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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...

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What is Intellectual Property?

Property rights that protect
creations of the Mind

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Types of Intellectual Property

Patents

Copyright

Trademark

Trade Secret



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Patents

Government granted property right

Right to exclude others

Expires 20 years from filing



Country – Specific

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Patent Requirements

Novelty

Usefulness

Non-Obviousness

Enablement

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Copyright

Government granted right

Exclude others from Copying

Expires 70 years after authors' death

Granted on completion of work



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What is a License?

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

Verb: The act of granting IP rights.

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An (imperfect) analogy

License is to IP as



Lease is to real property



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Why Companies In-License IP

Competitive Advantage

Novel Products

Premium Pricing



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Why Universities Out-License IP

Another positive impact

Better health outcomes

More efficient technologies

More effective teaching tools

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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

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Why Universities Out-License IP

Potential for unrestricted revenue

Shared broadly

Inventors

Department

College

FIT

U of M

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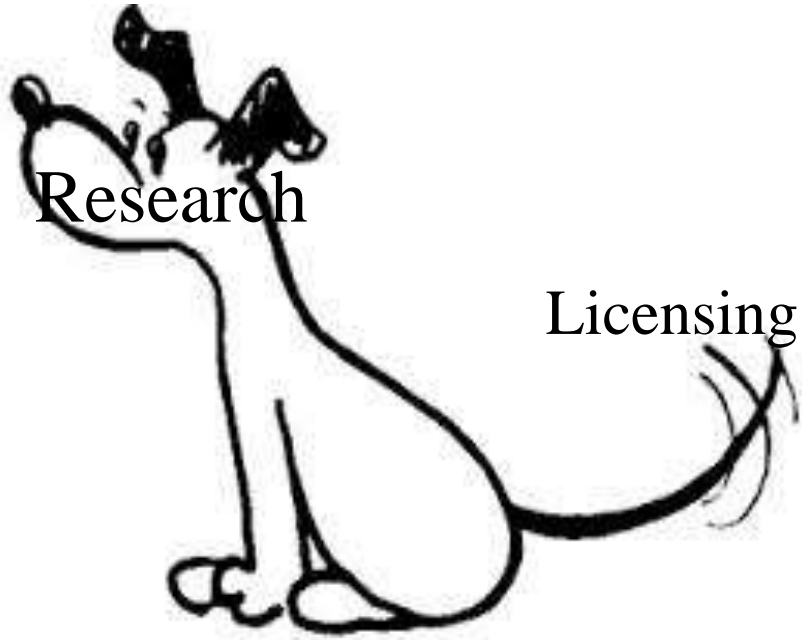
One thing is certain

We **ALWAYS** protect your rights to do research.

Always.

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Research

Licensing

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How We Market Technologies

- Promotional materials for individual technologies
- Contacts with local and international businesses and entrepreneurs
- Twitter!

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Our story...

*new polymer that should make
tires shinier*



Makes cars more visible at night

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Our story...

Dr. Smith meets a Goodtire polymer scientist at a conference:



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Let's Talk about some:



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The highlights of (most) licenses



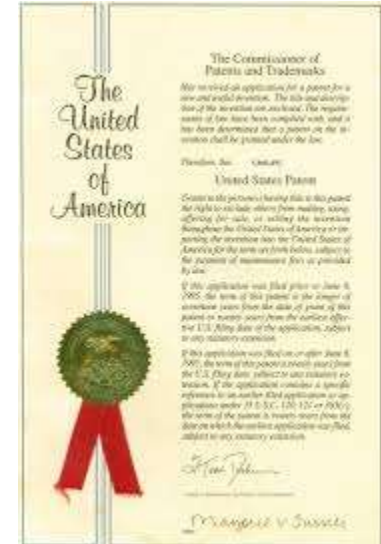
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What is licensed?

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
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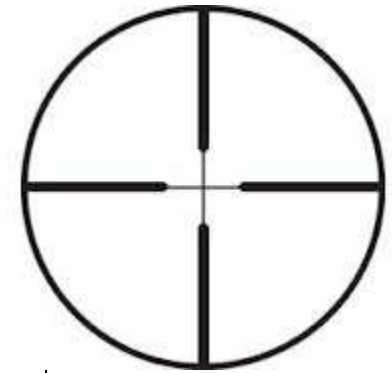
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For What and Where?



Scope of rights	Exclusive in the Licensed Field and Licensed Territory; sublicensable; certain research rights retained by UMRF and UM
Licensed Field	Passenger car tires
Licensed Territory	United States, Brazil, France



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Monetary value

License Issue Fee	\$50,000
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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.
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Monetary value

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

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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

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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!



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Thank you

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