

Technology's Growth and Development Over Time

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Outline

- Future innovation by licensee
- Future innovation by licensor



Future Innovation By Licensor



Research Does Not Stop

- IP inventors and other colleagues at institution may continue research in same area
- Problem: How to take account of this future research in license agreement



Royalty Free License to Enabling IP

- Licensee may demand royalty-free non-exclusive license to all IP necessary to practice the licensed IP
 - Preexisting IP
 - Future IP
- Licensee will claim it is unreasonable to pay two royalties on same product



Problem

- Non-exclusive license attached to IP may deter:
 - Third party licensing of IP
 - Industrial sponsored research
- May anger non-inventors



Tactics

- Pre-existing IP: If there is enabling IP licensee needs, there should be negotiation
- Future IP: No good answer
 - Claim that institutional policy does not allow



Option to Negotiate for Future IP

- Frequently requested
- Related technology of limited value to third parties
 - Licensee holds blocking IP
- Force licensee to fund future research
 - Sponsored research agreement



Option to Negotiate for Future IP

- Option only open for limited time (30 days after disclosure)



Circumscribe rights to enabling IP

- Covenant not to sue
- Only for use in conjunction with licensed IP
- Only for IP that:
 - Has same inventors
 - Not already licensed to or funded by third party



Alternative Methods of Capturing

- Licensees may attempt to hire inventors or their students as consultants
 - No clear distinction between work as consultant and research at institution
 - Hard to track what licensee owns and what institution owns



Future Innovation By Licensee



Uses of Licensee Innovation

- Capturing licensor innovation upon termination can increase value of institution IP
- Share innovation with other licensees
 - Important when license is field/territory limited



Consequences of Termination

- Licensee must deliver to licensor all innovation upon termination of agreement
 - Trade secrets/know how
 - Experimental data
 - Materials
 - Ownership of regulatory applications (e.g., drug applications)



Patent Grant Backs

- Patent grant backs as part of termination may create antitrust issues = seek advice

