

Guidebook of IP/Technology Transfer

Track 3

Advanced-level Tech Transfer Professional

Topic 3.17

Technology Transfer: Tricks of the Trade

Getting a License Deal Done

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Getting a License Deal Done

What do we mean, “tricks of the trade”?

- It **DOES NOT** mean any devious, dishonest, unscrupulous, or manipulative strategy or tactic
- It **DOES** mean using exceptional techniques that make the “people-part” of the process proceed as smoothly as possible
- These techniques learned through many years of experience in technology transfer
- Experience with hundreds of negotiations: what works/what doesn't

Getting a License Deal Done

Framing the Negotiation

- It's a two-way dialogue between licensor and licensee
- Transparency, honesty, fact-based negotiations
- Licenses must be sustainable – they're long-term relationships, unlike a sale
- Establish lines of communication, be clear on lines of authority and the decision-making process

Getting a License Deal Done

The negotiation is like an engineering problem

- both sides are working to solve it
- It's not an adversarial competition
- Mutually agree on the stage of development of the invention/IP, and what's needed to advance it
- Have a sound rationale for your financial-term expectations (do some form of pre-negotiation valuation)
- Keep in mind: licenses are like marriages; they are long-term relationships, so the negotiation should be the beginning of building a lasting relationship built on trust

Diligently and in good faith, work towards mutual agreement on:

- The enabling value of the IP/technology in the future product or service
- The product's market characteristics, margins, market size and share
- Use the above to arrive at:
 - a rational license fee,
 - royalty structure and amount
- While you're negotiating, don't lose sight of their risk
- Be aware of royalty-stacking issues, and accounting complexities
 - avoid and/or mitigate these issues where possible

Getting a License Deal Done

- Agree on the “technology readiness level” of the technology, what is needed for commercialization, the R&D time-line and required investment
- Agree on any special development hurdles and commercialization barriers, including costs to overcome, and timelines
- Discuss how the parties can and will collaborate on the development/commercialization process
- Establish the whole development equation:
creation -> testing -> validation -> development -> commercialization

Tricks of the Trade:

Getting a License Deal Done

- You're on the same side of the table – this is a design problem for both sides.....
.....not poker!
- Hold firm to your assumptions and valuation....but be prepared to adjust with their persuasive arguments good supporting data, and better information
- Be creative in how to capture value and share risk
- Be empathetic and understand each other's needs and risk
- Transparency, full-disclosure, honesty, develop a personal reputation as a “straight shooter”
- Listen more than talk – use info to your advantage

Tricks of the Trade: Getting a License Deal Done

- Understand the technology
 - (not every detail, leave that to the inventor)
- Know the IP situation thoroughly (the smartest in the room)
- Get emotional commitment by inventors
- Do the homework (competing technology, industrial applications, potential licensees)
- Maintain momentum in discussions
 - Don't let unimportant details distract/derail the process)
 - Defer some problematic issues until after the “tenor of agreement”/main points reached
- Focus on points of agreement, set aside disagreements to allow “cooling off” and reflection

Tricks of the Trade:

Getting a License Deal Done

- In negotiations, be creative in satisfying each party's needs
- Always honesty, transparency
- Of course, there's always room for some strategizing on negotiation positioning
- No bargaining: use rational arguments and data
- Develop rapport/be empathetic
- Seek win-win
- Engineer solutions – design it so it will fly, sustainably
- Focus initially on areas of agreement and use that positive basis to move onto difficult areas of disagreement

Tricks of the Trade: Getting a License Deal Done

- Be as creative as you need to be to create a sustainably “win-win” structure for each party
- But, don’t be more creative than necessary there is no virtue in complexity, complexity is a source of potential problems
- Create good rapport with negotiator counterpart, through the negotiation process (you’re likely to need it later)
- Designate someone on each side to be “caretaker” of the partnership
- While seeking win-win, be creative and look for various ways to solve points of disagreement, try to not get stuck in a position

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Getting a License Deal Done

Remember:

this is technology TRANSFER

getting the deal done is your job
and your responsibility

The Successful TTP's Personality Traits

Intelligence (especially emotional)

Flexible and resilient

Optimistic

Friendly, kind, caring

Enthusiastic

Creative

Sense of humor

Sound ethics, good moral compass

Social good a goal

Integrity & good reputation

THANK YOU

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Thank you