

Control of Licensing

- ▶ **Control of licensing**
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Control of licensing

▶ Context

- ▶ Non-profit Funder sponsors research at Research Institution
- ▶ Research results in new intellectual property
- ▶ How can Funder and RI best manage the IP for maximal impact?

▶ Norms

- ▶ Current practice is that RI will usually lead this process
- ▶ Goal is a license to an established or new company

Subgroup approach

- ▶ **Represent both Funder and RI perspectives**
 - ▶ RIs better represented, more uniform
 - ▶ Funders vary more in approach, needs, familiarity
- ▶ **Describe rather than prescribe**
 - ▶ There are no “one size fits all” solutions
 - ▶ Most scenarios share certain common themes
- ▶ **Promote communication between Funders and RIs**
 - ▶ Ideally both before research begins and after research ends
- ▶ **Improve understanding between Funders and RIs**
 - ▶ Interests are usually aligned

Subgroup output

- ▶ **Principles & guidelines document**
 - ▶ 2 ½ pages
 - ▶ Component of larger TT & IP document
 - ▶ Could be integrated into website or other NFRI deliverable

- ▶ **Provides**
 - ▶ Background information and context
 - ▶ Suggests principles for a successful arrangement
 - ▶ Limited specific prescriptions

Communication vs. control

▶ Context

- ▶ IP generated in research
- ▶ One party selected to lead licensing effort
 - ▶ More efficient, more attractive to potential licensees
 - ▶ Typically RI leads, due to greater resources and bandwidth, comingled funding

▶ Questions

- ▶ How much control should each party have?
 - ▶ Particularly relevant to non-lead party
- ▶ How much communication is required during the process?
 - ▶ Written reports, required approvals/notices, informal updates, etc.

Communication

- ▶ **Some level of communication is fair and appropriate**

- ▶ Each party has contributed
- ▶ Each party has obligation to its various stakeholders

- ▶ **Reporting obligations represent a burden**

- ▶ Must be kept manageable
- ▶ Can be hard to operationalize

- ▶ **Communication can be a benefit to both parties**

- ▶ Collaborative approach can enhance odds of success
- ▶ Should not be viewed solely as an encumbrance

- ▶ **Fundamentally, both parties' interests are aligned**

- ▶ Often communication is just as effective as control

Control

- ▶ **Required approvals increase control but decrease efficiency**
 - ▶ Non-lead may have a right and/or need for greater control
 - ▶ Too many required approvals negate benefit of selecting a lead party
 - ▶ Must be a balance

- ▶ **Not all license terms require same level of control**
 - ▶ Risk mitigation vs. financial terms
 - ▶ Can treat each differently

Licensing

- ▶ **Licensing process typically takes years**
 - ▶ Arrangements should account for resources utilized during this time
 - ▶ Particularly important when setting time limits to lead party's control

- ▶ **License cannot be subject to arbitrary clawback provisions**
 - ▶ Licensee must be able to invest in IP with confidence
 - ▶ Diligence milestones are appropriate to ensure licensee performance

- ▶ **Communication between Funder and RI should continue during license period**
 - ▶ Should not end upon successful execution of a license
 - ▶ Both parties receive benefit to updates on licensee's progress