

Trademark licensing in Lithuania: legal and procedural aspects

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Licensing of the trademarks becomes more and more popular measure used by the owners of trademarks in order to get benefit from their intellectual property. However there are some important legal and practical issues which shall be stressed out in order to be sure that the license agreement concluded ensures proper use of the trademark and allows to the owner of the trademark to enforce his intellectual property rights properly.

License agreement and use of the trademark:

According to our national Law on Trademarks, the mark shall be deemed to be used by its proprietor if it is used by another person with the proprietor's consent. It is not indicated in the law that such consent should be registered as a licence agreement. On the one hand it should mean that the use of the trademark by any of the persons indicated above should be treated as proper use – by owner of the trademark or by the person having owner's consent.

However according another provision of the same law in case the licence agreement has been concluded between the parties but not recorded in the Register of Trademarks it will not be valid for the third persons. It means that in case the agreement has been concluded but hasn't been recorded, there will be no possibility to refer to such agreement in case of any judicial proceedings regarding the cancellation of the trademark due to non-use. Therefore according to current legal regulation it is necessary to register a license agreement in order to secure that the use of the mark by the licensee would be acknowledged as the use by its owner

It should be noticed that such regulation is provided by the current Law on Trademarks. Project of the law with amendments including removal of requirement for recordal has been prepared by the authorised institutions however it is on coordination stage currently.

Kind of license and enforcement of rights:

It is very important to indicate that as concerns the enforcement of rights only the licensees of the exclusive licences, when protecting the rights granted to them, have the right to apply to the court in accordance with the procedure laid down by the law and to seek for: recognition of the rights; an injunction intended to terminate the continuation of infringing activities; prohibition to carry out activities by reason of which the rights may be actually infringed or the prejudice suffered; compensation for the material damage, including lost income and other incurred expenses; application of other remedies set out by the Law on Trademarks and other laws. In case the non-exclusive license is granted only the owner of trademarks has the right to ask for the enforcement of rights.

Mandatory provisions of the agreement:

The law on Trademarks provides that the following provisions are mandatory for the recordal of license agreement: kind of license; scope of the goods and/or services for which the license is granted; term of validity, territory.

Franchise agreement and license agreement:

In some of the cases owners of the trademarks are not granting the mere license but all the model of business provided by the franchise agreement. According to the requirements of the Civil Code franchise agreement becomes valid for the third persons only upon its recordal in the Register of Companies in which the owner of rights is registered. If the owner of rights is registered in a foreign state, the fact of forming a contract of franchise must be registered in the same Register of Companies where the user of franchise agreement is registered.

In addition it should be noted that where the subject matter of a contract of franchise is an object of intellectual property, the fact of forming a contract of franchise must be registered in the appropriate register (Register of Trademarks in this case).

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Kristina Vilkienė has been working in a field of Intellectual property law since 2002. She started the professional career in the Appeals division of Lithuanian State Patent Bureau where she has been serving as Deputy Head of Department. She acquired legal experience in reviewing disputes on legal protection of trademarks, designs and inventions, as well as the preparation of procedural documentation and representation before the courts. In METIDA Law Firm Kristina Vilkienė advises clients on intellectual property issues.

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