

Licensing a university invention is a deliberate process for both the University and the licensee. There is a lot at stake for both parties. University technologies are typically nascent and require a committed licensee, either a startup or an existing company, who will take it through product development and commercialization. The Invention Managers (IMs) at INVO are trained professionals who will partner with licensees to negotiate a license that protects Northwestern's interests while allowing the licensee to maximize its ability to commercialize the technology and provide benefit to the public.

THE LICENSE AGREEMENT

The license agreement gives the licensee the legal right to use a technology for further commercial development. There are many important sections to an agreement--of particular note are:

License Fee

License agreements generally include some upfront consideration. This could be a cash payment or an equity position in a startup company. This term is determined by the technology as well as what is financially feasible for the licensee.

Patent Expenses

INVO seeks reimbursement for past patent prosecution costs, including US and foreign filing fees and IP attorney fees. Licensees are responsible for future patent expenses.

Development Plan & Milestones

Northwestern license agreements usually stipulate that the licensee will work diligently to commercialize the IP for the benefit of the public. Licensees are expected to propose a development plan that highlights what they intend to do. INVO will reach out to confirm that the licensee is making progress on their milestones.

Milestone Payments

A negotiated payment is made when the technology meets a developmental milestone. This payment structure defrays initial license fees, making financial terms more manageable particularly on technologies that are higher risk.

Royalties

Royalties are paid to Northwestern when products that utilize the technology are sold. Depending on the market standards, royalties may be based on either percent of sales or a fee per unit.

THE LICENSING PROCESS

1 A technology of interest is identified by a potential licensee through an inventor, an IM, Flintbox- INVO's online technology platform- or other marketing efforts.

2 Potential licensee contacts the IM who can confirm the technology's availability and provide additional information. A confidential disclosure agreement (CDA) may be executed. The faculty inventor may be introduced for additional technical and scientific details. If further evaluation is required, additional agreements may be put in place to govern potential funding or exchange of material.

3 Potential licensee notifies the IM to discuss licensing interest. INVO will outline non-financial and financial details in a term sheet. These may include:

- exclusivity
- field of use
- sublicensing provisions
- publication clauses
- grant of rights
- royalties
- license fees
- minimums
- milestone payments

4 INVO will draft a license agreement based on the term sheet and legal terms that are required by Northwestern University. The licensee and INVO typically have several iterations of the license draft, reviewing legal and business terms at each pass.

5 Once an agreement on the final language is reached, INVO and the licensee will execute the agreement.

FAQS

Will Northwestern license technology to a faculty member?

The University will license technology to a faculty startup; however, it will not negotiate directly with the faculty member. There is a conflict of interest since it would be difficult to separate their role with the startup and University.

How long does it take to execute a licensing agreement?

It depends on the nature of the license and the extent of license edits requested by the licensee. The license is a legal document, as such, INVO must ensure that Northwestern and its faculty are fully protected. INVO understands the urgency that faculty feel; however, it is in the best interest of both Northwestern and the licensee that the terms are not evaluated and negotiated in haste. For example, INVO would not want to execute a license that might automatically promise future IP to a licensee or limit the relationships of faculty with future licenses or sponsored research with other companies.

How does INVO select a licensee?

Typically, there are not multiple bidders for a particular invention. Licensees are selected based upon their ability and commitment to commercialize a technology. In some cases, startups are positioned better to give the proper focus and intensity to the development of a technology. In other cases, an established business offers the expertise in similar technologies and experience in a market for better product development and adoption.

What benefits can you expect if INVO licenses your IP?

First, inventors can celebrate that their technology is a step closer to its use by the public. They may gain increased name recognition and relationships with businesses. Lastly, inventors can expect a financial return when license and maintenance fees and/or royalties are received. For more information, contact your IM.