

Panelists' Key Takeaways from the

# Negotiation

## Workshop

July 11, 2024



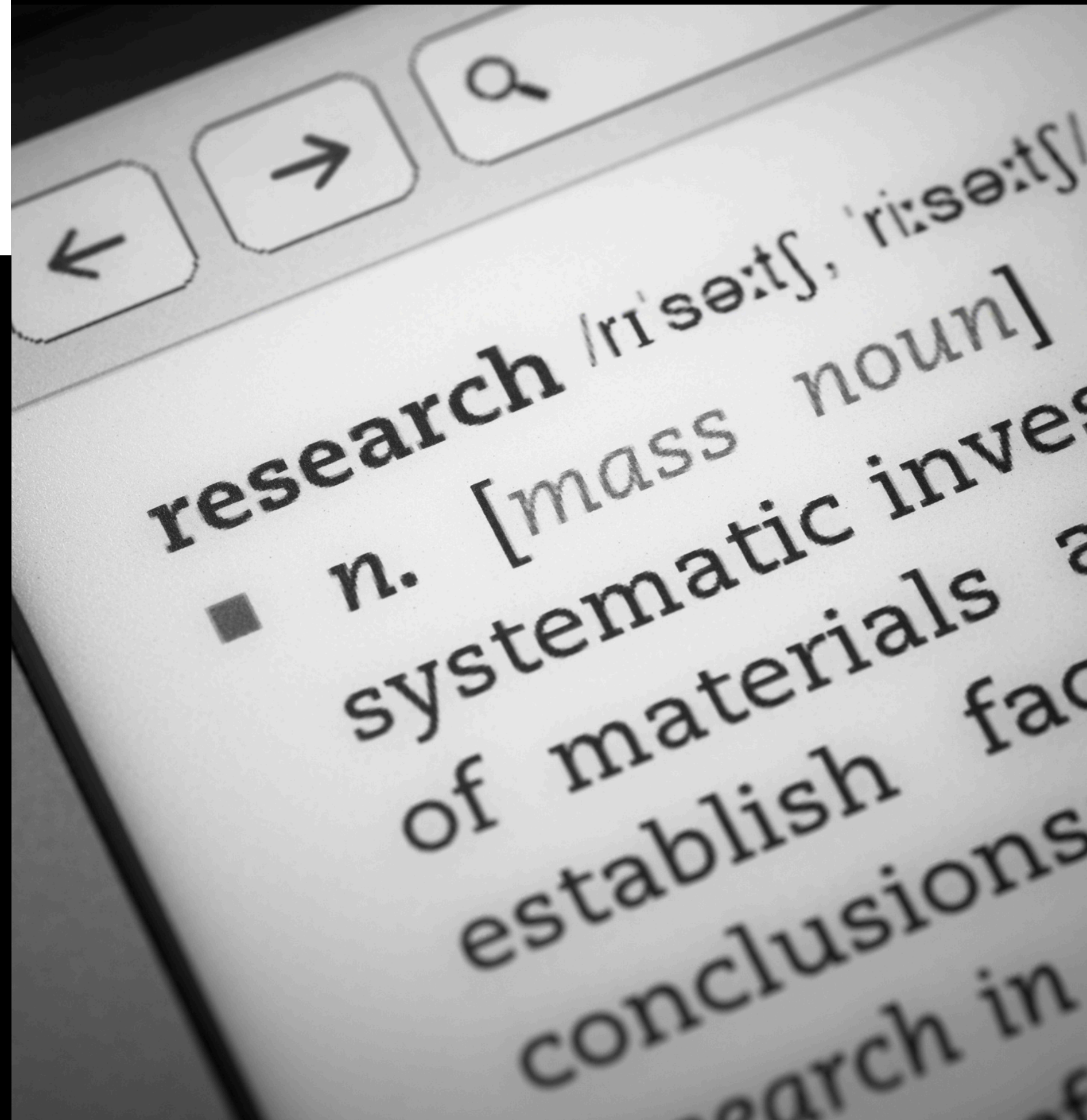
# 01

## Conduct Research

Conduct research on the industry a given potential licensee works in AND work hard to understand the business model in that industry as part of your preparation for a license negotiation.

Industry reps during the workshop noted they feel academic TT offices often don't fully understand the typical deal structures, product complexity or profit margins in their industry, nor do they have a good feel for the true valuation of the IP they are trying to license.

Academia and Industry have different vocabulary. Make sure you are speaking the same language.





# 02

## **Pick the Best Partner**

The best partner is not necessarily the one who offers the most money. Consider who is most likely to be commercially successful with the asset. Who will be the easiest to collaborate with? Who shares the same values and motivations?

# The Big Picture

Look at all deals wholistically, be flexible and take a “big picture” approach to ensure that follow-on deals can happen and that the relationship with the licensor stays friendly and professional. This entails treating the other side respectfully and professionally and not taking any negotiation tactics or proposed deal terms personally.

Consider doing back-loaded deals (a higher percentage of net sales of a future product versus a big execution fee and/or annual minimum royalty) and taking less early on to create aligned interests.

Understand the value chain in order for your potential partner to take the licensing negotiation seriously.

# 03





# 04

## Use Resources Wisely

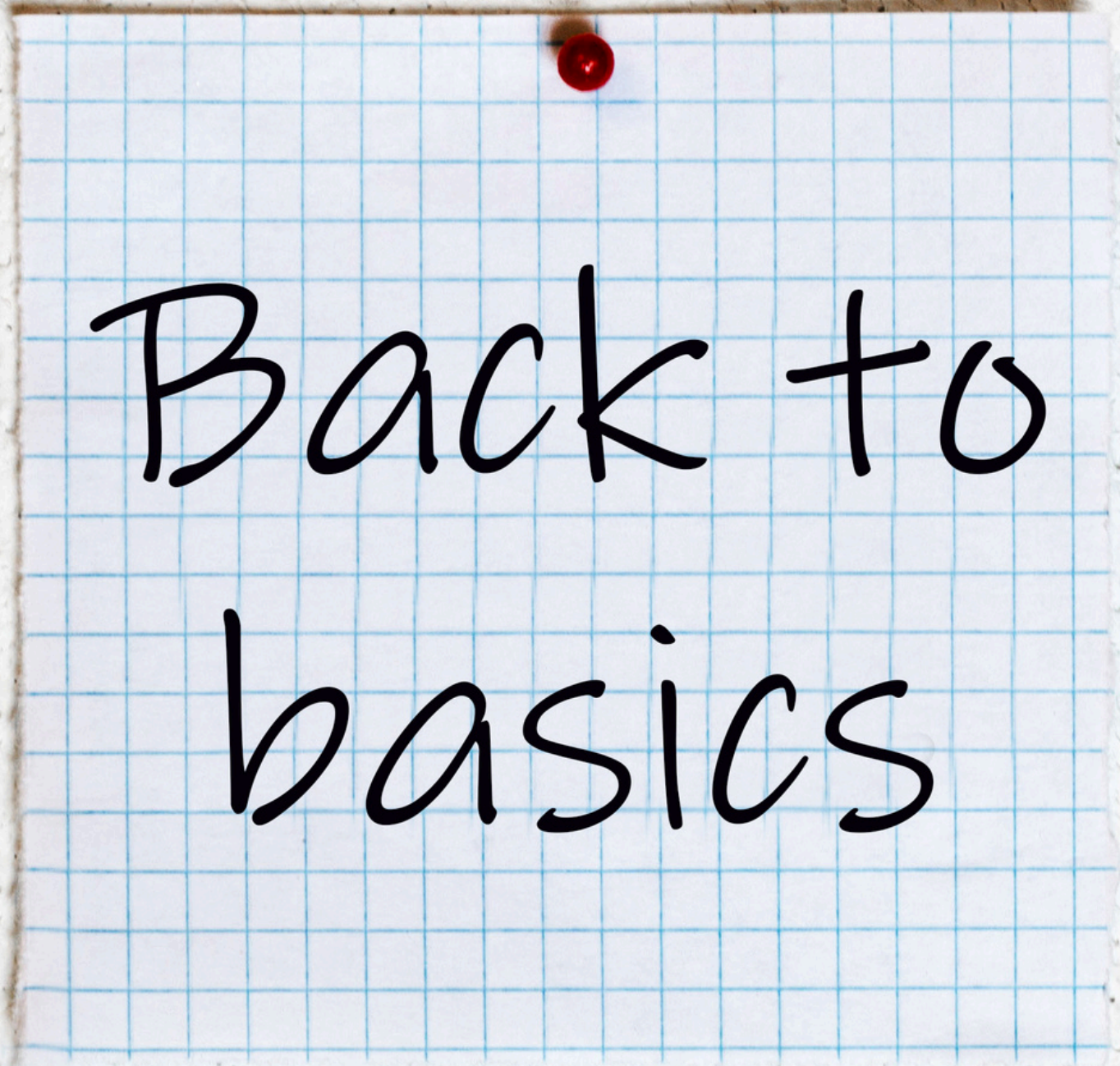
Utilize a wide range of paid and cost-free available resources to research your potential licensee as well as to come up with financial and royalty comparables (comps) for license negotiations such as: Recombinant Capital, Pitchbook, AUTM deals database, Osage University Partners database, SEC EDGAR database, etc.

Don't be shy about reaching out to fellow TT professionals who you have met through CLP, Inc. and industry organizations to ask about deal numbers and ranges, deal structures, etc. they like to use.

# 05

## Get the Basics Right

- Offer fair and realistic deal terms and work on ensuring your draft license includes good definitions, a thoughtful, well-crafted field of use, reasonable sublicensing terms, addresses how improvements will be handled, etc.
- Pay attention to politics: For example, is university leadership interested in the deal for some motivating factor? Is the inventor a champion of the technology or a hindrance? Is the potential licensee involved in a contentious legal battle or running out of funds?
- For “big” deals ensure that drafts and calls are scheduled at some set frequency and make sure the right level of urgency is shown. Delays can dampen the enthusiasm of both parties.



Back to  
basics

# 06

## Try New Things

Don't be afraid to try new tactics to get a deal "unstuck" if it does get bogged down:

- Switch the lead negotiator.
- Organize an in-person meeting or Zoom call with key participants to discuss how to get back on track.
- Remove (or add) the inventor to the mix.
- Negotiate a term sheet if discussions are getting weighed down by negotiating every clause in a license template agreement.
- Try to work "back channels" at the licensee company. Do you or your faculty inventor know someone on the company's board, someone in leadership, etc.?