

The Licensing Process

The University of Akron (UA) and the UA Research Foundation (UARF) encourage and support the commercialization of UA technologies by outside parties through a licensing process that is designed to provide a fair exchange of access to technology and legal rights for reasonable consideration.

Upon your company

The University obtains financial compensation through license fees, royalties, milestone payments, minimum royalties, and, in some cases, equity. No two technologies are alike and thus agreement terms are developed on a case-by-case basis. The licensing staff is committed to working out an arrangement that is both advantageous to your company and provides a fair return for the university.

- ¶ Royalties are usage-based payments made by the licensee to UA for each item sold. Royalties typically are based on a percentage of net sales.
- ¶ Fees are lump sum payments that can be constructed so that payments can be made up-front, at milestones, or at a set point in time.
- ¶ Reimbursement of patent costs are typically expected of all licensees, and include costs associated with obtaining and maintaining patent protection.
- ¶ Equity may be given in lieu of fees for licensees that prefer to compensate the University with an ownership stake in the licensee through stock. This is usually done for startup companies.

government

Consideration

- ¶ License fee
- ¶ Equity for liquidation payment at exit if licensee is a start-up company
- ¶ Royalty on sales by licensee and its sublicensee (most common, but sometimes a set royalty amount per product sold)
- ¶ Percentage of non-sales based sublicense income (such as sublicense fees)
- ¶ Minimum royalties or annual maintenance fees
- ¶ Milestone/diligence payments

Patent Prosecution and Payment

Typically, the university will control patent prosecution and provide the licensee the opportunity to make comments, decisions about the prosecution strategy, which countries to file in, etc. In an exclusive license, the licensee reimburses the university for all its costs associated with preparing, filing, prosecuting and maintaining the licensed patents. In a non-exclusive license, the licensee reimburses a portion of the fees.

Reporting

Typically, the university requires semi-annual reporting of royalties due, sublicense agreements and payments, and other revenues.

Diligence Terms

The license will provide for certain diligence milestones to be met by the licensee to ensure that the technology is being diligently developed and commercialized. For pharmaceuticals and medical devices, these often are pre-clinical and clinical trial milestones. For other products, diligence terms might include field testing of a prototype or a first product sale.

Sublicense Provisions

Licenses that provide for exclusive rights typically also allow the licensee to sublicense the licensed technology to third parties. The University will require that all sublicense agreements contain some of the same language as the original license such as: use of the university name, disclaimer of warranties, maintenance of university rights, product liability, confidentiality, and termination.

Infringement

Generally an exclusive licensee has the first right to enforce the licensed patents. The University can join the suit usually upon reimbursement of its expenses by the licensee. If the licensee elects not to pursue enforcement, the University may elect to enforce on its own. This section will also provide for distribution of any damages between the licensee and the university after expenses

are paid.

Non-Disclosure Agreements (NDAs) are often used to protect the confidentiality of an invention as it is being evaluated by potential licensees.