

# Commercialising Research

## IP Issues In Contracts and Licensing Agreements

# Road Map

- Context
- Contract Specific Issues
- Structure of License Agreement
  - IP Issues In Context
- IP Related Issues
- License vs Assignment
- “Awareness” Qualification

# Context

As this seminar is for at the Managers of Science Parks and Incubators the context used for identifying IP Issues in Contracts is:-

Sponsored research to develop IP with the objective of obtaining Licenses to work the IP for gain in a company

IP arising from research (more complex issues) – typically university

Licenses for working Intellectual Property to Develop & Market Products not end user licenses to eg software

Could be “orphan” IP from another company

# Contract Issues

- Commercial Terms
- Ownership as a result of sponsorship
  - Level of funding
  - Development vs Research
  - R&D contract as commercial endeavour
- Deliverables from Contract ?
- Option to license
  - Access to Background
  - Terms for Foreground
- Formal Protocol

# Structure of Licence

- IP Definition
- Territories & Fields of Use
- Degree of Exclusivity
- Commercial Terms
  - Fee
  - Milestone Payments
  - Royalty
  - Performance
- Term & Renewal
- Management & Audit
- Warranties & Indemnities
- Breach and Termination
- Legal Jurisdiction

# IP Related Issues

- Definition of IP
- Ownership
- Disclosure
- Improvements
- Competitive IP
- Actions on Infringement
- Warranties on Infringement

# Definition of IP

- Patent Property
  - Inventions & Rights to File
  - Diligence on Prosecution
  - Granted Patents
- “Know How”
  - Definition
  - Academic Freedom
- Copyright

# Ownership

- Rights to Claim Title
- Sources of Funding
  - Prior Encumbrances
  - Consultancy Agreements
  - Co-mingling of Funds
- Inventorship
- Warranties & Indemnities



# Disclosure

- Prior publication
  - Destruction of “Novelty”
  - “Year of Grace” in US
- Details of disclosures
- Distribution of Software
- Licensor’s “Due Diligence”

# Improvements

- Future IP from Research Group / Inventor
  - “Informed Consent” Issues
  - Inventors’ rewards
- Improvements to Licensed IP
  - By Licensor
  - By Licensee – Back Licence for Research

# Competition

- Competitive IP from Licensor
- Freedom to Continue Research
  - Inventors
  - Different technologies / same application
- “Managed Organization” ?
- “Awareness”

# Actions on Infringement

- Awareness / Notification
- Cooperation
- Cost / Damages Recovery & Sharing

# Warranties on Infringements

- “Reach Through” Rights
  - Creation of IP with “Research Tools”
- Sufficiency of IP

# Warranties on Patent Grant

- Often sought by Licensee
- Awareness of Prior Art

# Licence vs Assignment

- Assignment Sought by Investors
- Potential to “lock up” IP if company fails
- Simplifies Management
- Phasing
  - Licence
  - Call option to take assignment

# Qualification of “Awareness”

- When is a University “Aware” ?
  - One Student who has no connection with the licence is “aware”
  - One Professor in a different department is “aware”
  - The inventor is “aware”
  - The responsible office of the University is “aware”
    - Having made all reasonable enquiries !



# Close

Despite the difficulties and complications Research Institutions are becoming increasingly competent at management of IP and successful licence agreements do frequently occur !