FLORIDA ATLANTIC UNIVERSITY
Office of Technology Development
Division of Research

Guiding Principles for Intellectual Property Licensing

One of Florida Atlantic University's missions is to create transformative research that translates into real-world applications. FAU is aware that licensing intellectual property to a third party may be desirable in achieving this goal. In doing so, FAU has some guiding principles:

1. ***Intrinsic Value*:** The assets that result from research discoveries are generally in some form of intellectual property ("IP"). FAU spends money, time, and other resources creating the asset (i.e. the research) and protecting it (i.e. patents, copyrights). Even though the asset's potential may not be fully realized at inception, it does represent a real investment for FAU which holds intrinsic value to the researchers, FAU and the State of Florida. FAU's standard position is that it does not relinquish ownership of or assign away its rights to its IP assets, but instead licenses the right to commercialize them.

2. ***Equitable Access*:** FAU allows access to its IP assets via a licensing agreement to a company. It is expected that the licensing company will use reasonable efforts to create a commercially useful product for the benefit of the public. Since the asset originated through the use of public funds and public assets, FAU has an obligation to the public to receive something of fair value back for this access.

3. ***Upfront Consideration*:** FAU understands that university IP assets are typically early-stage, and that there exists real business risk and costs associated with exploring their commercialization. It is FAU's belief that in order to be successful, a licensee must be committed to commercializing the asset from the onset. This commitment is reflected in upfront consideration, which is intended to capture the asset's intrinsic value and is commensurate with the expectations of the company assuming the business risk.

4. ***Downstream Consideration*:** It is customary to tie downstream consideration directly to the sales of products incorporating FAU's IP asset. This direct tie can take many forms but is usually a royalty, which is a fee that is a specified percentage of sales. Royalties vary by market and industry and are impacted by a number of factors. This model is widely adopted by peer institutions and commercial enterprises due to its proven track record of working successfully, incentivizing researchers and fostering future innovation.

5. ***Fair Deal*:** FAU has a transparent process for determining a fair value for both upfront and downstream consideration. It incurs real financial costs to subscribe to relevant databases, obtain market reports and interact with experienced professionals in the appropriate field to accurately capture the value of IP asset. The information obtained from this due diligence is shared openly with licensees. The objective is to negotiate a fair deal for both parties.

In addition to these guiding principles, there are some practical aspects of university licensing that a company should be aware of:

- ***Milestones*:** FAU needs to ensure a licensee's ability to commercialize the IP asset and move it into the marketplace. As a result, FAU must include provisions which detail development milestones that must be achieved.

- ***Retained Rights*:** A FAU researcher's livelihood and reputation depend on the ability to conduct research on topics in which that individual has expertise. For this reason, FAU retains the right to use the IP asset for any non-profit purpose, including internal research, public service and teaching.

- ***Researcher Relations*:** FAU can provide a licensee the right to commercialize an IP asset, but cannot guarantee the level of involvement of a FAU researcher. Licensees can develop productive relationships with FAU researchers through consulting agreements or other arrangements as long as they are in compliance with current FAU policy.

- ***Indemnification*:** FAU is a public institution that is subject to state law. As such, FAU cannot indemnify a licensee.

- ***Governing Law:*** As an agency of the State of Florida, FAU cannot enter into agreements that are governed by the laws of another state or country. For all license agreements, the governing law must be that of the State of Florida.

- ***Publication:*** A key objective of FAU researchers is the publication of research results to contribute to the collective knowledge of society. Language to reasonably delay publication can be incorporated into a license, however, any restraint on publication must be reasonable in light of expectations placed on FAU researchers.