



Innovation + New Ventures Office

Licensing & New Venture Support

Northwestern



Katie Butcher

Director License Strategy &
Business Development,
Innovation + New Ventures Office
Northwestern University



- **Master of Science in Law,**
Pritzker School of Law
Northwestern University
- **Master of Business Administration,**
Mendoza College of Business
University of Notre Dame
- **Bachelor of Business Administration,**
Jack C. Massey College of Business
Belmont University

Northwestern | PRITZKER
SCHOOL OF LAW



Viacom Media Networks

Global Rights Analyst, Business & Legal
Affairs



Country Music Television

Senior Coordinator, Music & Media
Licensing, Business & Legal Affairs



Broadcast Music, Inc.

Account Executive, General Licensing

Purposely Asked Questions



Cornell Startup Guide © Cornell University, Center for Technology Licensing



How are NU inventions licensed?

How are innovations licensed?

Exclusive Licenses

Non-Exclusive Licenses

- Copyrights
- Research materials
- Software
- Data

Materials Transfer Agreements



Who do we license to?

Who Gets a License?

Established Companies

- Good product/market fit
- Significant scale-up requirement
- Lack of interest in entrepreneurship
- Ready to go to market
- Small or specialty market that cannot support a start-up

Start-ups

- Opportunities to derisk
- Expert involvement from scientific founders
- Ability to attract capital
- Sufficient market size to sustain a business



When is it time to start thinking
about a license?

Reach out to INVO when...

Existing IP has commercial interest

- Copyrights
- Data

Current work has start-up implications

- Start-up Formation
- Northwestern IP is transitioning from academic research to commercial application



Third-Parties & IP

SPONSORS

- May have ownership / commercialization rights over IP that comes from sponsored projects
- Can be logical partners for IP commercialization

COLLABORATORS

- Managed via an Interinstitutional Agreement (IIA)
- Allows one institution to lead license negotiations

Disclosure to INVO is key to managing these relationships

The background is a solid purple color. There are three white geometric shapes: a large triangle in the top right corner, a smaller triangle in the bottom left corner, and a parallelogram in the top right corner, partially overlapping the large triangle.

How can I access IP?

Options & Licenses

- Exclusive Option Agreement
 - Time-limited
 - Allows limited access to NU IP to test, study, build relationships, etc.
 - Low cost
 - Low commitment
 - Low barrier to entry
- Exclusive License Agreement
 - Exclusive access to the IP for the term of the patent(s)
 - Grants rights to manufacture & sell Licensed Products and sublicense IP
 - Financial commitment
 - Development milestones required

NU Start-Ups

	Option	License
Company Formation	Company must be formed/formally incorporated.	
Technology	Identify suitable, unencumbered technology and the relative maturity level required for the field.	
Business Plan	Rough outline including potential market size.	Identification of potential market size, anticipated market share, proposed revenue model, timeline to market, funding plan including sources and anticipated amounts, regulatory hurdles, key competitors and potential customers.
Export Controls	Company has cleared the initial Export Control check	
Funding Levels	Minimal – company should have a high-level idea of how to obtain initial funding for option extension fee + any foreign filings.	Full funding plan established including anticipated raises in the next one to three years that will fund required fees, R&D, personnel and IP costs.
Management	Plan to establish a management structure within the option term.	Established board with the power to hire/fire senior leadership within initial 6 months; at least one non-faculty senior leader/manager; identification of at least one external advisor.
Commercialization Stage	Required for company to practice the NU IP in question. Helpful for fundraising.	Required prior to sale or active marketing of any Licensed Products or Licensed Services inclusive of the NU IP.
NU Resources	InQbation Lab (for qualified start-ups), STTR grants, SBIR grants, EIR's, FoundHer Program (for eligible founders), IM/IA managing patent prosecution	

Q PROGRAMS

EDUCATION & TRAINING

Q FOUNDER SEMINAR SERIES
Q FOUNDER PROGRAM
FARLEY-Q ENTREPRENEUR SCIENTIST BOOTCAMP
Q ENTREPRENEURIAL FELLOWS
KQ ENTREPRENEURIAL RESIDENCIES
KELLOGG SUMMER INTERNS

CEO ROUNDTABLES
PITCH FEEDBACK FORUMS
NSF I-CORPS/SBIR SPRINTS



TQ STUDENT
INTEREST FORM

NETWORK

Q MENTOR NETWORK
Q-EXECUTIVES-IN-RESIDENCE
Q INDUSTRY/INVESTOR
ADVISORY BOARDS

FUNDING

TRANSLATIONAL FUNDING
(Trienens, EIR Bridge, etc.)
N.XT GAP FUND
Q STARTUP TOOLKIT
CORE REIMBURSEMENT
Q SBIR CONSULTANT

VISIBILITY

INVESTOR VISITS
SHOWCASES
EQUALIZE STARTUPS
SCIENCE2STARTUP

STARTUPS

Northwestern | QUERREY INQ BATION LAB

www.inqbationlab.northwestern.edu

CONTACT: Sonia Kim (sonia.kim@northwestern.edu)

Outside Resources

STTR/SBIR
Grants

Start-Up
Competitions

Local
Incubators &
Accelerators



Questions?

2024 Year in Review

331

Agreements Executed

250

Invention Disclosures

15

Startups Launched

639

Patent Applications Filed

180

Issued Patents

\$5.3M

Licensing Revenue

Chat with INVO

Licensing: Katie Butcher (Kathleen.butcher@northwestern.edu)
<https://www.linkedin.com/in/katiebutcher>

Invention Reporting / Patenting / Commercialization: Arjan Quist (arjan.quist@northwestern.edu)
<https://www.linkedin.com/in/arjanquist>

7 Elements of a Business Plan

Customize the following sections to fit your business's needs:



Source: The University of Arizona

What's in an Option?

- A defined time period in which NU will NOT offer a license or option to other entities;
- Short-term milestones;
- Small financial commitment; and
- A negotiation period in which the parties can discuss a full license.

OPTION AGREEMENT

This Option Agreement ("**Agreement**"), made this <insert day> day of <insert month>, 2016 ("**Effective Date**"), by and between Northwestern University, an Illinois corporation having a principal office at 633 Clark Street, Evanston, Illinois 60208 (hereinafter, "**Northwestern**") and <insert company name and type of company>, having a principal office at <insert company address, city, state, zip, country code if non-US> (hereinafter, "**Company**") (each a "**Party**" and collectively the "**Parties**").

WITNESSETH

WHEREAS, Northwestern employees and/or students <insert names> (the "**Inventors**") have made certain Inventions (as defined below);

WHEREAS, Northwestern has the right to grant licenses to make, use, sell, and import under the Patent Rights (as defined below);

WHEREAS, Northwestern wishes to have the Invention(s) and the Patent Rights, utilized for the public interest;

WHEREAS, Company desires to further develop the technology and evaluate the market feedback from potential customers and partners for commercializing the Invention and Patent Rights (the "**Evaluation**") and has the resources and experienced trained personnel capable of conducting this Evaluation at Company's expense; and

WHEREAS, prior to incurring significant expense in connection with the Evaluation, Company wishes to secure an option to obtain an exclusive license to make, use, sell, and import under the Patent Rights.

NOW, THEREFORE, in consideration of the promises and the faithful performance of the covenants contained herein, it is agreed:

ARTICLE I – DEFINITIONS

For the purposes of this Agreement, and solely for that purpose, the terms hereinafter set forth shall be defined as follows:

- 1.1. "**Invention**" shall mean the inventions as described and claimed in the Patent Rights.
- 1.2. "**Patent Rights**" shall mean the patent applications and/or patents listed in Exhibit A, including invention disclosures and any continuations, continuations-in-part, divisional applications, substitutions, extensions or additions thereto, and any corresponding foreign patent applications or patents based on such applications or patents.
- 1.3. "**Field**" shall mean <insert Field definition>.
- 1.4. "**Technical Information**" shall mean information known to Northwestern from research performed at Northwestern by the Inventors in the development of the Invention.

ARTICLE II – OPTION

- 2.1. Northwestern hereby grants to Company and Company hereby accepts from Northwestern, upon the terms and conditions herein specified, an exclusive option to negotiate a royalty-bearing, worldwide

LICENSE AGREEMENT

This License Agreement ("**Agreement**") made <insert DATE> (the "**Effective Date**") by and between Northwestern University, an Illinois corporation having a principal office at 633 Clark Street, Evanston, Illinois 60208 (hereinafter referred to as "**Northwestern**") and <insert Company Name, a <Company type, e.g., Corporation, Limited Liability Company, etc.> having a principal office at <insert Company Address> (hereinafter, "**Licensee**") (each of Northwestern and Licensee individually a "**Party**" and collectively the "**Parties**").

WITNESSETH

WHEREAS, Northwestern owns certain patent rights relating to <describe technology and Northwestern principal investigator(s) that is the subject of this License > and has the right to grant licenses hereunder, subject only to a royalty-free, nonexclusive license heretofore granted to the United States Government;

WHEREAS, Northwestern desires to have the patent rights developed and commercialized to benefit the public and is willing to grant a license hereunder;

WHEREAS, Licensee has represented to Northwestern that Licensee has the expertise, experience, and resources necessary to enable Licensee to commit itself to a thorough, vigorous and diligent program to develop and subsequently manufacture, market and sell products utilizing the patent rights; and

WHEREAS, Licensee desires to obtain a license under the patent rights upon the terms and conditions hereafter set forth.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, the Parties hereto agree as follows:

ARTICLE I - DEFINITIONS

1.1 "**Affiliate**" shall mean any corporation, firm, partnership or other entity which controls, is controlled by or is under common control with a Party. For the purposes of this definition, "control" shall mean any right or collection of rights that together allow direction on any vote with respect to any action by an entity or the direction of management and operations of that entity. Such right or collection of rights includes without limitation (a) the authority to act as sole member or shareholder or partner with a majority interest in an entity; (b) a majority interest in an entity; and (c) the authority to appoint, elect, or approve at least a majority of the governing board of that entity.

1.2 "**Aggregate Consideration**" means the amount equal to:

(i) in the case of a permitted assignment, the sum of (a) all cash, and the fair market value of all securities or other property transferred to the Licensee at the time of the transaction and (b) all cash, and the fair market value of all securities and other property for Trailing Consideration payable to the Licensee, when and if, actually paid;

(ii) in the case of an Asset Sale, the sum of (a) all cash, and the fair market value of all securities or other property transferred to the Licensee at the time of the transaction, less all current and long-term liabilities (but not contingent liabilities) of the Licensee that are not discharged or assumed by the buyer (or its affiliates) in connection with the Asset Sale, and (b) all cash, and the fair market value of all securities and other property for Trailing Consideration payable to the Licensee, when and if, actually

What's in a License?

- Exclusive rights to the NU IP
- Financial Terms
 - Patent Cost Reimbursement
 - Revenue-sharing
 - Royalties;
 - Sublicense fees;
 - Milestone fees;
 - Exit fees and/or Equity
- Long-term Milestones
- Reporting Requirements
- Manufacturing Requirements
- Reps & Warranties
- Insurance Requirements

What Goes Into a License?



- Financial terms based on:
 - Anticipated market
 - Industry norms
 - National averages
 - Business plan
 - Fundraising plan
 - VC Feedback
- Milestones based on:
 - Business plan
 - Industry norms
 - Regulatory standards (if applicable)

Standard Terms

- Indemnification, Representations & Warrants
- Non-Commercial Research Rights
- Government Rights
- US Domestic Manufacturing Requirements
- Insurance Requirements
- Export Control Requirements
- Assignment Rights

Other Terms to Think About

- Definitions
- Sublicensing Rights
- Reporting Requirements
- Audit Rights
- Patent Expense Reimbursements
- Notices
- Term and Termination
- Patent Prosecution
- Confidentiality
- Related Rights/Improvements