

# Legal Documents for Entrepreneurs

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# Outline



- Incorporation of a Company
- Legal Documents for Incorporating a Company
- Research Collaboration and Agreement
- Non Disclosure Agreement (NDA)
- Material Transfer Agreement (MTA)
- Licensing Agreement

# Incorporation of a company



A company is a voluntary association of people with a distinct name, forming a legal entity.

## Process:

1. Decide business structure of your company
2. Decide company name >> Registering company name >> company logo >> TM
3. Registering domain name >> brochure, webpage
4. Financial plan >> fundraising
5. Set management team and recruit employees
6. Business plan
7. Register, pay fees and get license (federal, local licenses)

# Different types of company



## **Sole Proprietorship**

- One individual or married couple in business alone
- The most common form of a simplest business structure
- Flexibility of management
- Fewer legal controls
- Fewer taxes
- The business owner is personally liable for all debts incurred by the business

## **General Partnership**

- composed of 2 or more persons (usually not a married couple) who agree to contribute money, labor, or business management
- Each partner shares the profits, losses, and management of the business, and each partner is personally and equally liable for debts of the partnership
- Terms of the partnership are usually defined in a written partnership agreement

## **Limited Partnership**

- composed of one or more general partners and one or more limited partners
- The general partners manage the business and share fully in its profits and losses
- Limited partners share in the profits of the business, but their losses are limited to the extent of their investment
- Limited partners are usually not involved in the day-to-day operations of the business

# Different types of company



## Limited Liability Partnership (LLP)

- Similar to a General Partnership except that normally a partner doesn't have personal liability for the negligence of another partner
- used most by professionals, such as accountants and lawyers

## Corporation

- A more complex business structure
- Certain rights, privileges, and liabilities beyond those of an individual
- May yield tax or financial benefits
- Decreased personal control
- may be formed for profit or nonprofit purposes

## Limited Liability Company (LLC)

- One or more individuals or entities through a written agreement The agreement details the organization of the LLC, including provisions for management, assignability of interests, and distribution of profits and losses
- LLCs are permitted to engage in any lawful, for-profit business or activity other than banking or insurance

## Joint Venture

- Formed for a limited length of time to carry out a business transaction or operation

## Legal Documents for Incorporating a Company

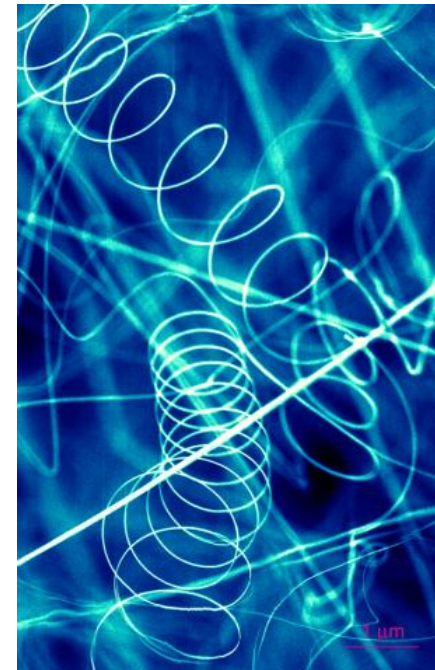
- Article of Incorporation
- Business Name Registration Form
- Domain Name Certificate
- Trademark registration certificate
- Business License and Permit
- Partnership Agreement
- Shareholders Agreement
- Employment Agreement

# Laws to Consider for Technology Transfer & Commercialization

- Employment Law
- Contract Law
- Patent Law
- Antitrust Law or Anti-competition Law
- Tax and revenue Laws
- Commercial Law
- IP Laws (TM, Copyrights, Industrial Design and GI)
- Product standards and regulations
- National and International laws etc.

# Legally bound Contracts and Agreements for R&D Collaboration and Technology Commercialization

- Contract research agreement
- Collaborative research agreement
- Consulting/know how Agreement
- Material transfer agreement (MTA)
- Confidentiality agreement (NDA)
- Participation agreement
- Licensing agreement





# Privately Funded Research Collaboration



**Privately funded research is where the resources are supplied by private enterprises or organizations:**

- **Contract research:**  
Research which is conceived and funded by industries to provide a solution to a specific problem
- **Sponsored research:**  
Where a university/Research Org./R&D company conceives a research project and prepare a proposal for funding and where the funding agency is not directly a beneficiary of the research results
- **Collaborative research:**  
Research collaboration between a public university/Research Org./R&D company and private research unit of an enterprise or private organization

# IP Policy and Privately Funded Research

- Approval procedures for privately sponsored research proposals
- Ownership of IP generated from privately sponsored projects
- Licensing of IP generated from privately sponsored projects
- Confidentiality issues of privately sponsored projects

# Non Disclosure Agreement (NDA)

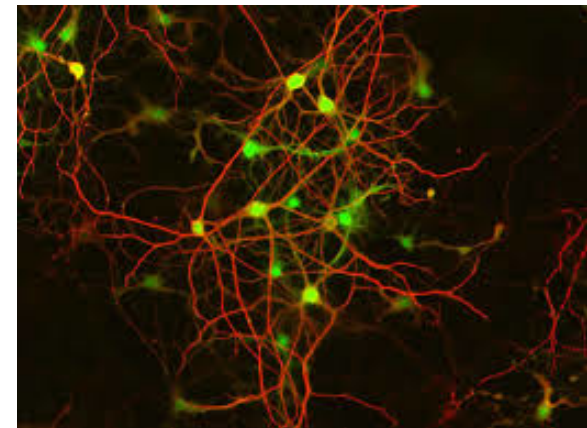


- Also called as “confidentiality agreement”
- Any information disclosed to another party
- NDAs prevent third parties from using the information disclosed without the permission
- NDAs are often exchanged before licensing negotiation
- Companies often request researchers to sign NDAs before entering research contracts

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# Non Disclosure Agreement (NDA)



NDA provisions include:

- Identification of parties
- Identification of confidential information
- Definition of purposes for which information can be used
  - E.g., solely for purposes of evaluating a licensing opportunity
- Requirements for return/destruction of confidential information

# Non Disclosure Agreement (NDA)



NDA does not apply to:

- Information in the public domain
- Information already possessed by the recipient
- Information disclosed to the recipient through legitimate means



# Material Transfer Agreement (MTA)



- Contracts that govern the transfer of physical assets,
- Typically biological materials (reagents, cell lines, plasmids, and vectors) that are transferred for the purpose of research or commercialization
- Chemical compounds
- MTA ensure transfer of possession but not legal title



# Licensing Agreement



- Defines that what licensor and licensee agreed to license
- Defines what you allow the licensee to do with it
- Financial Terms
- Licensing Conditions
- The licensor's obligations
- Obligations common to both parties



# Key Terms and Conditions



- **Subject matter**
- **Scope of the license**
- **Field of use**
- **Ownership**
- **Confidentiality**
- **Exclusive or non-exclusive**
- **Sub-licensing**
- **Territory**
- **Duration Financial terms**
- **Development rights**
- **Derivative works, improvements**
- **Future version of the technology**
- **Warranties**
- **Dispute settlement**

# License Agreement



## 1. Involved Parties:

Name and address of Licensor

Name and address of Licensee

- Are the legal name and address correctly included?
- Is the signatory has authority to sign?
- Is the signatory legally represent the party?

# License Agreement



## 2. Laws and jurisdictions

- Name of laws applied
- Which jurisdictions applied?
- **Carefully consider laws and jurisdictions especially in international license**
- **Patent coverage**

# License Agreement



## 3. Definitions

**Definitions of key terms and phrases used in the license agreement:**

e.g.

- know-how
- technology
- the territory
- trademarks
- patent rights
- gross profit
- net sales
- divertive work
- related company
- licensed products

# License Agreement



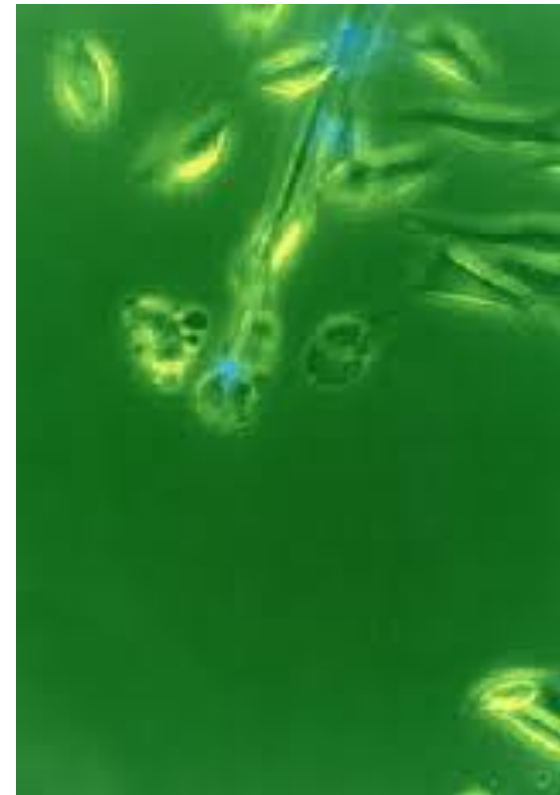
## 4. Subject matter:

- use specification
  - technical description
  - patent No.
  - title of the invention
  - trademark
  - Technical specifications
  - Standards?
- 
- **Is the technology sufficiently and accurately described in detail?**
  - **Has due diligence done?**
  - **Is the IP valid and enforceable?**

# License Agreement

## 5. Scope of the license : (What you allow the licensee to do with your technology)

- To manufacture
- To use
- To sell
- To make copies
- To distribute

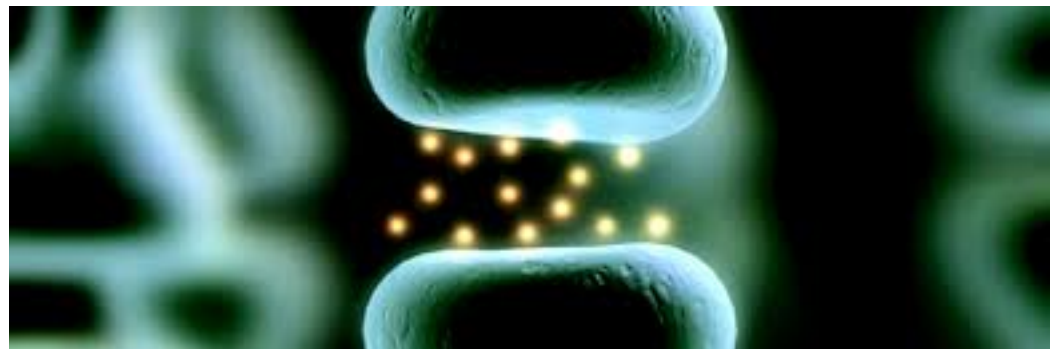


# License Agreement

## 6. Field of use (which purpose or technical field?)

E.g.,

- Research purpose
- In the medical field only



# License Agreement



## 7. Ownership

- Ownership of licensed technology
- Ownership of sub-licensed technology
  
- Does the licensor reserve a right to use for research or teaching purpose?
- Does licensor have any right over a further developed technology?



# License Agreement



## 8. Confidentiality

- **Definition of confidential information**
  - Know-how
  - Trade secrets
  - Any information received as part of agreement
- **Publication allowed? In which condition?**
- **Duration (even after the license duration)?**
- **Clause dealing with damages to licensor for breach of confidentiality by licensee**
- **Clause obliging licensee to take appropriate information security measures and licensor has right to audit the information security measures taken by licensee**

# License Agreement



## 9. Exclusive or non-exclusive?

Depends on:

- Capacity and experience of the licensee
- Market share of the licensee
- Territory
- Patent coverage (which country?)
- Technology
- Duration of license
- Influence the royalty %
- **Exclusive for some and non-exclusive for others?**

# License Agreement



## 10. Sub-licensing

**Do you allow the licensee to sub-license the licensed technology?**

- **If so, what condition?**
- **Scope?**
- **Field of use?**
- **Duration?**

# License Agreement

## 11. Territory

- In which countries?
- Different conditions in different territory?
- **Coverage of patents?**



# License Agreement



## 12. Duration

- How long?
- Does this depend on events?
- Does it depend on how successfully the licensee sell the product?

# License Agreement



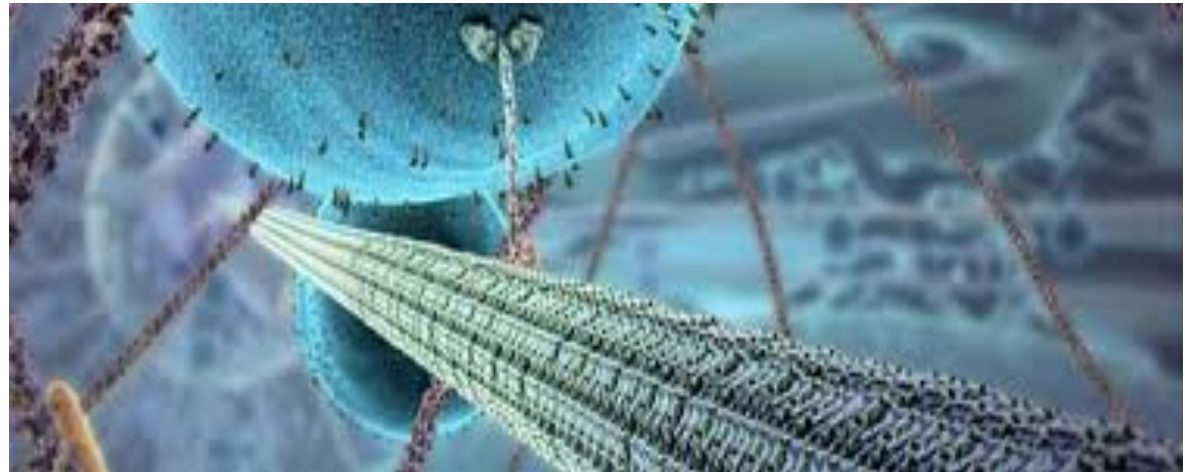
## 13. Financial terms

- Royalty
- Lump-Sum
- Stock
- Payment method
- Frequency and time of payments
- Obligation of reports, record-keeping
- Auditing rights
- Tax issues, etc.
- **Is there minimum royalty guarantee?**

# License Agreement

## 14. Future version of the technology

- **Development rights**
- **Derivative works**
- **Improvements**



# License Agreement



## 15. Warranties

- For risk of technology defect
- Defect in title
- Is the IP valid and enforceable?
- Best effort clause
- Minimum sales
- Development by certain timeframe
- Consequence of failing to achieve
- **Is due diligence done?**



# License Agreement



## 16. Indemnities

- In case of infringement
- Indemnity against product liability
- Is there any pending litigation?

# License Agreement



## 17. Dispute settlement

- **Where to settle?**
- **In which law?**
- **Who indemnifies against risk from 3rd party claims?**
  
- **Which Law and jurisdiction applied?**

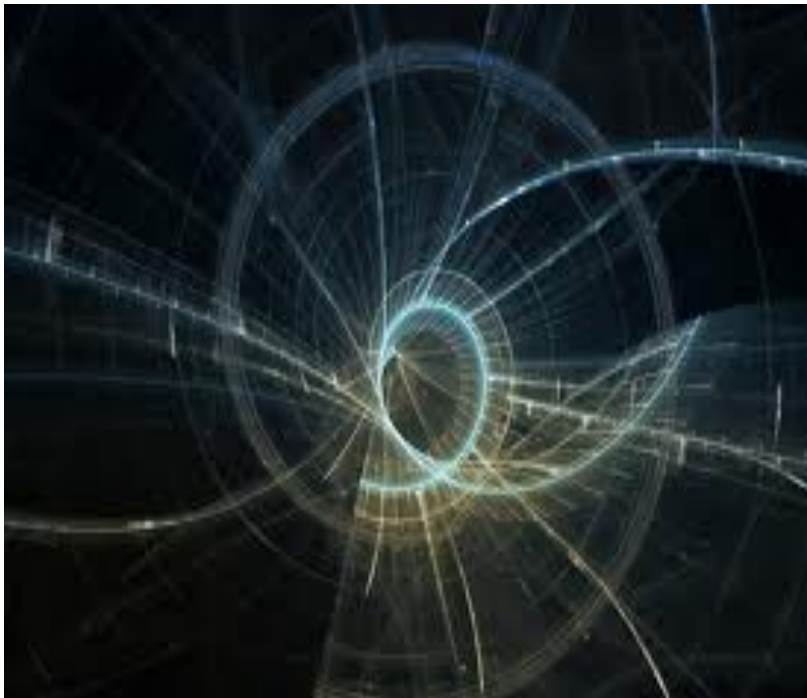
# License Agreement



## 17. Termination

- Termination date
- In which situations will the agreement be terminated?
- In which manner?
- How termination should be requested by a party?

# Thank you for your attention



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