary to meet the needs of the domestic market and in particular where public interest requires so and the product is available to the public in insufficient quantity or quality or at excessive prices". Such misuse is not considered to prevent the invention use by third parties within 3 years from patent granting.

In the event of at least one of the three conditions stated above, the Patent Office (Authority) shall announce the possibility of applying a compulsory license in the "Patent Office Notifications". The compulsory license "may be granted if the applicant demonstrates that he/she has demonstrated the good faith in will to obtain a license. Fulfillment of this condition is not necessary to grant a compulsory license to prevent or remove a state of threat to the security of the State" (Art. 82 (4)) The compulsory license is always a non-exclusive license, and the licensee of the invention is obliged to pay the license fee to the patentee. The amount of this fee, as well as the scope and duration of the compulsory license, and the detailed terms of its exercise, shall be determined by the Patent Office.

Conclusions

The analyzed license agreement is one of the possibilities for the legal trading of intellectual property rights. The source of the license may be the law as in the case of an implied license or a compulsory license (Szczepanowska-Kozłowska 2012, p. 14). The legal provisions of the license agreement indicate a wide voluntary nature in the formation of civil-law relations in this respect. In spite of two normative acts governing the analyzed agreement, the parties must be considered to have broad discretion in shaping a specific contract. The statutory regulations are of a relatively binding nature depending on the provisions of a specific contract. Consequently, one can not speak of a universal formula of a license agreement covering both works within the meaning of the Copyright and Related Rights Act and the Industrial Property Law within the meaning of the Industrial Property Law. The stated subjects of the agreement are so varied that the provisions of the specific license agreements will also be different. The above is also supported by a large number of types of licenses, which are regulated by contractual and statutory regulations. In theory, it is possible to formulate a single model license agreement applicable to all works including industrial property rights under applicable law. In practice, however, this solution will not be applicable because of its universal character.

The main differences between the two analyzed modes are the matter of license agreement and the type of license. Under the copyright law, the matter of license agreement may be broadly understood as the works that arise when being are established. They are therefore not registered anywhere, and their protection comes directly from the law. The legal mode under the Industrial Property Law has been shaped differently. In this case, it is possible to grant licenses only to registered and protected inventions, utility models, industrial designs and trademarks. Subject of

the license agreement on the grounds of IPL is therefore restricted to the abovementioned rights.

Under CA it is possible to grant a license to use future works which, at the time of signing the license agreement, do not yet exist. Industrial property rights in this respect are limited only to existing ones.

Copyrights Act distinguishes two basic types of licenses (exclusive license and non-exclusive license). In the light of Industrial Property Law, we can take advantage of the extended range of licenses (exclusive and non-exclusive, full and limited, simple, limited and extended) and open and implicit, As well as compulsory).

License based on copyright can only be a contract between the creator (the licensor) and the licensee. In the light of the Industrial Property Law, the basis of a legal relationship may be both, the contract and the law (applied in case of compulsory license).

Licensing in certain situations constitutes a restriction on the freedom of disposal of rights to intangible assets. In the light of the Industrial Property Law, license agreements can only contain patented inventions and registered utility models, industrial designs or trademarks registered in the Patent Office. There is no such possibility for unregistered industrial property rights. In such cases, unlawful civil law contracts may be used to transfer rights to know-how or business secrets. There are no restrictions on the use of copyright laws, as a non-registered utility model, industrial design or trademark treated as a work under Copyright Act.

Attachment 1
Licence agreement (contract) pattern.

Licence agreement

concluded in Częstochowa on ..... 2017 between:
Czestochowa University of Technology with its seat in Czestochowa
ul. Dąbrowskiego 69 42-200 Czestochowa, NIP (tax ID) .....
represented by the Rector of Częstochowa University of Technology
.....
- hereinafter referred to as the "Licensor"

and

……...
based ..... , ...-. ...., NIP (tax ID) .....
represented by
1. .....;
2. .....
hereafter referred to as "Licensee"

§ 1

1. The subject of this agreement is the authorization to use the work within the meaning of the Act of 4 February 1994 on Copyright and Related Rights (ie 2006, Journal of Laws No. 90, item 631, as amended) which is a textbook called "..... ..... ", later referred to as Work.
2. The Licensor declares that it is entitled to license to the extent necessary for the performance of this license agreement and that the use of the Work within the terms of the agreement does not infringe the copyright of the Work creators. The Work is protected by the Copyright and Related Rights Act. Licensee acquires only the right to use the Work within the scope of this Agreement.

§ 2

1. Licensor grants to Licensee a non-exclusive and non-transferable right to use the Work (license) in Poland.
2. The license is granted free of charge.
3. Licensee is required to use the Work solely for didactic and educational purposes within the scope of its business.
4. Licensee is not authorized to make commercial use of the Work.
5. Licensee may not authorize another entity to use the Work for a licensing (sublicense) or to resell, rent, lease, lend, rent, or make available to third parties otherwise to the extent expressly provided for by this Agreement.

§ 3

The Licensee does not agree to make any changes, supplements, adaptations, alterations or further translations in the Work.

§ 4

1. The license is granted for the period from ….....
until ….....

§ 5

The Licensor agrees to provide Licensee with the materials necessary for the proper use of the license within 7 days of the date of this Agreement. Licensee does not acquire ownership of copies of the Work or other materials provided by the Licensor in execution of this Agreement.

§ 6

The Licensor shall not be liable for any damages resulting from the use or inability to use the Work. The Licensor does not warrant that the Work will fully meet Licensee's requirements. The Licensor is not responsible for third party claims arising out of the use of the Work, and unrelated with copyright.

§ 7

Any changes to this contract must be in writing in the form of an annex under pain of nullity.

§ 8

In matters not covered by this agreement, the relevant provisions of the Act of February 4, 1994 on Copyright and Related Rights and the Act of April 23, 1964, the Civil Code are applied.

§ 9

Any disputes arising out of this Agreement will be settled by the Court of Appeal for the Licensor's registered office.

§ 10

This agreement was made in two identical copies, one for each of the Parties.

Licensor **Licensee**

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UMOWA LICENCJI JAKO NARZĘDZIE OBROTU PRAWAMI WŁASNOŚCI INTELEKTUALNEJ

Streszczenie: Efektywne zarządzanie prawami własności intelektualnej stanowi współcześnie istotny element strategii konkurencyjnej przedsiębiorstw. Jednym ze sposobów wykorzystania ww. praw jest ich odpłatne udostępnienie na rzecz podmiotów trzecich. Cel badań to znalezienie efektywnego narzędzia do obrotu prawami własności intelektualnej. W artykule zaprezentowano prawną analizę umowy licencyjnej jako narzędzia obrotu prawami własności intelektualnej. Zaprezentowano różnice w regulacji umowy licencyjnej na gruncie ustawy o prawie autorskim i prawach pokrewnych oraz ustawy Prawo własności przemysłowej. W artykule rozstrzygnięto także wątpliwości interpretacyjne związane ze stosowaniem równolegle dwóch wspomnianych wyżej reżimów prawnych. Sformułowano także wzór umowy licencyjnej.

Słowa kluczowe: licencja, umowa cywilnoprawna, własność intelektualna, zarządzanie przedsiębiorstwem, wynalazki