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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)  
([/government/organisations/hm-revenue-customs](#))

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## CIRD210130 - Patent Box: qualifying companies: exclusive licence: non-commercial or unnecessary terms CTA10/S357F

CTA10/S357F allows non commercial or unnecessary terms in a licence, included to secure Patent Box benefits, to be ignored for the Patent Box.

S357F will not apply where, with a view to obtaining benefits under the regime, a company

renegotiates an existing licence that is not an exclusive one for the purpose of making it exclusive, provided that the new licence genuinely confers rights that meet the requirements of S357B and is a true reflection of the way the parties to the licence operate in practice. The renegotiation will require the consent of the licensor and will either result in the licensee obtaining new rights or will formalise rights already conferred that were previously implicit.

## Example

Acme Ltd grants an exclusive worldwide licence to Flash Automobiles plc to install its patented communications device into 'Flash' branded vehicles. Under the licence no other licensee will be permitted to install the players into Flash's vehicles. This would be commercially irrelevant as only Flash Automobiles plc have the right to decide what extras should be installed in their own vehicles. No other company outside the Flash Automobiles plc group could be granted a right by Acme to install an Acme patented communications device into 'Flash' branded vehicles. S357F would apply meaning that the exclusive worldwide licence would be ignored for Patent Box purposes.

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