

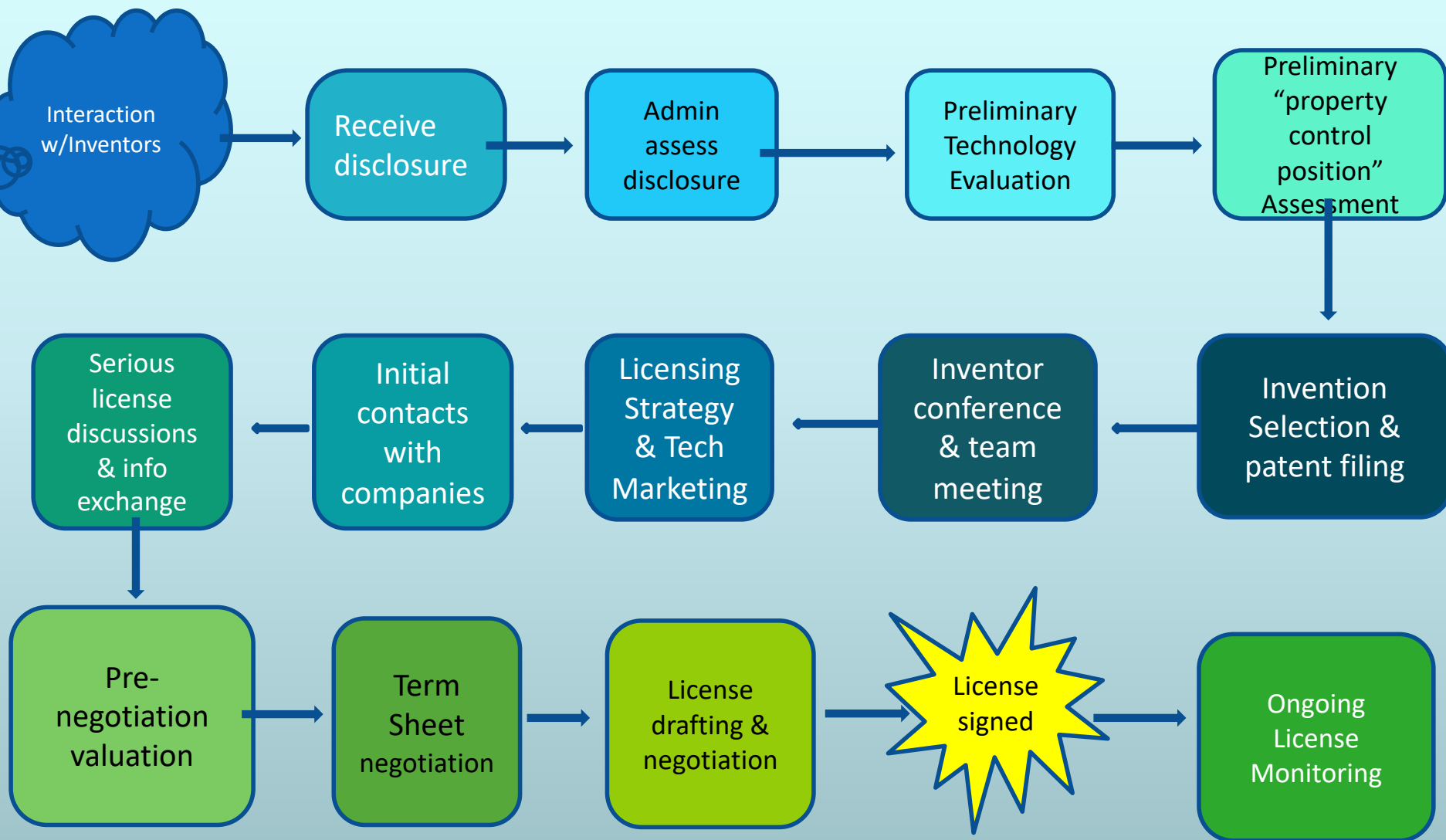
# **Guidebook of IP/Technology Transfer**

# **Track 1**

## **Entry-level Tech Transfer Professional**

### **Topic 1.2**

#### **Understanding the Technology Transfer Process**



## The IP/invention Commercialization Process



## Receive disclosure

- This is where the process formally begins
- Initially all you need is: title, inventors, description
- Treat the disclosure like it's a \$10,000 bill (very carefully!)
- Make sure it is properly registered into the system
- Schedule an appointment with the inventor(s) right away
- Start doing your homework about the invention

## The IP/invention Commercialization Process

## Administrative Assessment of disclosure

- All inventors named (and only inventors)
- What is the institutional affiliation of all inventors?  
(ownership issues)
- Sponsorship? Who funded the work? Do they have IP rights?
- Publications planned or submitted? Timing?
- Did inventors use 3<sup>rd</sup> party materials (MTA?)

The IP/invention Commercialization Process

## Preliminary Technology Evaluation

- What is the invention exactly?
- How does it work?
- What makes it unique?
- Is it superior in some way?
- What problems does it solve? What opportunities does it create?
- Are these problems of economic importance?
- What applications are important and why?
- Is the marketplace potentially profitable?
- Are there any inherent flaws that will make commercialization difficult?

Study the disclosure, do the homework

Make a list of questions. Meet with the inventor, be curious

Ask ??s

# The IP/invention Process Commercialization

- Prior art search – formal and/or informal
- Patentability opinion
- Potential scope of claims meaningful?
- Will potential claims be enforceable?
- Publication schedule
- Other IP possible?
- Tangible biological material?
- Trade Secret possible and appropriate?

Preliminary  
“property  
control position”  
Assessment

The IP/invention Commercialization Process

- Can you make a compelling case for the commercial potential?
- Is the potential “property control position” sufficient?
- Are you convinced that you can convince others of it’s potential?
- Will the inventor(s) be helpful? Are they committed?
- Get going in parallel: patent filing & tech marketing

Invention  
Selection &  
patent filing

### **Other factors**

- Inventor’s longevity at institution is important
  - “Capturing” a potentially good inventor/client
    - Scientific reputation of inventor(s)
      - Are there humanitarian/philanthropic issues?

## The IP/invention Commercialization Process



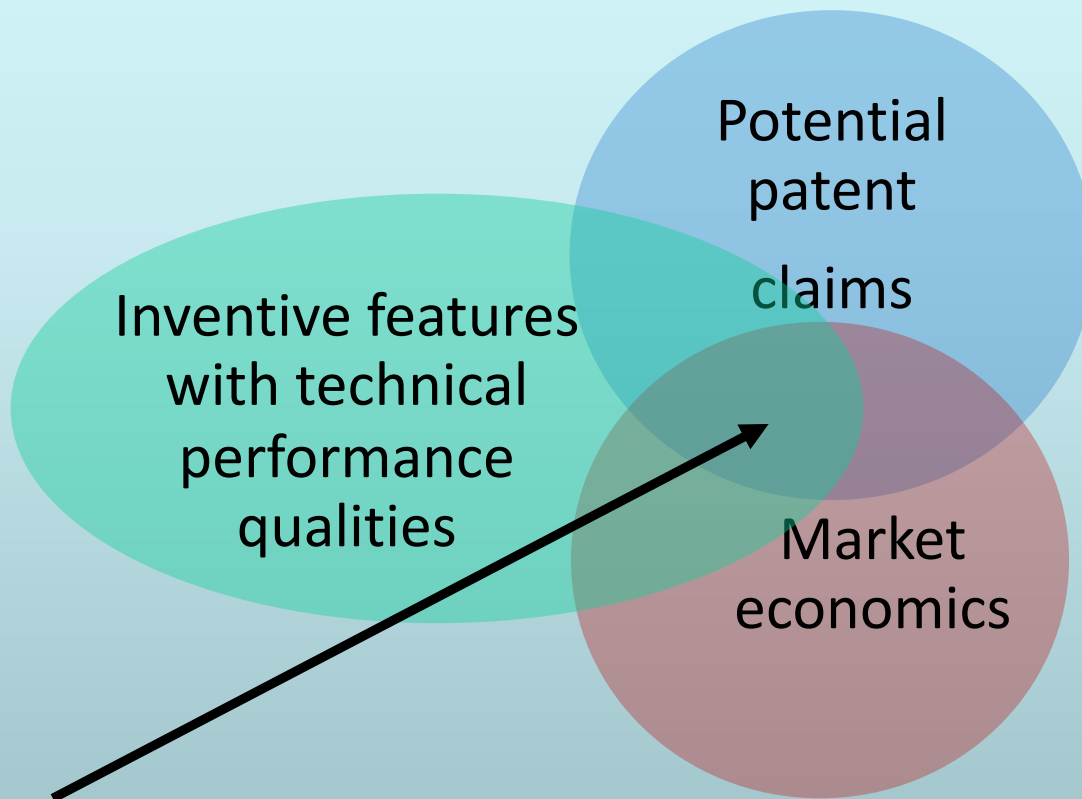
# Triage Statistics

- 50%** of all inventions will never be licensed, regardless of how much effort is put into technology marketing
- 50%** of all inventions have some potential to be licensed **IF** you proactively find partners, **AND** you have good timing and luck
- 25%** of all inventions will be licensed eventually, but only with proactive technology marketing

# How do you find the 25%?

Thoughtful evaluation and this 4-step approach:

1. Define the inventive features and their technical performance qualities
2. Determine the Property Control Position (IP & bioproperty) quality and its relation to the performance qualities
3. Link technical performance to market relevance (economics)
4. Connect technical performance, market relevance,  
Property Control Position



Invest in these: inventions with superior performance, market relevant economics, and meaningful patent claims

- The TTP and Inventor(s) are a team
- TTP handles business & IP aspects
- Inventor handles technical details
- Team meeting: each discusses and knows their respective role
- Inventor does not negotiate the license
- TTP does not manage technical aspects
- TTP and Inventor agree on general commercialization approach

Inventor  
conference  
& team  
meeting

## The IP/invention Commercialization Process

- The TTP formulates the license strategy: exclusive vs non-exclusive, field-of-use, etc
- Global vs only in TTO's country
- Start-up?

Licensing  
Strategy  
& Tech  
Marketing

- The TTP conducts market research to identify potential licensees; research determines key contacts in target companies
- Tech Brief written; inventor prepares a data dossier
- Outreach to target companies
- Follow-up and dialogue with potential licensees

## The IP/invention Commercialization Process

Initial  
contacts  
with  
companies

- TTP makes initial contact with key person in potential licensee company
- TTP orchestrates dialogue with company, inventor, and TTO
- NDA/Confidentiality Agreement implemented by TTP, as necessary
- Technical and business dialogue with company orchestrated by TTP, and involving inventor(s)
- Face-to-face meetings, if possible; laboratory visit


## The IP/invention Commercialization Process

Serious  
license  
discussions  
& info  
exchange

- Company indicates serious interest in licensing technology
- TTP and company-negotiator have initial discussion of licensing framework and basic terms
- TTP confers with inventor(s) to be sure of alignment on licensing strategy and basic terms
- TTP orchestrates information exchange between inventor(s) and company technical counterparts

## The IP/invention Commercialization Process

- TTP to develop a rational basis for an opening negotiating position
- Use one or more approximation methods for a “sense of value”
- Know the inventiveness, PCP quality, and market relevance
- The pre-negotiation valuation is the STARTING POINT for a give-and-take negotiation between licensor and licensee negotiators
- It IS NOT a “take it or leave it” position



Pre-  
negotiation  
valuation

## The IP/invention Commercialization Process




- TTP drafts the first Term Sheet
- The basic terms of a license – it's concise (e.g., bullet points)
- The Term Sheet is the “arena” where licensor and licensee work out their negotiated terms and conditions
- The Term Sheet goes back and forth – in several iterations
- Use Track Change to indicate each and every change
- Keep track of which version is latest (use a date-label



## The IP/invention Commercialization Process

- The TTP has a license template ready to use
- The TTP should know their license template “inside and out”
- The TTP takes the agreed-to Term Sheet and carefully puts those terms and conditions into the license template
- Be very careful of “cutting and pasting” process – use careful wordsmithing – start at the beginning and go word-by-word through the entire document



License  
drafting &  
negotiation

## The IP/invention Commercialization Process

- The TTP either signs (if authorized) or arranges the signing by an authorized person
- It's a good idea to have the person responsible for future monitoring of the contract review prior to signing to make sure they understand all the agreement provisions and language
- Typically, there are two original signature copies: one for licensor, one for licensee
- It is very important to archive the license in a way that provides for easy monitoring and review for compliance.



## The IP/invention Commercialization Process

- It is recommended that key terms of the license agreement be entered into a digital database for future compliance management
- The TTP-negotiator and the contract-compliance person or team should execute some form of “hand-off” of the agreement so that there is no loss of knowledge about the contract, the meaning of its provisions, and nuances of implementation
- A contract database should be established for regular monitoring of all signed agreements.
- All timing-based terms (e.g. annual milestone payments) will be easily flagged by the system, and followed up by the contract compliance team.
- All event-based terms (e.g., event-based milestone payments) can be managed by a systematic and comprehensive review of all signed contracts.

Ongoing  
License  
Monitoring

## The IP/invention Commercialization Process

**Track I, Topic 1.2**  
**Elements of Technology Transfer**

**Thank You**