

License Agreements

What are License Agreements?

License agreements can be the cornerstones of relationships between science and industry. A license agreement is a contract in which the holder of a right of use (patent, trademark, copyright) transfers this right totally or in part to another party.

In scientific technology transfer, a license agreement is often an agreement concerning patent rights owned by a scientific institution. The right derived from a patent is called a “negative” right, i.e. rather than allowing practical application or use of an invention, it entitles its holder to forbid others the practical application of a patented invention. In a license agreement, the patent holder grants the licensee (company) the right of practical application of an invention in a certain area. Licensing does not transfer property rights.

License agreements can also cover materials (such as transgenic mice and cell lines – see *Material Transfer Agreements*) and other forms of intellectual property including copyrights (particularly on software).

How are License Agreements Brought About?

After a company has first shown an interest in obtaining a license, Technology Transfer staff will produce an outline of the key licensing terms and conditions. In the process, the responsible technology manager will consult the inventor(s) in all questions concerning the invention. After reaching an agreement about the license terms, the DKFZ and the company will negotiate the complete license agreement.

What's in a License Agreement?

License agreements stipulate:

- the invention under license (subject matter of the license)
- the application area in which the licensee is entitled to utilize the license (e.g. therapeutic or diagnostic purposes)
- the geographical area in which the company is entitled to utilize or sell the invention
- the term of the license
- the proper performance of the contract by the company
- the financial terms of the license including possible upfront payments, minimum annual payments, and milestone payments as well as continuous payment of license fees for products sold
- the course of action in case of infringement of patent rights
- the release from liability of the DKFZ that may arise from utilization or sale of the invention by the company
- accounting and auditing provisions
- mode and time of possible cancellation of license contract by the parties
- all confidentiality conditions.

Depending on the complexity and availability of the contracting partners, negotiations of a license agreement can take between a few weeks and several months. Once all parties have reached an agreement, the authorized representatives of the parties will each sign the license agreement, which then enters into force.

The DKFZ can also connect license agreements with collaboration agreements. For more information on this see the section "*Industrial Collaborations*".