



# Negotiating R&D and licensing agreements

The perspective of a biotech SME

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# AROMICS

A biotech SME applying the “OMIC” sciences in the R&D drug development process in order to develop novel drugs and diagnostic methods to target unmet clinical needs and improve patients’ quality of life.

INDICATION	PRODUCT	DESIGN	DEVELOPMENT	PROTOTYPE
INFECTIOUS DISEASES	Bugcheck			
	Immunolegio			
	Pathomilk			
	Cleanhive			
	Hilysens			
NEUROLOGICAL DISEASES	Tendercheck			
HORMONAL DISEASES	Ovultest			
DRUG SCREENING	Autoscreen			

PROJECT	DISCOVERY	SYNTHESIS	PRE-CLINICAL
	Market Identification	Market Validation	Early Late

INTERNAL	ARO-01 (Alzheimer)		
COOPERATION	SMART (Infectious diseases)		
	BERTA (Oncology)		

\*Our R&D developments are partially financed through European Union, National, Regional and Private funding.

## Diagnostics

**AROMICS** partners relevant scientific, technological and industrial actors for its developments in the diagnostic field, focusing on health (human & animal), agro-food and environment sectors.

## Therapeutics

**AROMICS** is actively involved in internal & collaborative R&D projects with pharmaceutical and biotech companies for developing new effective and safer drugs.



## Why SMEs are interested in these things?

- To expand their capacity and reputation
- To gain access to venture capital
- To obtain public funding
- To trade long-term risk for short-term benefit

**successful negotiation = survival**

R&D and licensing create long-lasting collaborations...

...between partners with different backgrounds

...originating from different countries

**strategy**

**+**

**communication**



## Particular challenges for biotech SMEs

Biotech SMEs seek to transform knowledge into business opportunities through effective knowledge management, but...

- are often led by scientists with little or no experience in knowledge and IP management
- may become greatly dependent on public funding, in projects where they end up “consuming” their knowledge
- often overlook completely the process of due diligence



## Particular challenges for biotech SMEs

Biotech SMEs enter the negotiation process at early stages of development, when...

- business risks are high and benefits unpredictable
- technological developments are hard to foresee
- information is often protected only by confidentiality



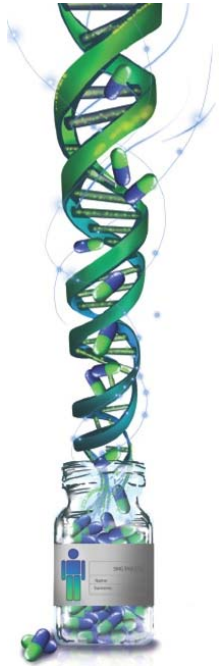
## Negotiation pitfalls

Trying to negotiate on *everything* that *may* happen

- Early negotiation has its limits
- A good basis for future negotiation may work better than a contractual clause drafted in the dark

Creating conflicting relationships with different R&D partners

- Confidentiality, further research, exclusivity
- IP training to employees and laboratory notebooks



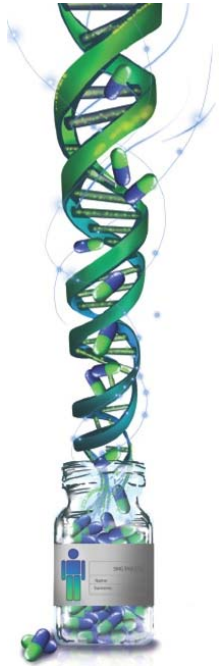
## Negotiation pitfalls

### Broadly defining the field-of-use or field-of-work

- R&D results can have many applications, some surprising
- Concessions are easier for unpredictable developments

### Failing to establish a clear ownership/exploitation regime

- Very generic joint ownership clauses
- Need to identify the parties' real exploitation interests



## Two illustrative case studies

### Negotiating an R&D agreement with a bigger company

- How to establish the value of knowledge against the value of expensive samples and material for testing?
- How to protect confidential information in an R&D effort monitored by regulatory agencies?
- We ended up with a much simpler agreement than the one we were negotiating!

### Negotiating a patent license with a research institute...

- You can buy our patent for 1 million euro
- How did you establish this price? Why 1 million?
- And why do you think it does not worth 1 million?
- ...





Thank you!

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