In the Press:
TTOs often walk a fine line when negotiating rights to improvements

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Technology Transfer Tactics quotes Charles R. Macedo, Partner, at Amster, Rothstein & Ebentsein, LLP.

The issues involved are typically straightforward, and both sides generally have a good point to make in the quest for improvement rights, notes Charles R. Macedo, partner at Amster, Rothstein & Ebenstein LLP, New York, and author of The Corporate Insider's Guide to U.S. Patent Practice (Oxford University Press). "Typically there is a choice to be made as to what technology is being licensed," he confirms -- the existing IP only or the future improvement of that technology as well. "When a licensor is 'in the business' and is putting a licensee 'into the business,' often the licensor may want to get at least a license back, if not an outright assignment, from the licensee to any improvements made. The theory is that but for the license, the licensee would not be in the business and thus would not have made the improvement."

On the other hand, from a licensee's perspective, "having access to any improvements made by the licensor may or may not be important. The advantage of getting improvement rights up front is it avoids the need of paying for a second license." The downside is that it may make the license more expensive, he adds. As in all negotiations, giving in one area often lets you take in another, and improvement rights can be used as leverage for concessions on price and other negotiating points.

"The driving factor on this type of arrangement may turn on what type of technology is being licensed, how mature it is, the likelihood of either party's making improvements, and the costs of obtaining rights to improvements," he notes. "The impact is not merely license fees, but also freedom to operate issues."

Read the full article here.