



Compendium of Elements in Collaboration and Licensing Agreements

Typical examples of material transfer agreements (MTAs) and non-disclosure agreements (NDAs) have been provided elsewhere in this web portal¹. These may be useful in the early stages of setting up collaboration or in the case of MTAs in specific situations, but in general research collaboration requires making more detailed arrangements for who does what, who pays for what, and what rights and obligations apply. A good agreement will greatly increase the chance of successful technology transfer of benefit to the parties involved and to society in general. Although template agreements do exist for this it is almost invariably a tailor-made process. Some of the elements to consider are given in these guidelines.

Preparation

For collaboration to succeed it is crucial to spend time and effort preparing for the negotiation and agreement. Communication, especially face-to-face meetings, should be utilized to provide as much information as possible on the objectives of the parties.

What do they expect from the cooperation and what do they bring to the table?

At what stage of research and development is the collaboration to be undertaken?

How important is an alliance for achieving the objectives of the parties and what alternatives do they have?

Are there important differences of culture or emphasis?

Answers to these questions, and time spent analysing objectives and constraints give structure and focus to the envisaged collaboration and, crucially, generate mutual understanding.

The next step is to explore together the best form of cooperation appropriate and to start to address relevant aspects.

General aspects, objectives

It is important at an early stage to formulate the objectives of collaboration and the parties which are to be involved. What do the parties bring to the table, what benefits do we expect from the cooperation, who will perform which activities, and what outcomes (good and bad) can be expected? There may be more than two parties involved which makes reaching agreement more complex.

Both the scope of the research cooperation and the field of use should be carefully defined as the entire agreement hinges on these.

It is good to check at an early stage that all parties agree on the purpose of the collaboration and the intended model of research cooperation as well as the exploitation of the results.

¹ <http://www.corbel-project.eu/innovation-office/templates.html>

Negotiation

A separate section of this web portal contains some thoughts on good negotiating practice². Negotiation takes time and requires preparation and effort. It should be done by a negotiating **team** comprising ideally business, legal and technical skills. This combination covers all the aspects likely to arise and two or three people can give each other support in the negotiating play.

This is mentioned here because the negotiating process should cover all the elements of the collaboration and license agreement. There is sometimes a tendency to think of negotiation as limited to a few mainly financial aspects but in reality all the elements of an agreement, including the “soft” elements, are within the negotiating remit.

We present in the sections below a kind of checklist of aspects to be considered and covered in the final agreement.

General

- The objectives and scope of the collaboration should be defined carefully. For this, **definitions** are needed of features such as scope of research, intended outcomes/products and field of use.
- The parties involved, their roles and activities need to be specified.
- The correct legal entities should be designated as parties to the agreement.
- The work programme, key dates and milestones, personnel and responsibilities, planning and organisation should be laid down.
- The starting date (“effective date”) and duration of the agreement must be specified, and the articles which remain in force after termination.

Research collaboration

- Funding and resources allocation.
- Tasks and responsibilities of the parties, governance.
- Organisation of the project team, communication, progress meetings.
- The detailed work programmes, milestones and timing, and the parties or persons responsible.

Intellectual property

- Intellectual property which exists prior to the collaboration (“Background”) should be specified, including ownership and (use) rights.
- For IP generated as a result of the collaboration, procedures must be agreed for how it will be secured, who will pay for filing and prosecution, and what rights will attach to it.
- Improvements to the technology may arise from the collaboration. What rights the parties have to such improvements, and for how long, should be specified.
- Intellectual property includes patents and pending patent applications, copyright and know-how. Occasionally trademarks may also be involved.

² <http://www.corbel-project.eu/innovation-helpdesk/guidelines/collaboration.html>

Secrecy obligations and publication

- There should be agreement that the parties will keep information confidential in order to protect the commercialization prospects and business interests, enable patents to be applied for, and ensure that any privacy or ethical issues are taken care of.
- The above should not interfere with the requirement of public research institutes to ensure freedom to publish research results, irrespective of how these turn out. This should be safeguarded by appropriate clauses in the agreement.
- In case any patentable material is produced it is usual to agree a period during which publication is withheld to allow patent applications to be submitted. This period is typically up to 3 months from the date the findings are announced internally³.
- The parties may wish to agree on steps to be taken to publish promotional material for marketing and public affairs, e.g. joint publications, brochures etc.

Access to and use of data, materials, software

- For what purposes are data, materials etc. provided?
- What rights and obligations apply to the results of research using these resources?
- How will materials etc. be returned or disposed of after the project has been completed?
- Ethical, legal and societal aspects and obligations (e.g. privacy, patient rights, regulatory).

Rights to IP, licensing

- The rights of parties' to operate under the IP are often a key element in agreements. "Operate" may mean any or all of :
 - carry out the agreed research programme;
 - carry out research outside the agreed scope;
 - develop into marketable products within an agreed scope or field;
 - idem outside the agreed scope or field;
 - bring to market and exploit commercially products within the field;
 - idem outside the agreed scope or field.
- The IP for which licences are granted must be specified (e.g. patents, know-how, trademarks etc.). The duration of the license must also be stipulated, for example until the last patent in a country or region has expired. Payment of royalties may similarly be linked to expiry of IP rights⁴
- Licenses may be **exclusive** or **non-exclusive**. Exclusive means that only the licensee has a licence, not the licensor or any other party⁵. Non-exclusive means that other

³ Filing a patent application can usually be done quickly if required. Patent attorneys can help if there is haste. If patentable material exists it is always worthwhile to discuss filing an application, even if literature publication or defense of a PhD thesis is imminent.

⁴ There can be issues related to whether a license is granted for all countries/regions or only those where patent rights exist, and hence which geographical regions count for the determination of royalty payments. This has to be decided on a case-by-case basis, but whatever the outcome it must obviously be specified in the agreement.

⁵ Confusion sometimes arises as to whether an exclusive licence allows the licensor himself to practise in addition to the licensee or not. There are certain terms in use ("sole licensee") but in the author's experience they only add to the confusion and it is therefore advisable to specify exactly in the wording which parties enjoy what rights.

parties may be granted a licence. Clearly an exclusive licence will be worth a higher fee (royalty) than a non-exclusive one.

Financial returns

Financial rewards to a research institute for successful implementation of results by an industry partner can be structured in various ways. A versatile vehicle is a license to practise/apply the invention, paid for by a royalty or license fee. Licenses may be exclusive or non-exclusive, and demarcated by geographical region. The scope or field of use may also be specified. Royalties may be set as a percentage of sales or as lump sum payments, e.g. when development milestones have been achieved.

Other ways to be reimbursed include fees for assistance, consulting, additional research funding and option fees.

A point to remember with granting licenses is that the originating research institute should retain at least a license to carry out further research and education.

Common pitfalls

- Liability. - Who is liable and for what level of damages if something goes wrong?
Note that in many cases academic institutions have policies that prohibit taking on high financial liability risks.
- Applicable law. - The parties will want agreement to be subject to the law of their respective countries of origin. This can be a deal breaker.
- Termination conditions. - If the collaboration should fail, if one or both parties for whatever reason should wish to terminate, if a party is in breach or goes bankrupt, there will need to be conditions attached to the termination.

Collaborations between several Parties

Where a number of parties are involved in a collaboration, process rules need to be established from the outset. If the intention is to share data and resources without intellectual property rights, rights of access and use must still be formalized. There may be ethical, regulatory or privacy issues to be addressed. It is important to establish a “level playing field” encouraging innovation within the entire network. There are already examples of this collaboration model, in which research infrastructures basically leave commercialization to industry without retaining IP rights themselves.

If intellectual property will feature in the cooperation among a number of (industry) partners the IP rights may either be fixed at the start, depending on the interests and fields of application of the various partners, or be subject to an opt-in/opt-out procedure as and when inventions arise. Agencies providing subsidies will commonly stipulate the template to be applied as well as which parties are to pay the costs of IP protection.

Cross-infrastructure collaboration

It is a major aim of CORBEL to provide assistance with setting up cooperation between research infrastructures (RIs) and industry partners, in harmony with the needs, practices and timelines of individual institutes and commercial parties within such networks.

If several RIs are involved, this is ambitious yet potentially very productive since novel concepts often arise at the interface between different disciplines. Finding the collaboration model most appropriate to the RIs and industry partners involved will require tailor-made applications.