Legal Contracts and Agreements

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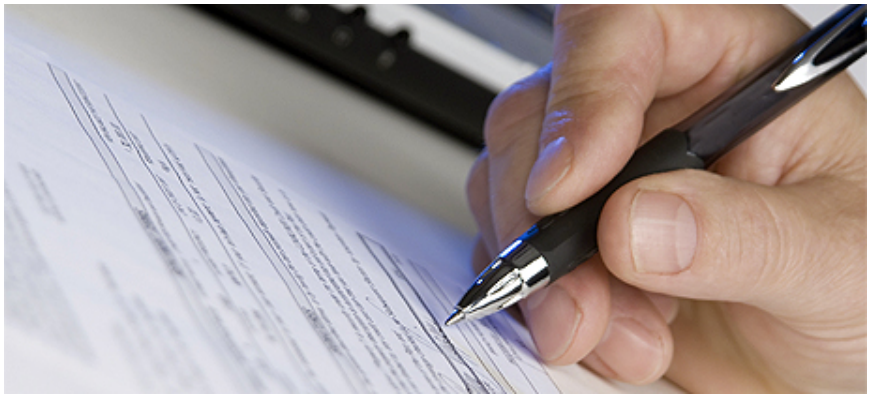
Partner

ET Cube International



Topics

- Incorporating a company
- Collaboration contracts and agreements
- Licensing Agreement
- Key terms
- License negotiation exercise

Innovation Management

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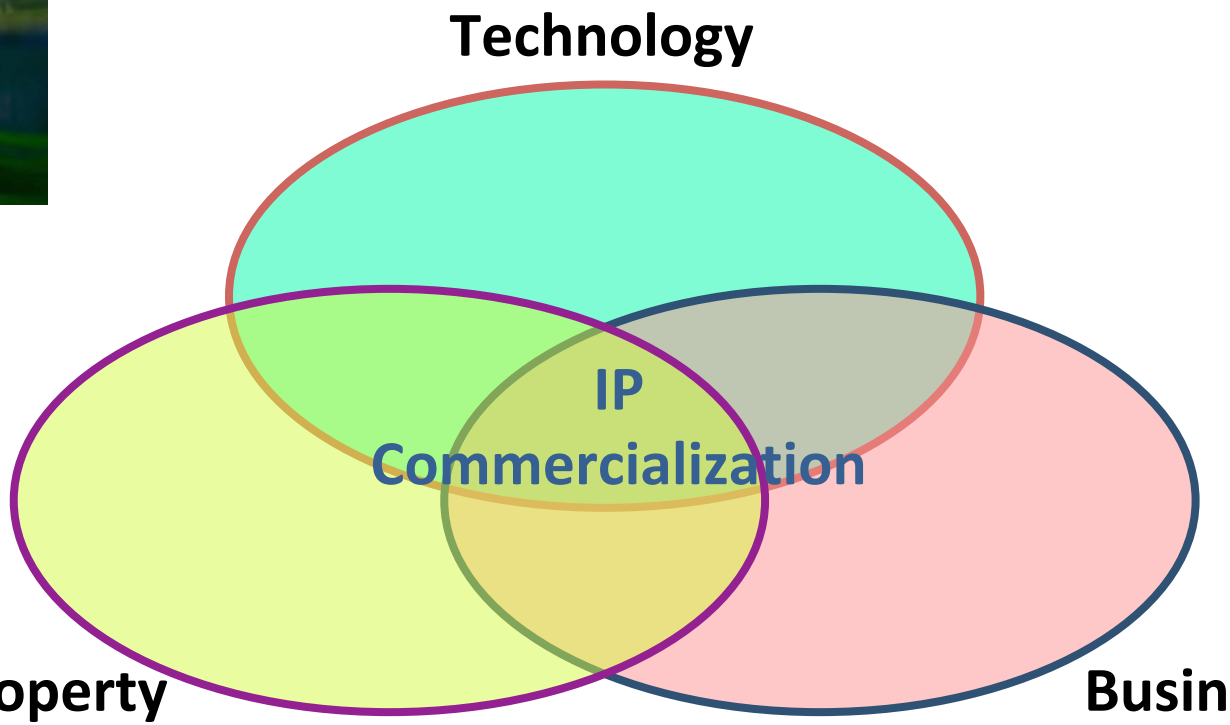

Incorporation of a company

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

Steps:

1. **Decide business structure of your company**
2. **Decide company name >> Registercompany name >> create company logo >> register TM**
3. **Register domain name >> brochure, webpage**
4. **Set management team and recruit employees**
5. **Business plan**
6. **Financial plan >> fundraising**
7. **Register, pay fees and get license (federal, local licenses)**
8. **Product Development/Prototype/Manufacturing Plan/Establish supply chain**
9. **Marketing/Distribution/Sales**

Legal Issues Related to a Start-up Company

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- Article of Incorporation
- Business Name Registration Form
- Domain Name Certificate
- Business License and Permit
- Employment Agreement

- Protection of IP (patents/copyright/TM/Industrial Design/ Plant Variety)
- Collaboration Agreements (e.g. R&D Collaboration Contracts, Licensing Agreement etc.)
- Technical regulations and standards
- Enforcement/Dispute settlement

From Laboratory to Market

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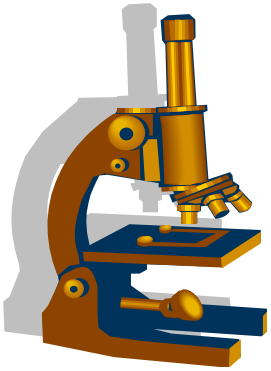


R&D

Patent application

Licensing

Start-up/ Spin-off

Commercialization

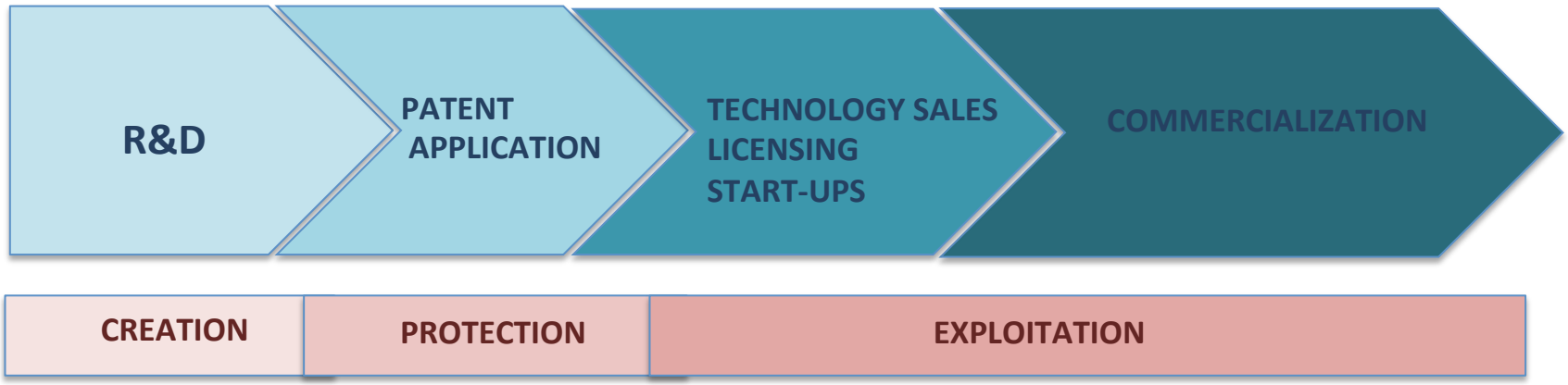
Technology Transfer

CREATION | PROTECTION | EXPLOITATION

Source: Yumiko Hamano, From Laboratory to Market

IP Commercialization

- Sales of IP (Acquisition)
- Licensing
- Start-up and Spin-off



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

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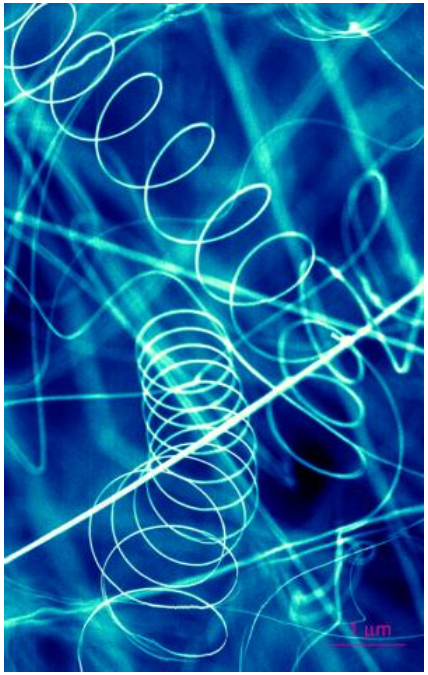
- Contract research agreement
- Collaborative research agreement
- Consulting/know how Agreement
- Material transfer agreement (MTA)
- Confidentiality agreement (NDA)
- Participation agreement
- Licensing agreement



Non Disclosure Agreement (NDA)

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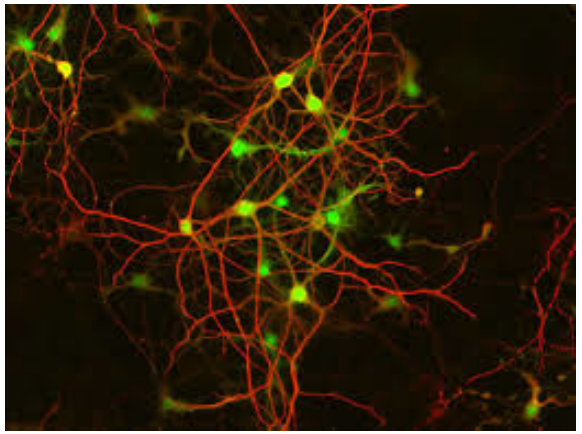
- Also called as “confidentiality agreement”
- Any information disclosed to another party
- NDAs prevent third parties from using the information disclosed without the permission
- NDAs are often exchanged before licensing negotiation
- Companies often request researchers to sign NDAs before entering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



Non Disclosure Agreement (NDA)

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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
- Duration

Non Disclosure Agreement (NDA)

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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, vectors, seeds, plants, and micro organism etc.) that are transferred for the purpose of research or commercialization
- Chemical compounds
- MTA ensure transfer of possession but not legal title

No Reverse engineering Clause

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- Prohibits the recipient of confidential information/material from using the information to develop a similar product.

- The clause is often included in a NDA/MTA/License Agreement

- Commonly used when the disclosed information is source code, product designs or other designs.

"No Reverse Engineering: Recipient shall not analyze, decompile, or reverse engineer or cause a third party to analyze, decompile or reverse engineer any Confidential Information for any purpose".

IP Licensing

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- A route of commercialization where an IP rights holder gives another entity the authority to exploit, make, have made, use, sell, copy, display, distribute, modify, etc. the IP - in return, the licensee will pay royalties

- The most popular and sustainable way of commercializing IPR

- Sharing business risks

- Managed through written legally bound agreements

- Agreements stipulate details of extent of rights of exploitation

Licensing Agreement

- Defines that what licensor and licensee agreed to license
- Defines what you allow the licensee to do with it and what legal rights both parties have
- Financial and payment conditions
- 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

Subject matter:

- 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?

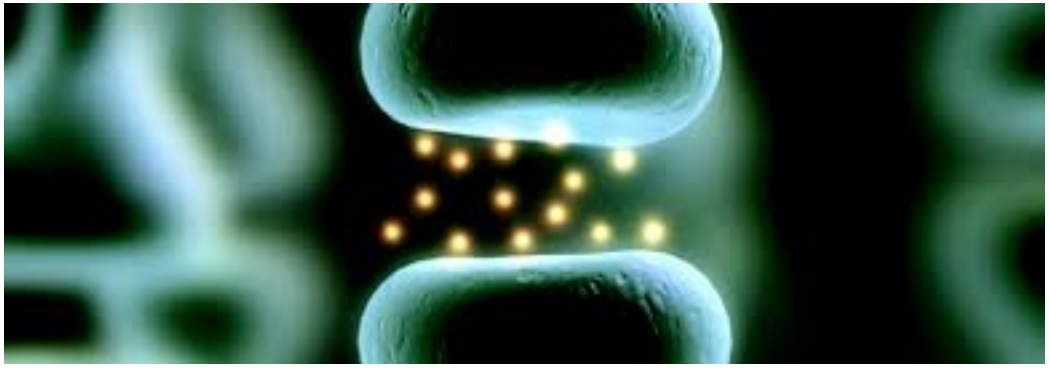
License Agreement

Field of use:

which purpose or technical field?

E.g.,

- Research purpose only
- In the medical field only
- Shoe industry only



License Agreement

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?

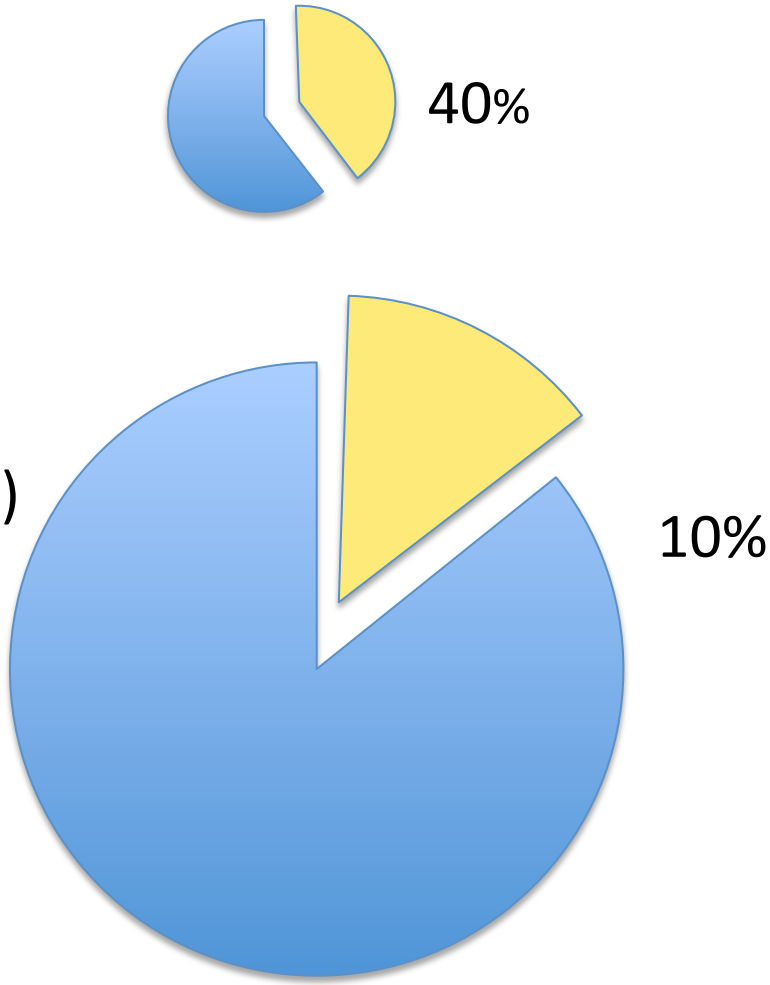
License Agreement

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 countries and non-exclusive for others?

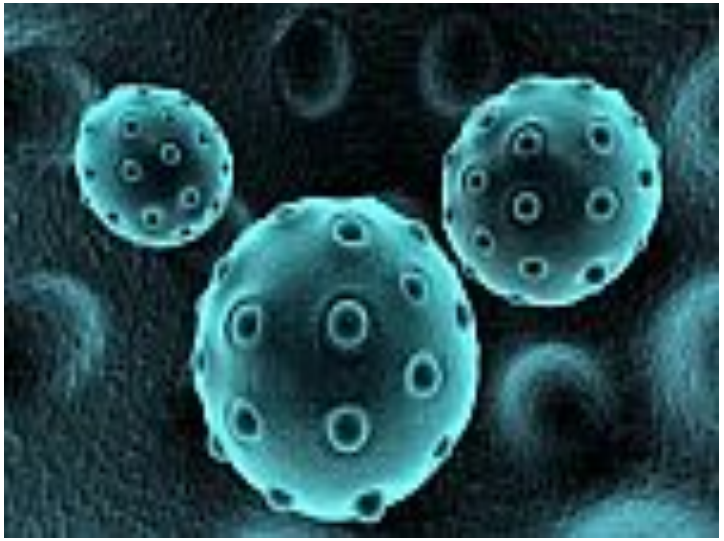


License Agreement

Territory:

- In which countries?
- Different conditions in different territory?

- Coverage of patents?



License Agreement

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Financial terms:

- Royalty (3-15%)
- 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

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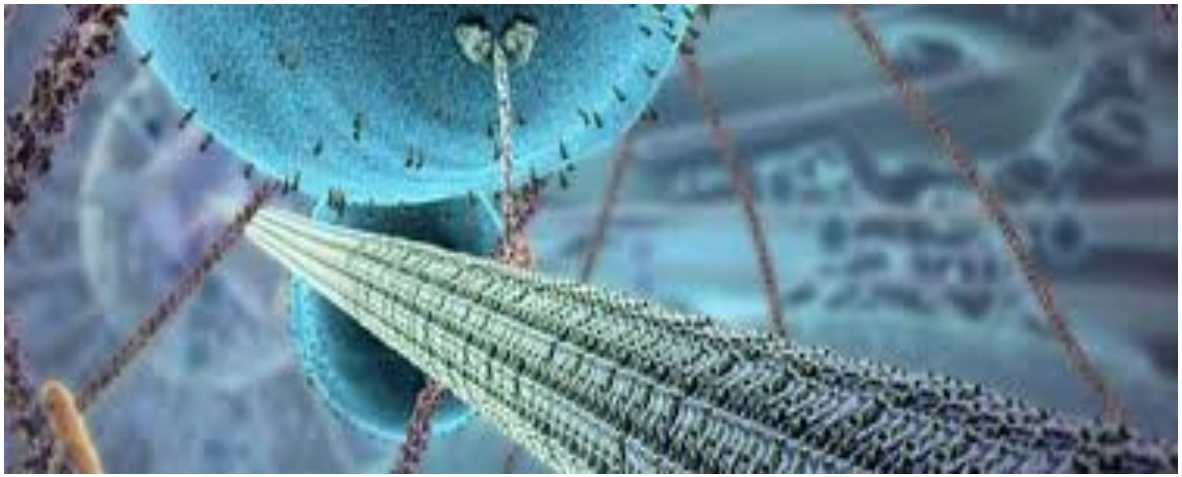
Future version of the technology:

- Development rights
- Derivative works
- Improvements



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Thank you for your attention

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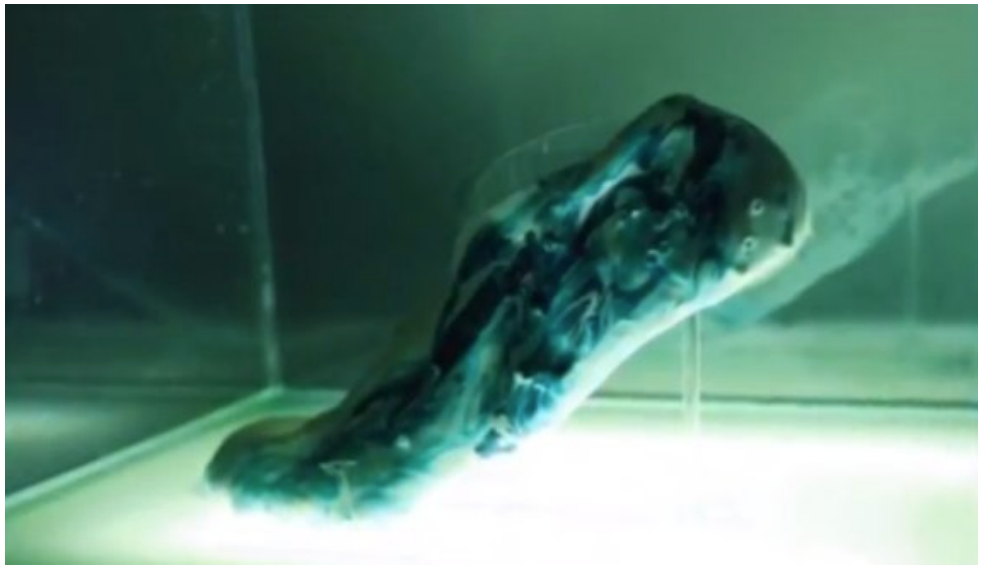

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Licensing Agreement Simulation Exercise

- Super Smart Shoes S^3 -

Image source: Google

University Invention S^3

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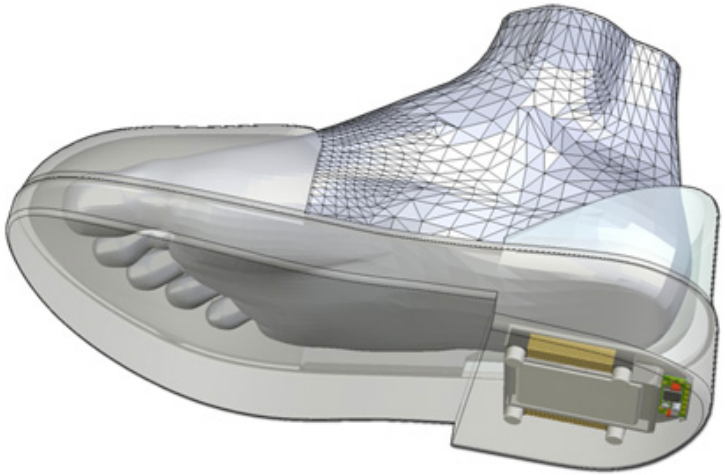

Super Smart Shoes "S^3"

A high tech shoes S^3 that monitors your health (Blood pressure, pulse, glucose level, weight, exercise impact, distance, calories consumed, regimen, location etc.)

University Invention

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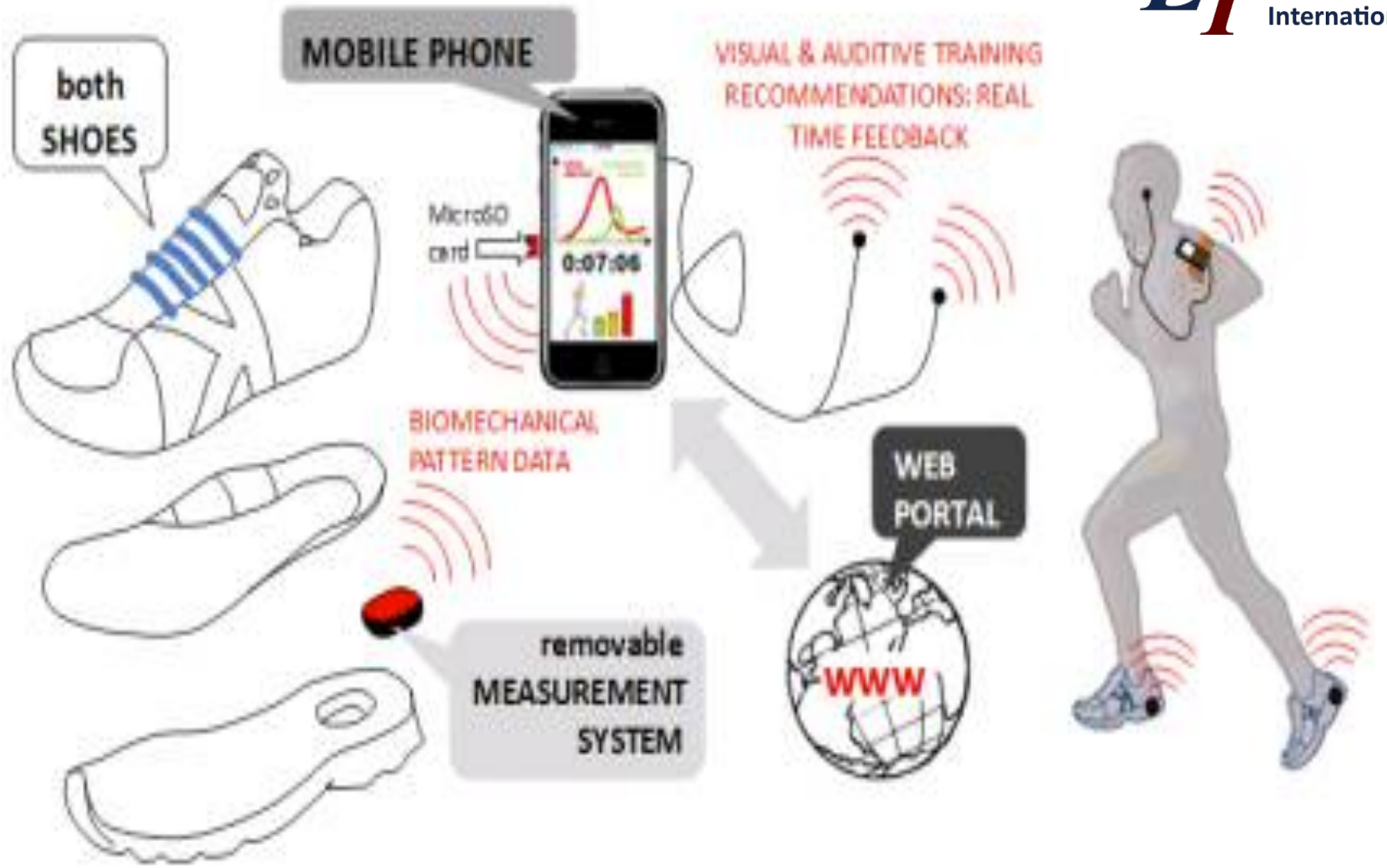
Inter-Faculty Collaboration

- Medical Research
- Biotechnology
- Material Science
- Nano Technology
- Computer Science
- School of Industrial Design(Design)



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Questions to Ask (for University)

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- Are there potential intellectual property assets?
- Is there any market for the technology?
- Would you file a patent application? If so, on what? Where?
- Would you like to create a start-up company and manufacture the products?
- Should I do collaboration/partnership? If so, on what? How?
- Would you sell the technology?
- Would you license out? If so, to who, why, where and in which conditions?

Question 1

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What potential IP do you identify in S^3?

IP in S^3

- Patents?
- TM?
- Industrial Design?
- Copyrights?
- Trade secret/ Know-how?

Question 2

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Who owns the S^3?

Assume that your University decided to license out …

Licensing Simulation Role Play

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University Group

- Trieste Technical University
- Invented S^3
- Wishes to commercialize it
- Wishes to market globally
- Wishes to license-out S^3

Company Group

- A medium-size high quality shoe maker located in Trieste – 6% Italian market and 2% specialized shoes market
- Interested in the smart shoes technology
- Wishes to manufacture
- Expand its business to high-tech shoes businesses
- Wishes to license-in the technology (Exclusive license)

Question 3

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What do you intend to license?

Question 5

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The Company wishes to test and make sure it works as claimed and wishes one of the professor-researchers to work as a consultant.

- **Can the professor work in the company while remaining as a faculty of the university?**

- **Should the University have a NDA and MTA with the Company?**

University IP Policy

States that,

"Professors shall devote their time to teaching and research activities, rather than commercial venture unless otherwise requested by the University. However, Professors may devote up to 32 hours of their working time per month to the consulting services. Such consulting services should be agreed upon a consulting contract signed by the both parties. The contrat is subject to the approval by the University."

Question 6

Should the university go for exclusive or Non-exclusive?

Question 7

How long should the duration of the license be?

Question 8

- How much should the Royalty be?
- How should the royalty be paid?

Future Development

Question 9

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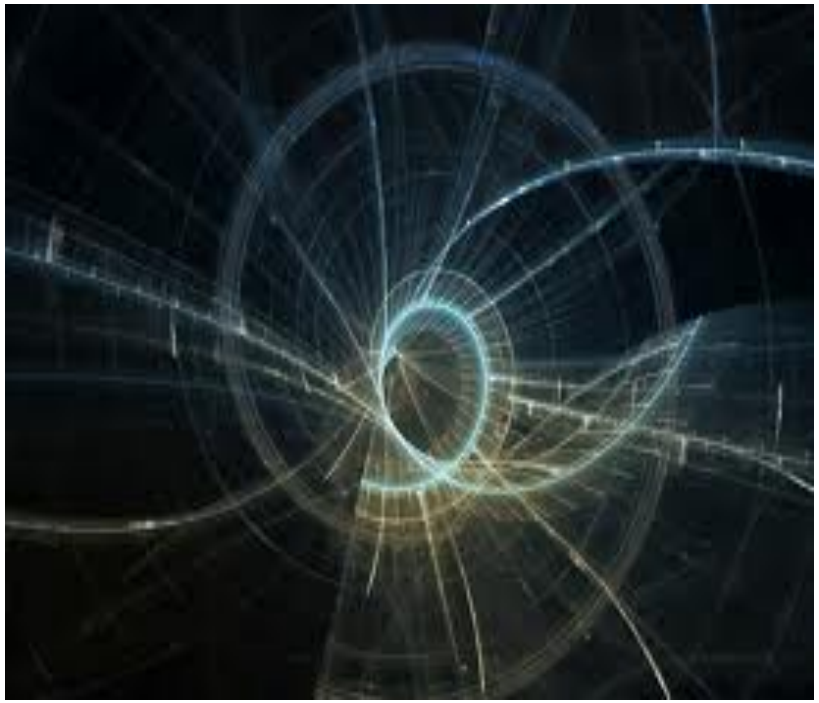
What development rights do the both parties have?

Thank you for your attention



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