



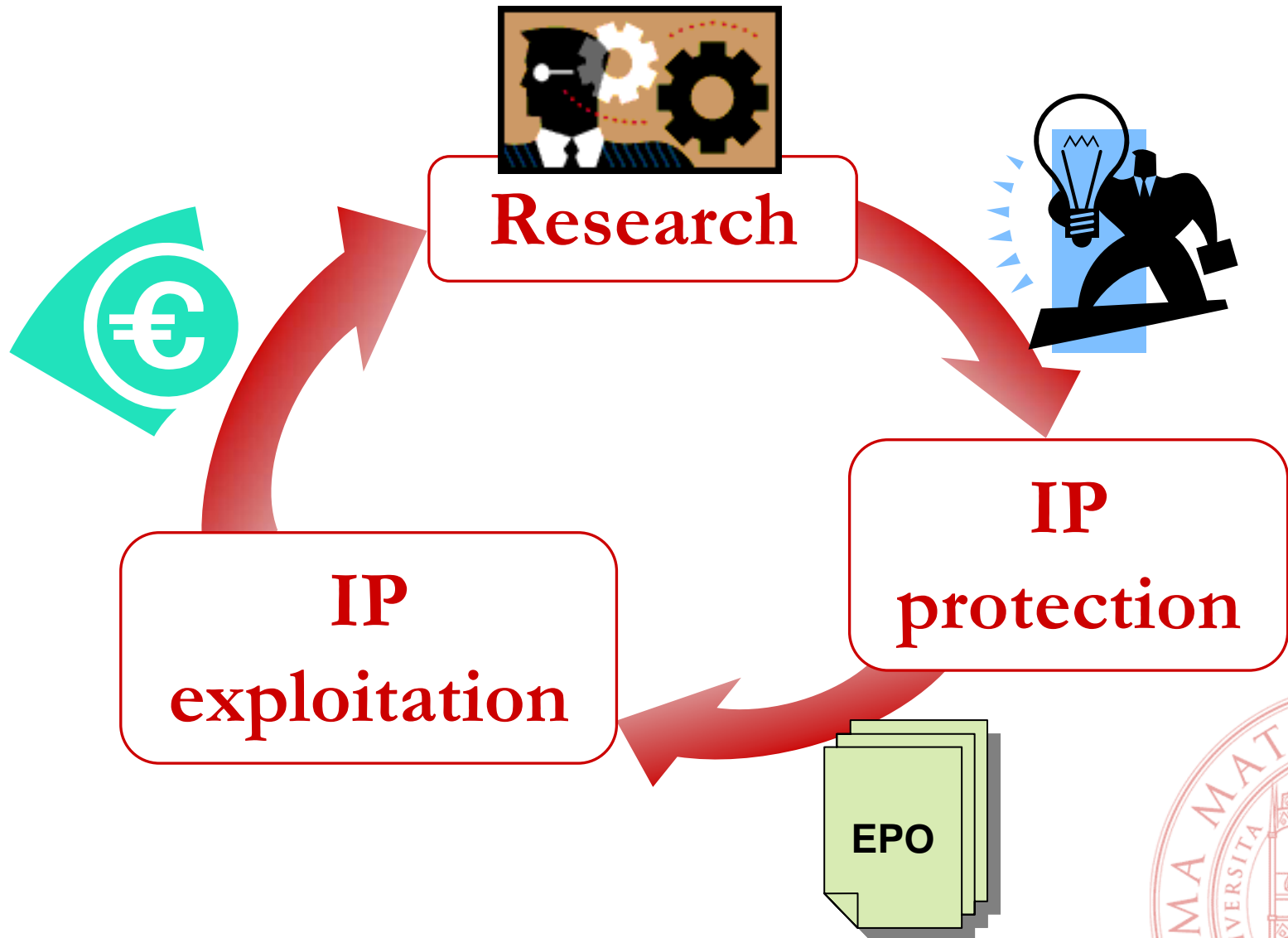
# Alma Mater Studiorum - University of Bologna

**Negotiation and licensing**

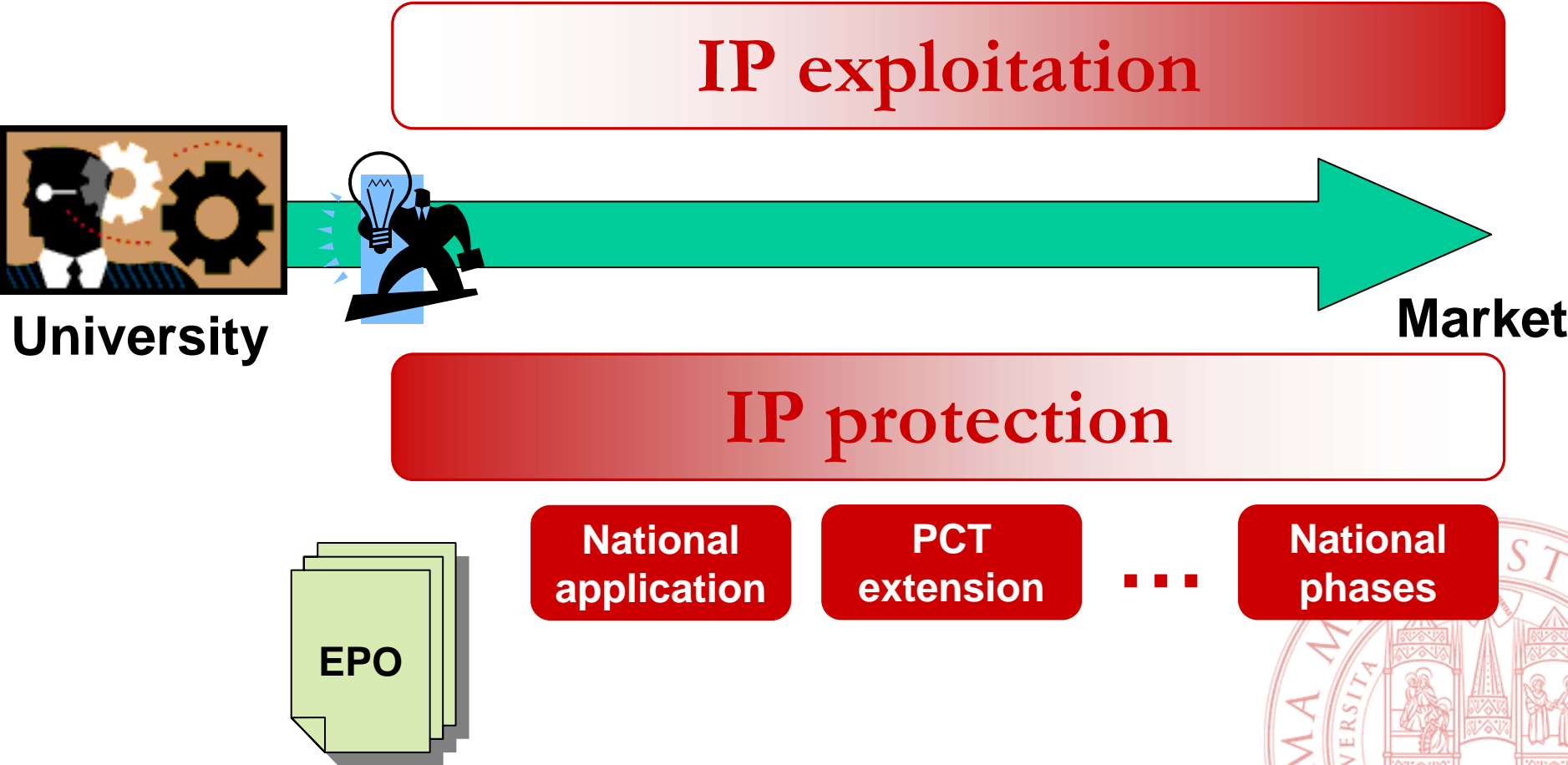
**Kharkov, Ukraine, 8 September 2011**



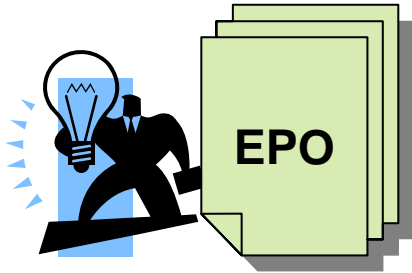
**Starting point...**



Starting point...



# Technology transfer



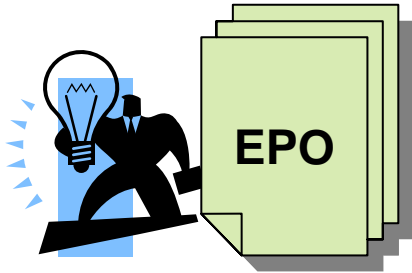
Possible applications (inventors, market, ...)

Promotion and private partners' search

**Are you interested  
in this patented  
technology?**



# Technology transfer



Possible applications (inventors, market, ...)

Promotion and private partners' search

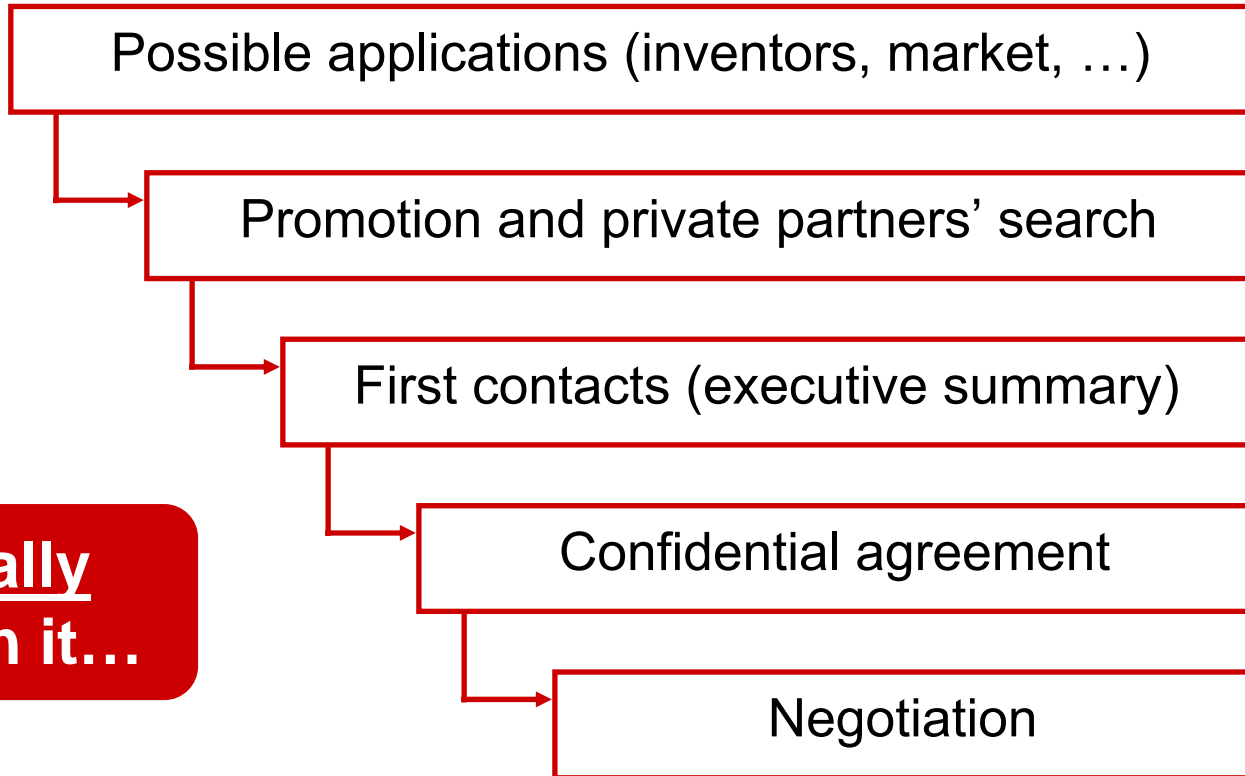
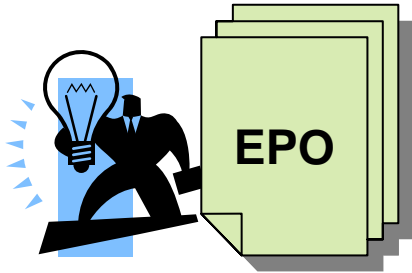
First contacts (executive summary)

Confidential agreement

**Yes, I could be interested in it...**



# Technology transfer

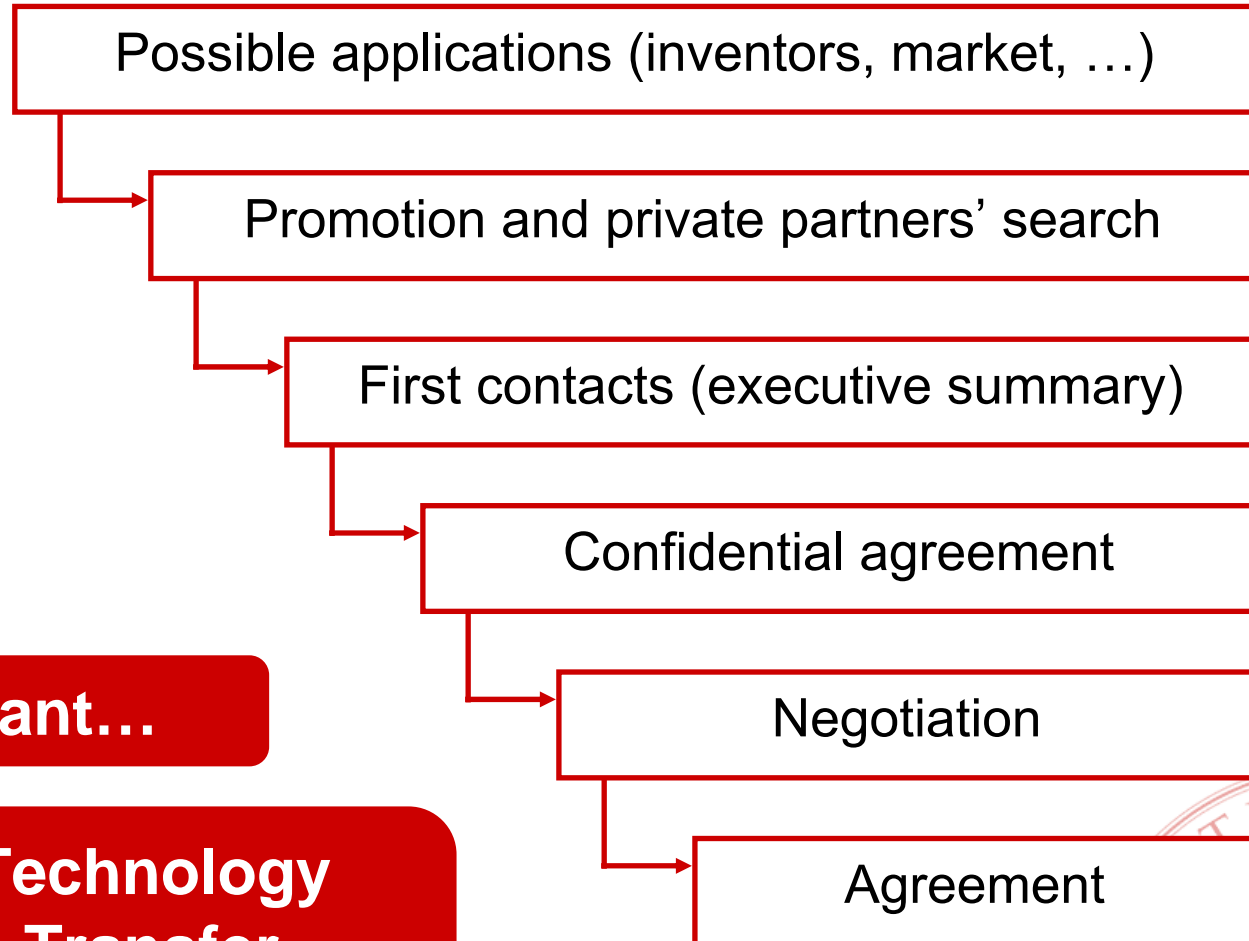
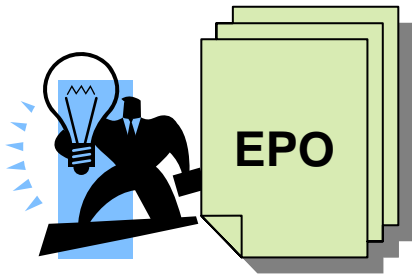


Ok, I'm really interested in it...

What I want...  
...what you want



# Technology transfer




**What we want...**

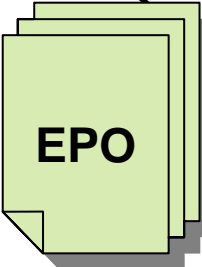
**Technology  
Transfer  
Agreement**



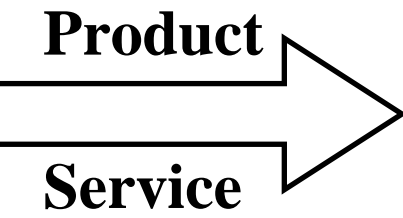
# License agreement



**University**  
**Licensor**



**Licensee**



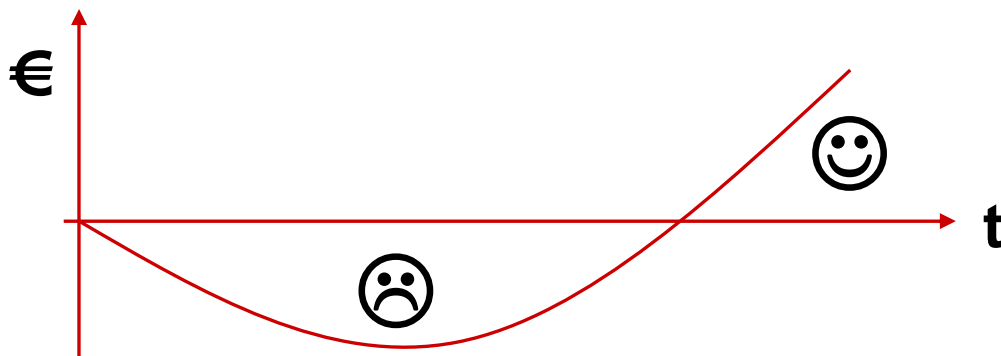
**University**



**Market**

# Why licensing?

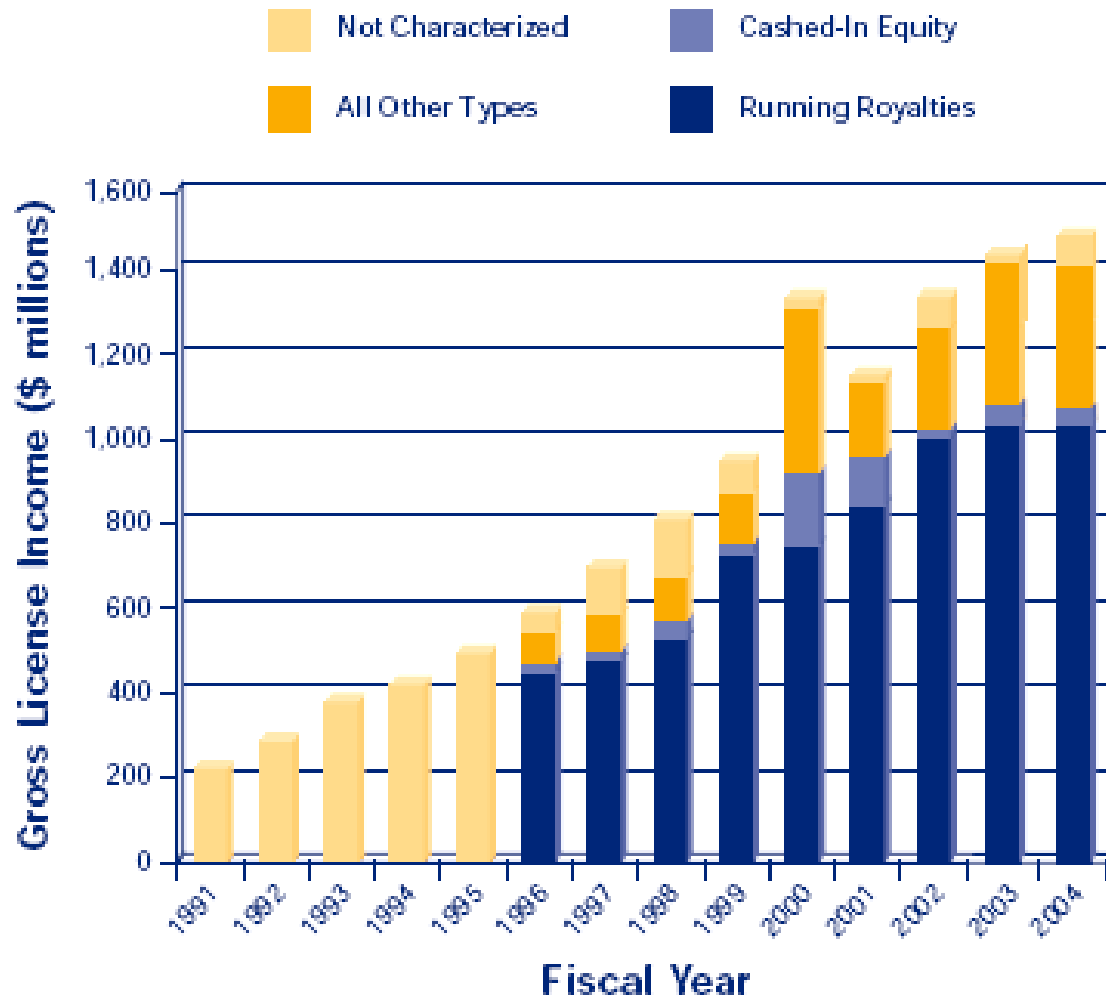
- ✓ To see our invention become new product/service
  - IPR protection => monopoly for the licensee => product
- ✓ Open innovation
- ✓ To gain money
  - Return on Investment (ROI)



**Long term**



# Licensing income of US universities



Source: AUTM US licensing survey 2004



HOW MUCH DO YOU WANT FOR...

**Definition of  
the subject**

**Information**

**Approach**

**Preparation**



# Definition of subject

- ✓ Main subject and its features, limits,...
- ✓ “Complementary” services
- ✓ Parties: who sells, who buys?
- ✓ Payments: amount and modalities
- ✓ Duration
- ✓ Limitation of use
- ✓ Future relationship
- ✓ ...

Definition of  
subject

About:

## ✓ Subject

- Cost, value, potentials, market, strengths and weakness

## ✓ Other party / partner

- History, economical situation, needs, assets, relationships

## ✓ People

- Background, role, personal information

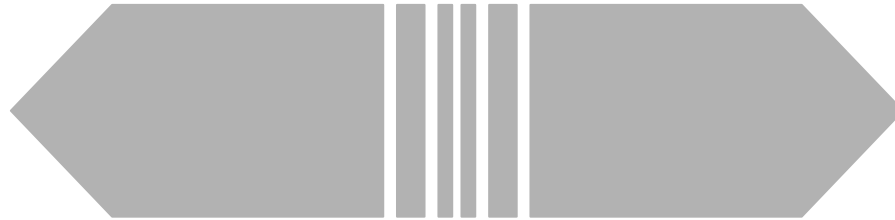


Information

# Approach

**Competitive**

**Cooperative**



- ✓ Time
- ✓ Relationship
- ✓ ...

**Approach**



# Preparation

- ✓ Final objective ☀
- ✓ BATNA
- ✓ Walk-away point ⚡
- ✓ Opening offer: who? How much? ●
- ✓ More than one option...



Preparation

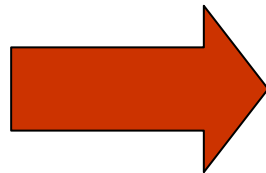
Zone Of Possible Agreement

**Let's start negotiating...**

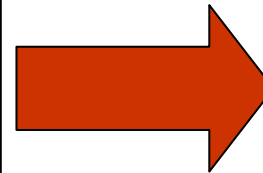


# Discuss and support the terms

First oral discussion then written  
brief proposal then contract



**Terms sheet**  
As we agreed:  
- I give you this...  
- You give me this...  
-....



**Final agreement**  
Section 1  
The Parties agree...  
Clause 1.2  
...

Support your  
proposals

Never stop  
collecting info



# Behaviour

Strong requests but fair  
behavior

Be aware of your power

Don't be afraid to  
walk away



# Interaction between Parties

Needs vs positions

Play different roles

Be flexible



# Concessions

Decelerate your  
concessions

No free  
concessions

Make them “pay” for  
free concessions



# How to manage offers

Absurd offer?  
Simply say “no...”

“Never” take the  
first offer

First offer  $\neq$  walk-  
away point



# Negotiation final remarks

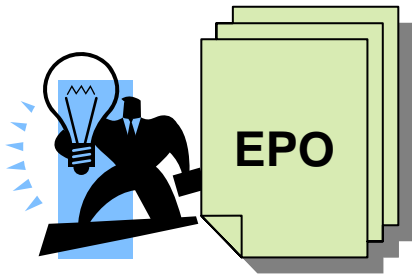
- Negotiate even if we are no-profit institutions (just consider the real meaning of “profit”)
- Flexibility and creativity
- Collaboration and role-playing
- Little negotiations happen every day: practice and have fun...



# Negotiating patented technology...



# Technology transfer



Possible applications (inventors, market, ...)

Promotion and private partners' search

First contacts (executive summary)

Confidential agreement

Negotiation

Agreement

**Ok, I'm really interested in it...**



# Negotiating a license agreement

Definition of  
the subject

Information

Approach

Preparation

Risk



# A key factor: the risk

## Which kind of risk in technology transfer?

**Technology risk**

(and if it doesn't work?)

**IP risk**

(and if someone copies it?)

**Market risk**

(and if no one buys it?)

**Other risks**

(laws, standard, ...)



**Market**

**Risk**

# License agreement: information

## Technology

### Technology assessment

- Future R&D
- Engineering
- Manufacturing
- ...

## Market

### Market analysis

- Target needs
- Other products / technologies
- Main companies
- Segmentation
- Opportunities
- ...

## IP

### IP due diligence

- Patent search

## “Adverse” party

### “Partner due diligence”

- Status
- Product & Service
- R&D activities
- Partners, Affiliate
- **Future incomes**  
(with / without my patent)

## People

### Who I’m going to meet?

- Role
- Previous relationship
- Background
- Personale info?
- ...

Information



# License agreement: subject

## Main subject...

### Type of contract

- License Agreement
- Development Agreement
- Option Agreement
- Material Transfer Agreement
- Assignment

### Use of technology

- Research
- Develop
- Use, make, manufacture
- Sell
- ...

### Patent or more?

- Patent
- Technology
- Know-how
- R&D support

### Field of use

- All the possible?
- Just one?

Subject



# License agreement: subject (cont)

Main subject...

## Exclusivity

- Exclusive
- Non exclusive
- Exclusive in some field...

## Territory

- Where the patent is valid?
- Where manufacture and sell?

## Duration

- Life of the patent?
- Short term with renewal

Subject



# License agreement: subject (cont)

## Future...

### Improvements

- Connected or not
- Obtained by...

### Maintenance costs

- Who pays?
- Direct payment?

### Termination

- Who can?
- Conditions?

## Third parties...

### Sublicensing

- Granted or not?
- Which conditions?

### Assignment

- Granted or not?
- Who will be the third party?

Subject



# License agreement: subject (cont)

## Warranties and infringement...

### Warranties

- Some about the past...
- None about the future

### Infringement

- Who monitors?
- Who acts?
- Who pays?

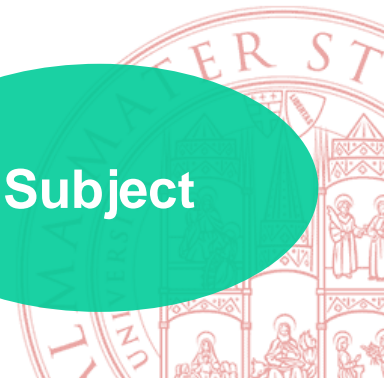
### Patent validity

- Patent text modification
- Not valid

### Commitment

- Best effort to develop and market

Subject



# License agreement: subject and value

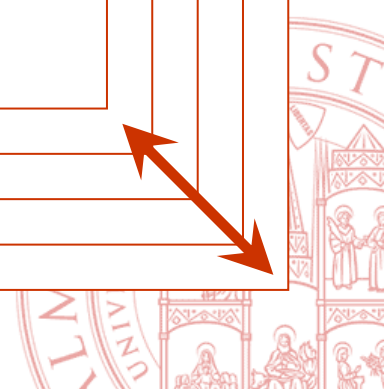
More than money...

## Subject matter of the license agreement...

- Use of technology
- Patent or more?
- Field of use
- Exclusivity
- Territory
- Duration
- Sublicensing
- Warranties
- ...

## Value of the license agreement...

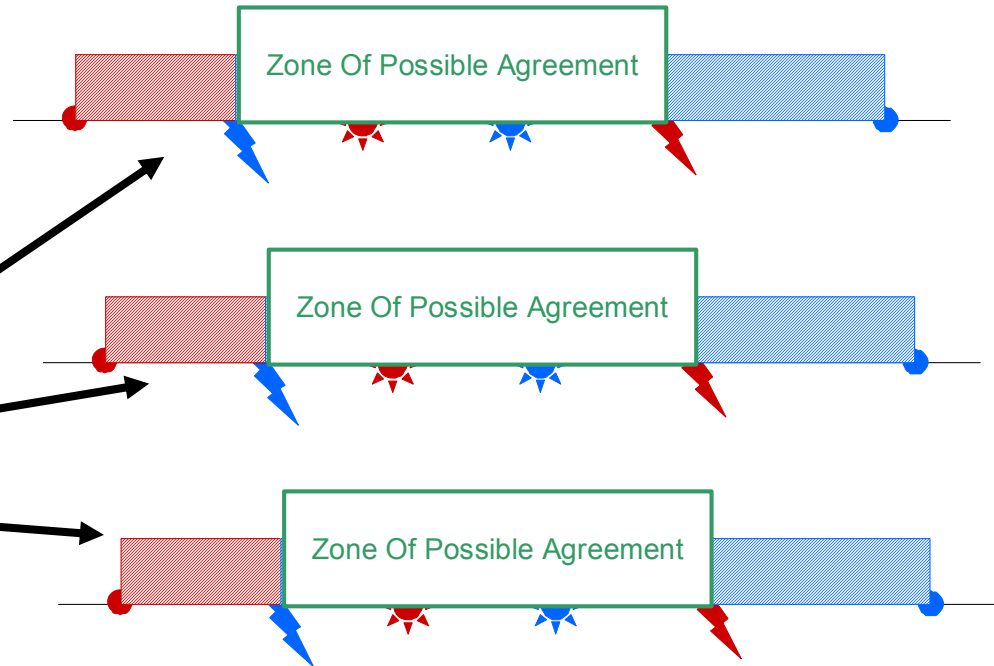
- Lump sum
- Royalties
- Milestone payment
- Other form of returns
- ...



# License agreement: preparation

## Subject matter of the license agreement...

- Use of technology
- Patent or more?
- Field of use
- Exclusivity
- Territory
- Duration
- Sublicensing
- Warranties
- ...



Preparation

# License agreement: approach

**What I want...  
what you want**

**What we want**

## **Win-win agreement**

- Relationships
- Public interest
- R&D returns
- Fair revenues
- Collaboration

**Approach**

# License agreement: Payments

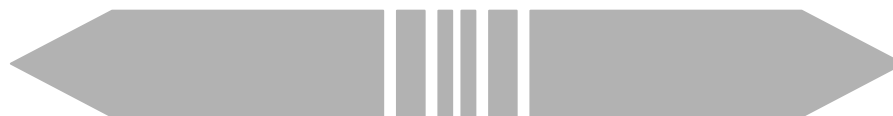
## Evaluation vs pricing

### Lump sum

- Unconditionally due
- Up front payment
- Annual payment (Maintenance fee)
- Milestone payment

### Royalties

- Due on use
- Rate & base
- Minimum
- Adjustment (kicker / deflator)



**Lower risk-sharing**

**Higher under/over estimation**

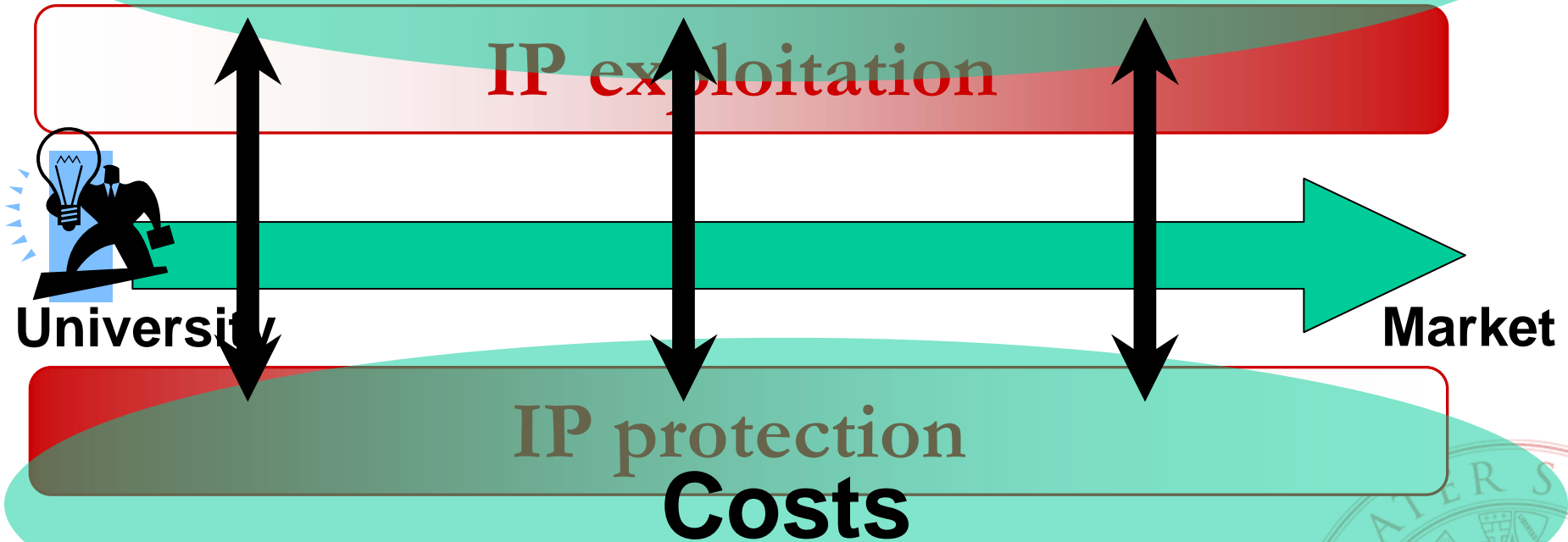
**Higher risk-sharing**

**Lower under/over estimation**

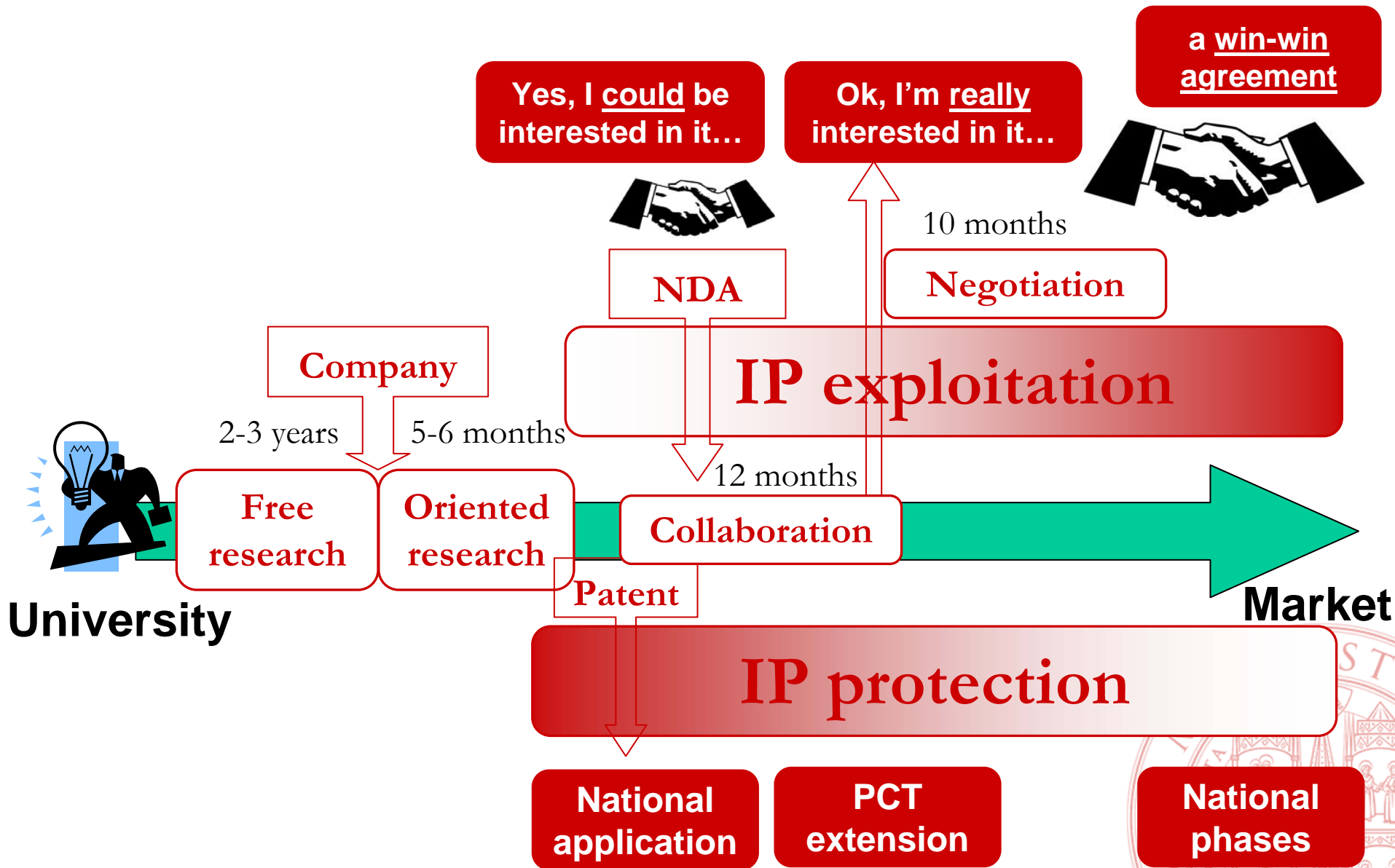


# Strategy in a TTO

## Commercial perspectives



# A "success" story...



## Final remarks

**Information &  
preparation**

but...

**Flexibility &  
fantasy**

**Negotiation as a  
duty**

but...

**Win-win  
approach**

**Collaboration**

but...

**Role play**

**Money**

but...

**More than money**

**Enjoy negotiating and licensing...**





ALMA MATER STUDIORUM  
UNIVERSITÀ DI BOLOGNA

**Thanks for your attention!**

**Andrea Ravaioli**

Research and Technology Transfer Administrative Department

*[www.unibo.it/research](http://www.unibo.it/research)*

