

Creating and Preserving Value in Licensing Transactions



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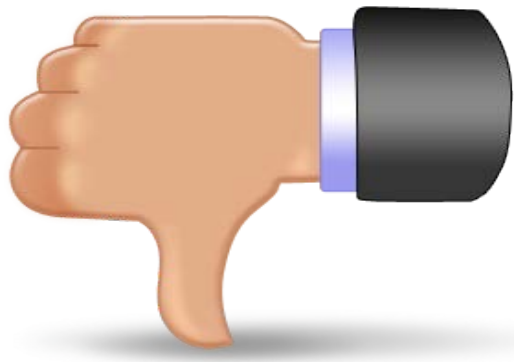
Pros & Cons of Licensing

- **Leverage Resources of Larger Partner**
- **Commercialize More Quickly**
- **Non-Dilutive Funding**



Pros & Cons of Licensing

- **Lose Some Control of Destiny**
- **More Difficult to Partner with Others**
- **Need to Plan for Long Term**



Plan Ahead

- **Ensure you have the Right to License**
 - ✓ Assignments from Inventors
(Employees or Consultants)
 - ✓ Verify Chain of Title
 - ✓ Do You Need Other Consents?



Plan Ahead

■ What's the Market / Potential for your Technology?

- ✓ Which Players are Most Logical?
- ✓ How Does the Market Work?
- ✓ Where's Largest Opportunity?
- ✓ Who's the Competition and Why are You Better?

Nuts & Bolts of a License

- **What Are You Licensing?**
 - ✓ Patents
 - ✓ Trademark/Copyright
 - ✓ Know-How



Nuts & Bolts of a License

- **What is the Territory?**



- U.S./ex-U.S. (Canada, Japan, Europe)

Nuts & Bolts of a License

■ Is there a Field or Use Limitation?

Examples:

**Medical device for
specific surgical
system**

**Oncology
for a drug
or diagnostic**

**Specific
software for
financial
program**

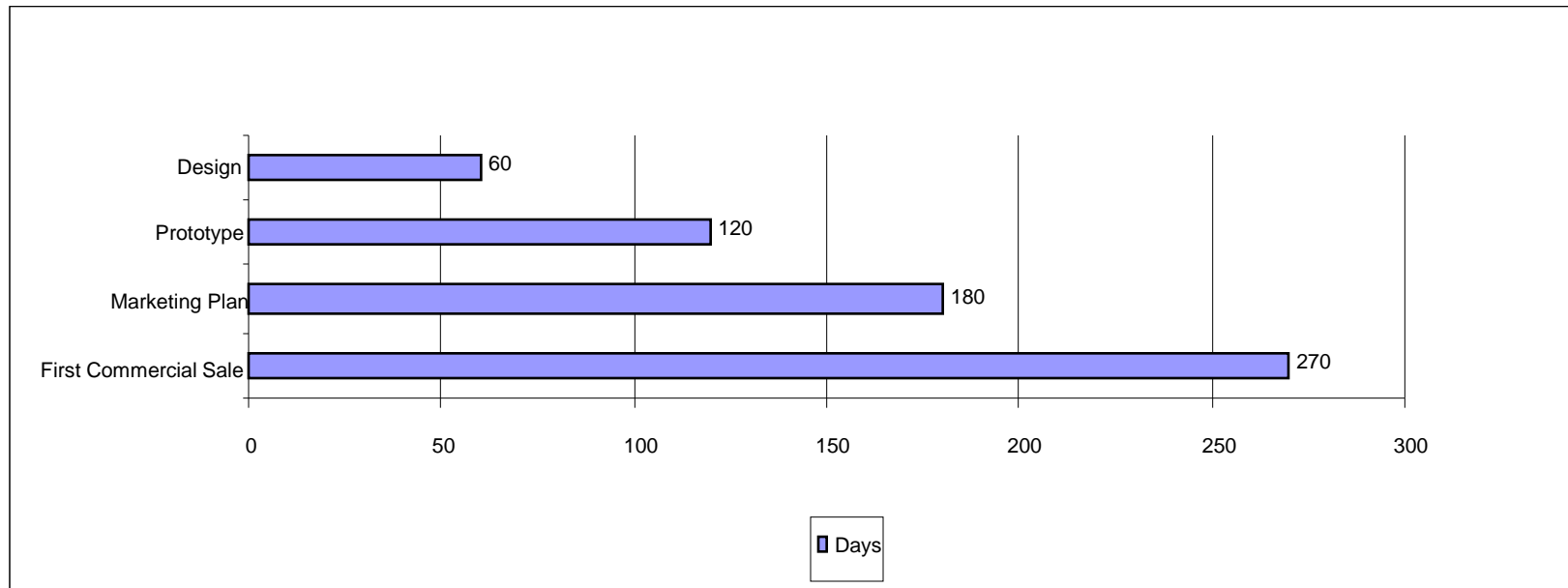
To Be or Not to Be Exclusive?

- **Your Partner will want to be exclusive to invest in R&D or Infrastructure**
- **So You Will Need To Protect Yourself:**
 - ✓ Define "Field of Use" Carefully
 - ✓ Preserve Ability to Grant Initial License in Most Lucrative Field
 - ✓ Add Diligence Covenant by Partner



What Will You Be Paid?

- **Upfront Payment**
- **Milestones Development/Regulatory/Commercialization)**



What Will You be Paid?

- **Royalties (% Net Sales, \$ per Units, Value)**
- **Other Payments:**
 - ✓ Research or Technology Transfer Payments (e.g. FTEs)
 - ✓ Option Exercise
 - ✓ Sublicense Revenues

Intellectual Property Rights: Thicket of Improvements

■ Who Owns What:

- ✓ Based on respective Core Domain in Specific Area of Technology
- ✓ Inventorship
- ✓ Joint Ownership
- ✓ Funding Party Owns Results



Why Assignment Matters

- **Agreement Continues Even if You're Acquired**
- **But May Need to Accept Your Partner Selling assets to/Acquisition by Competitors**

