IP Licensing Fundamentals And a Story...
University of Memphis
November 19, 2014
Introduction

Intellectual Property Refresher

What is a license?

Why do we license?

Academic Freedom

Marketing: Finding licensees

Key points in any license agreement

Our tire story continues…
What is Intellectual Property?

Property rights that protect creations of the Mind
Types of Intellectual Property

Patents
Copyright
Trademark
Trade Secret
Patents

Government granted property right

Right to exclude others

Expires 20 years from filing

Country – Specific
Patent Requirements

Novelty

Usefulness

Non-Obviousness

Enablement
Copyright

Government granted right
Exclude others from Copying
Expires 70 years after authors’ death
Granted on completion of work
What is a License?

Noun: An agreement (contract) that gives permission to use IP rights.

Verb: The act of granting IP rights.
An (imperfect) analogy

License is to IP as

Lease is to real property
Why Companies In-License IP

Competitive Advantage

Novel Products

Premium Pricing
Why Universities Out-License IP

Another positive impact

Better health outcomes
More efficient technologies
More effective teaching tools
Why Universities Out-License IP

Federal Law strongly encourages it

Report federally-funded inventions
Try to license them
Give them to the Gov’t if not
Why Universities Out-License IP

Potential for unrestricted revenue

Shared broadly

Inventors

Department

College

FIT

U of M
One thing is certain

We ALWAYS protect your rights to do research.

Always.
How We Market Technologies

• Promotional materials for individual technologies
• Contacts with local and international businesses and entrepreneurs
• Twitter!
Our story…

new polymer that should make tires shinier

Makes cars more visible at night
Our story…

Dr. Smith meets a Goodtire polymer scientist at a conference:
Let’s Talk about some:
The highlights of (most) licenses
What is licensed?

| Licensed Rights | Patents and/or patent apps: “Novel Polymers to Enhance Tire Visibility” filed on April 3, 2011, patent # 7,123,456 and all foreign rights derived therefrom |
For What and Where?

<table>
<thead>
<tr>
<th>Scope of rights</th>
<th>Exclusive in the Licensed Field and Licensed Territory; sublicensable; certain research rights retained by UMRF and UM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed Field</td>
<td>Passenger car tires</td>
</tr>
<tr>
<td>Licensed Territory</td>
<td>United States, Brazil, France</td>
</tr>
</tbody>
</table>
Monetary value

| License Issue Fee | $50,000 |
Monetary value

| Minimum Royalty | $10,000 in Year 1, $25,000 in Year 2, $100,000 annually thereafter. Starts after date that product is on the market. |
Monetary value

| Royalty          | 3% of Net Commercial Sales, stacking relief $0.5 per dollar to other licensors to floor of 1%. |
Bringing it to Market

1. Test of reflectiveness in Goodtire’s own tires: 6 months

2. Produce at least 100 pounds of polymer: 12 months

3. File application for regulatory approval: 24 months

4. First commercial sale: 12 months after regulatory approval
## The protections & legal issues

| Liability                      | Licensee shall indemnify and hold UMRF Indemnitees harmless; Licensee shall also maintain liability insurance appropriate to the risk, listing UMRF Indemnitees as Additional Insureds |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------*
| Use of Names                  | Only by written permission                                                                                                                                                                                                                                           |
| Law, venue                    | Tennessee, Tennessee                                                                                                                                                                                                                                                |
| Termination, Expiration       | Termination by Licensee: with 60 days written notice. By UMRF: for material breach. Expiration: on expiration of all claims on all Licensed Patents                                                                                                                                 |

Technology TRANSFER

THE UNIVERSITY OF MEMPHIS Institute of Technology Engineering & MEMPHIS

FedEx

[Image link to FedEx logo]
Our story...

Goodtire sells Night Vision brand Tires!
They hire new PhD Sanjay Gupta for their polymers division!
They sponsor research in Dr Sara Smith’s lab!
Traffic safety improves nationwide!
Thank you

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