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 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

Ind. design

- Patent 1 (Turbine)
- Patent 2 (Integration System)
- Patent 3 (Thin Film)

5. Claim
6. Claim
7. Claim

5. Claim
6. Claim
7. Claim

Copyright
(Technical Documentation)

Know-how

Trademark
I. What the Licensee Wants to License IN

### Patent 2
(Integration System)

<table>
<thead>
<tr>
<th>Claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
</tr>
<tr>
<td>4.</td>
</tr>
<tr>
<td>5.</td>
</tr>
<tr>
<td>6.</td>
</tr>
<tr>
<td>7.</td>
</tr>
</tbody>
</table>

### Patent 3
(Thin Film)

<table>
<thead>
<tr>
<th>Claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
</tr>
<tr>
<td>4.</td>
</tr>
<tr>
<td>5.</td>
</tr>
<tr>
<td>6.</td>
</tr>
<tr>
<td>7.</td>
</tr>
</tbody>
</table>

---

**Copyright**
(Software, Schematics, Documentation)

**Trade Secrets**
Know-how
## Subject Matter of the Imaginative “Smart Turbine” Licensing Agreement

<table>
<thead>
<tr>
<th>Patent 1 (Turbine)</th>
<th>Patent 2 (Integration System)</th>
<th>Patent 3 (Thin Film)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Claim</td>
<td>2. Claim</td>
<td>2. Claim</td>
</tr>
</tbody>
</table>

### 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
  • Ineffeciciency 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