



**The Abdus Salam
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Legal Agreements

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Legal Agreements

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Technology transfer is the most exciting profession in the world, but like any other job there are boring bits.

This is the boring bit!

Legal agreements

- Use lawyers to draft your agreements
- I am not a lawyer, so don't rely on any of this, without taking further advice!
- OR use [models](#)

Model agreements for technology transfer

- AUTM manual
- IP Handbook
- [WIPO](#)
- PraxisUnico guides
- [Lambert model agreements](#)
- Stanford University
- Use Google!

Agreements you may come across

- CDA (NDA, confidentiality)
- Assignment
- Licence
- Materials Transfer Agreement (MTA)
- Memorandum of association
- Articles of association
- Term sheet
- Letter of Intent
- Memorandum of Understanding

Under English contract law:

- Legal capacity of the parties (minors, drunks, etc)
- Intention to create legal relations
- Offer and acceptance
- Consideration
- Complete agreement
- Certainty of terms
 - These requirements apply equally to purchase of newspaper (50p), research services (£120k) or Impressionist painting (£20m)

Is the agreement legally binding?

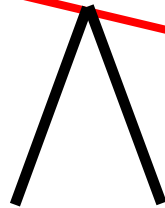
- Does it have the ingredients for a legally-binding contract?
 - **specialist subject, no special rules for IP licences**
- Put it in writing, if only for evidence of deal.
 - **Take care not to form contract prior to signing formal agreement**
- Format is not critical
- Have the right people signed?
- Different requirements if made under foreign laws (take local legal advice?)

- Licensing as an aim
 - One of the major routes to dissemination of technology or knowledge
 - Potential to produce returns
 - Monetary
 - Non-monetary
- Licensing within Universities
 - Dissemination of technology and knowledge is a key objective
 - Revenue aims within University sector

What is a licence

Permission

Money



Overview of the essential elements

?

- Granting of permission for the licensee to do something
 - Right to exclude others
 - Provide positive assistance
- Getting something back for that grant of permission
 - Money
 - Value: notoriety, bare dissemination, development assistance, credibility, money

Core terms

- The parties
- The rights
- The scope of the licence
- The “payment” and payment mechanism
- How long it lasts

- What technology does it relate to?
- Making the most of the technology
- Use of technology in different areas?

The Licence: Scope

- What type of right: exclusive or non-exclusive
 - Non-exclusive rights
 - Exclusive rights
 - Issues:
 - Full exploitation
 - Meaning -- care over what is exclusive
 - Should the Licensor retain any rights?
 - Know how issues
 - University issues
- Sole licences - what are they?

The Licence: Territory

- What geographical extent
 - Starting points
 - Issues:
 - where does the Licensee have expertise
 - where can development effort be directed
 - what the future holds
 - which activities: manufacture, sale etc.

The Licence: Field

- What field of use:
 - specific applications
 - specific customers
 - specific approach to trading: Manufacturing, OEM (original equipment manufacturer) only, sales
 - types of presentation or outlet (eg books, music):
 - printed form – hardback
 - Digital – internet, iPod
 - book-club
 - manner of use (eg software and data):
 - site and seat licences
 - extension to affiliates

The Licence: What rights

- what rights:
 - patents
 - copyright
 - design rights
 - trade marks
 - know how
 - databases
 - etc.

- **“The Licensor grants the Licensee an exclusive licence to carry out the Permitted Activities in respect of the Technology in the Field in the Territory for the Term without the right to sublicense”**
- **“The Licensor grants the Licensee the right to use the technology”**
- **“Author with full title guarantee grants to the Publisher the exclusive right by way of licence to print and publish the Work in the printed version (“the Publication”) in the English language in the Territory during the period commencing with the execution of this Agreement and ending on [date]”**

The Payment

- The Licensee shall pay to the Licensor:
 - (A) on execution of this Agreement the lump sum of £[]; and
 - (B) on transfer of the Know How the sum of £[].
- The Licensee shall pay a royalty of []% of the Net Sales Price of all Articles sold by it
- The Publisher undertakes to pay the Author:
 - an advance of £[] to be paid on receipt of the manuscript of the Work

What sort of reward: “Payment”

- Payment - or something else;
- lump sum, “running royalty”:
 - or both together
 - or combined - advance on royalties or some of them
 - Minimum annual royalty

The Licence: The future

- and future technology?
 - keeping competitive
 - what is covered: major, minor
 - how long for
 - University issues – “pipelines”

The Licensee parties

- The right to delegate
 - subsidiaries
 - sub-contracting
 - sub-licensing
 - sub-sub-licensing
 - sub-sub-sub-licensing
 - sub.....

Term and termination

- The basic term:
 - For the term of the right or longer or shorter
 - Which rights
 - Break provisions
- Events justifying earlier termination
 - Performance issues
 - Breach

The details

- Supporting provisions -- eg:
 - use best endeavours
 - keep patents in force
 - refresh technology
 - will publish
 - will apply relevant quality standards
- Administrative provisions -- eg:
 - provide reports
 - keep records
- Boiler plate provisions -- eg:
 - law, notices, entire agreement ...

The terms of typical licence

Preamble

- Definitions
- Grant and Reservation of Rights
- “Diligence” (performance)
- Royalties & Payments
- Patent Prosecution
- Infringement & Patent Defence
- Warranties
- Indemnification & Insurance
- Reports
- Termination
- Non-use of names
- Assignability
- Dispute Resolution
- Miscellany (Entire Agreement, Force Majeure, etc.)

Main supporting provisions

- Obligations on the Licensor:
 - obligations on the transfer of technology or delivery
 - the maintenance of intellectual property rights
 - the enforcement of intellectual property rights against third parties
 - Improvements

Main supporting provisions

- and on the Licensee:
 - to report, to keep records
 - more on payments:
 - obligations to exploit/develop the market: to put some effort into exploitation; to publish
 - quality standards (eg for trade marks)
 - confidentiality
 - protecting the value of the rights

Main supporting provisions

- Warranties
- Limitations
- Exclusions of liability
- Indemnities

What lawyers fill up the paper with.

- Audit rights
- Notice provisions
- Dispute resolution
- Law
- Assignability
- Rights of third parties
- Severance clauses
- Entire agreement clauses