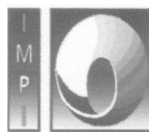


WIPO/INV/MTY/02/17

ORIGINAL:English

DATE:April2002



MEXICANINSTITUTEOF
INDUSTRIALPROPERTY



WORLDINTELLECTUAL
PROPERTYORGANIZATION



INSTITUTEOFTECHNOLOGYAND
SUPERIORSTUDIESOFMONTERREY

**INTERNATIONALWORKSH OPON
MANAGEMENTANDCOMME RCIALIZATIONOFINVENT IONS
ANDTECHNOLOGY**

organizedby
theWorldIntellectualPropertyOrganization(WIPO)
incooperationwith
theMexicanInstituteofIndustrialProperty(IMPI)
and
theInstituteofTechnologyandSuperiorStudiesofMonterrey(ITESM)
Monterrey(Mexico),April17to19,2002

LICENSINGAGREEMENTS FORTECHNOLOGYCREA TEDTHROUGHUNIVERSI TY
RESEARCHPROGRAMS

*DocumentpreparedbyDr.OliverKemper,DirectorofLicensing,BayernPatent,Fraunhofer
PatentCenterforGermanResearch(PST),Munich,Germany*

Examples

- ❑ Development of a balloon catheter for use in cardiology
- ❑ 1984 a merescientific idea at a university clinic
- ❑ Patent filed in Germany, then in Europe and USA
- ❑ Licensed to a young medical equipment company
- ❑ Negotiations result in 5% Royalty in countries where patent is granted substantially as filed; no down-payment, risk is appraised as high
- ❑ At the beginning of the nineties the market grows exponentially; patent is attacked in USA, Germany, Europe but holds
- ❑ Total revenues from this invention up to now more than Eur 25 Millions
- ❑ 1998 license is sold by its mother company to another US company - Price more than 2 Billion \$ - The public equates this with the value of the patent



MP3- Musicthroughtheinternet

- **Audio&Multimedia(AMM)**
- In thefieldof high qualitylowbit -rateaudio coding ,FraunhoferIIS-A istheleader amongthe international researchlabs .FraunhoferIIS-A hasbeenthemain developerofthemostadvanced audio codingschemes ,like MPEG Layer -3(mp3) andMPEG-2AAC(AdvancedAudioCoding).
- 20 basicpatentswithinabout10 yrs-
- PatentPortfolio substantiallydevelopedworldwide



MP3- Licensing

- <http://mp3licensing.com/> - <http://www.aac-audio.com/>
- **PartialListoflicensees:**
- Adobe,Apple,Bose,HewlettPackard,Intel,Microsoft,NECCorporation,
- Samsung,Sanyo,TDKCorporation,TexasInstruments,YamahaCorporation
- Licenserevenuesca.12.5MillionEurperyear,growingstrongly

Central Aspects

- Value of patent protection is very different in different areas of technology (Pharmaceutics - “service”)
- Third party financing guidelines and cooperation agreements are extremely important. You cannot exploit an invention that has not been secured to the university at the very beginning. It is here especially that mistakes most often occur
- Start-ups based upon IP may generally only be financed by venture capital if the IP is free of third party rights

Frequently encountered problems

- Existing or past cooperation with competitors (confidentiality)
- Novelty, consultation agreements
- In cooperation research the royalty-free use by the industry partner is only justifiable where the full cost of the university is paid by the industry partner
- §§ 40-42 Service of the old inventor ‘slaw lead to heterogeneous inventions
=> mixture of free and service invention)
=> shares in the invention are not contractually defined

Positive Aspects of University Inventions

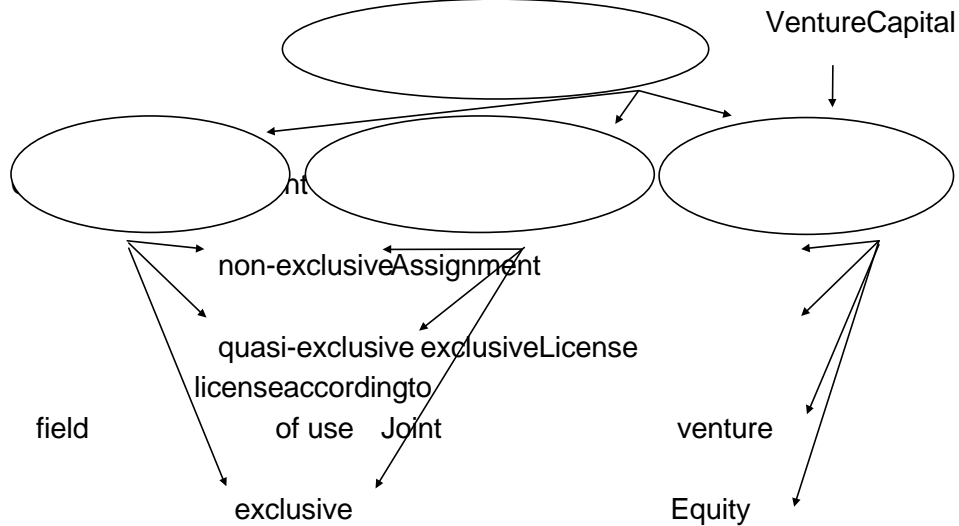
- Trust in the inventor
- Based on years of experience, the inventors usually have intimate knowledge of the markets
- Broad know-how based on experience of the inventors (state of the art, competing developments)
- Continuity in the collaboration with a future licensee which also enhances further development of the invention

Positive Aspects of University Inventions

- Some inventions are very developed, which results in low cost of development for the licensee
- Universities have access to public funding for research which may be used for further development of the invention
- Founding start-ups is simplified



Deal Models for University Inventions



Conclusions

- Successful licensing requires long time periods
- The inventor by himself has little chance of achieving the maximum out of his invention: When money is made from the invention, legal challenges will develop
- Mistakes made at the beginning of the work (cooperation agreements, third party funding, patent law, service inventor 'slaw') may be cured (if at all) with large effort
- Inventors should be given the possibility to work with experienced professionals - if it will be worth the effort if the technology is developed successfully
- 50% of something is better than 100% of nothing

Thank you for your attention