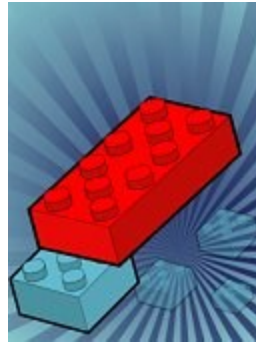


SUCCESSFUL TECHNOLOGY LICENSING (STL)

Key Terms of a Licensing Agreement

Cluster I an II : Subject Matter and Scope



The key terms of a licensing agreement - are the vital elements in the structure of the licensing agreement.

Key Terms

The Four Clusters

- I. Subject Matter: What is licensed?
- II. Scope: What can you do with it?
- III. Financial: What value is it?
- IV. Upgrades and maintenance: What will happen with it in the future?

Key Terms and Business Objectives

- Key Terms are Inter - Related with Business Objectives of the Negotiating Parties.
- What do you want to achieve with the licensing agreement will influence your options related to key terms!
- What is essential for you?

Key Terms and Business Objectives

What is the **business reason** for the license?



- What must you gain in order for this agreement to be **worthwhile**?
- What is the **best result** that can be obtained?
- What outcome do you want to **avoid**?
- From a business perspective, is the best result a license to IP rights only (“**pure IP license**”) or a broader set of related agreements (“**business partnership**”)?
- In what specific ways will this license **make money** for your business?

Key Terms and Business Objectives



- Define Your Business Objective !
- Starting Point in Development of Your Negotiation Strategy.
- Achieving Business Objective – Guiding Principle During the Negotiation.
- “Win – Win” Solution – Corresponds to the Business Objectives of Both Parties.



Chapter III: Cluster 1

The Subject Matter – Licensed Intellectual Property

The Subject Matter

What are you licensing? Define
and Include

Relevant Documentation

- Patent No. _____
- The trademark _____
- A protocol
- All rights necessarily infringed by the X Standard
- The X technology
- Formula (to be completed....?)
- The Product
- The Licensed Material
- Documentation
- Schematics
- As set forth in Appendix A...

Common Problems

- Who owns the IP?
- Unfinished development
- Patents not issued
- Multiple parties
- Pending claims
- MOUs or Letters of Intent
- Best efforts, good faith

How Can You Clarify the Subject Matter?

- Confidentiality Agreements
- Prototype agreements
- Feasibility studies
- Interim agreements addressing cost
- Consultations with lawyers, experts
- Study of documentation, databases
- Study competing products

Example – Smart Turbine Technology

- Smart Turbine (SM) is a wind and solar energy collector;
- Highly efficient due to specific turbine design, and also use of a new durable photovoltaic (PV) thin film;
- Both elements of the system are integrated by using software to measure the energy flow and to increase synergy between the wind and solar elements;
- Whenever the wind ceased, the solar collection intensify;
- Whenever the sky is cloudy, the wind system become dominant.

II. What the Licensor Want to License OUT

Patent 1 (Turbine)

Patent 2
(Integration System)

Patent 3 (Thin Film)

Ind.
design

5. Claim

5. Claim

5. Claim

6. Claim

6. Claim

6. Claim

7. Claim

7. Claim

7. Claim

Copyright
(Technical Documentation)

Know-how

Trademark

I. What the Licensee Wants to License IN

Patent 2 (Integration System)
1. Claim
2. Claim
3. Claim
4. Claim
5. Claim
6. Claim
7. Claim

Patent 3 (Thin Film)
1. Claim
2. Claim
3. Claim
4. Claim
5. Claim
6. Claim
7. Claim

Copyright
(Software, Schematics, Documentation)

Trade Secrets
Know-how


Subject Matter of the Imaginative “Smart Turbine” Licensing Agreement

	Patent 1 (Turbine)	Patent 2 (Integration System)	Patent 3 (Thin Film)
Ind. design	1. Claim	1. Claim	1. Claim
	2. Claim	2. Claim	2. Claim
	3. Claim	3. Claim	3. Claim
	4. Claim	4. Claim	4. Claim
	5. Claim	5. Claim	5. Claim
	6. Claim	6. Claim	6. Claim
	7. Claim	7. Claim	7. Claim

Copyright
(Software, Schematics, Documentation)

Trade Secrets
Know-how

Trademark



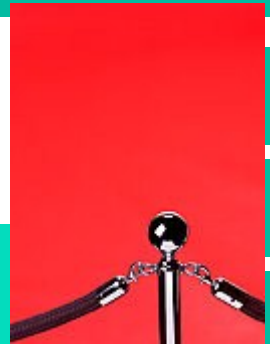
Chapter III: Cluster 2
The Scope of the Rights

Scope of Rights



- What and how broad rights your business model require?
- Make, have made, use, sell, import, transfer, make improvements?
- Copy, display, modify, make derivative works, distribute, transfer?
- Conduct research and product development?

Scope: Exclusive rights?



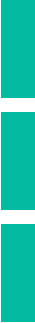

- A necessary risk (for Licensor)?
- What arguments can Licensee make for?
- What arguments can Licensor make against?
- Possible means of protection against a lazy, dishonest, or ineffective licensee:
 - Minimum Royalties
 - Time Limitation of Exclusivity
 - Inefficiency as a Trigger for Contract Termination

Scope of Rights

- Sublicensing? (consent required?)
- Field of use restrictions?
- Geographic territory?

Common Problems in Cluster 2

- Scope too broad
- Scope too vague
- Scope too restricted (e.g. no right to sell)
- Exclusivity granted without protections
- Unclear how sublicenses are administered
- Grant backs that prevent the licensee from creating advantage
- Meaningless options



- Thank you for your attention and comments!

olga.spasic@wipo.int