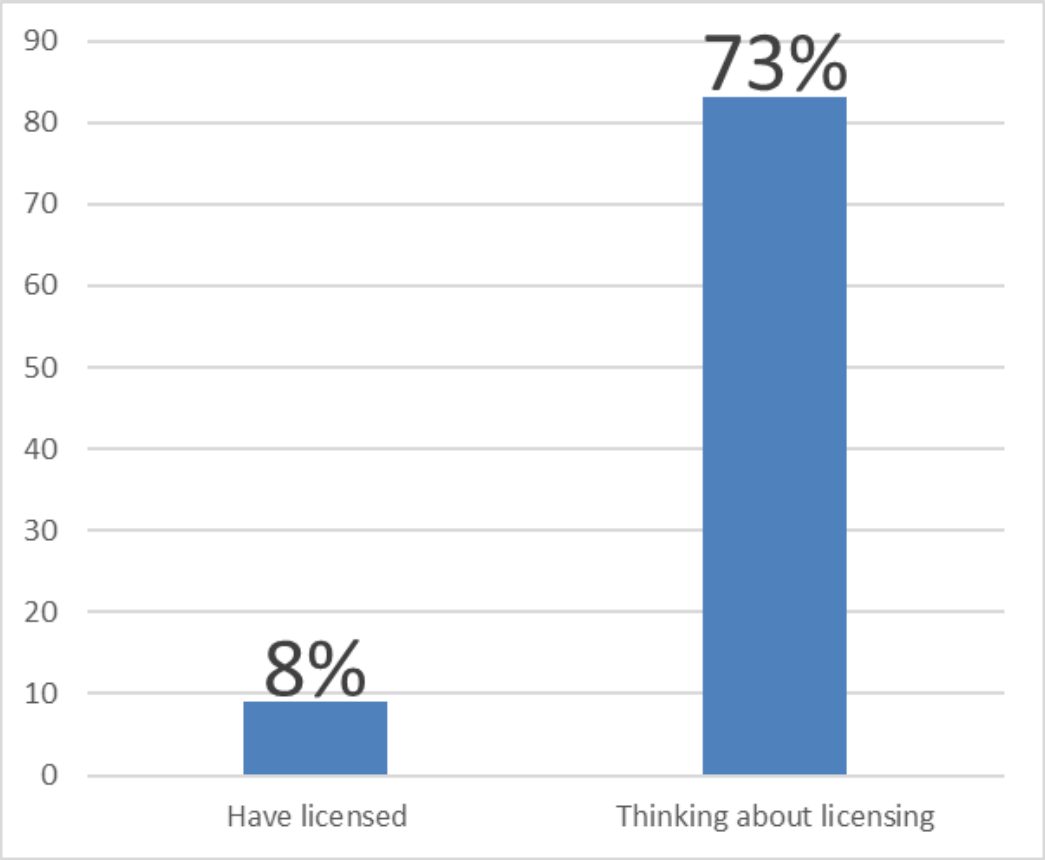
# Preparing to License – Commercialization Workshop

Welcome!  The workshop will get started at 1PM.

# Registrant Responses Support Myth Bust!




- Myriad of different business models…
- Myth that one model is favored over another seems to have disappeared
- Figure out which strategy is best for your company and your target industry and provide validation to support your decision

# Workshop Agenda

| | |
|---|---|
| **1:00 PM — 1:10 PM** | **Welcome & Updates on DOE Partnering Resources**<br>*Carol Rabke \| Tech to Market (T2M) Advisor - Partnering*<br>*Office of the SBIR/STTR Programs, DOE* |
| **1:10 PM — 2:10 PM** | ***What to Watch for When Licensing***<br>*Jenny C. Servo \| President*<br>*Dawnbreaker, Inc.* |
| **2:10 PM – 2:40 PM** | ***DOE SBIR Licensing Success Story – RiKarbon, Inc.***<br>*Basu Saha \| Founder*<br>*RiKarbon, Inc.* |
| **2:40 PM – 3:40 PM** | ***Clarivate – Intellectual Property Strategies***<br>*Philip Arvanitis \| Practice Director – IP & Innovation Research*<br>*Brian King \| Head of Government and Industry Relations*<br>*Ed White \| VP and Principal Analyst - IP and Innovation Research* |

# DOE Partnering Resource Updates

Carol Rabke, Ph.D.
Tech to Market (T2M) Advisor - Partnering
carol.rabke@science.doe.gov

# You will need partners to successfully commercialize…

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# Phase II Awardee Events

- ***Virtual Quarterly Commercialization Workshops*** focuses on topics that are typical areas of weakness - manufacturing, licensing, financial modeling, preparing to pitch, intellectual property strategies, etc.
  - *FY22 Q4 -* ***Commercialization and the Power of Partnering***
  - *FY23 Q1 -* ***Preparing to Pitch***
  - *FY23 Q2 -* ***Financial Modeling***
  - *FY23 Q3 -* ***Navigating Phase III Contracting***
  - *FY23 Q4 -* ***Licensing***
  - ***FY24 Q1 - Manufacturing***

- ***virtual Partner Pitch Program (vP$^3$)*** provides opportunity for Phase II technology to be promoted to potential strategic partners/investors and a platform where awardees can pitch in a non-threatening environment; registration for ***FY24 cohort*** will open in ***January***

# SBIR Partnering Platform

- ***New SBIR Partnering Platform*** *provides searchable database* where SBIR/STTR applicants/awardees (***INNOVATORS***) can find potential ***partners*** (***PARTNERS***) and ***SBIR/STTR funding*** opportunities, and partners can access 1500+ vetted technologies:
  - *PARTNERS/INNOVATORS register independently*
  - *Keyword and AI searching; myriad of filtering options*
  - *Bookmark favorites; Confidential messaging*
  - *Newsfeed for applicable industry/stakeholder news*
  - ***COMING SOON!*** Network with other ***INNOVATORS*** in the ***Innovator Community*** section

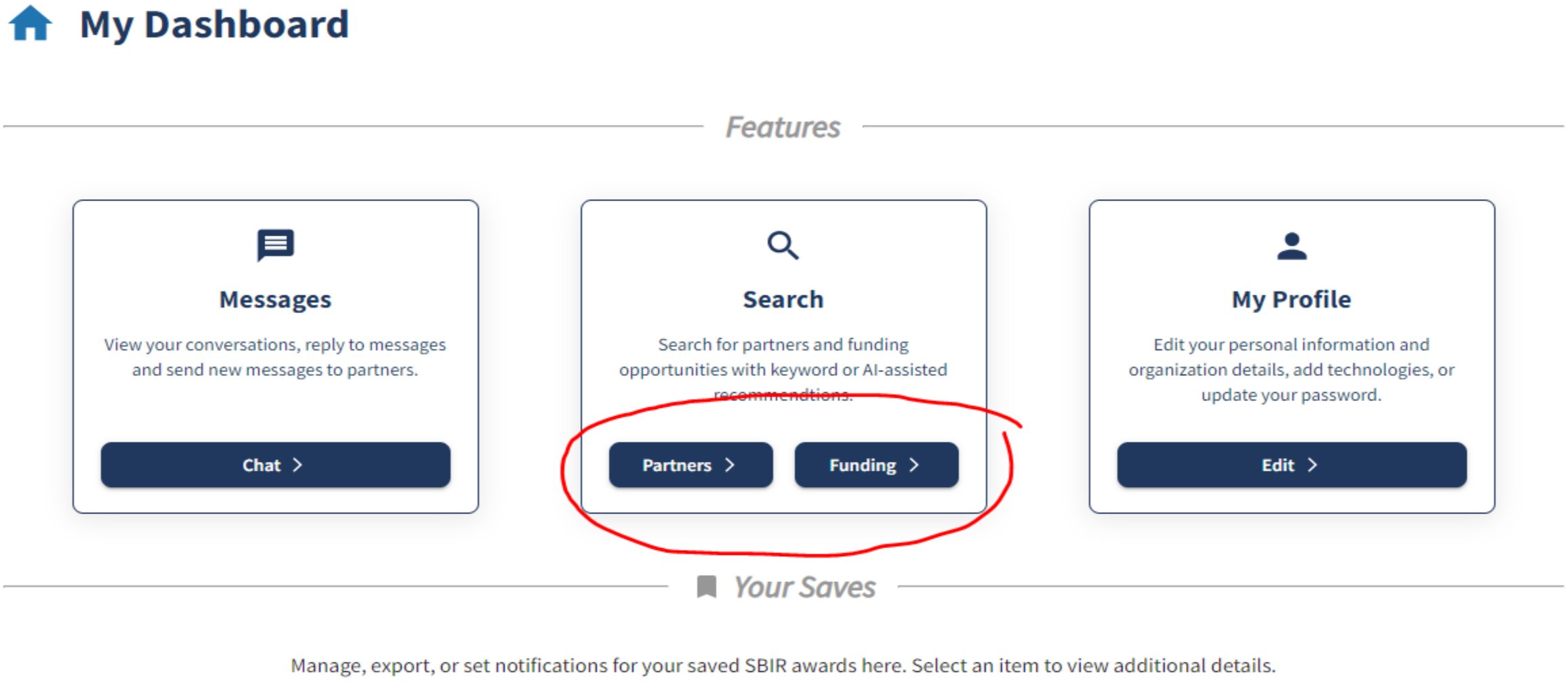
https://www.sbirpartnering.com/

- As a DOE SBIR/STTR applicant and/or awardee, register as an ***INNOVATOR***; check out the ***Platform Overview for Innovators*** webinar

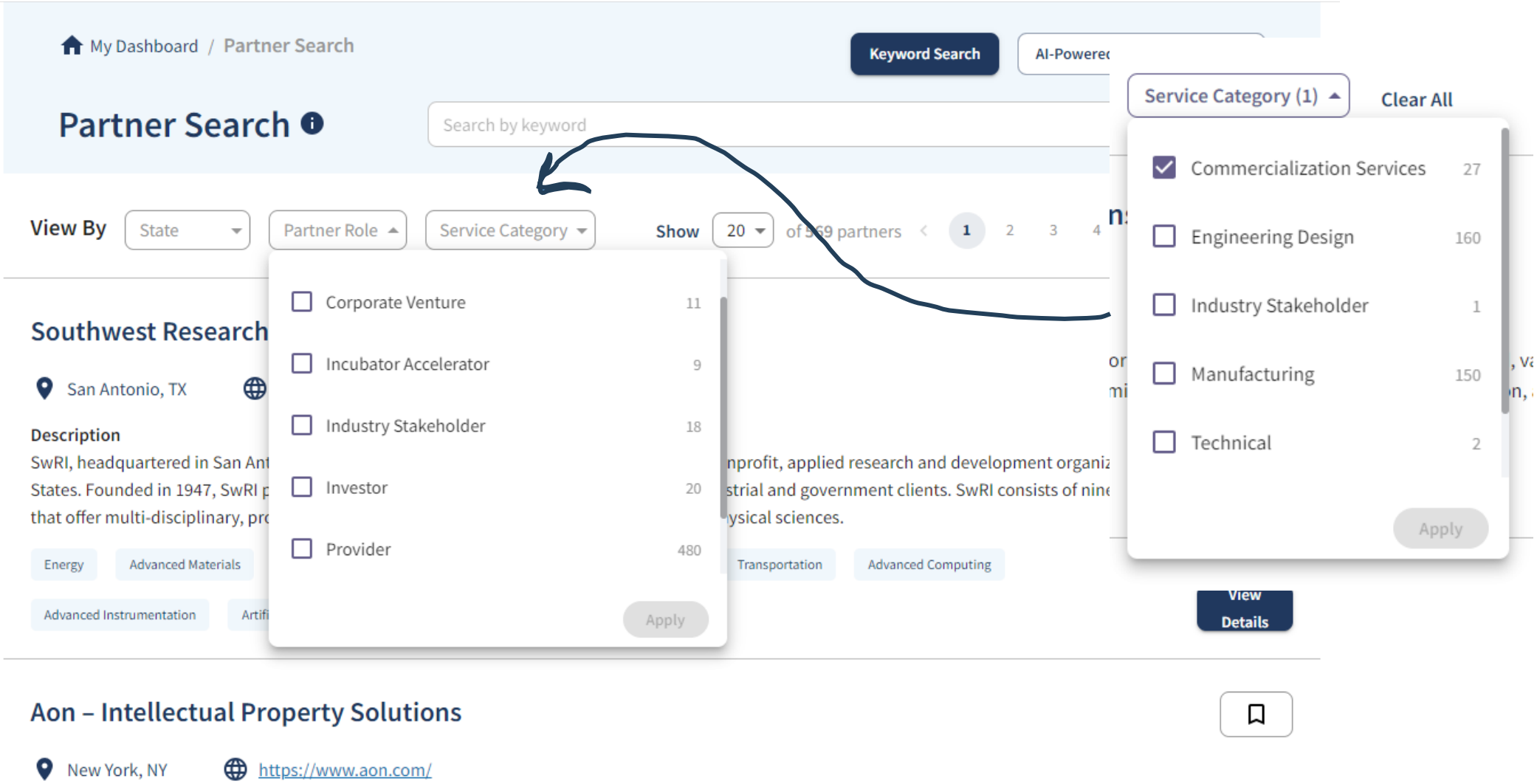


**DOE Disclaimer**: By enabling and publishing the DOE SBIR Partnering Platform, DOE is not endorsing, sponsoring, or otherwise evaluating the qualifications of the individuals and organizations that appear on this platform as partners, resources, awardees or innovators.

# Awardees can find funding opportunities & partners



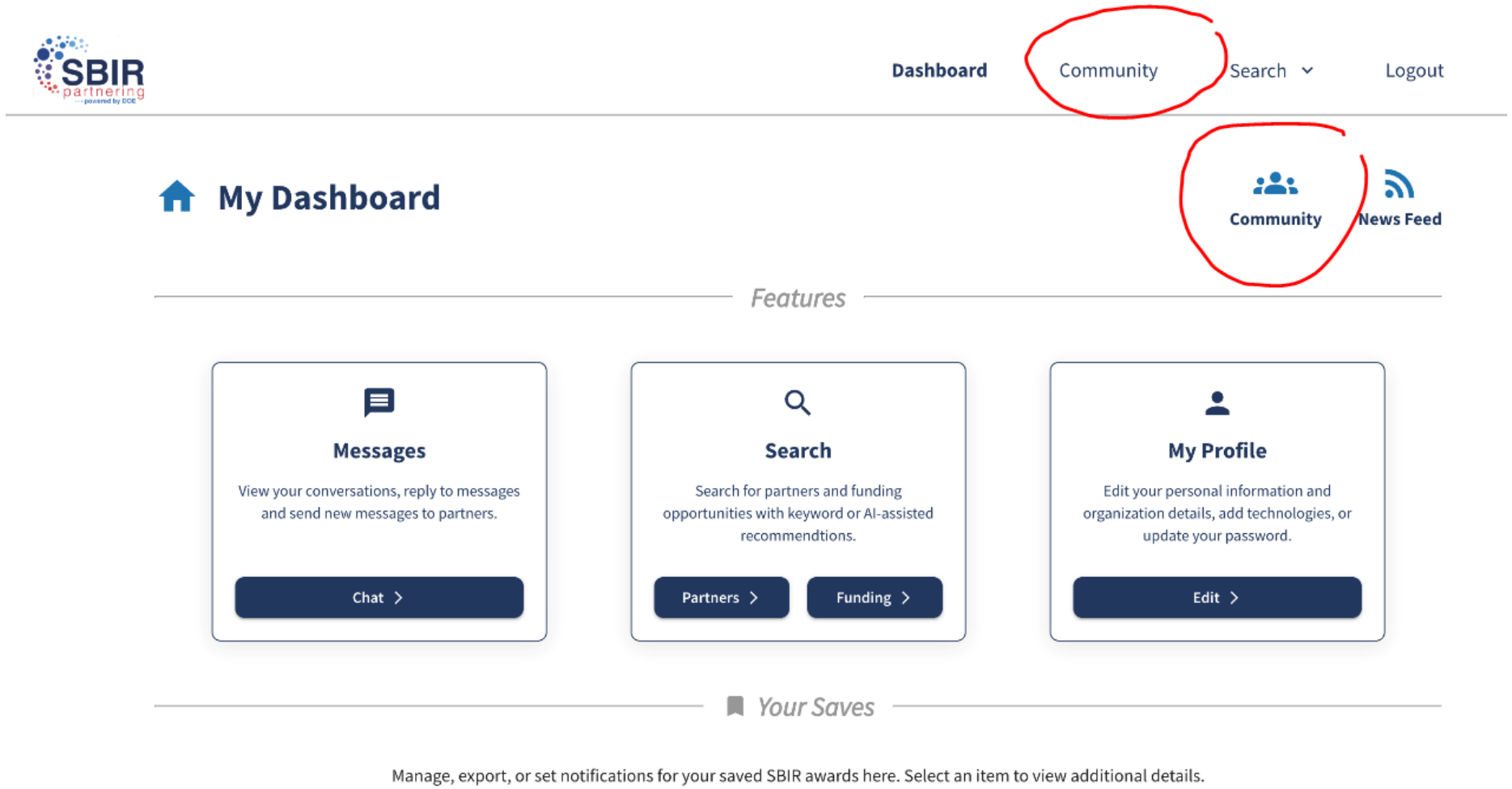
# Awardees search based on their unique needs



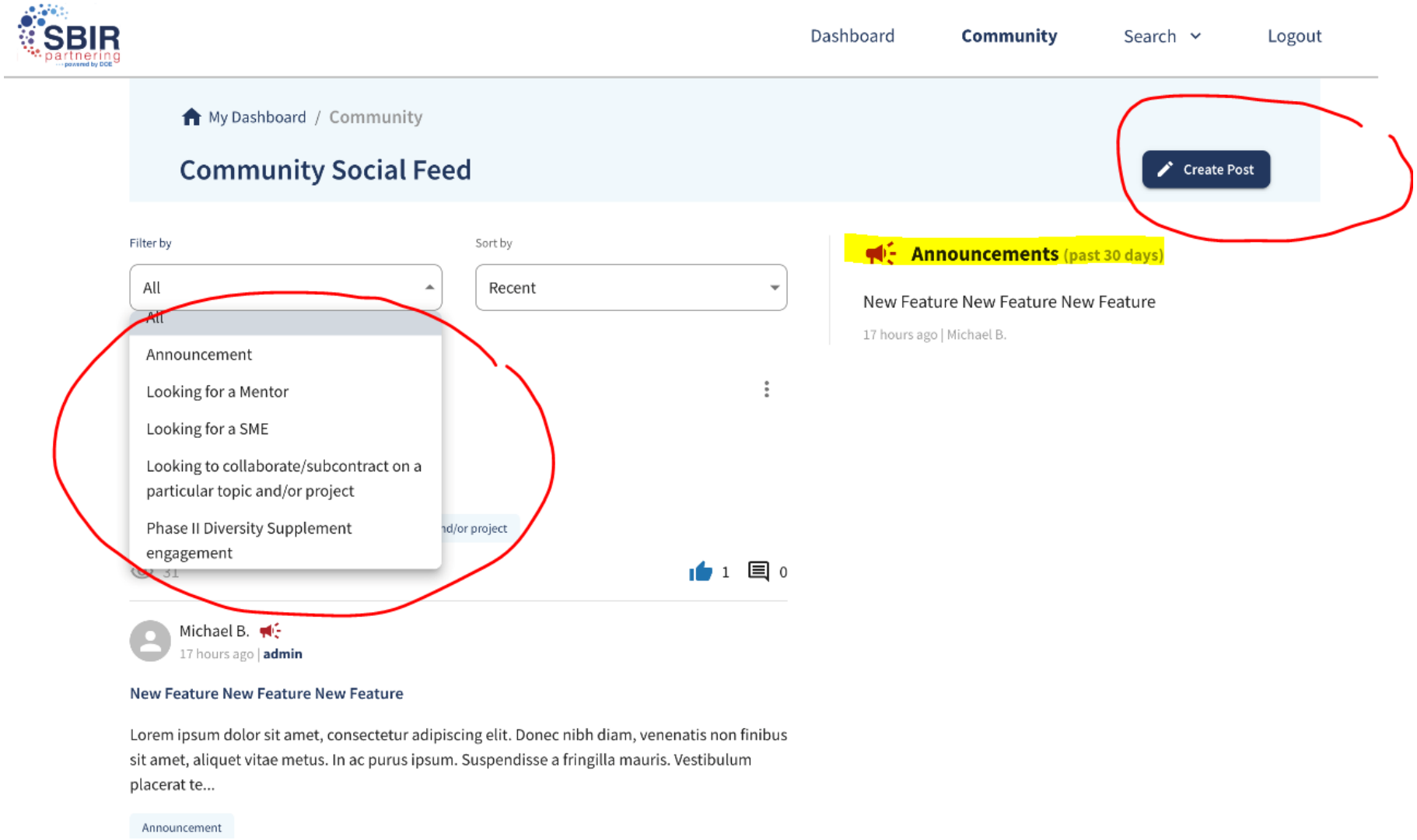
# Registered Partners

3M
3M Ventures
Air Liquide
Air Liquide Venture (ALIAD)
AON Growth Ventures
BAE Systems
Baker Hughes
Bandgap Ventures
BASF
BASF Venture Capital
BHP Ventures
Blue Origin
BMW i Ventures
Booz Allen
Bosch Ventures
Chevron
Chevron Phillip Chemical
Chevron Technology Ventures
Clean Energy Business Network
Clean Energy Ventures
Constellation Brands, Inc.
Constellation Energy
DBE Surveying, LLC
Deep-Tech Showcase
Deploy360
DHS-CWMD
DOE
Dominion Energy Innovation
Dow Chemical
Dynasil Corporation
EDF Pulse Ventures
Energy Impact Partners
Enpower Greentech Inc.
EPRI
Evok Innovations
GC Ventures
GSA
HalliburtonLabs
Haylon Technologies
Henkel Adhesives Technologies
Huntsman Advanced Materials
Hycamite TCD Technologies
INCA Engineering
Innovation Pathways
Intelsat general (IGC)
J2 Ventures
Johnson & Johnson
Kairos Ventures
KamperCrowe Investments
L3Harris, Inc.
Manufacturing Technology. Inc.
Materials Technology Institute
Mercedes-Benz
MetaMorph, Inc.
MITSUBISHI STEEL
NASA
Niterra Ventures
NOAA
NREL
OP Cleantech
ORNL
Peak Innovations Group LLC
Phillips 66
Pirate Wind Turbines
Playground Global
Plug Power
PNNL
Powerhouse Ventures
Praesum Communications
Prelude Ventures
Raytheon Technologies
Redwire
Renishaw plc
Resollant Consulting
Rhapsody Venture Partners
RMI Insights
Root Utility Network
SABIC Ventures
SAIC/DHS CWMD
SBA
Second Order Effects, Inc
SenseICs
Shell Exploration and Production, Inc
Shell Technology
Shell Ventures
Siemens Energy
Sigma Additive solutions
Silicon Foundry
SK Discovery
SLB New Energy
Snowpoint Ventures
Startup Leverage
STRENGTHEN.US
Syndicate708
TaiSan Technologies
TDK Ventures
Tech Coast Angels Orange County
TechEnergy Ventures
Techstars
The Engine
The Heritage Group Accelerator
The Ripple Center
U.S. Research Impact Alliance
Ultimate Defense Technologies
Ultratech Capital Partners
Upward Labs
US Army
Venture Lab Niterra Group
VoLo Earth Ventures
Walmart Ventures
Webco Industries
Zebulon Solutions

# *NEW* Innovator Community Section!



# Engage with other INNOVATORS



# Partnering Resources

- Manufacturing Resources
  - Manufacturing USA (newer, state-of-the-art) https://www.manufacturingusa.com/institutes
  - MEP centers (traditional) https://www.nist.gov/mep/centers
- Engineering Design Resources*
- Test/Certification Resources*
- Commercialization Service Resources
  - *Check State and local resources, too – see, https://www.sbir.gov/resources*

# Other DOE Partnering Resources

- Looking for SMEs, facilities, collaborators at National Labs? Visit https://www.labpartnering.org/
  - *Another way to find SMEs, collaborators, subcontractors - review related research being done at research institutes (universities, colleges); check publications*

- Looking for facilities for testing, integration and/or demonstration at National Labs
  - ***Energy Systems Integration Facility (ESIF)**, National Renewable Energy Lab (NREL)*
  - ***Grid Research Integration and Deployment Center**, Oak Ridge National Laboratory (ORNL)*
  - ***Electric Grid Test Bed**, Idaho National Laboratory (INL)*

- Several **additional DOE Resources** are available:
  - ***American-Made Challenges***
  - ***Lab-Embedded Entrepreneurship Program (LEEP)***
  - **OTT/OCED/EERE Voucher Program**

# Choosing a Lab

The Department of Energy (DOE) owns twenty national laboratories that combine decades of experience with billions of dollars in research and development to address matters of national security, environmental stewardship, economic competitiveness and energy sustainability. The technologies and capabilities developed and maintained to support core mission work can have concomitant benefits to businesses of all sizes, universities, and non-profits through technology transfer mechanisms. Learn about the National labs below and their partnering opportunities.

The numbers in each blue circle, only indicate experts, facilities, technologies, stories and patents, which are available on the Lab Partnering website.

To enquire about other opportunities or the full breadth and width of a specific lab's capabilities please contact the lab directly.

Search

| Lab | Experts | Facilities | Technologies | Stories | Patents |
|---|---|---|---|---|---|
| Ames National Laboratory<br>Ames, Iowa | 19 | 5 | 38 | 12 | 706 |
| Argonne National Laboratory<br>Lemont, Illinois | 71 | 59 | 90 | 16 | 1008 |
| Brookhaven National Laboratory<br>Upton, New York | 20 | 21 | 71 | 6 | 1733 |
| Fermi National Accelerator Laboratory<br>Batavia, Illinois | 12 | 1 | 1 | 10 | 81 |
| Idaho National Laboratory<br>Idaho Falls, Idaho | 77 | 31 | 151 | 21 | 646 |
| Kansas City National Security Campus | | | | | |

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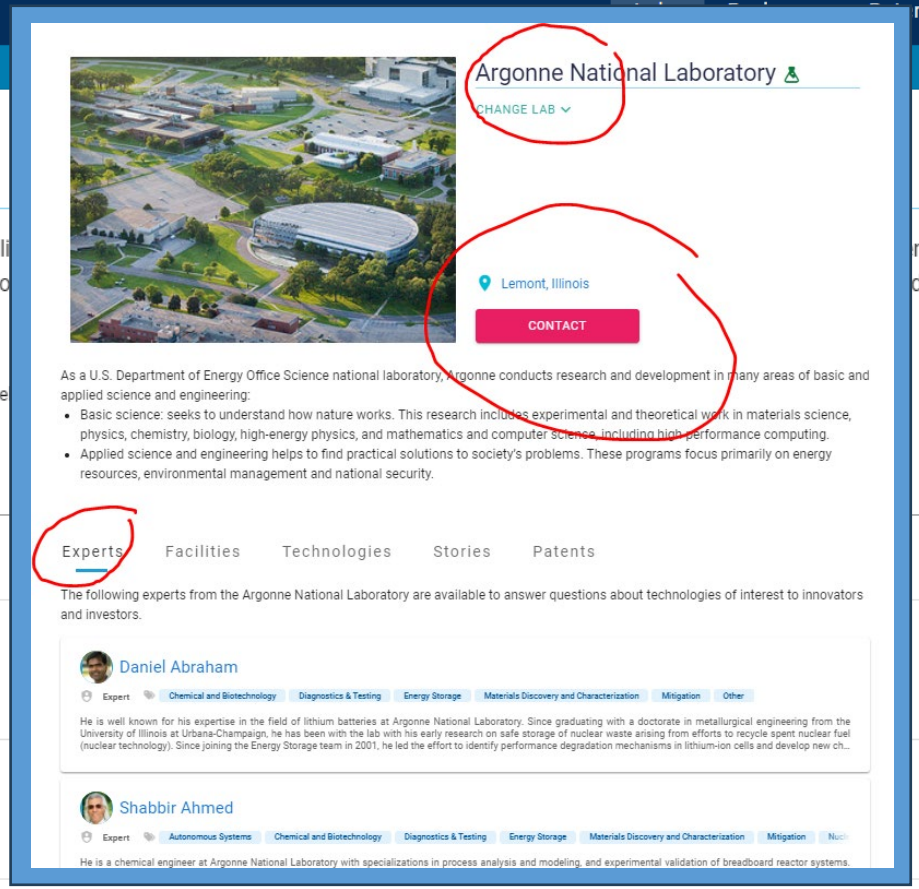

# QUESTIONS/CONCERNS - REACH OUT

We value your feedback to help us improve the DOE SBIR/STTR Programs

Interested in understanding your individual partnering needs

carol.rabke@science.doe.gov
585.576.7981

https://science.osti.gov/sbir

https://www.sbirpartnering.com/

# *What to Watch for When Licensing*

*Jenny C. Servo | President*
*Dawnbreaker, Inc.*

# *DOE SBIR Licensing Success Story – RiKarbon, Inc.*

*Basu Saha | Founder*

*RiKarbon, Inc.*

# *Clarivate – Intellectual Property Strategies*

Clarivate IP Strategy Team

*Philip Arvanitis | Practice Director – IP & Innovation Research*
*Brian King | Head of Government and Industry Relations*
*Ed White | VP and Principal Analyst - IP and Innovation Research*

# *Important DOE SBIR/STTR Updates*

FY24 Phase I, Release 2 Dates

New Application Requirements

DOE Applicant & Awardee Resources

# FY 2024 Funding Opportunities

| Phase I | Release 1 | Release 2 |
|---|---|---|
| **Topics Issued** | Monday, July 10, 2023 | Monday, November 6, 2023 |
| Document | Phase I Release 1 Topics | Phase I Release 2 Topics |
| Phase 0 Application Assistance (free for first time applicants) starts | Monday, July 10, 2023 | Monday, November 6, 2023 |
| Topic Webinar, week of | Webinar 1: Topics 1-15 Slides<br>Webinar 2: Topics 16-25 Slides<br>Webinar 3: Topics 26-36 Slides | Webinar 1: Topics 1,9-10 & 23-28 Slides<br>Webinar 2: Topics 11-22 Slides<br>Webinar 3: Topics 2-8 & 29-30 Slides |
| **FOA Issued** | Monday, August 7, 2023 | ~~Monday, December 11, 2023~~ |
| Document | DOE-FOA-0003110 | |
| FOA Webinar | Friday, August 11, 2023 Slides | Friday, December 15, 2023* |
| **Letters of Intent (LOI) Due** | Monday, August 28, 2023 5:00pm ET | Wednesday, January 3, 2024 5:00pm ET |
| **Non-responsive LOI Feedback Provided** | Monday, September 18, 2023 | Tuesday, January 23, 2024 |
| **Full Applications Due** | Tuesday, October 10, 2023 11:59pm ET | Wednesday, February 21, 2024 11:59pm ET |
| Award Notification | Tuesday, January 2, 2024** | Monday, May 20, 2024** |
| Projected Grant Start Date | Monday, February 12, 2024 | Monday, July 1, 2024 |

# Application Assistance

Phase 0 application assistance for first-time DOE applicants

(begins when topics are released)

Email us!

General questions: sbir-sttr@science.doe.gov

Get Connected!

Subscribe to our mailing list: https://science.osti.gov/sbir

Stay Connected!

Recorded Topic and FOA Webinars

Application Process “Ask Us Anything” Webinars

Being on our mailing list is the most important way to stay up to date on our funding opportunities!

# DOE Application Review Criteria

AMERICA'S SEED FUND SBIR·STTR

**Technical Merit**

- Idea is novel
- Must be R&D!
- Responsiveness to the topic & subtopic

**Ability to Carry Out the Project**

- Solid work plan to prove feasibility
- Team composed of the right expertise

**Impact**

- Societal & Scientific Impact; Commercial opportunity

**PIER Plan**

- Solid plan for promoting equity and inclusion (***new FY24! –*** review webinar)

# Phase II Cybersecurity Self-Assessment

- New Phase II application requirement that uses Cybersecurity and Infrastructure Security Agency's (CISA) Cybersecurity Performance Goals (CPG) Checklist for the self-assessment; https://www.cisa.gov/resources-tools/resources/cisa-cpg-checklist
- Review overview webinar held on November 1 and slides
- Cybersecurity self-assessment is evaluated as part of DOE's assessment of risk; DOE may elect not to fund applications that present unacceptably high levels of risk
- Questions - contact Florence Carr (new cybersecurity specialist) - florence.carr@science.doe.gov

# DOE SBIR/STTR Resources

Early-Stage
Innovation
SBIR & STTR

Commercialization
Private Funding

[Applicant Resources](#)

[Phase 0 Application Assistance](#)

Sequential Phase IIs

Phase I Commercialization Program

[Phase Shift I & Phase Shift II](#)

[TABA funds](#)

[Partnering Resources](#) and [Phase II Workshops](#)

Diversity Supplement for Phase II Awardees

# Other DOE Resources

Early-Stage Innovation
SBIR & STTR

Commercialization
Private Funding

[Partnering with National Laboratories]

[National Labs – POCs and Core Capabilities]

[Technology Commercialization Fund (TCF)]

Demonstration Facilities: [Idaho], [NREL], [ORNL]

[Office of Clean Energy Demonstrations]

[Loan Programs Office]

[*Lab-Embedded Entrepreneurship Program (LEEP)*]

[OTT/OCED/EERE Voucher Program]

[American-Made Challenges]

[National Energy Research Scientific Computing Center (NERSC)]

# Questions??

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Interested in understanding your individual partnering needs

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eileen.chant@science.doe.gov

dave.mccarthy@science.doe.gov

florence.carr@science.doe.gov

https://www.sbirpartnering.com/

Looking for PARTNERS?

https://www.sbirpartnering.com/

# What to Watch for When Licensing

PRESENTED BY

**Jenny C. Servo, Ph.D.**

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# Topics

- **Definitions**
  - Licensing in, licensing out, licensor, licensee
- **How to make money from licensing?**
- **Types of Licenses**
- **Preparation for licensing**
- **Clauses that can trip you up**
- **Elements of a licensing package**
  - Business opportunity preview
  - Assessment of potential licensees
  - Negotiation issues

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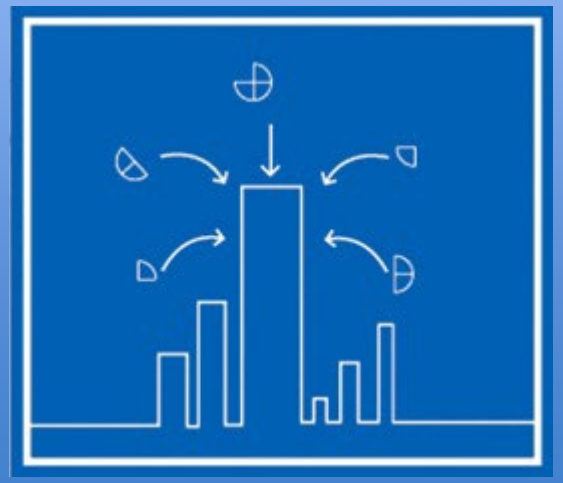
# Terminology

- **Licensing-in:** A firm obtains a license to expand its IP assets
  - Licensee

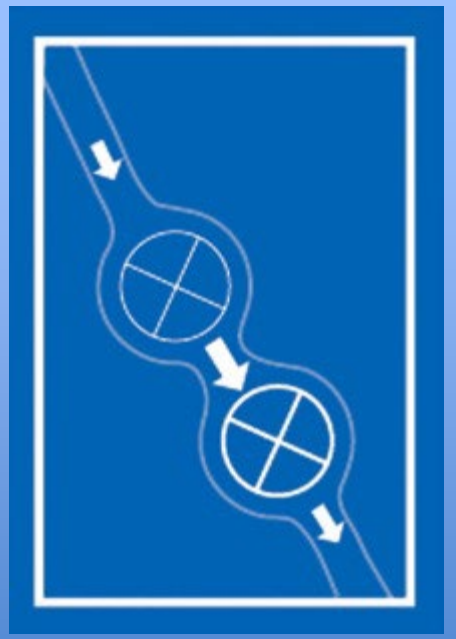


- **Licensing-out:** A firm spins out its IP for use by others
  - Licensor

# Why Companies License-in

Reduce cost of R&D

Share financial risk on pioneer technologies



Pump more through existing distribution channels

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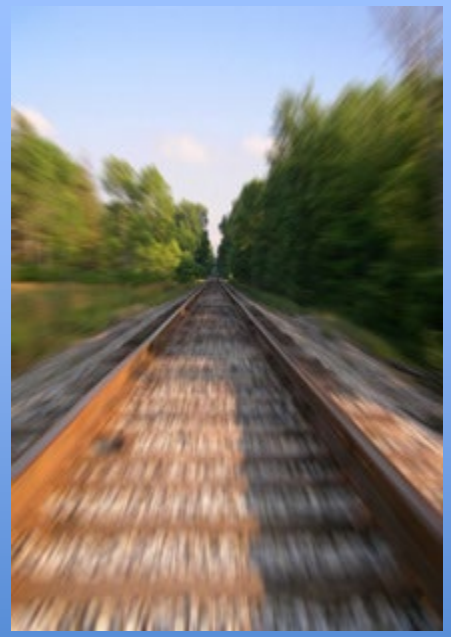
# Why Companies License-in

Decrease Production costs



More rapidly develop market penetration

Prevent new Approaches entering market

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# Implications

**You need to understand the specific needs of potential licensees**

- Demonstrate to potential licensee, how a relationship with your firm can potential help meet their objectives

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# Outsourcing R&D

- Patent searches
- Relationships with federal labs, universities, agents, manufacturers
- Trade Shows
- Licensing Executive Society (LES)

# Licensee's Perspective

- **Technology Acquisition Process**
  - Identification of need
  - Technology sourcing
  - Technology assessment
  - License negotiations
  - Financing
  - Transfer of Technology
  - Implementation
  - Termination of License

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# Synergy with Licensees Strengths

- **Technology Concerns**
  - Does it build on their technology strengths
- **Market Concerns**
  - Potential sales and profit
  - Use of marketing, sales, and distribution channels
  - Enhance competitive advantage
- **Overall Concerns**
  - What corporate resources will be required
    - Numbers and types of employees
    - Manufacturing costs
    - Additional funding required

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# Technology Assessment

- **Market Potential**
  - Market size
  - Stage of market development
  - Economic health
  - Competitive advantage
- **Strength of IP**
  - Pioneer patent
  - Degree of development
- **Synergy with Licensee's Strategy**
  - Synergy with marketing, sales, distribution
  - Synergy with technology
- **Industry Standards**

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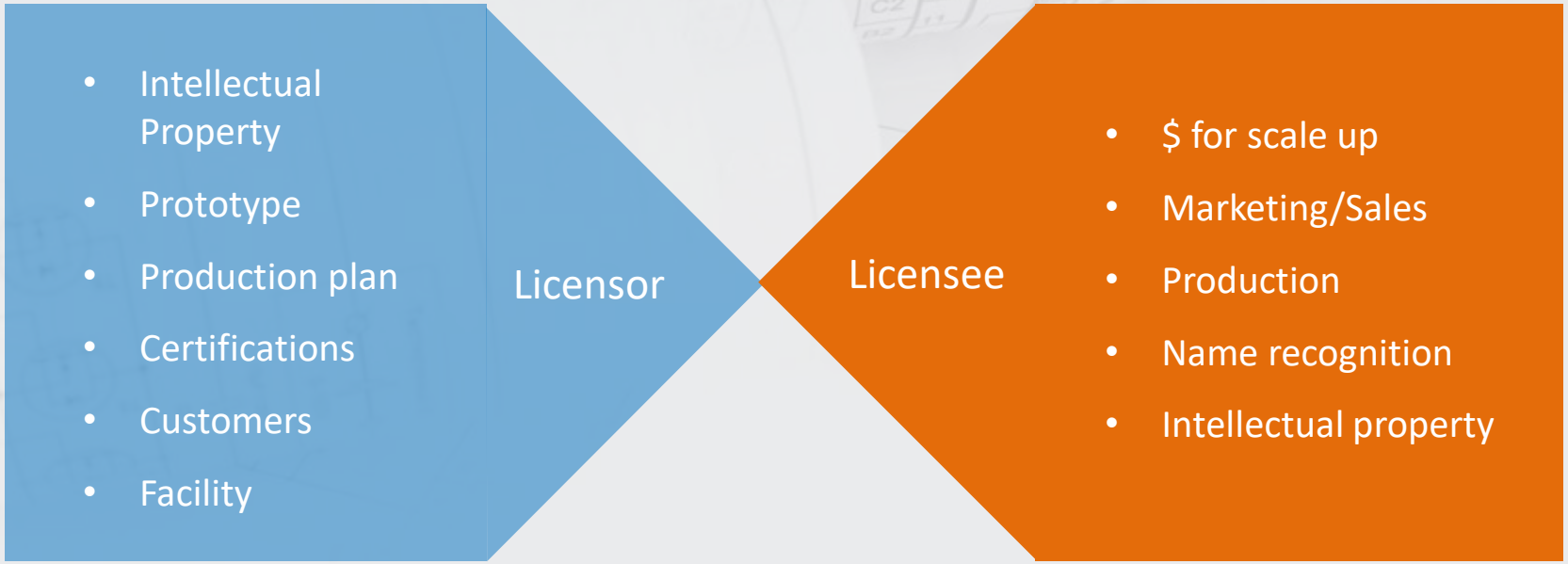
# What Does Each Party Bring?

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# What is a License?

*"Permission granted by an owner or inventor, generally for a consideration to a person, firm, or corporation to **use** the owner's proprietary information, invention, or material."*

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# Variations in “Use”

- Evaluation
- Manufacture
- Use
- Lease
- Distribution
- Combination thereof
  - ***Licensor retains ownership/title of IP***

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# Definition of Licensed Property

- With registered items (copyright, trademark, patents) be sure to include the registration number
- One license can cover single or multiple products
  - ***The more restrictive the license, the smaller the royalty***

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# Licensor Title

- **Do you, the licensor, have clear title?**
  - Is there a university involved
  - Are there co-inventors?
  - Special issues with biologicals
- **Consider a “right-to-use” study in order to assure clear title**

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# Who is the Licensee?

- **Do the terms of the license extend to**
  - Subsidiaries
  - Related companies and affiliates
  - Strictly the company named

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# Exclusive Licenses

- **Will the terms restrict your rights to continue to conduct R&D in this field?**
  - Assure that licensor rights are expressly clarified in the license
- **Consider granting an exclusive license with a clause to revert to non-exclusive if performance criteria are not met**
  - Also consider, loosing license for non-performance

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# Territory

- **Can vary in scope**
  - Highly restrictive – use at one site
  - Very lenient – Global
- **Best to provide rights only to a territory where licensee has appropriate sales, marketing, and distribution channels**

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# Issues

- **Indemnification**
  - **One party to a contract holds the other party harmless in the event that a lawsuit is brought by a third party**
    - If you accept the indemnity, you are saying that you are legally responsible and will act as a shield
  - **Things to consider**
    - Is the indemnity limited to certain types of claims, certain geographic regions, a specific dollar amount
    - Special issues with open-source software

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# Licensee/Licensor Indemnification

- "Licensor shall indemnify Licensee and hold Licensee harmless from any damages and liabilities (including reasonable attorneys' fees and costs)…."

- "Licensee shall indemnify Licensor and hold Licensor harmless from any damages and liabilities (including reasonable attorneys' fees and costs)…."

*Sample, partial clauses taken from License Your Invention by Attorney Richard Stim*

*Such clauses should be negotiated, and full implication understood*

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# Issues

- **“Best or reasonable efforts” clause**
  - This is an indication of how much effort the licensee shall put into promoting the licensed technology
  - Very weak clause from a licensor’s perspective
  - Alternatives desirable from licensor’s perspective
    - Quantified performance criteria
    - Upfront payment to assure performance
    - Requirements for minimum annual royalties
    - Conversion from exclusive to non-exclusive license for failure to perform
    - Reversion of all right, title and interest to assignor

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# Issues

- **Assignability**
  - **A clarification of the party to whom the rights are assigned**
    - Affiliates, acquirers, subsidiaries
    - Do you know who owns whom?
  - **What happens to those rights in the case of a merger/acquisition**
  - **What happens to those rights in the case of a bankruptcy?**

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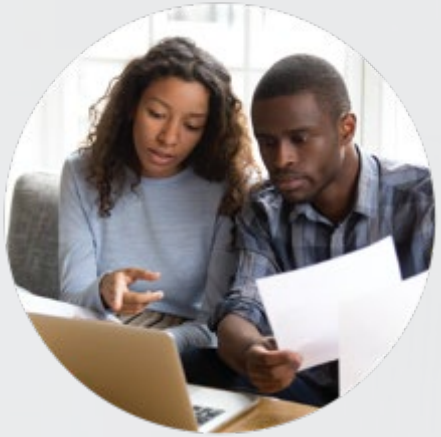
# Assignability Clauses

- **Restrictive clause**
  - "Licensee will not assign, transfer, or encumber its interest in this agreement, or the rights granted to Licensee without the prior written consent of Licensor…"

- **Less restrictive clause**
  - "Licensee can assign its interest in this Agreement to a third party whereby the third party buys or otherwise acquires all the assets of the licensee to which the agreement relates…"



*Excerpts from Companion to Licensing Negotiations - Robert Goldscheider*

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# Issues

- **Sublicensing**
  - Provides the licensee with the right to sublicense or transfer rights to another to make or sell your invention
  - Why would licensee want to do this?
    - Spin-offs
    - Sales and distribution in other countries
  - How can licensor protect itself?
    - Require prior written approval

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# Sublicensing Clauses

- **No rights without approval**
  - "The exclusive license granted does not include the right to sublicense without the prior written approval of Licensee…."
- **Approved with conditions**
  - "Licensor grants licensee the right to grant sub-licenses in the licensed territory provided that
    - Each sub-license has a grant which is consistent with…"

*Excerpts from Companion to Licensing Negotiations - Robert Goldscheider*

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# Issues

- **Termination**
  - The conclusion of a license
  - Can occur based on
    - **Fixed time**
    - **At will**
    - **Contract problems**
    - **Bankruptcy**

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# Termination

- **Based on time**
  - Upon expiration of the term of this Agreement… Licensee shall surrender or deliver to Licensor…”

- **Based on time**
  - Upon expiration of earlier termination of this Agreement, Licensee and any sublicensee will immediately and without notice deliver to Licensor…”

*Excerpts from Companion to Licensing Negotiations - Robert Goldscheider*

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# Termination

- **Breach**
  - "…if Licensee shall violate any of its material obligations under this Agreement, Licensor shall have the right to terminate this agreement…"

- **Licensee's Abandonment**
  - "If Licensor notifies Licensee of failure to carry out the terms of this Agreement so as to exploit the Technology as granted herein for any 12 consecutive month period…"

*Excerpts from Companion to Licensing Negotiations - Robert Goldscheider*

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# Issues

- **Improvements**
  - Improvements are enhancements to the licensed technology that could be made by either party
  - Define the domain of relevant improvements at the outset
    - Restrictive - relates to licensed technology and are patentable
    - Less restrictive - Any advances that relate to licensed technology whether or not they are patentable

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# Issues

- **Grant-backs**
  - Provides rights to licensor of original technology to improvements
    - Cross-license, assign, or grants back rights to improvements in the technology that the licensee may make
    - Licensee may restrict licensor's right to sublicense improvements; may request reduction in royalties in exchange

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# Improvements and Grantbacks

- **Improvements**
  - "Licensor and licensee shall cooperate closely with one another …Licensor shall have a world-wide, royalty-free, irrevocable, nonexclusive and noassignable license.."
- **Improvements**
  - "Licensee and Licensor will have a royalty-free license to use all of these improvements and modifications…"

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# Improvements and Grantbacks

- **Grantbacks by Licensee**
  - To the extent that Licensee develops technology outside the scope of licensor's intellectual property rights … licensee will not be obligated to pay royalties to licensor

- **Definitions**
  - "Licensee's Improvement Patents" will mean all patents and patent applications of all countries owned, acquired, or controlled by licensee during the term…provided that the claims thereof cover inventions falling within the scope of one or more of licensed patent claims….."

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# How to Make Money with Licensing?

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# Royalties

- **Time Considerations**
  - Constant rate
  - Change over time
  - Minimum and/or maximum payments
- **Upfront Development Fees**
  - Usually booked against future royalties
- **Benchmark Against Industry Standards**

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# Royalties Based on Gross Receipts

- **Percentage of gross revenues received from the sale of licensed products incorporating the licensed technology during a specified period or time**
  - Good for licensor, bad for licensee as it does not take into account sales costs

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# Royalties Based on Net Sales

- Royalties are based on money collected from royalty-generating sales less various costs of the licensee including taxes, shipping, insurance, commissions, import/export duties, and discounts, rebates, and credits for returned products.
- What constitutes “net sales” should be defined in the licensing agreement
- It is also desirable from a licensor’s perspective that there be either a cap placed on such costs or a minimum royalty payment.

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# Non-Sales Royalties

- **Up-front payment or fee**
- **Recurring fees**
  - Independent of royalties, may increase or decrease
- **Milestone payments**
  - Prototype
  - Successful test results
  - Receipt of regulatory approval
- **Minimum royalties independent of sales**

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# Preparing for Negotiations

- **Prepare a Licensing Package**
  - Business Opportunity Preview
    - Addresses licensees concerns regarding market
  - Assessment of Potential Licensees
  - Negotiation Issues

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# Business Opportunity Preview™

- **First part of a business plan (with a spin)**
  - Company and Technology
  - Customers
  - Market
  - Competitors
- **Strategic advantage to potential licensee**
  - Executive Summary

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# Assessment of Potential Licensees

- **Starting point - Define potential domain**
  - Who is citing your patents? Your research?
  - Who provides raw materials to this industry
  - Whose business will change by your entry
    - Positively - savings, new products
    - Negatively - leapfrog
  - **Who has competing products**
- **Quickly determine**
  - Financial health
  - Reputation

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# Assessment of Potential Licensees

- **Evaluate and contrast potential candidates**
  - Evaluate Core competencies
    - **R&D**
    - **Manufacturing**
    - **Marketing, sales, distribution**
  - Evaluate strategic direction
    - **Tools used to achieve strategic goals**
      - **Outsourcing R&D, acquisition mergers, divestiture**
    - **Issues facing potential licensee**
  - Strategic advantage of your technology to licensee

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# Negotiation Issues

- Relevant Intellectual Property
- Partitioning the Opportunity
- Rights You Wish to Retain
- Consulting and Development Role
- What are you willing to provide
- What licensee would need to provide

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# Preparing to License – Lesson Learned

Basudeb Saha, Ph.D.
RiKarbon, Inc.
www.rikarbon.com

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# Outline

- **RiKarbon Introduction**

- **Lesson learned from a successful licensing agreement**
  - Why considered licensing
  - Key terminology and lesson learned
  - Pros & Cons

# RiKarbon Snapshot

| | |
|---|---|
| **Value Proposition** | High-performance oils upcycled from agricultural waste |
| **Unique Solution** | Proven at pilot; 8 patent-pending on processes/composition |
| **Large Market** | 9 B$ global addressable market in personal care and lubricants |
| **Customer Traction** | Secured purchase LOI & license agreement |
| **Business Plan** | Specialty materials company with 10X valuation of EDITDA |
| **Next Step** | Raising investment to manufacture and satisfy customer |

RiKarbon®

# Contributing to Practical Decarbonization

## Plant-based Materials

Impact
food chain,
deforestation

Inferior
performance

Drop-in commodities
unprofitable

**Issue**
Reduce
carbon
emissions

## RiKarbon

**Non-food
Biomass
Feedstocks**

**High Value
Performance
Products**

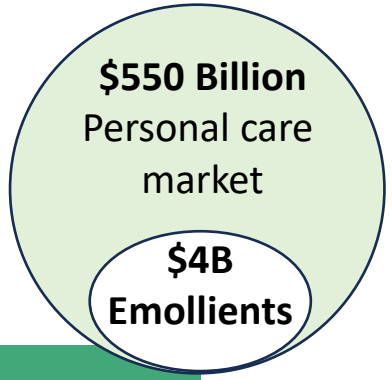
RiKarbon®

# RiKarbon Markets

## Personal Care / Cosmetic Emollients

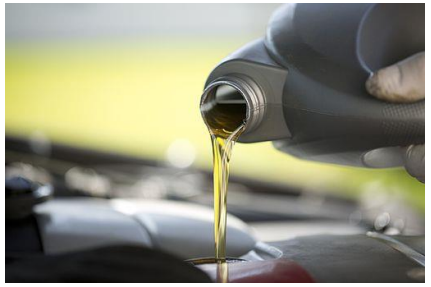
Skin Care
Hair Care
Cosmetics

- Consumers prefer natural
- Increasing regulatory pressure
- Incumbent product deselection



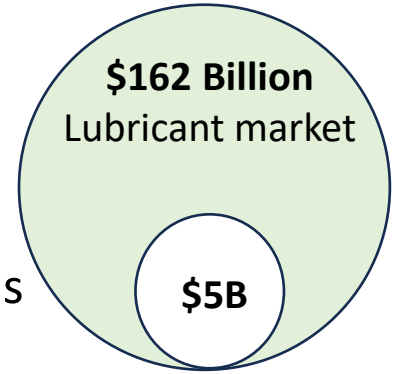

UpSycal® Emollients
Dry, non-greasy, shiny, silky feel
Colorless & odorless
Formulation flexibility, stability & performance benefits

## Lubricant Base Oil



Automotive
Hydraulic fluids
Compressor fluids
Food-grade
Marine

- Poor carbon footprint of PAOs and crude oils
- Bio-based oils performance limitations




UpSycal® Bio-PAO
PAO-like properties
2 – 4 cSt viscosity range

RiKarbon®

# The Agreement Announced

https://www.basf.com/global/en/media/news-releases/2022/09/p-22-347.html

**BASF – RiKarbon  Joint News Release  September 21, 2022**

## BASF announced innovation partnership with RiKarbon on emollients derived from bio-waste

- Partnership builds on **successful product innovation and scale up demonstration of RiKarbon Inc**. for new green emollients from bio-waste for personal care formulations
- **BASF to leverage its customer access and manufacturing capabilities** to scale-up RiKarbon's technology

Partnership enabled successful commercialization of our technology during initial Phase II performance period

# Where Started?

- Connected from a startup pitch presentation at the Chemical Venture Conf
- Signed necessary confidential agreements
- Signed product development agreement
- Delivered agreed milestones – very important
- Received exclusive supply order for product
  - Through toll manufacturing
  - Price agreed
  - Vol determined
  - Toller was not able to meet the timeline

- **Technology license negotiation started – took ~six months to execute**

# Key Terminology and Our Lesson -1

- **Licensed IP, Licensed patent, Licensed product**

**Licensed patent** = The patent and/or patent applications under consideration

**Licensed IP** = Licensed patents and know-how

**Licensed product** = All products or only one product or a few specific products
Define properties/specifications of the product(s) under consideration

**Exclusive vs non-exclusive**

# Key Terminology and Our Lesson - 2

- **Territory, Field of use**

**Territory** = Country or countries where at least one patent that falls under the Licensed IP is granted and still active

**Field of Use** = Define field of use for exclusive vs non-exclusive patents/ patent IP

# Key Terminology and Our Lesson - 3

- **Fees, Royalty, Net sales, Minimum Royalty**

**Fees** = Upfront payment for exclusivity

**Royalty** = A certain percentage on Net Sales
Pay attention to "**Before the licensed patent**"
"**During the Licensed patent**"
"**After the licensed patent**"

**Net Sales =** Gross amount invoiced by Licensee, its agents, its affiliates ***minus*** **Deduction**

**Deduction =** costs for distribution, discounts, taxes, credits or refunds…..

**Minimum Royalty** = Minimum amount to be paid by quarter irrespective of Net Sales

# Key Terminology and Our Lesson - 4

- **Patent Prosecution and Maintenance**
  - Patent prosecution is expensive
  - Think carefully which country to cover
  - Who will pay
  - IF licensor to pay, this cost should be considered in the royalty rate negotiation

# Key Terminology and Our Lesson - 5

- **Enforcement**

- The licensed patent/IP/product is infringed by a third party in the field of use in the territory
- A third party alleges the licensed patent/IP is invalid and/or the licensed product's manufacture infringes the third party's IP right in the field of use in the territory

- Licensor to defend any such allegation/infringement
- Licensee may initiate the legal proceeding against such infringer upon Licensor's approval
- **Make sure it is clear who will pay the cost**

# Technology License – Pros & Cons

## Pros

- Facilitate fast market entry
- Create partnership
- Enhance valuation
- Provide some immediate cash
- Validate technology merits
- Convert a potential infringer into a collaborator

## Cons

- Create a new competition
- Licensed patent placed in back-shelf
- Litigation risks
- Investment risks

# Thank you

RiKarbon, Inc.
info@rikarbon.com
www.rikarbon.com

Clarivate™
IP solutions you can trust to transform your business
Clarivate intellectual property solutions and services

# Harnessing disparate capabilities across a fragmented market

## Expertise

**6,500+**
Clarivate employees dedicated to IP

**5M**
patents and 1.5M+ trademarks renewed

**40**
patent offices use Clarivate data for their prior art examination

## Data

**141M+**
quality-checked trademark records

**143M+**
global patent records normalized and enhanced

**9M+**
IP cases from 3,817 courts worldwide, including case law data for 6+ m marks and 1.5+m patent cases

## Software

**1600+**
corporations and law firms use our solutions to manage their IP

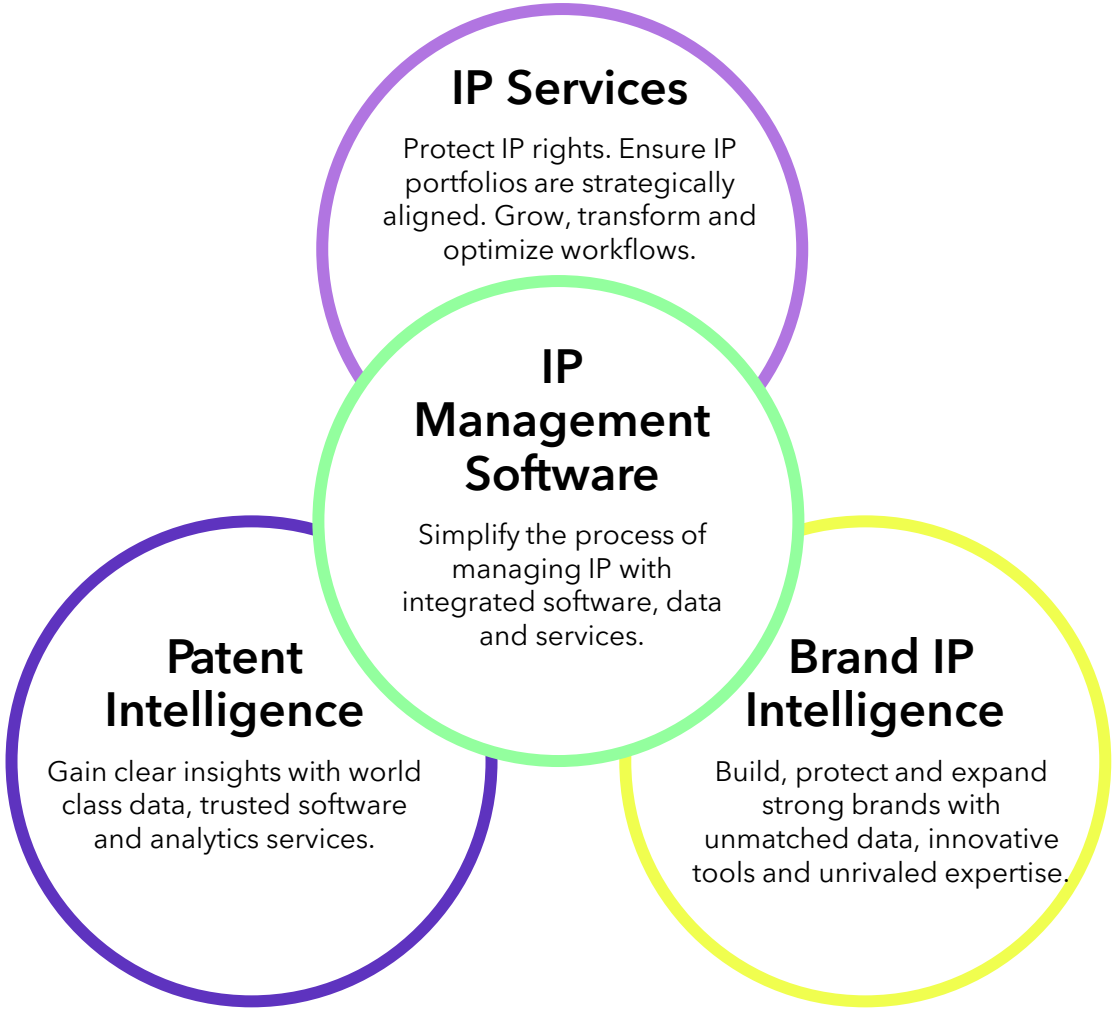
**40,000+**
IP professionals use Clarivate software to make better decisions

## The result

A unique combination of strengths

Clarivate™

# The Clarivate IP portfolio




Clarivate™

| | | |
|---|---|---|
| **IP Maintenance & Administrative Services** | Patent & Trademark Recordals<br>Patent & Trademark Maintenance<br>European Patent Validation<br>Assigned Paralegals | Data Validation<br>Docketing<br>Filing and Prosecution<br>Invoice Management<br>Connect |
| **Patent Intelligence** | Derwent™<br>Innography™<br>incoPat<br>Darts-ip™ | Patent search<br>Patent watch<br>Patent analytics<br>Patent data and APIs |
| **Brand IP Intelligence** | CompuMark™<br>Darts-ip™<br>Brand Landscape Analyzer<br>Trademark Watch Analyzer | Trademark search<br>Trademark watch<br>Litigation intelligence<br>Industrial design & copyright services |
| **IP Management Software** | IPfolio™<br>Unycom™<br>Memotech™<br>The IP Management System<br>Ipendo™ | FoundationIP™<br>Inprotech™<br>Patrawin™<br>Connect |

# Our customers

**10/10**

Largest tech companies

View source

**97/100**

Top global brands

View source

**48/50**

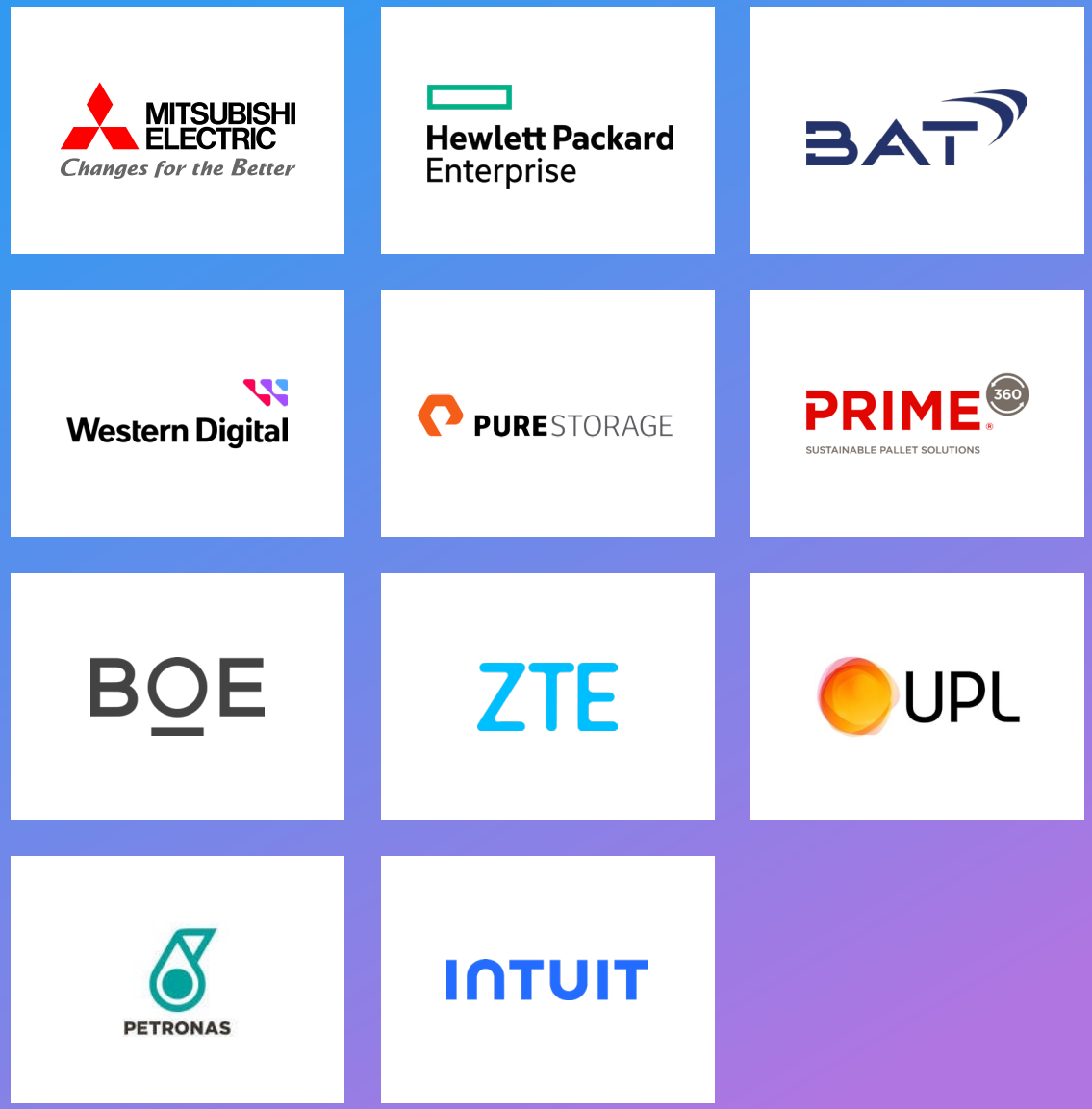
Largest R&D spenders globally

View source

**8/10**

Top sustainable manufacturers

View source

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