

# Non-equity-based partnering

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# Non-equity-based partnering

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- Collaboration through joint-development
- Collaboration through licensing – Spin-off

## **Joint-development**

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# Collaboration through joint-development

## *Context*

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- Both parties invest equally, or in adequate proportion:
  - Resources
  - Skills
  - Assets
- Parties share development risk and benefits
- Both parties can commercialize developed results

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## Collaboration through joint-development

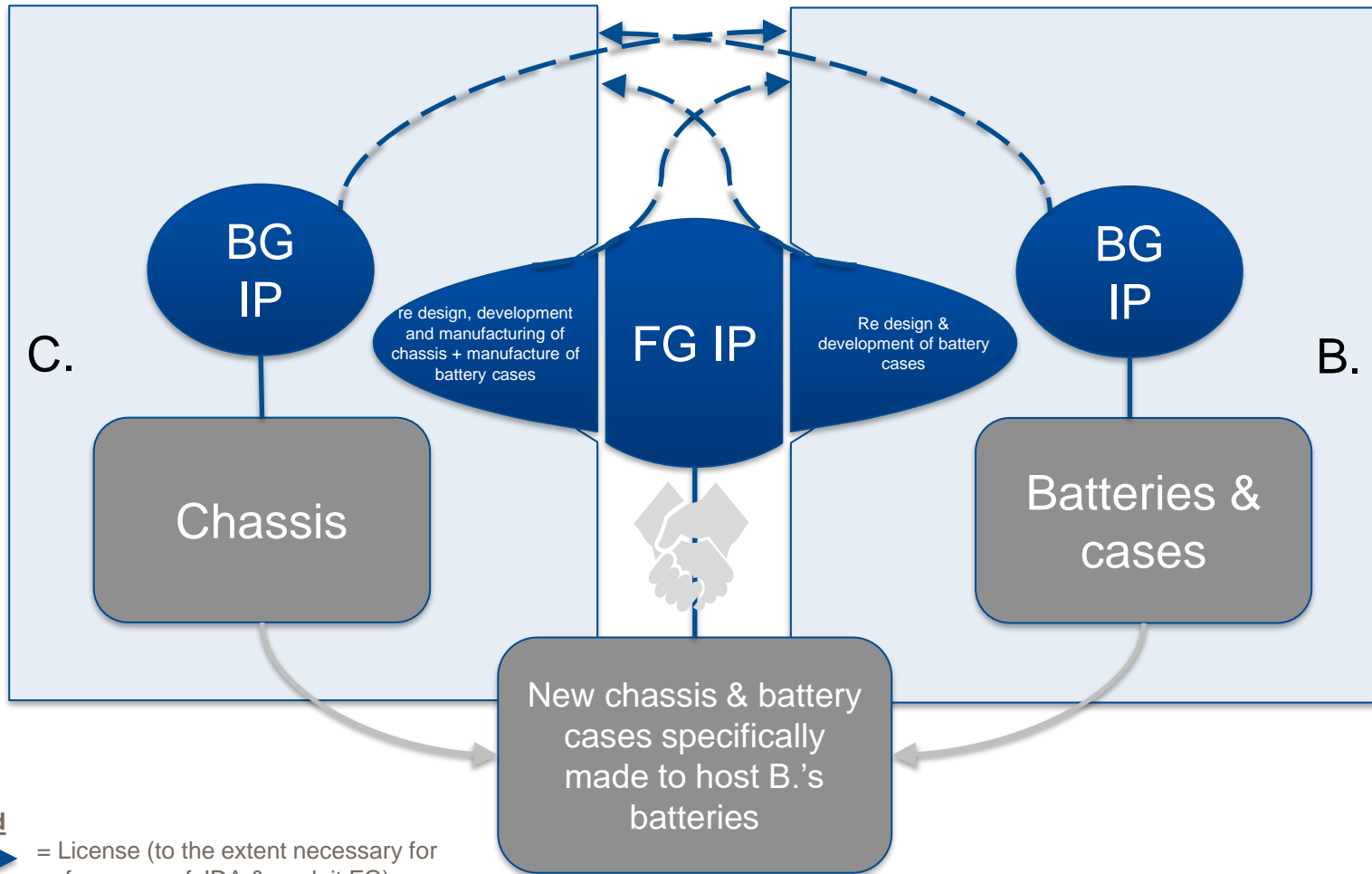
### *Example*

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- C. is a company developing and manufacturing wheels for the automotive industry.
- B. is a company developing and manufacturing smart batteries for the automotive industry.
- C. and B. will cooperate to design, develop, manufacture, market and sale bespoke chassis (infrastructure) designed & manufactured by C. incorporating batteries designed & manufactured by B. and battery cases designed by B. (but manufactured by C.)
- Benefit: reaching larger pool of customers (from B. and C.)

# Collaboration through joint-development

## *Example of IP allocation*



### Legend

→ = License (to the extent necessary for performance of JDA & exploit FG)

BG = IP existing prior to the Effective Date + developed outside the scope of JDA

FG = IP generated in the framework of the JDA

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# Collaboration through joint-development

## *Points of attention*

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### – **Governance**

- Project management (milestones) & point of contact
- Steerco to address issues/take decisions

### – **Responsibilities**

- Best efforts on implementation
- Cooperate in good faith & exchange necessary information
- Notify issues

### – **Go to market**

- (Joint) approach to customers / divide in territories / fields of use
- Sale of integrated solution vs separate parts
- Certification of the product

### – **Indemnities**

- Background 3rd party infringement (project & exploitation) – uncapped
- Foreground 3rd party infringement – uncapped if improvement to BG (to be negotiated)

### – **Quid termination and exit?**

- Maintaining rights vs losing rights
- Support & services

## Licensing – Spin-off



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# Collaboration through licensing – Spin-off

## *Context*

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- Know-how is developed within the university/research institution
- University wants to further develop and commercialize the IP
- Options include:
  - set-up a new company (spin-off) whose shareholders can include the lead academic(s), the university, investors and transfer or license the technology to that spin-off
  - license the technology to an established company that can develop and commercialize the IP

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# Spin-off: IP license or assignment?

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Investors (pro-assignments)	Universities (pro-license)
Assignment increases the value of the company and attract further investment	Need control over IP generated at the university, especially because spin-off is risky (in terms of finance – raising money and additional cost for development)
Proceeds from the shares held in the spin-off is the consideration for transferring IP into the company – no need of additional royalties for that IP	<p>University shareholding is not a consideration for the transfer of IP, but is a compensation for:</p> <ul style="list-style-type: none"><li>• the university's support of the academic's work</li><li>• allowing the academic to pursue the spin-off opportunity</li><li>• incurred expenses/investment associated with the research and IP, and management time in progressing the spin-off opportunity</li><li>• by the time of the exit from the spin-off, there may have been several further rounds of investment, which may dilute the university's shareholding to a very small percentage, and which may not represent full commercial value for the IP</li><li>• not all of the academic inventors of the IP receive shares in the spin-off.</li></ul> <p>=&gt; Need a license on normal commercial terms, such as those that would be agreed with an established company.</p>

\* *Practical Guide to Spin-Outs*, available at: <https://www.praxisauril.org.uk/resource/practical-guides>

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# Collaboration through licensing – Spin-off

## *Points of attention*

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- License to spin-off on Background IP:
  - Exclusive license on the field of use/territory for the development & commercialization
  - With improvements on the technology (avoid competition)
  - Important for university, as a licensor, to always have the right to use licensed technology for further research and non-profit purposes
- Additional agreements:
  - Research collaboration agreement (foreground > company)
  - Consultancy agreement with lead academics (foreground > company)
  - Non-exclusive back-license for non-commercial purposes
- Development & commercialization
  - Clear milestones (timeline, objective)
  - Milestone not reached => escalation, corrective measures. Worse case, exclusive license on BG IP become non-exclusive
- Indemnities for 3<sup>rd</sup> party infringement claims
  - Limited
  - Importance of FTO search
- Termination
  - Not for convenience
  - Support and services

Any questions?

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