European IP Helpdesk Webinar:
Commercialisation and Licensing (Basic)
Dr. Christian Hackl
Senior IP Advisor
Feb 15, 2022
European IP Helpdesk

- Service initiative of the European Commission
- Addressing current and potential beneficiaries of EU-funded projects, researchers and EU SMEs
- Free-of-charge first-line support on intellectual property (IP)
- Hands-on IP and innovation management support
- International pool of IP experts from various thematic fields
- Unique cooperation scheme with the Enterprise Europe Network: 48 ambassadors from 28 EU countries

www.iprhelpdesk.eu
The EC IP Helpdesks

www.ec.europa.eu/ip-helpdesk
Communication Formats & Outreach Tools

- Website
- Audio-visual Content
- Publications
- Social Media
- Training
Ambassador Scheme

• Cooperation scheme with the Enterprise Europe Network (EEN): 48 ambassadors – 28 countries
• Building IP capacities among European SMEs
• Overcoming language barriers
• Making the topic more accessible
• Exchange and feedback from ambassadors on needs of SMEs
• Local awareness and training events
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Further learning opportunities:

1. European IP Helpdesk Ambassadors and EEN
2. EUIPO learning portal
3. EUIPO – Ideas Powered for business website
4. WIPO Academy / Diagnostics
5. The Ideas Powered for business SME Fund
6. IPA4SME
7. Horizon IP Scan
8. (IP Booster)
9. Horizon Results Booster
10. LeadershIP4SMEs
11. EPO Academy
12. 4IPCouncil
Thank you!

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- [training@iprhelpdesk.eu](mailto:training@iprhelpdesk.eu)
- Twitter: [@iprhelpdesk](https://twitter.com/iprhelpdesk)
- LinkedIn: [european-ipr-helpdesk](https://www.linkedin.com/company/european-ipr-helpdesk)
Today’s speaker

Dr. Christian Hackl

- Managing Director of TUM-Tech GmbH (for more than 15 years)
- Assistant Professor at the Chair for Technology and Innovation Management (Technical University of Munich: TUM)
- Regular lecturer for the European Patent Office (EPO) / European Patent Academy and the EU-IP Helpdesk
- Author of several publications, e.g. case studies on usage of IPR by companies
- Co-Founder and Managing Director of a start-up (renewable energy)
Overview

• Open innovation / Commercialisation
• What and why (license)
• Before negotiating
• Core content (licensing agreements) - Basics
• Case study
• The negotiation
Closed Innovation

R&D projects

Inside company

Outside company

New products / services

Ideas → Development → Testing → Launch

Market

11

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2022
Open Innovation

R&D projects

Inside company

Outside company

Exploitation (own)

Exploitation done by others

Exploitation done by others

Ideas → Development → Testing → Launch

Commercialisation

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IP Commercialisation

IP

- Used by IP-owner
- Used by somebody else (entitled)
  - sell
  - license
  - spinout
IP Commercialisation

IP

- Used by IP-owner
- Used by somebody else (entitled)

- sell
- license
- spinout

Company
University

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An IP license

• Indirect exploitation of intellectual property

• Licensing agreement: the owner of IP (Licensor) grants the Licensee the right to use the IP

• The Licensor maintains the ownership of the IP
What is a license?

**Licensor**
IP owner (e.g. university, company, individual)

**Permission to use IP**

**Payments**

**Licensee**
(e.g. company)

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Which IP rights can be licensed?

Registered IP
- Patents
- Utility models
- Registered trade marks
- Registered designs

Unregistered IP
- Copyright
- Database right
- Unregistered trade marks
- Unregistered designs

Soft IP
- Know-how
- Trade secrets
- Confidential information
When to use a license agreement

- If you are giving someone else the right to use your intellectual property (IP)
  - E.g. the right for a publisher to make and sell copies of your copyright work, e.g. software or novels
  - E.g. the right for a manufacturer to make and sell products covered by your patents or designs
  - Others, e.g. trade mark licences, know-how licences
When is a license agreement less likely to be needed?

- If you are selling (assigning) the IP outright
- If you are just selling products or services
  - Even if those products are protected by your IP
  - (But if you want to stop the purchaser from using the product freely, a licence may be required to set out the limits of permitted use)
Contrasting types of agreement

- **IP assignment**
  - Outright sale of the IP (e.g. software developer outright selling of software)

- **License agreement**
  - Permission to use IP; ownership remains with licensor
    - patents
    - software (e.g. software developer might want to license end users; EULA: End User License Agreement)

- **Distribution agreement**
  - E.g. software developer appoints distributor who will sell or license products protected by the IP
Contrasting types of agreement

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When does external commercialisation make sense?

- Different geographical region
- Different application / industry
- No strategic fit
- Platform technology
Some reasons for external commercialisation – new markets

- Germany
- Italy, Singapore
- Own
- Industry
- Other
- Own
- Region

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2022
Some reasons for external commercialisation – platform technology
Some more reasons for licensing

- Access new markets
- Generate profit
- Share risk
- Accessing technology (faster, cheaper)
- Ensure Freedom-to-Operate
- Enter into an R&D collaboration
- Settle an infringement claim
- Cross licensing
Motives for outlicensing patents

- Earn revenue - Core or newly developed technologies: 2.5
- Ensure FTO: 2.5
- Stop (perceived) infringement: 2.4
- Earn revenue - Non-core or mature technologies: 2.4
- Enable joint R&D and innovation: 2.2
- Gain or retain access to markets or distribution systems: 2.1
- Gain access to technological know-how: 1.9
- Establish standards: 1.7
- Other motives: 1.6
- Outsource manufacturing: 1.6

Arithmetic means on a scale from 1='unimportant motive' to 4= 'very important motive

Source: PATLICE Survey (Survey on patent licensing activities by patenting firms), European Commission
Motives for outlicensing patents (size)

Arithmetic means on a scale from 1='unimportant motive' to 4= 'very important motive

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Motives for outlicensing patents (industry)

Arithmetic means on a scale from 1='unimportant motive' to 4= 'very important motive

Source: PATLICE Survey (Survey on patent licensing activities by patenting firms), European Commission
**Barriers to outlicensing patents**

- Potential loss of competitive/technological edge: 2.9
- Difficulties identifying right partners: 2.2
- Difficulties to reach agreements on terms other than the price: 2.1
- Technology not developed enough: 2.1
- Difficulties to monitor or enforce licensing agreement: 2.1
- Price offered too low: 2.0
- Lack of info on how to price the license: 1.9
- Costs for external support: 1.8
- Insufficient size of own patent portfolio: 1.8
- Non-tariff barriers in legal system: 1.6
- Lack of own know-how on how to draft licensing agreement: 1.6
- Internal organisational issues: 1.6
- Other barriers: 1.6
- Non-availability or lack of quality of external support: 1.5

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Source: PATLICE Survey (Survey on patent licensing activities by patenting firms), European Commission
## Barriers to outlicensing patents

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Source: PATLICE Survey (Survey on patent licensing activities by patenting firms), European Commission
Channels to find potential licensees

Arithmetic means on a scale from 1='unimportant motive' to 4= ‘very important motive

Source: PATLICE Survey (Survey on patent licensing activities by patenting firms), European Commission
Motives for inlicensing patents

Arithmetic means on a scale from 1='unimportant motive' to 4= 'very important motive

Source: PATLICE Survey (Survey on patent licensing activities by patenting firms), European Commission

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Barriers to inlicensing patents

Arithmetic means on a scale from 1='unimportant motive' to 4= 'very important motive

Source: PATLICE Survey (Survey on patent licensing activities by patenting firms), European Commission
Before the negotiation

• You learnt about a new technology and – according to the first preliminary information – it might be an interesting technology for you (licensing-in)

• **Question:** *What do you do before sitting down with the licensor to negotiate?*
Before the negotiation

• Information regarding the licensor (licensee)
• Information regarding the technology and its context
• Information regarding the legal status of rights
• Information regarding the business environment
• (NDA)
Due Diligence (example)

- A new industrial process for leather dyeing (water soluble dyestuff)
- Protected by patent
- Supported by secret know-how

What due diligence for the patent and know-how?
Due diligence in patents

• Ownership, legal status, geographical scope

• Patented technology and its context
The Espacenet database (over 110 million docs)

https://worldwide.espacenet.com

Espacenet: free access to over 110 million patent documents

Also for identifying potential partners
The Espacenet database (over 110 million docs)
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Due diligence in trade secrets

- Licensor trade secret policy
- Confidentiality agreements with employees
- Other licensees in possession of the secret
Licensing agreements

- No standard
- Main topics
Licensing agreements

- The parties (licensor and licensee)
- Purpose
- Definitions and subject matter
- Rights granted and restrictions
- Improvements
- Confidentiality
- Royalties, reports and audits
- Representations and warranties
- Infringement
- Term and termination

New training: „Licensing - Advanced“
Case study: Orcan Energy

https://www.epo.org/learning/materials/sme/sme-case-studies.html

Recycling waste heat to cool down the planet

A renewable energy company founded in 2008, Orcan Energy offers standard components for heat power generators that recycle waste heat by turning it into electricity using the Organic Rankine Cycle (ORC), a process similar to that used in steam engines. Having started as a spin-off from the Technical University of Munich (TUM) in Germany, Orcan now has 65 employees. Patents are important, because the risk of Orcan’s standard components being copied is high. Eight early patents were filed by the TUM and then subsequently acquired by Orcan. Ownership of these patents was vital in order to attract funding. Orcan co-operates with other companies, but simplifies patent management by avoiding joint ownership. It has a detailed patent protection strategy and understands when to file a patent application and where to file it.
Case study II: Orcan Energy


Licensing agreement negotiation

• A strategic choice

• A long standing relationship

• Legal, technical and financial aspects
Negotiating licensing agreements

• Search for a win-win agreement

• Be sufficiently prepared to negotiate

• Seek “objective” criteria

• Discuss the agreement as a whole

• Time is always important
Contact us!

- www.iprhelpdesk.eu
- service@iprhelpdesk.eu
- Twitter @iprhelpdesk
- LinkedIn /european-ipr-helpdesk
Thank You!

DISCLAIMER

The European IP Helpdesk provides free-of-charge first-line support on IP-related issues aiming to help current and potential beneficiaries of EU-funded projects, as well as EU SMEs, manage their Intellectual Property assets.

The European IP Helpdesk is managed by the European Commission’s European Innovation Council and SMEs Executive Agency (EISMEA), with policy guidance provided by the European Commission’s Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG Grow).

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