

## Contract Writing and Sharing of Intellectual Property

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## Who Owns the IP?

Ownership may arise because of:

- Grant/Contract
- Use of Unique Facilities
- Sponsored Research Agreements
- CRADAs
- Employment Agreements
- Preexisting Agreements to Assign Rights

## Ownership: Contract Drafting Questions

- What is "intellectual property"?
- Who owns the intellectual property?
- Who may use the intellectual property?
- How are any funds to be distributed?
- How are emerging issues and disputes resolved?

## Who Owns the IP?

Grant/Contract Ownership

- Under Bayh-Dole, grantees and contractors retain title to inventions developed under those funding arrangements.
- US Government sponsoring agency retains a non-exclusive, non-transferable, royalty-free license to use the intellectual property for research purposes.

## Primary Considerations

- Public Health
- Dissemination of Knowledge
- Access to Technology
- Financial
- Encouragement of Innovation/Entrepreneurship
- Encouragement of Collaborative Research
- Existing/Future Intellectual Property

## Who Owns the IP?

- NIH Policy: Researcher who uses facilities at NIH (i.e. researcher has come here for a specific purpose) is obligated to assign his/her rights to NIH.
- NIH Policy: Visiting Scientists are required to explicitly assign their rights to the US Govt.
- Employment Agreements: Create a legal obligation in the employee to assign his/her rights to the employer.
- Limited exception: if invention is not related to employee's work and is not conceived or reduced to practice using employer's resources.

## Who Owns the IP?

- Sponsored Research Agreements: may include a clause giving the sponsor the right to negotiate an exclusive or non-exclusive, royalty-bearing license within a certain term (e.g. 180 days) of the end of the term of the agreement or the filing of a patent application.
- CRADAs: CRADA partner may be co-inventor or exercise its option to an exclusive license to the CRADA Subject Invention(s) conceived or reduced to practice during the term of the CRADA.

## Sharing/Granting Clauses

### Grantback Clauses

- Requirement by the primary licensor that the licensee include in the consideration to be paid for the rights extended a cross license under related patents (present or future) of the licensee.

### Cross Licensing

- A cross license is a transaction in which (1) a license is granted from Party A to Party B and (2) at least part of the consideration provided by Party B is a license to Party A under patents or technology of Party B.

## Who May Use the IP?

- US Government: Retained Rights
- Grantee/Contractor: Title Holder/Licensor
- Research Licensees (i.e. make and use, but not sell).
- Commercial Licensees (i.e. make, use, sell, import).
- Sublicensees of Commercial Licensees
- Reversion to licensor/creditor if licensee declares bankruptcy.

## Sublicensing

- A licensor may appoint a licensee to act as the licensor's agent in granting sublicenses.
- The right to grant sublicenses must be specifically granted in the license agreement. The right cannot be implied, even in an exclusive license.
- Recent practice at NIH: giving nonexclusive licensees with a well-defined field of use the right to sublicense.

## How are emerging issues and disputes resolved?

- Disputes with the US Government: all administrative remedies must first be exhausted prior to filing of a lawsuit.
- Internal resolution processes: i.e. appeal to Institute Director/University President.
- Binding/Non-Binding Arbitration/Mediation/Mini-Trials
- Legal Remedies
- Unresolved disputes may affect title, potential and current licensees

## Drafting Considerations

- Limitation on field of use?
- Will this be a combination exclusive/nonexclusive/biological materials license agreement?
- Will licensee be granted right to sublicense?
- Will licensee be granted right to assign the agreement?
- Will there be any grantbacks/cross-licensing?
- Confidentiality
- Intellectual property considerations (i.e. dominant patent rights held by third parties)