

# **IP clauses in Technology Transfer Agreements**

# Typical Tech Transfer Agreements

- Non-Disclosure Agreement (NDA)
- Materials Transfer Agreement (MTA)
- Option Agreement
- License Agreement
- Assignment
- Joint Invention Administration Agreement (JIAA)
- Research and Option Agreement
- **Sponsored Research Agreement (SRA)**

# License Agreement

- Technology licensed to a company for product development and sale
- Licensing rights are either **exclusive** or **non-exclusive**
- Paybacks include upfront fee, annual minimum royalty, running royalty on net sales, equity, milestone payments

# IP clauses - Licenses

- **Exclusive or Non-Exclusive Rights**
  - Limited by geography, application
- **Patent Prosecution**
  - Research institute prosecutes patent applications
  - Licensee pays for patent expenses
- **Patent Infringement**
  - Licensee is responsible for suing infringers
  - Research institute gets a share of any damages

# Sample Clauses

- In consultation with LICENSEE but in UNIVERSITY's sole discretion, UNIVERSITY shall diligently prosecute all patent applications and maintain all patents within PATENT RIGHTS, to the extent permitted by law, in all countries designated in writing by LICENSEE during the term of this Agreement. ...., LICENSEE shall be responsible for all out-of-pocket costs and expenses incurred by UNIVERSITY, both prior to and during the term of this Agreement, in the preparation, filing and prosecution of all patent applications, and in the maintenance of all patents within PATENT RIGHTS. Such costs and expenses shall not be creditable against any other payments due to UNIVERSITY under this Agreement.*

# Sample Clauses

- The amount of any recovery resulting from an infringement suit or settlement thereof pursuant to Paragraph 8.6 shall first satisfy the costs and expenses, including reasonable attorneys' fees, incurred in connection with such suit by the party bringing suit ("COSTS AND EXPENSES"). If LICENSEE is the party bringing suit, any recovery in excess of COSTS AND EXPENSES shall be divided equally between LICENSEE and UNIVERSITY. If UNIVERSITY is the party bringing suit, any recovery in excess of COSTS AND EXPENSES shall be paid to and retained by UNIVERSITY in its entirety and, notwithstanding the exclusive license herein granted pursuant to Paragraph 3.1, UNIVERSITY shall have the right to grant the infringer a non-exclusive license covering the infringing product(s).*

# Assignment v. Licensing

- Pros and Cons
- Assignment – creditors own if it's a startup

# Sponsored Research Agreement

- Research is sponsored by company at a university or research institute
- The scope of the project and deliverables are well defined
- The sponsor is granted the **first right of refusal** on any new inventions created during the course of the project
- The university or the research institute retains the right to publish and file patent applications, while keeping the sponsor in the loop

# IP clauses - SRA

- **Disclosures**

- Reporting disclosures and election to manage IP
- Confidentiality

- **Ownership**

- Solo IP
- Joint IP
- Background IP
- Project IP
- Tangible Research Property (TRP)
- Knowhow

# IP clauses – SRA

- **Patent prosecution**
  - Administration
  - Filing and Expenses
- **License rights**
  - Right of First Refusal
  - Assignment
  - Election
  - Non-Election
- **Copyright**
  - Right of first refusal
  - Ownership
  - License rights

# Sample Clauses

- **Disclosures**

*University and Sponsor shall promptly provide a complete written disclosure to each other of any Intellectual Property. The Sponsor shall, upon reviewing the disclosure, determine whether to request the University to file and prosecute any patent application, domestic or foreign, or application for other protection directed to University Intellectual Property or to Jointly Owned Intellectual Property described in such disclosure.*

# Sample Clauses

- **Patent Prosecution Expenses**

*The Sponsor shall bear all costs incurred in connection with such preparation, filing, prosecution, and maintenance of U.S. and foreign applications.  
The Sponsor shall cooperate with the University to assure that such applications will cover, to the best of the Sponsor's knowledge, all items of commercial interest and importance.*

# Sample Clauses

- **Right of first refusal**

*University grants Sponsor the first option to negotiate a license to University Intellectual Property or to University's portion of Joint Intellectual Property. Said license shall be negotiated between the parties with terms and conditions that are mutually agreed upon. The option granted herein shall extend for 30 days from Sponsor's receipt of the invention report except in the event of termination for breach or default by Sponsor, no option is hereby granted.*

# Sample Clauses

- **Jointly owned copyrightable materials**

*Copyrightable materials, including computer software, developed jointly in the performance of the Research by employees and/or students of M.I.T. and employees of the Sponsor, or copyrightable materials, including software, developed solely by employees of the Sponsor with significant use of M.I.T. facilities, shall be jointly owned by both parties, who shall each have the independent, unrestricted right to dispose of such copyrightable materials as they deem appropriate, without any obligation of accounting to the other party.*