

Material Transfer Agreements
April 17, 2002
BME 5085

- I. Why MTAs are important
- II. Definitions of Common Terms
- III. A Model MTA
- IV. Some Difficulties and Possible Solutions

Why MTAs are Important to NIH

- ◆ **National Institutes of Health (NIH) wants to:**
 - ← Ensure Academic Freedom and Publication
 - ← Ensure appropriate Implementation of the Bayh-Dole Act
 - ← Minimize Administrative Impediments to Academic Research
 - ← Ensure Dissemination of Research Resources Developed with NIH Funds

Why MTAs are Important: Intellectual Property

- ◆ **Define the Proprietary Position of Provider and Recipient**
- ◆ **With Regard to Original Material**
- ◆ **With Regard to Inventions**

MATERIAL



- ◆ **MATERIAL: ORIGINAL MATERIAL, PROGENY, and UNMODIFIED DERIVATIVES.** The MATERIAL shall not include: (a) MODIFICATIONS, or (b) other substances created by the RECIPIENT through the use of the MATERIAL which are not MODIFICATIONS, PROGENY, or UNMODIFIED DERIVATIVES.

MODIFICATIONS



- ◆ **MODIFICATIONS: Substances created by the RECIPIENT which contain/incorporate the MATERIAL.**

Progeny



- ◆ **PROGENY: Unmodified descendant from the MATERIAL, such as virus from virus, cell from cell, or organism from organism.**

UNMODIFIED DERIVATIVES



◆ UNMODIFIED DERIVATIVES: Substances created by the RECIPIENT which constitute an unmodified functional subunit or product expressed by the ORIGINAL MATERIAL. Some examples include: subclones of unmodified cell lines, purified or fractionated subsets of the ORIGINAL MATERIAL, proteins expressed by DNA/RNA supplied by the PROVIDER, or monoclonal antibodies secreted by a hybridoma cell line.

COMMERCIAL PURPOSES



◆ COMMERCIAL PURPOSES: The sale, lease, license, or other transfer of the MATERIAL or MODIFICATIONS to a for-profit organization. COMMERCIAL PURPOSES shall also include uses of the MATERIAL or MODIFICATIONS by any organization, including RECIPIENT, to perform contract research, to screen compound libraries, to produce or manufacture products for general sale, or to conduct research activities that result in any sale, lease, license, or transfer of the MATERIAL or MODIFICATIONS to a for-profit organization. However, industrially sponsored academic research shall not be considered a use of the MATERIAL or MODIFICATIONS for COMMERCIAL PURPOSES per se, unless any of the above conditions of this definition are met.

The Company that Wants it ALL



◆ "New Invention(s)" means any invention created, uses discovered or any material, other than a Derivative, produced or isolated by Recipients either alone or jointly with Company in connection with Recipients' use of the Technology or Materials.

◆ Ownership. In light of Company's contractual obligations to others, any and all right, title and interest to the Technology, Materials, and New Inventions (and any patent and intellectual property rights to the Technology, Materials, and New Inventions), arising from the Research shall remain in or are hereby assigned to Company. Recipients shall promptly inform Company of any Derivatives or New Inventions arising hereunder. Recipients agree to return all unused Materials to Company upon expiration or termination of the Research or upon written request of Company within ten (10) business days of such request.

OTL's Counterproposal to The Company that Wants it ALL



- ◆ "Joint Invention(s)" means any invention created, uses discovered or any material, other than a Derivative, produced or isolated by University jointly with Company in connection with University use of the Technology or Materials. In all cases, inventorship of Joint Inventions shall be determined by applicable United States law.
- ◆ **Ownership.** In light of Company's contractual obligations to others, any and all right, title and interest to the Technology and Materials, shall remain in Company. University shall promptly inform Company of any Derivatives or Joint Inventions arising hereunder. University shall own all University Inventions. University agrees to return all unused Materials to Company upon expiration or termination of the Research or upon written request of Company within ten (10) business days of such request.

Another way to ask for it ALL



- ◆ University and Investigator agree to grant and hereby grant a worldwide, perpetual, irrevocable, royalty-free, exclusive license to make, have made, use, have used, sell, offer for sale, have sold, import and have imported any and all patentable or potentially patentable inventions based on or derived from the use of the Research Materials and/or the activities performed in connection therewith, including without limitation cell lines, which are invented, conceived or reduced to practice during the term of this Agreement by Investigator and/or employees or consultants of University, subject to the University's retained right to use and to grant privileges to use such inventions for non-commercial academic research.

OTL counterproposal to Another way to ask for it ALL



- ◆ Define "University Inventions"; "Company Inventions"; "Joint Inventions"
- ◆ "University Inventions"
- ◆ If all inventors are UF employees, the IP belongs to UF
- ◆ "Company Inventions"
- ◆ If all inventors are Company employees, The IP belongs to Company
- ◆ "Joint Inventions"
- ◆ If both sides have inventors, we both have full and equal rights

? Good Faith negotiations to license the IP to Company
? Commercially reasonable terms

Rights of First Refusal



- ◆ Beware: it only SEEMS reasonable...
- ◆ Put yourself in the situation...
- ◆ Alternatives:
 - ? Time-limited Option period
 - ? No marketing to, or negotiating with, third parties (always time-limited)
 - ? Obligation to not offer more favorable terms to third party
