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Specifying between Manufacturing and Licensing on Invention

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ABSTRACT

This article makes an argument about the Manufacturing and Licensing patent. There are several factors to take into account when determining whether to manufacture or licence your invention. Depending on your long-term objectives, there are several factors to take into account when determining whether to manufacture or licence your invention. It's crucial to decide whether you want to promote your idea independently or only licence the rights to others. This Article might help you to make decision to Manufacture or license your invention.

I. INTRODUCTION

One of the best methods for giving companies additional cash sources is patent monetization. Also, it eases the burden on a company's finances and resources. Selling, licensing, and manufacturing are examples of potentially successful monetization tactics; nevertheless, they must be used intelligently. The strategy must be selected and prepared in a way that delivers the highest Return on Investment achievable (ROI).

While some innovators want to manufacture their discoveries in-house, others prefer to license them to a larger organization. Before choosing your course of action, you need carefully weigh the advantages and cons of each of these possibilities. Several resources are needed to efficiently manufacture and market some exceedingly complex innovations. Some technologies' creators might want to license or assign their work rather than bear the expense of manufacturing it. This enables them to concentrate on enhancing or developing their existing inventions. Although it may take more time and work, some inventors would like to launch their own companies.

A license enables a third party to make use of your idea for a specified amount of time. In exchange for the license, the inventor would get royalties in the form of one-time or recurring payments. You must persuade potential licensees that your idea is sufficiently developed to be commercially viable and that it will benefit their company's operations or otherwise bring them financial gain. These steps are frequently difficult for inventors. Only a very tiny fraction

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(perhaps 10 to 15 per cent) of inventions are successfully licensed.

II. LICENSES: ADVANTAGES AND DRAWBACKS

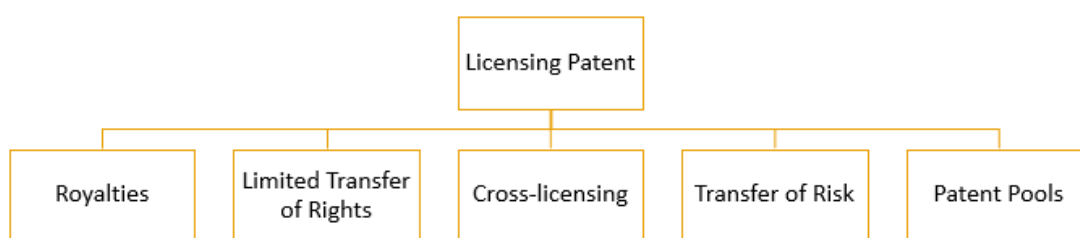
Pros:

- Earn relatively simple payments, such as royalties
- No requirement to create, refine, or promote the product
- No requirement to invest time and resources in enforcing patent rights

Cons:

- Must invest time and effort in convincing potential licensees to use the product
- receive a negligible portion of the revenue
- must give up on ownership of the innovation

A license is frequently appealing to inventors since it eliminates any additional risks associated with creating, developing, or marketing the invention. All expenses incurred in protecting patent rights and avoiding infringement are also covered by the licensee. The only thing the innovator might do is collect royalties; otherwise, they might spend all of their time coming up with new ideas. Yet, since the licensee will want to get the majority of the invention's revenues given the expenditures and risks it is taking, the inventor's returns are reduced. Some innovators are also reluctant to give up ownership of their creations because they have an emotional attachment to them.

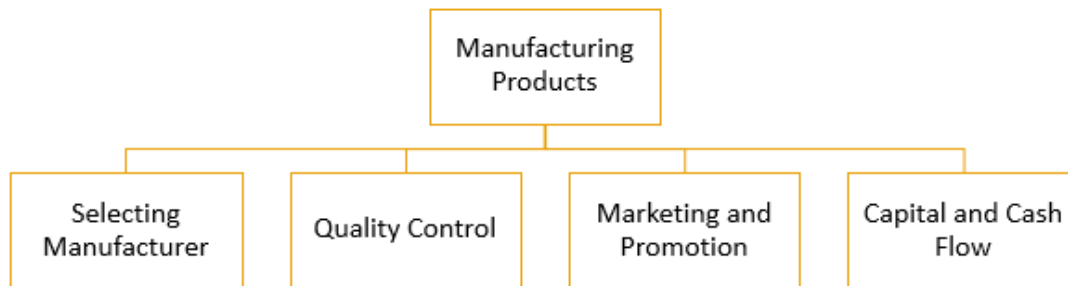


An assignment, which permanently conveys an inventor's rights in an invention to an assignee, is a variation on a license. In contrast to a license, this is more comparable to a sale. An inventor may be compensated in a flat sum or through installments, much like with a license. Because the licensee receives the exclusive right to manufacture and market the invention for an extended period of time, certain licenses, known as unlimited exclusive licenses, have the same effect as assignments. If you are unsure about the distinction between an assignment and a license, you can get a solicitor to analyze a prospective arrangement.

III. BENEFITS AND DRAWBACKS OF MANUFACTURING

Some inventors may be enticed to take charge of manufacturing and marketing an invention because royalties frequently have a very low ceiling of a number of more than 10%. They might also take pleasure in the business-running process and value the chance to maintain control over their work. The innovator can earn a lot more money if the invention is successful. But starting your own business comes with a lot of hazards. Make sure you have a reliable source of funding and that the people you work with are trustworthy. Due to the time-consuming nature of running a business, an inventor may not have much free time to develop new inventions.

Unexpectedly, those who take this action typically have a high success rate. This could be an indication of this relatively small group's dedication to expanding a firm and their awareness of potential difficulties.



(A) Decision making

It's crucial to decide whether you want to promote your idea independently or only license the rights to others. Consider the following factors in addition to the above-mentioned benefits and drawbacks:

- What do you like to do? Are you a businessperson or an inventor?
- What level of risk are you ready to accept?
- Are you able to raise enough money to launch a business?
- Are you capable of running a business, including hiring staff, closing deals, handling paperwork, and other duties?

IV. WHAT SHOULD YOU DO BETWEEN LICENSING OR MANUFACTURING THE PRODUCT?

While all inventors follow the same general principles, every product idea is unique. Using either tool properly can help you choose the best choice.

Obtaining a license for your product takes far less time and money, the potential earnings are proportionately lower. A successful licensing process gives you more freedom in your obligations and calls for greater expertise in presentation and ideas.

Making your own products puts you in complete control and requires more effort, resources, and risk before allowing access. Manufacturing has the biggest potential for financial success when given the proper backing and resources.

Licensing and manufacturing both present the ability to turn a great idea into a profitable business.

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