

# Guidelines for Securing Rights to Clemson University Intellectual Property

## About CURF

The [Clemson University Research Foundation](http://curf.clemson.edu) (CURF) manages Clemson University's intellectual property portfolio and evaluates opportunities to transfer discoveries from the laboratory to the public sector, typically through licensing rights to companies that have access to resources needed to further develop and commercialize the technology. CURF is on the front line of new innovation and can provide companies direct access to world-class technologies being developed at Clemson University.

## Standard Agreements

CURF offers multiple types of agreements to provide the appropriate level rights to a company for specified technologies. Described below are the basic types of these agreements including what they are and how a company can qualify.

## Option Agreements

### **Type 1) Option Agreement for Technology Opportunity Evaluation**

This type of option agreement grants a registered company certain rights in a technology for a limited period of time to evaluate interest in negotiating a long-term commercial license. The option period is usually ~3-6 months with a negotiable option fee based on the term, and the scope of technology associated with the agreement. The Option Agreement is a short term agreement that can be helpful for a company when looking for funding prospects, doing market research, and developing and analyzing the business models and strategies enabled by the technology. In the case of an **exclusive** option, this agreement also prevents anyone else from licensing the technology during the term of the agreement. At any time during the option period, the company can choose to "exercise its option" and proceed with negotiations of a long-term commercial license. The process to exercise an option is to send written notice to CURF during the option period to express the intent to exercise the option and enter into the negotiation period. ***License terms will not be pre-negotiated in the option agreement.***

### **Type 2) Option Agreement and Limited Use License**

This type of option grants a registered company certain rights in a technology for a limited period of time to evaluate interest in negotiating a long-term commercial license AND to conduct initial studies and development activities utilizing the technology. The duration of this type of agreement is ~12-18 months with a negotiable option fee based on the term, scope of technology associated with the agreement, plus additional costs associated with a portion of patent expenses, especially if patent costs will be incurred during the term of the agreement. This Option Agreement is a medium term agreement that can be helpful for a company when looking for funding prospects, doing market research, and conducting early stage experiments as steps towards validating their interest. If needed, this agreement can also accommodate activities related to near term technology development. Consider this type of agreement

structure to be like a test drive for a technology and like the *Option for Technology Evaluation* explained above, also restricts anyone else from securing a license to the technology during the term of the agreement. At any time during the option period, the company can choose to “exercise its option” and proceed with negotiations of a long-term commercial license. The process to exercise an option is to send written notice to CURF during the option period to express the intent to exercise the option and enter into the negotiation period. ***License terms will not be pre-negotiated in the option agreement.***

### **How to qualify for an Option (either type)?**

The first step to officially begin the process to secure an option is to complete the short, first two sections of the ***CURF Technology Licensing Application***. CURF requires the following information in writing to evaluate the Company and whether an Option Agreement is appropriate:

- Technology(s) of interest
- Desired field of use
- Desired grant (exclusive or non-exclusive)
- Intended plan of use during option period
- Requested option period
- Verification of corporate filing
- In the case of a start-up: management team information (i.e. resumes)

It is understood that the information provided in the form may change during the period of the option and is up for negotiation when entering into a long term license.

**Note:** Executing an Option Agreement prior to moving to the License Agreement is not required. It is simply a short term alternative to making a more long-term commitment.

## **License Agreement**

### **What is it?**

A **License Agreement** grants a company rights in an identified technology, or specific patents, for a period of time in order to make, use, lease, sell or otherwise provide products or services using the technology or patent rights. The grant of license rights may be exclusive or non-exclusive and may be framed by a specific field of use (i.e. specific industry or market application). The term of a License Agreement typically extends through the life of the patent(s) licensed, but can be otherwise defined depending on the specific case.

For start-up companies using early stage technology, some form of exclusivity is often needed to secure initial funding. Securing rights to a technology through an exclusive license arrangement may be a key piece to securing your competitive advantage in the market and attracting investors.

Note that every license arrangement has its own unique framework. CURF will work with you to evaluate the many variables to find a solution that works for you and your business. If the license terms are a barrier to success, then nobody wins.

### How to qualify?

The first step to officially begin the process to negotiate a license is to complete the **CURF Technology Licensing Application**. This form, which can be obtained upon request, captures information about the company, the intended use of the technology as well as the currently estimated development plan and resources. The information you provide will help us to evaluate your company and to help determine appropriate license terms that will enable success and provide fair return to the University. It is also a way for us to ensure that our valued technologies are going to a capable and well-meaning partner in commercialization. The form, and supplemental information submitted, allows you an opportunity to:

- Describe intended use of identified technology including desired field of use and description of products/services to be developed and sold using the technology
- Describe estimated timeline of development
- Describe estimated investment required to commercialize the technology
- Describe projected revenue to be generated as a direct result from products/services utilizing the technology (i.e. business plan projections)

CURF understands that all plans drafted at the initial stage are estimates; however, this is required to ensure that you have a plan and intend to develop the technology. In compliance with Clemson's role as a public institution and the Bayh-Dole Act of 1980, CURF does not license technologies solely for defensive purposes and expects that the technology will be further developed and commercialized.

*A completed **Technology Licensing Application** and/or a **Technology Commercialization Plan** **must** be submitted before license terms can be negotiated.*

## Six Steps to Licensing and Commercialization

1. A company or an individual intending to form a company identifies a technology of interest. Technologies available for licensing can be found at <http://curf.technologypublisher.com>.
2. Company submits a **CURF Technology Licensing Application** to CURF.
3. CURF will provide a term sheet outlining key license terms for review and negotiation.
4. Company makes an offer of consideration terms.
5. CURF drafts a License Agreement based on the key terms accepted by both parties.
6. CURF and company execute the License Agreement.
7. Company develops and commercializes the technology.

## **Key Provisions in CURF License Agreements**

License terms depend on a variety of factors and are developed using input from the Technology Commercialization Plan to help determine the appropriate terms for your unique arrangement. CURF also evaluates comparable agreements (comps) that have been executed in a related field of use to determine mutually acceptable terms.

License agreements typically include the following financial and diligence elements:

### **License Fee**

The license fee is an upfront fee paid upon execution of the license agreement. The amount depends on the value of the technology.

### **Patent Reimbursement**

In exclusive license agreements, unreimbursed patent expenses, including filing, prosecution, and maintenance fees, as well as attorney fees, are paid by the licensee to CURF. In non-exclusive license agreements, the licensee may be responsible for reimbursing CURF for at least a percentage of these expenses.

### **Diligence Terms with Milestone Payments**

When a technology requires extensive development, our license agreements may describe a development period, also based on input from the TCP. During this period, you can expect specific milestones that are necessary to advance the technology. Often, those milestones will have associated milestone payments. Milestone payments help reduce initial license fees on high-risk projects since the milestone payments are made only when the milestones are achieved. They also help ensure diligent efforts towards commercialization.

### **Royalties**

Royalties are paid when products or services that use the technology are sold or provided. Royalties may be calculated on a percentage-of-sales or fee-per-unit basis, depending on the standard in that market.

### **Minimum Royalty**

After an initial development period, we will expect an annual minimum royalty. Any royalties actually earned will be credited toward the minimum royalty, so the minimum royalty is not an additional fee. Minimums encourage active marketing of each technology.

**We look forward to finding opportunities to work together.  
Please contact us!**

**Please contact us for more information:**

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**For a Searchable Listing of Available Technologies Visit us Online:**

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