

## Intellectual Property and Business: Part 3

PUBLISHED ON

**August 4, 2017**

---

*(NOTE: This is part 3 of 4 in a series of alerts linking intellectual property and economic strategy. [You can read part 1 here](#) and [part 2 here](#). Check back each week for a new installment.)*

### ***Selling Intellectual Property***

Intellectual property, like real property, can be bought, sold, licensed, exchanged or given away like other forms of property. Proficient management of intellectual property rights becomes profitable if strategic techniques are used. The owner of intellectual property rights has the right to prevent the unauthorized use or sale of that property. As a result, it may be strategic to assign or license these rights to exploit business profits.

There are essentially two ways to convey intellectual property rights - assignment or license. In relation to real property, assignments are the functional equivalent of a sale, and licenses are a lease.

#### *Assignments*

Law allows a transfer or sale of rights, which could be the entire interests in the intellectual property. An assignment of a patent is a transfer of sufficient rights so that the recipient has title to the patent. When the rights are assigned, the assignee becomes the owner of the rights with the same rights as the original owner. A business may never want to use a certain intellectual property rights, but may strategically exploit the intellectual property right through an assignment.

#### *Licensing*

A license is written authorization to use owned intellectual property rights. Typically, a business will make arrangements to license its intellectual property rights, authorizing a third party to use those rights in exchange for something of value. However, unlike assignments, the owner keeps the ownership of those rights, and can contract for a running rate of payments.

The license allows another to use an intellectual property right within a defined time, context, market line or territory. A license may be exclusive or non-exclusive, and run longer or shorter than the duration of the intellectual property protection, prescribed by law.

Licensing provides a means for an owner of intellectual property to exploit markets which may not otherwise have been available. The terms of the agreement can be tailored to recoup part of the development expense while also tailored to maintain consistent revenue from future profits. Although there is always uncertainties in the marketplace, a license may have a larger upside than a single assignment of rights.

If you have any questions, [please contact me](#) or any of the attorneys in [Barley Snyder's Intellectual Property Practice Group](#).

:

---



**Joseph R. Falcon, III**

Partner

Tel: (610) 889-3697

Email: [jfalcon@barley.com](mailto:jfalcon@barley.com)