

# Alleviate the Fear of a License Counterparty Filing for Bankruptcy

A legitimate fear among companies negotiating license agreements exists, and that is the fear of the license counterparty filing for bankruptcy, reports **Christopher A. Ward** and **Cortney E. Mendenhall** of **Polsinelli PC**.

“Given the business interruption that ultimately could occur as a result of a restructuring event, it is vital for practitioners to address bankruptcy or insolvency issues upfront during the negotiation of the license agreement,” they write. “This is especially true for licensees who often rely heavily, if not exclusively, on a licensor for significant aspects of their business.”

They discuss several negotiation and drafting tips that practitioners can utilize to help protect their licensee clients in the event of a bankruptcy filing under chapter 11, of Title 11, of the United States Code (the “Bankruptcy Code”) by the licensor counterparty.

**Read the article.**