



Harvesting the Fruits: Bringing University-Industry R&D Collaborations to Life

Facilitator

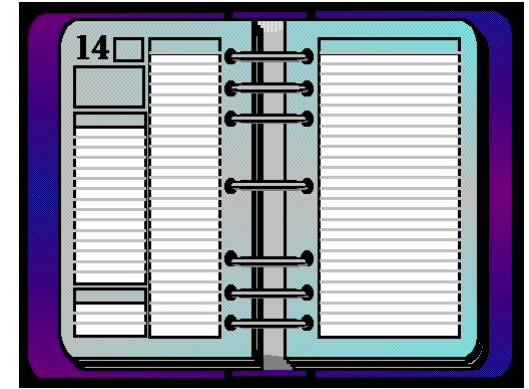
Seth G. Rowland, Esq.

Negotiators

John L. Chiatlas, Esq.

David Weinstein, Ph.D.

Agenda for Negotiation Session



■ Setting the stage

- Initial contact, followed by non-confidential briefing book
- Signing of a confidentiality agreement and exchange of confidential information, including patent filings.

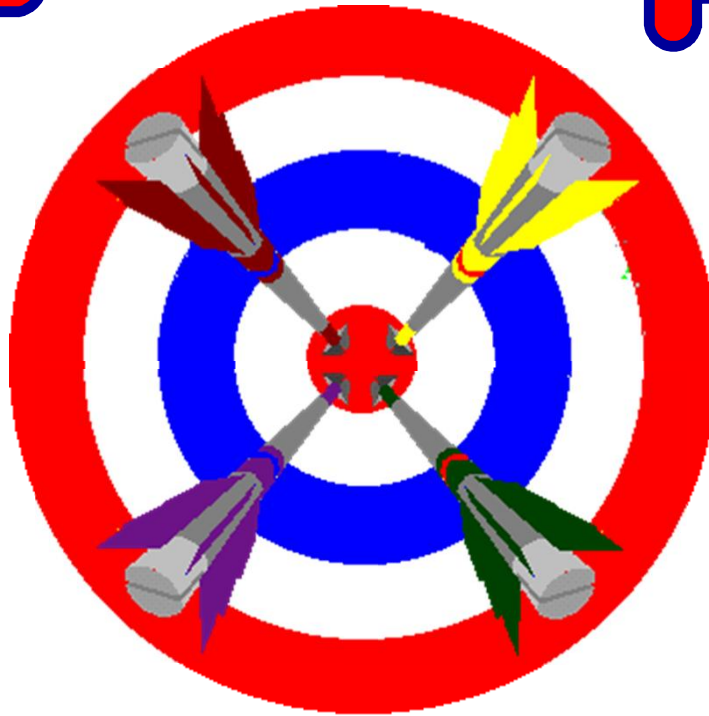
■ Order of Business

- Identify the players' and describe technology
- Set forth players' objectives in the negotiation
- Negotiate and produce an actual Term Sheet, Research Agreement and License Agreement.

Expert Drafting System allows ... Ultimate Control

Standards

Flexibility

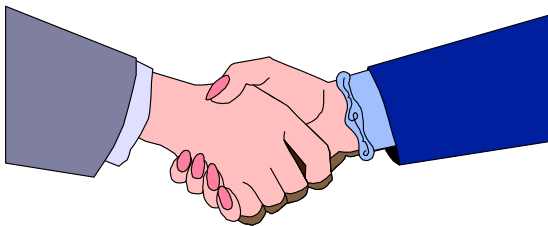


Speed

Savings

Standard Terms . . .

- Quickly create a complete Term Sheet
- All options pre-approved by counsel.
- Hand shake on the deal.



SmartWords - [Template: University License Agreement & Framework]

File Edit View Format Proof Insert Develop Tools Window Help

Attorney Issues

Termination - Exit Strategy

Termination for cause Notice Period: {v141 for cause termination}

Allow No Cause Termination{d183 no cause termination?}[
Termination without Cause Notice: {v140 no cause termination}]

Allow Termination of Funding{d184 funding termination?}[
Termination of Funding Notice: {v142 funding termination}]

Pharma improvements licensed to Univ. royalty-free{d180 free license to improv?}

All rights, data, results etc revert to University{d181 reversion to univ?}

University may buyout Pharma share of joint improvements{d182 univ buy jt improv?}

Arbitration and Dispute Resolution

Mandatory arbitration{d190 mandatory arbitration?}

Establishment of escrow fund for disputes{d191 dispute escrow fund?}

Liquidated damages for certain issues{d192 liquidated damages?}

Judicial Resolution of Disputes {d193 choice of law & forum?}[
Controlling Law (Country): {v120 choice law country}
Controlling Law (State/Province): {v121 choice law state}]

Arbitration Provisions

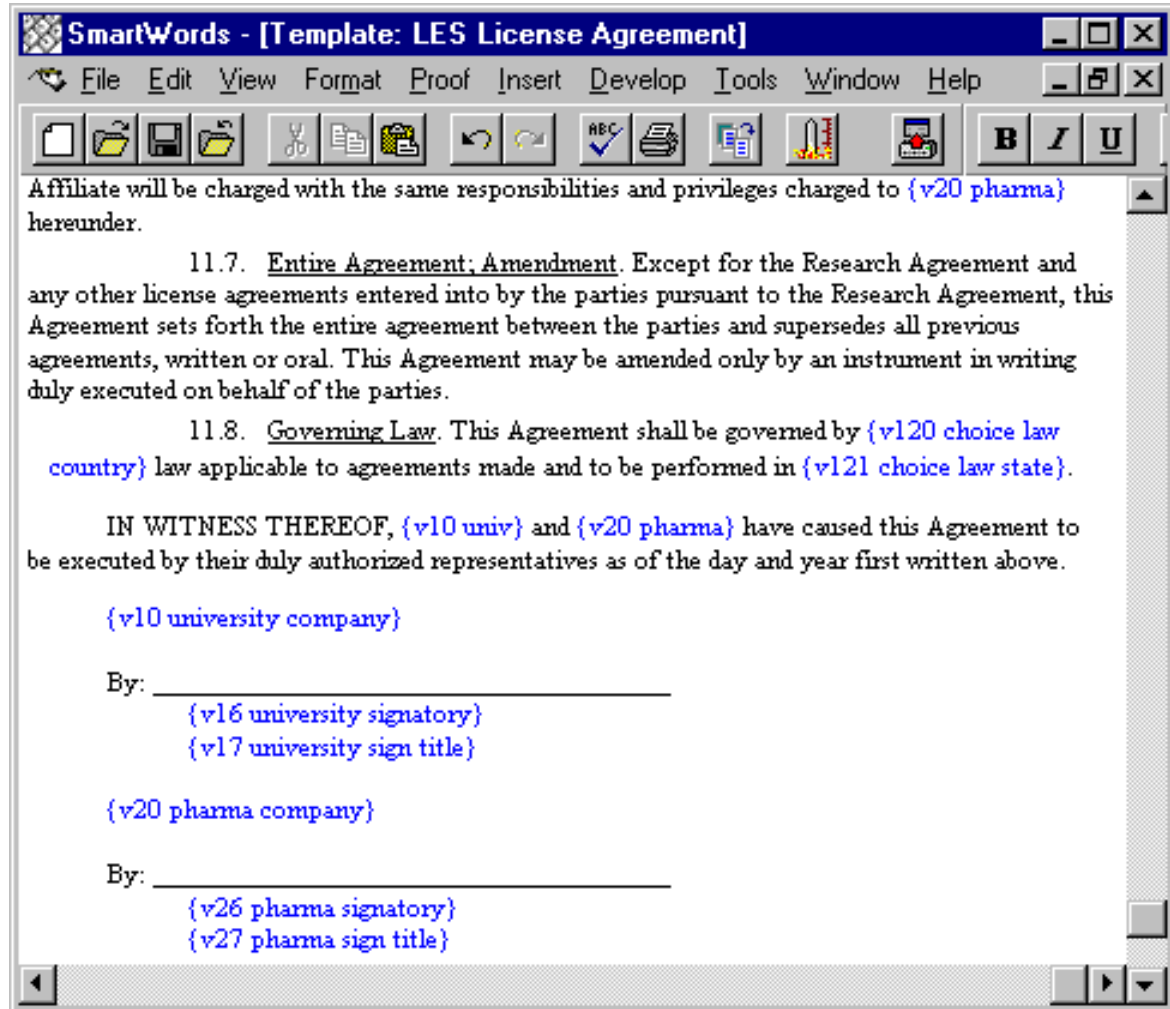
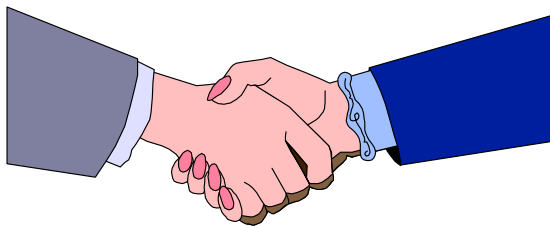
Arbitration Forum {v124 arbitration forum}

Arbitration Controlling Law {v124 arbitration state law}

Broad Arbitration - Arbitrate All Issues{d190 arbitration broad?}

Start with a Master template . . .

- All contract language pre-approved by your own lawyers.
- Ready for execution.



Refine the deal ... over the Internet

The screenshot shows a Microsoft Internet Explorer window titled "-- A SmartWords Application - Microsoft Internet Explorer". The address bar contains "http://oemcomputer/swweb/SmrtWrds.ASP". The main content area features a navigation menu on the left with the following items: "Info on University Entity", "Info on Biopharma Company", "Research Agr Basic Terms", "Research Requirements", "Scope of License", "Field of Use License", "Territorial Exclusivity" (highlighted with a red arrow), "Carveouts _Reserv of Rights", "Duration of License if Patent", "Publication Rights", "Data Rights", "Basic Funding Options", "Funding of Develop Costs", "Develop Funding: Milestones", "Milestone Elements and Payment", "Equity Investment/Rights", and "Direct Investment by Stock Pur". The main content area is titled "Term Sheet: Territorial Exclusivity" and includes a list of checkboxes: "European Community?", "Asia/Pacific rim?", "Africa?", "South America?" (checked), "Australia?" (checked), and "Other?" (checked). Below the list is a text input field labeled "Enter Region" containing the text "Independent Republic of Kosovo". At the bottom right, there are four navigation buttons: "Back", "Next", "Stop", and "Help".

Law on the WEB

HOME • MY DOCUMENTS • HELP

Location / Progress

Info on University Entity

Info on Biopharma Company

Research Agr Basic Terms

Research Requirements

Scope of License

Field of Use License

▶ Territorial Exclusivity

Carveouts _Reserv of Rights

Duration of License if Patent

Publication Rights

Data Rights

Basic Funding Options

Funding of Develop Costs

Develop Funding: Milestones

Milestone Elements and Payment

Equity Investment/Rights

Direct Investment by Stock Pur

Territorial Exclusivity Regions

Term Sheet: Territorial Exclusivity

European Community?

Asia/Pacific rim?

Africa?

South America?

Australia?

Other?

Enter Region

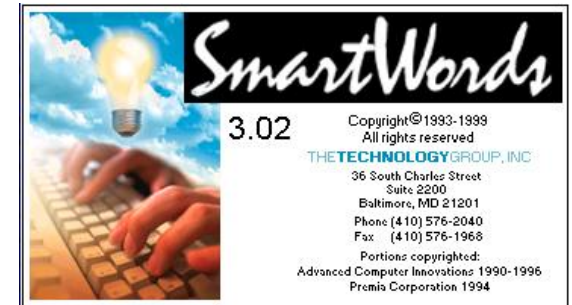
Back Next Stop Help

Facilitator

Seth G. Rowland, Esq., *President*

Basha Systems LLC

Licensed Developer of SmartWords®



Negotiators

Biopharma company:

John L. Chiatas, Esq., *Director & Co-Founder*

Triage Bioresources LLC

LLC with option rights to a university invention:

David Weinstein, Ph.D., *Director & Co-Founder*

Triage Bioresources LLC



Profile of Biopharma

- Mid-stage biotech
 - Headquarters in Cambridge, MA
 - \$80 million in capitalization
 - Staff of 50 employees (40 in research)
- Specialization in metabolic and vascular diseases
- One product in early clinical testing

What Biopharma Offers?

- Range of funding options:
 - Equity purchase, direct funding & royalties
 - Will fund research and development to establish feasibility
- Range of resources:
 - Access to combinatorial libraries
 - High-throughput screening capability
 - Computational chemistry
 - Safety pharmacology
 - Established QA/QC program



Requirements for Licensing Partner

- Single point of contact capable of delivering an effective collaboration
- Suitable investigators with expertise and availability
- Satisfactory due diligence analysis
 - Opportunity analysis and economic evaluation
 - Scientific and patent portfolio analysis
 - Feasible clinical and regulatory path



Profile of LLC

- LLC is a private biomedical company to serve as:
 - a front-end analysis and screening program for biomedical inventions of a major University
 - a virtual Contract Research Organization (CRO), within the University system, to add value to early biomedical inventions
 - the University's representative for licensing/partnering of selected 'best' early biomedical inventions
- LLC is a virtual organization.

What the LLC Offers?

- **Identification** of promising University biomedical research with potential for commercial development
- **Prioritization** of faculty inventions for protection and development of only 'best' opportunities
- **Addition** of research value for best inventions, e.g., development of proof-of concept studies before seeking partnering
- **Training** of University faculty and staff to achieve optimal communication with potential partners
- **Representation** of the University in licensing/partnering activities

What is unique about the LLC?

- Has developed a customer-driven approach.
 - Provides briefing books with in-depth analysis
 - Prepares resource and competitive analyses
- Understands the current and future needs of companies that already license or support research from universities.
- Does not attempt to license immature inventions.
- Improves the inventions internally within the university, if possible, to add significant value or proof-of-concept.
- Is this truly unique?

Biopharma understanding of Invention

- It's not Viagra®! It's better!
- Herbal mixture from the Far East
 - Active components found to block atherosclerosis and arthritis in animal models
 - Active components likely to be small peptides
- Patent application has been filed covering broad therapeutic uses

LLC Requirements for Partnering

- LLC's option agreement with University requires LLC to select partner within six months
- Partner must
 - be capable of commercialization
 - pay Patent Costs
 - cover LLC royalty obligations to University



Structure of Collaboration

- Research and Development Agreement
 - Roles and responsibilities of parties
 - R&D funding and equity
 - Option for license to improvements
 - Material transfer agreement
- License Agreement
 - Milestones
 - Royalties
- Joint Venture Agreement

Now lets make a deal ... LIVE!!!

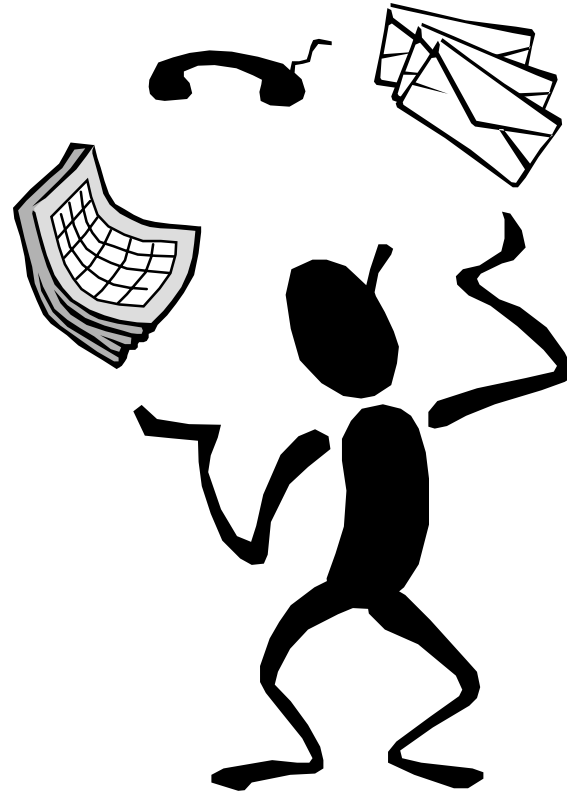


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Closing Comments



Traditional v. LLC Model

- **Limited interactions** with customers and industry reviewers
- **Protect** many 'immature' inventions by filing costly patent applications
- **Limited opportunity** to educate faculty and provide new skills for licensing directors
- **Provide** minimal non-confidential information to potential partners
- **'Shotgun'** selection of broad range of potential partners
- **No further interactions** without a confidentiality agreement
- **No ability** to add value to early inventions
- **Intensive interactions** with biomedical faculty and with corporate technology gatekeepers
- **Experienced triage team** selects only best early inventions with potential for development
- **Initial priority** is to educate faculty and OTT staff to consider the needs of industry reviewers
- **Prepare** non-confidential briefing books with information required for a good first review
- **Direct contact** with small, selected group of best potential partners to assess interest.
- **Provide** as much info as possible to allow potential partners to avoid perceived limitations on exchange of information
- **Adding value** to early inventions is essential

LLC - A technical triage

- Requires a minimum of three overlapping skill sets
 - Scientific Direction:
 - Academic clinical expertise in several disease areas
 - Extensive preclinical research experience
 - Developmental Direction:
 - Academic and pharmaceutical industry research experience
 - Understanding of technology transfer process
 - Collaborative Direction:
 - Intellectual property expertise
 - Experience in drug and medical device technology transactions in the biotechnology industry

Facilitator

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