



Confederation of Indian Industry



Workshop on

LICENSING INTELLECTUAL PROPERTY

20-21 November 2008
Hyderabad



The workshop has been designed for:

- 👉 Business Development Managers
- 👉 Licensing Managers
- 👉 Chief Executive Officers
- 👉 Chief Financial Officers
- 👉 Business Consultants
- 👉 Scientists
- 👉 Research Administrators
- 👉 Venture Capitalists
- 👉 Lawyers
- 👉 Patent Attorneys

About the workshop

This intense and comprehensive two day practical Intellectual Property Licensing Master Class is aimed at licensing skills development, and the implementation of those skills in a licensing negotiation.

The workshop is presented by Philip Mendes, an experienced licensing practitioner, who has negotiated IP licensing transactions for over 20 years, with parties in over 20 countries, including multinational companies, SMES, governments, universities, and research organisations. He brings to the workshop a wealth of insights, and personal practical licensing experience.

Day 1: Intellectual Property Licensing Essentials

Day 1 of the workshop covers all the typical, and particularly all the controversial terms of an IP license. It considers alternatives for dealing with controversial terms, and the factors that may suggest the appropriateness of one approach to other approaches, in relation to these controversial terms.

The workshop also addresses what is perhaps the most difficult part of an IP license to negotiate, and that is minimum performance obligations upon a licensee, the failure to achieve which ultimately leads to the termination of the IP license and the reversion of IP rights back to a licensor.

The workshop also covers IP licensing preparations, particularly due diligence preparations, to avoid the devaluation of the intellectual property as a result of due diligence defects that a licensee might discover, as well as covering the licensing implications of the joint ownership of intellectual property.

Day 2: The Financial Terms of an Intellectual Property License

There is much more to the negotiation of the financial terms of an intellectual property license than simply reaching agreement on a royalty rate. Day 2 of the workshop deals only with the financial terms of an IP license.

There are a myriad of ways in which royalty terms can be structured, to either maximise the return from a license (for a licensor), or to effectively lessen the real royalty being paid (for a licensee).

There are also many other financial terms other than royalty terms, including up front, milestone, and performance related payments.

This workshop covers 16 different types of royalty terms, and 28 different types of financial terms that can be employed to maximise (for a licensor) or minimise (for a licensee) the effective royalty being paid.

A licensee needs to be alert to the royalty maximisation strategies that a licensor might employ, and a licensor needs to be alert to the royalty minimisation strategies that a licensee might employ.

The workshop also addresses the difficult question of how to set the "right" royalty rate.

A licensor does not wish to settle for less than the "market" royalty rate, nor does a licensee wish to pay greater than the "market" royalty rate.

This workshop addresses methodologies and tools to help arrive at what the "market" royalty rate may be, including considering benchmarking methodologies and tools, the 25% rule, and the use of a discounted cash flow analysis as a tool to assist setting the "market" royalty rate.

Key Benefits

- ▶ Improve your licensing negotiation skills
- ▶ Understand what drives the framing of critical licensing terms
- ▶ Understand controversial licensing terms and options for dealing with them
- ▶ Understand IP due diligence issues and common due diligence traps, and how to fix them
- ▶ Learn how to structure performance obligations for maximum advantage
- ▶ Learn strategies to manage risk and exposure in licensing intellectual property
- ▶ Understand the differences and benefits of a strategic alliance, as opposed to a passive license
- ▶ Learn the 16 different types of royalty terms
- ▶ Learn the 28 different types of financial terms of a license
- ▶ If you are a licensor, be equipped with royalty term structures to maximise the return on the license
- ▶ If you are a licensee, be equipped with royalty term structures to minimise the effective royalty payment
- ▶ Learn benchmarking skills for better royalty setting
- ▶ Learn the 25% rule for better royalty setting
- ▶ Learn the use of a discounted cash flow analysis for better royalty setting

Who should attend

This workshop has been specifically designed for persons that negotiate intellectual property licenses.

It is suitable for the novice, and its advanced licensing strategies will be of benefit to the more experienced licensing professional as well.

About Philip Mendes

Philip Mendes has experience in successfully negotiating licensing transactions for over 20 years, involving parties in over 20 countries, from large multi-national companies, to small companies, and with government parties.

Philip has been involved in the negotiation of some of the largest intellectual property licensing transactions and largest venture capital investments that have emerged from Australia.

The sectors in which these negotiations have taken place include: biotechnology and healthcare, information technology, engineering, and education.

He was engaged by the World Intellectual Property Organisation and the International Trade Center (of the World Trade Organisation) to contribute a number of chapters on international licensing and strategic alliances, to its publication on international trade for biotechnology companies called "Exporting Pharmaceuticals".

Philip's training is as a lawyer. He is a member of the Australian Government's Advisory Council on Intellectual Property. He is a director of a biotech company, Ozgene Pty Limited, and of CAST CRC Limited.

Philip is a regular conference speaker and has spoken at international conferences in the United States, Korea, China, Taiwan, India, Vietnam, Singapore, and Malaysia, including at the invitation of the World Intellectual Property Organisation, APEC, and IP Australia.

He has been described as an engaging and passionate public speaker that motivates and skills up his audience.

Programme Schedule

DAY 1: LICENSING ESSENTIALS		
8.30	Welcome and Registration	
9.00	Assignment v. Licensing	Deciding whether to assign intellectual property, or to license it. Factors influencing the decision.
9.45	Joint Ownership of Intellectual Property - Licensing Implications	Ownership of intellectual property traps and issues, particularly issues arising from joint ownership. Joint ownership laws in major countries, and their implications. Joint ownership with research organisation collaborators and implications. Joint ownership with industry partners and implications.
10.30	Morning Tea & Networking	
11.00	Preparing to License: Due Diligence	Common due diligence IP ownership and rights defects. Recognising them, and how to solve them. Contracts, joint owners, students, collaborators.
11.45	The terms of an IP license (except financial terms see Day 2)	Common provisions in an IP license agreement, including: License grant, Scope of licensed rights, Duration models, exclusivity and non exclusivity, Field, Territory, Retained rights, including to undertake further research, Ownership of Improvements, Access to improvements by a licensee, Sub-licensing, Patent prosecution responsibility, Patent expenses, Confidentiality, Product liability insurance, Other insurance, Warranties, Releases and indemnities, Dealing with infringers, Dispute resolution, Termination and reversion, Consequences of termination, etc.
12.30	Lunch & Networking	
1.30	The terms of an IP license (continued)	As above, continued
2.15	Performance Obligations in an exclusive IP license	The hardest part of a license to negotiate - performance obligations upon a licensee: Best Endeavors; Reasonable Endeavors; Commercialisation Milestones; Minimum sales obligations. Different models of performance obligations for different licensees. Consequences of non compliance by a licensee.
3.00	Afternoon Tea & Networking	
3.30	Software licensing	Special issues in the licensing of software including: duration of the license, renewal, access to and escrow of source code, risk and exposure management and minimisation, and warranties.
4.15	Inter-Institutional Agreements	The nature of an inter-institutional agreement. Collaboration research. License by one co-owner to another. Co-ownership of IP. Issues in this special licensing relationship. Models for the distribution of commercialisation revenue between co-owners.
5.00	Close	
DAY 2 NEGOTIATING THE FINANCIAL TERMS OF A LICENSE		
9.00	The Financial Structure of a License	An examination of 16 different types of royalty terms, and the types of licenses when they are likely to be encountered. An examination of 28 types of financial terms in total that may be employed in a license for maximum commercial return. What royalties are calculated on. Withholding tax, and other financial issues.
10.00	The Financial Structure of a License (cont)	As above, continued
11.00	Morning Tea & Networking	
11.30	Royalty Rate Methodologies & Royalty Rates	An examination of methodologies for approaching royalty rates. Relationship between risk, development and return. The 25% rule and when it is and is not appropriate as a royalty setting approach. Practical application of the 25% Rule. Royalty rates, royalty tables for biotechnology including therapeutic drugs, vaccines, and diagnostics, and statistics for different industry sectors.
12.15	Strategic Alliances: Co-development and Co-marketing Relationships	The role of strategic alliances in the co-development of intellectual property and the co-marketing of intellectual property. Other benefits from strategic alliances, particularly financial benefits other than royalties.
1.00	Lunch & Networking	
2.00	Benchmarking Financial Terms	What benchmarking or comparables analysis is and how it assists in determining an appropriate royalty. Sources of information to benchmark financial terms. Introduction to practical exercise.
2.15	Benchmarking Financial Terms Practical Exercise	Practical benchmarking exercise. Participants will be distributed source materials and in teams will need to locate and extract benchmarking data to arrive at a royalty rate for a hypothetical technology. All teams will then report back to compile their benchmarking results and test the benchmarking conclusions reached.
3.15	Benchmarking Exercise Report back	Report back on benchmarking exercise.
3.30	Afternoon Tea & Networking	
4.00	The Value of a Deal Discounted Cash Flow Analysis as a Negotiation Tool	A discussion of a risk adjusted net present value of intellectual property using a discounted cash flow analysis. In particular, how to use this analysis as a negotiation tool in negotiating the financial terms of a license. How knowing the risk adjusted net present value can help determine royalty rates and other financial terms.
4.45	Discount Cash Flow Analysis Practical illustration with hypothetical technology	A hypothetical technology is presented with data inputs into a Discounted Cash Flow spreadsheet to illustrate the method and approach of a discounted cash flow analysis, and how it can be used as a royalty setting assistance tool.
5.00	Close	



Confederation of Indian Industry

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The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the growth of industry in India, partnering industry and government alike through advisory and consultative processes.

CII is a non-government, not-for-profit, industry led and industry-managed organisation, playing a proactive role in India's development process. Founded over 112 years ago, it is India's premier business association, with a direct membership of over 6500 organisations from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 companies from around 350 national and regional sectoral associations.

A facilitator, CII catalyses change by working closely with government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialised services and global linkages. It also provides a platform for sectoral consensus building and networking. Major emphasis is laid on projecting a positive image of business, assisting industry to identify and execute corporate citizenship programmes. Partnerships with over 120 NGOs across the country carry forward our initiatives in integrated and inclusive development, which include health, education, livelihood, diversity management, skill development and water, to name a few.

CII's theme of 'Building People, Building India' puts the spotlight on Human Resource Development: making people more efficient, entrepreneurial and innovative, to make India and Indian industry even more competitive, across all sectors of the economy and all sections of society, at all levels Global, National, Regional, State and Zonal.

With 57 offices in India, 8 overseas in Australia, Austria, China, France, Japan, Singapore, UK, USA and institutional partnerships with 240 counterpart organisations in 101 countries, CII serves as a reference point for Indian industry and the international business community.



Andhra Pradesh Technology Development & Promotion Centre

APTDC is incorporated as a Society. An apex Governing Council, chaired by the Secretary of the Department of Science & Technology, Govt. of India and consisting of members from Govt. Of India, Govt. of AP, TIFAC, and CII guide, monitor and control the operations of the centre and lay down policy guidelines and resolve policy issues. An Executive Committee chaired by the chairman/chairperson of CII Andhra Pradesh state and consisting of members from CII and TIFAC guide and monitor the day-to-day activities of APTDC.

A team of highly qualified and experienced engineers from diverse fields, networked with Indian and overseas institutions is the core strength of APTDC.

CII-APTDC has an IPR facilitation cell set up with the joint effort of CII, Govt of AP and TIFAC at Hyderabad. This is a first of its kind in the country conceived as a one stop shop for all IPR service requirements.

Services offered:

1. Patent Information and Analysis
2. Patentability Assessment Criteria Report
3. IPR Advisory services
4. IP Protection facilitation (Filing of Patents, Trademarks, Designs, GI & Copyrights)
5. IP Management Services (eg: formulating an IP policy, introducing best practices & IP Management tools)

For Further Details please contact:

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