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## Who else should read this?



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## Request a no cost review



We would be happy to schedule a visit to your facility to help you review the good and not so good IP practices you use. Sign up on our web site with the link below.

[Request a Review](#)

## IP Links of Interest

- [US Patent Office](#) A host of useful, official information.
- [EKMS, Inc.](#) A strategic IP management partner of TechRoadmap.
- [The Patent Cafe](#) An on-line portal for IP matters.
- [AlvaMed, LLC](#) A medical device consulting company we work with.
- [Technology Insurance Special Risk](#) An specialist in insurance for technology companies - for example, patent insurance
- [Forward this newsletter](#) Takes you to the on-line version for forwarding

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## Welcome

Happy New Year!

**Would you try to sell me the Brooklyn Bridge?** No, I suppose not. Only scam artists would try to sell something they don't own. But if you are licensing a patent that is nearing its term, you might inadvertently find yourself trying to collect a royalty on public property. Read "You can't sell what you don't own" to find out how to avoid this unlawful act.

### • It's not too late

As has been my practice, I did not send physical holiday cards to you. Instead, I made a donation to the Greater Boston Food Bank for each *Directions* subscriber. Take advantage of me; I'll increase my donation for every new subscriber this month. Forward this issue to a colleague and tell them to subscribe.



You can help too. Click on the GBFB logo or use the link below to make your own contribution to help fight hunger in our own back yard.

[Contribute to the GBFB](#)

### • You can't sell what you don't own

It is often instructive to **compare Intellectual Property rights with physical property rights**. Your patent is comparable in many ways to the deed to your house. With a patent you can prevent others from using your intellectual property, just as the deed to your house allows to you prevent others from trespassing. There is, of course, one major difference; **you own your house forever but your patent expires after about 20 years**.

While many patents lose their value during their term, some patents continue to describe valuable technology throughout their life. What happens when you license your patent near the end of its term? **How can you receive continuing value for your invention when someone wants to license it near the end of your patent's life?**

Since a license is basically a rental contract for your technology, **you could write a license agreement that stipulated ongoing royalty payments for as long as the licensee used your technology**. After all, as private parties, and absent any fraud or deception, we are generally able to freely enter a contract that is to the mutual economic advantage of each party.

The advantage to you is obvious and **the advantage to the licensee is his ability to access your technology immediately, before the competition, while your patent is still in force**. Continuing royalty payments after your patent expires is a fair way to match the contract payment to the use your licensee makes of your technology. Right?

### Wrong!

In a 1964 ruling, reaffirmed in 2003, the Supreme Court decided that **collecting license fees on an expired patent was unlawful per se**. We can understand the logic of this ruling by remembering that although we own our patents, **the patent itself is more like a lease on public property**. A patent is only a temporary grant of control over the technology. When the lease expires we no longer have the right to collect rent from a sub-lessee (our licensees).

If you find yourself in this situation, consult a attorney with licensing expertise.

### • Tip of the Month

Remember that your "ownership" of your invention has a limited duration. If you are nearing the end of your patent term :

- **Evaluate the remaining value of your IP**- The costs of negotiating and supporting a license may outweigh the remaining royalty stream
- **Consider deferred royalty payments** - discuss a lump-sum royalty amount, paid in installments beyond your patent term, with your attorney.
- **Consider a "Technical Support" contract** - wherein the amount of technical support provided (and paid for) is proportional to the number of units sold.

### • Disclaimer

Nothing in this newsletter should be construed as legal advice. TechRoadmap serves as an interface between companies and their legal counsel.