

International Workshop on Intellectual Property Management and Technology Licensing

18-20 June 2019 • Bangkok, Thailand

Building Strategy for maximizing IP Value: Technology Transfer and Licensing Negotiations

Neeti Wilson, Ph.D.

(Partner, Anand and Anand) UN Consultant

Asian and Pacific Centre for Transfer of Technology (APCTT) of the

United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) in New Delhi, India



Technology Licensing

- Pre-licensing activities
 - IP Asset Identification
 - IP Valuation
 - IP Audit
 - Due Diligence
 - Decision – Roadmap
 - License

Technology Transfer

- Assign/Sell/Licence
- Provide Technological Expertise –set the place, instruments
- Supply know how and technical expertise training material
- Provide cooperation arrangements of industrial or technical nature

Arrangements

- Cooperative R&D Agreements
- Private-Public work of other agreements
- Licensing Agreements
- User-Facility Agreements

Challenges

- Competing Internal Priorities
- Lack of Resources
- Bureaucratic Constraints
- Solutions to valley of death technologies
- Concerns of licensor- competition
- Concerns of licensee- sustainable operation
- Regulations

Checklist for TT Negotiation

- 1 *The parties*
- 2 *Whereas clauses*
- 3 *Definitions*
- 4 *The grant sections*
 - 4.1 *Rights granted*
 - 4.2 *License restrictions*
 - 4.3 *Reservation of rights*
 - 4.4 *Right to grant sublicenses*
 - 4.5 *Territory*
- 5 *Improvements*
- 6 **Consideration**
- 7 *Reports and auditing of accounts*
- 8 *Representations/warranties*
- 9 *Infringement*

Checklist for TT Negotiation

10 Diligence

11 IP defined

12 Right of inspection; technical personnel

13 Remaining sections

14 Confidentiality

15 Export regulations; use of party's name

16 Arbitration

17 Termination

18 Force majeure

19 Assignment provision

20 Favored nation

21 Notices; integration; language; modifications; law; signatures

22 Schedules

Process of Negotiation

- Preparatory Phase
- Discussion Phase
- Proposing and Bargaining Phase
- Golden Rules
 - Never Give until you get
 - Aim for Win-Win

What Is Win-Win Negotiation?

- A win-win negotiation is a careful exploration of both your own position, and that of your opposite number, in order to find a mutually acceptable outcome that gives you both as much of what you want as possible. If you both walk away happy with what you've gained from the deal, then that's a win-win!
- In an ideal win-win situation, you will find that the other person wants what you are prepared to trade, and that you are prepared to give what he or she wants. If this is not the case, and one of you must give way, then it is fair to negotiate some form of compensation for doing so. But both sides should still feel comfortable with the outcome.
- Negotiations are successful when they encourage cooperation toward a common goal

Principled Negotiation Within the Win-Win Scenario

- Establishing a strong position is a good starting point for a negotiation. But if you become too entrenched, conflict can quickly arise and the discussion may break down.
- Avoid this by using a form of win-win negotiation called "principled negotiation."
- Five steps of principled negotiations
- Negotiations are successful when they encourage cooperation toward a common goal

1. Separate People From the Problem

- First, avoid identifying your opposite number as your "opponent." Be sure to focus on the issue at hand, and try to ignore personality differences. To do this, be aware of three factors: perception, emotion and communication.
- According to Fisher and Ury, perception means "putting yourself in their shoes," so you are better placed to see common ground or a compromise solution.
- Examine and acknowledge your emotions, and ask yourself why you feel the way you do. For example, could a previous bad experience in a negotiation be affecting your behaviour in this one?

2. Focus on Interests, Not Positions

- People are seldom "difficult" just for the sake of it, and almost always there are real and valid differences sitting behind conflicting positions. The way that each person sees the issue may be influenced by many factors, such as their values, beliefs, status, responsibilities, and cultural background.
- Try to keep the conversation courteous and avoid attributing blame. Once everyone knows that their interests have been considered, they are more likely to be receptive to different points of view.

3. Invent Options for Mutual Gain

- By now, each side will likely have a better understanding of the other's interests, and a solution might be obvious. You may even be on the verge of agreement. If not, stay open to the idea that a completely new position may exist and use the negotiation process to explore your options.
- The new situations can provide further opportunity to assess best practices, training opportunities, and innovation

4. Use Objective Criteria

- This isn't just "setting out the facts," as different underlying needs, interests, opinions, and goals can cause people to interpret facts differently, or cause you to select only those facts that support your position .
- Try to agree on a set of objective criteria that provide a framework for your discussion. These could include measurements such as legal standards, market value, a mission statement, or contractual terms.
- Agreeing on standards demonstrates shared values, and a commitment to reaching an agreement.

5. Know Your BATNA

(Best Alternative To a Negotiated Agreement)

- Your BATNA is your favored fallback option if you can't get everything that you want.
- This is not the same as a "bottom line," which is a fixed position that can limit your options and may prevent you from discovering a new course of action.
- Instead, think through what might happen if the negotiation doesn't achieve your desired result, and select the most attractive alternatives.
- Evaluate these alternatives and at the end of that process, the most promising alternative solution is your BATNA.

Win-Win Versus Win-Lose Negotiation

- In a negotiation where you don't expect to deal with the person concerned again, and you don't need their continued goodwill, it may be appropriate to seek a "bigger piece of the pie" for yourself. This "win-lose" approach, often called "distributive bargaining," is usually used for negotiating the price of goods or services (for example, a house or a car).
- Similarly, when the stakes are high, it may be appropriate to use legitimate "gamesmanship" (pushing the rules to their limits) to gain advantage, but without crossing the line into brinkmanship

Case study



Microsoft Technology Statistics



\$11.4 billion

Microsoft annual
R&D spend



5,422

U.S. and international
patents issued last year



1,200+

Licensing agreements



60,000+

Patents granted
globally



36,000+

Pending patent
applications globally



700+

Licensing partners

Microsoft- IP Licensing Policy

- Microsoft has a history of licensing patents under fair and reasonable terms to companies that respect Microsoft intellectual property rights. Microsoft considers all requests for licenses, but reserves the right not to license certain technologies and/or patents.
- Where Microsoft determines to license patents, generally do so non-exclusively and on terms similar to how others in the technology industry license their own patents, typically referred to as "commercially reasonable" terms.
- **Application to academics:** For bona fide academic institutions, Microsoft makes available appropriate royalty-free covenants under its patents. These royalty-free covenants are intended to encourage non-commercial research and educational activities.
- **Application to software developer kits (SDKs)** independent software vendors (ISVs), as part of the SDK program for developing software that runs on the Windows platform, receive certain IP licenses from Microsoft.
- **Application to existing standards commitments:** As a major participant in many industry standards bodies, Microsoft frequently contributes technology and know-how to these organizations. Comply with all applicable policies when participating in industry standards processes, including the contribution of technology to standards bodies under "reasonable and nondiscriminatory" (RAND) terms, either on a for-fee, or royalty-free basis, as defined by each standards group.

You never get what you deserve,
You get what you negotiate!

THANK YOU

neeti@anandandanand.com

