Technology Transfer at The University of Tennessee: Agreements

Janet Ralbovsky, Ph.D.
Lakita Cavin, J.D., Ph.D.

Technology Transfer: Health Science Center (Memphis) Office

utrf.tennessee.edu
Types of Agreements

- Confidentiality or Non-disclosure Agreement (CDA or NDA)
- Inter-institutional Agreement (IIA)
- Material Transfer Agreement (MTA)
- Research Collaboration Agreement
- Licensing and Option to License Agreements
CDA or NDA

- Executed prior to discussions with potential licensee or collaborator
- Protects nonpublic business information
  - Protects prior art issue in patenting
  - Prevents the un-authorized use of discussed material
- Outlines confidential material, knowledge, or information that the parties wish to share with one another for certain purposes, but wish to restrict access to or by third parties
- Types
  - Mutual or Two way – both parties are restricted in using the information disclosed by the other party
  - Single party – only one party is restricted – usually used when only one party is giving out confidential information
What’s in a CDA?

- Who is party to the agreement
- Definition of what is confidential
- The exclusions from what must be kept confidential. Confidentiality does not apply if:
  - the recipient had prior knowledge of the materials;
  - the recipient gained subsequent knowledge of the materials from another source;
  - the materials are generally available to the public;
- Provisions restricting the transfer of data in violation of national security (export control)
- Time period (in years) of confidentiality
- The term (in years) the agreement is binding
The obligations of the recipient regarding the confidential information, such as:

- to use the information only for enumerated purposes;
- to disclose it only to persons with a need to know;
- to ensure that anyone to whom the information is disclosed further abides by obligations restricting use, disclosure, and ensuring security at least as protective as the agreement;
What’s in a CDA?

- The obligations of the recipient regarding the confidential information, such as:
  - to use appropriate efforts (not less than reasonable efforts) to keep the information secure.
    - Reasonable efforts is often defined as a standard of care relating to confidential information that is no less rigorous than that which the recipient uses to keep its own similar information secure;
- The law and jurisdiction governing the parties
CDA’s at UTHSC

- Put in place before discussing nonpublic material with potential licensee or industrial research collaborator
- Must be routed through PAMS
- If an invention disclosure is involved, the CDA must be signed by UT and UTRF
- If you are not sure if you need a CDA, please contact UTRF or Research Administration to discuss
**Inter-institutional Agreement (IIA)**

- Necessary when an invention is made jointly between researchers at UTHSC and another institution; also may be necessary when researchers transfer to another institution.

- This agreement generally assigns the patent and licensing responsibility to one institution.

- The intent of this agreement is to:
  - coordinate the filing and prosecution of patent application(s)
  - coordinate marketing of the technology to potential licensees
  - decide how the legal expenses and license revenue will be shared among the institutions
IIAs at UTHSC

- Are not routed through PAMS
- Are negotiated by UTRF only
- All joint inventions must be disclosed to UTRF, even if the other institution offers to handle the invention
Material Transfer Agreements (MTAs)

- Facilitate the transfer of research materials from one institution to another

**Typical terms include:**
- Definition of material
- Restriction on use of material
- Restriction on further transfer of material
- Ownership and use of intellectual property that may be developed
- Term (years) of use
- Publication Rights
- Governing law and jurisdiction
MTAs at UTHSC

- Required for all outgoing materials
- For incoming, only required if Provider requires it
- Must be routed in PAMS
- Negotiated by both UTRF and Research Administration
- MTAs in which the other party is foreign:
  - Are reviewed by University counsel
  - Signed at the system level in Knoxville
- Signed locally by Vice-Chancellor unless foreign
Research Agreement

- Typically provides funding to UTHSC researcher for a specified research project.
- Different from a service contract, which does not involve any research (fee for service). Handled by finance office.
- Funding provided by company or nonprofit foundation.
Research Agreement Terms

- Description of Project
- Intellectual property
  - Definition
  - Ownership
  - Commercialization and revenue sharing
  - Option to license
- Term of the Agreement
- Data reporting/use by Sponsor
- Publication rights
- Governing law
Research Agreements at UTHSC

- Sponsor typically provides the Agreement
- Researcher should contact Research Administration to initiate the process
- Routed in PAMS
- Negotiated by Research Administration and/or UTRF
License Agreements

A license:

- Gives permission/rights to another party to use and commercialize the university technology
  - UT retains ownership of invention/technology
- Provides a way for university technology to be developed and ultimately reach the public
- Parties involved
  - UTRF
  - Company(Licensee)
Licensing and UTRF

- Consistent with UTRF’s Mission and Goals
  - Protect, manage and commercialize UT inventions
  - Our goal is to find partners for all viable inventions
    - A partner strongly committed to turning the invention into a marketed product.
    - A partner with the financial and personnel resources to develop, manufacture, and sell the product.
    - A partner who is willing to pay the university a fair price for the invention.
What Happens before a License

**Invention Disclosure**
- Submitted by Inventor to Research Admin via PAMS
- Assigned to UTRF for Management

**Evaluation by UTRF**
- Assessed for commercial potential
- Assessed for patentability

**Patent**
- Work with patent attorney
- Inventor and UTRF involved

**Marketing**
- Search for potential licensees
- Advertise the invention/submit information

**License**
- Negotiate License Terms(Term sheet)
- Execute License Agreement
Term Sheet

Important Terms are Negotiated

- Rights granted
- Term
- Payments
- Patents
- Diligence of Licensee
Option Agreement

- Gives the company opportunity to conduct due diligence before entering into a license
  - Evaluation/testing
  - Reporting
- Limited time (Option period)
- Exclusive
- Fee for the option
- Exercise option and negotiate license
Anatomy of License

- Header
- Recitals
- Definitions
- Grant
- Sublicense
- Diligence
- Royalties and Payments
- Patent Management
  - Prosecution, infringement
- Insurance
- Warranties
- Export Control
- Use of Names
- Confidentiality
- Assignment
- Term
- Termination
- Disputes
- Communications
- Publications
- Signatures
Royalties and Payments

- **What is the company going to pay?**
  - **Issue Fee**—payment on signing
  - **Annual Fee**—not dependent on sales
  - **Milestone Fee**—achievement related
  - **Running Royalties**—% of net sales
  - **Sublicense Royalty**—% of revenue received from sublicensee

- **All payment terms listed are not in every agreement**
## Licensing Revenue Sharing

<table>
<thead>
<tr>
<th>Revenue*</th>
<th>Inventor</th>
<th>UTHSC</th>
<th>Department</th>
<th>UTRF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; $5000</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>$5k-$1M</td>
<td>40%</td>
<td>15%</td>
<td>15%</td>
<td>30%</td>
</tr>
<tr>
<td>$1M+</td>
<td>35%</td>
<td>20%</td>
<td>20%</td>
<td>25%</td>
</tr>
</tbody>
</table>

* The inventor receives 100% of the first $5000 of gross revenue, but all other distributions refer to net revenue (i.e., after UTRF expenses are subtracted).
Publications

- University must be able to continue publishing
  - Academic freedom
  - University will agree to limited delays—30 to 60 days for company to review before submission
  - But important to maintain communication with licensee about plans to publish, as well as any research plans
Licensing at UTHSC

- Not routed through PAMS. Does not involve Research Administration
- Confidential
- Negotiated by UTRF; signed by UTRF and the licensee.
Licensing Data FY2012

- Licenses and Options Executed
  - UTHSC–12
  - Other UT campuses–10

- License Revenue
  - UTHSC– 351K
  - Other UT campuses– 1M
Contacts

Richard Magid, Ph.D.
rmagid1@uthsc.edu
(901) 448–1562

Lakita Cavin, J.D., Ph.D.
lcavin@uthsc.edu
(901) 448–7827

Janet Ralbovsky, Ph.D.
jralbovs@uthsc.edu
(901) 448–1146

http://utrf.tennessee.edu