



Commercialization of patents: Joint venture- and license-agreements



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Setting the stage...

- *"Intellectual Property is the oil of the 21st century"* - Mark Getty, chairman of Getty Images



IP and value creation

- However... IP's (patents) are *intangible rights*– thus **if not utilized, it is of no value**



- Only strategic research & development, legal protection, and commercialized IP can create value

Partner set-up vital for success

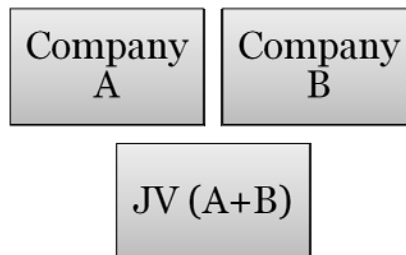
- Collaboration between parties with different - but necessary, complementary – resources required
- Legal set-up of collaborations are important of overall strategy of the innovation...

⇒ THAT is why joint venture agreements (*JVA's*) and license agreements (*LA's*) are of interest!

JV's

JV's are entities formed between parties to undertake economic activity together.

- Parties agree to create a new entity by both contributing equity => They then share risks and rewards (revenues, expenses etc.) of entity
 - The venture can be for one specific project only, or a continuing business relationship.



JVA's practically...

Should generally include provisions about:

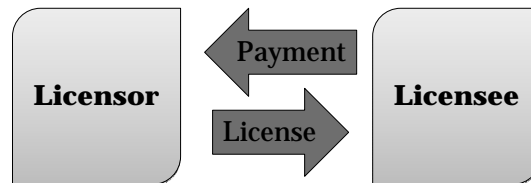
- *Joint venturers (parties)*
- *Name of JV*
- *Purpose of JV*
- *Contributions of parties*
- *Acquisition of Business Interest*
- *Sharing of profits*
- *Sharing of expenses*
- *Liability*
- *Term*
- *Arbitration and Attorneys Fees*
- *Governing Law; Consent to Personal Jurisdiction*

License to... use

Licensing = giving permission

=> authorization by licensor to licensee to use the licensed material *in the designated way*

=> Thus authorized use means that licensee's use, which would otherwise constitute infringement, does not infringe.



LA's practically

Should additionally include provisions about:

- *License type: Exclusive (fully/partially) or non-exclusive*
- *Territory of license*
- *Scope of licensed use (restrictions towards licensee and third parties)*
- *Assignment and transfer*
- *Renewal of license*
- *Licensees' obligations (including payment method: up-front or royalty payment)*



IP's can be coveted assets

“The driving force behind a majority of mergers completed during the past decade has been the acquirer’s desire to obtain the target’s intellectual property assets.”

- Bryer & Lebson, *Intellectual Property Assets in Mergers and Acquisitions*