

Technology Transfer at The University of Tennessee: Agreements

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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



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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



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What's in a CDA?

- ▶ 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

IAs 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

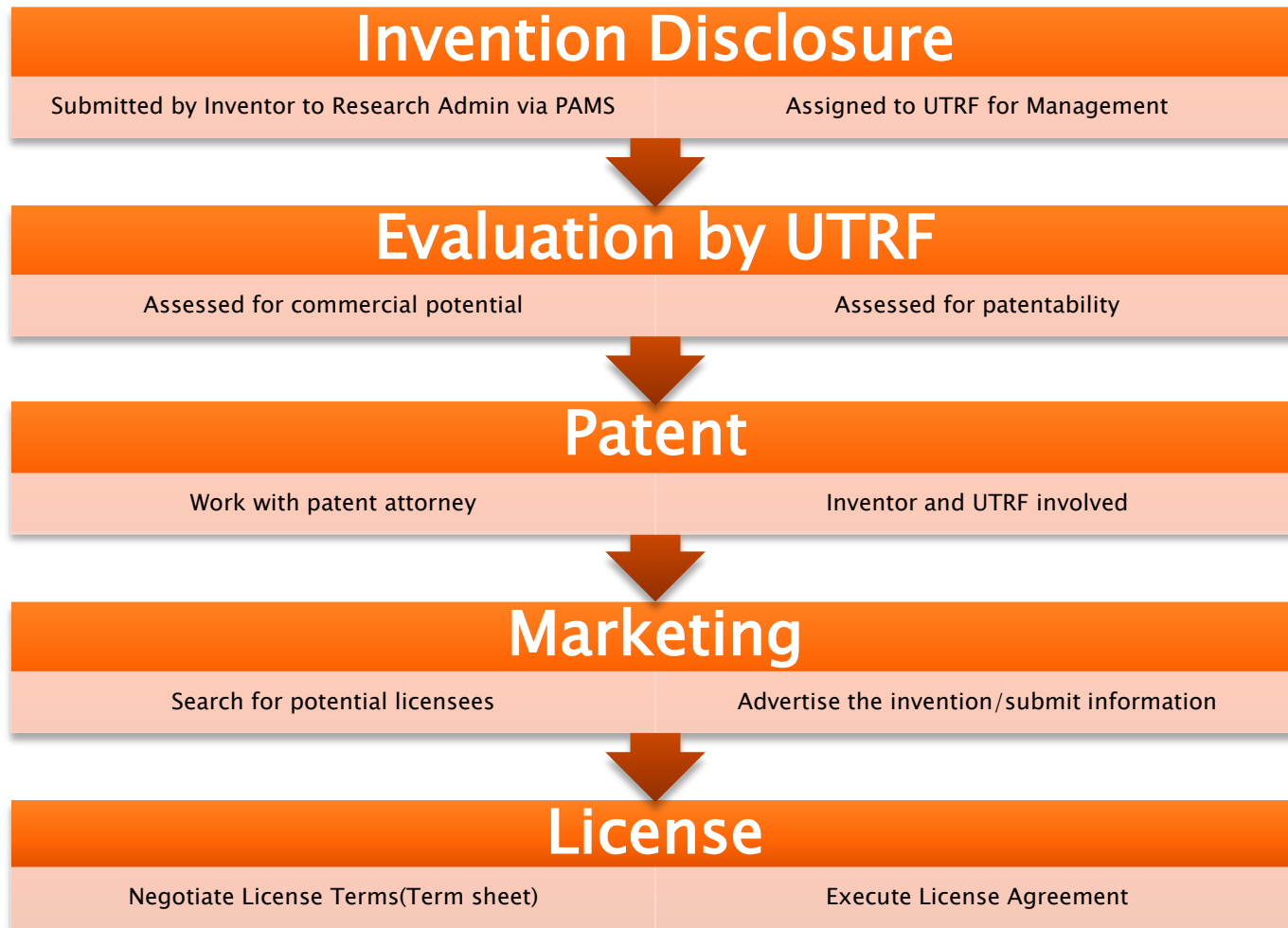
A license:

- ▶ 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



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

Revenue*	Inventor	UTHSC	Department	UTRF
1 st \$5000	100%	0%	0%	0%
\$5k-\$1M	40%	15%	15%	30%
\$1M+	35%	20%	20%	25%

* 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



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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

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