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# Practical Tips on How to Prepare and Conduct Licensing Negotiation



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## Tech transfer Best Practices

- Do not initiate any Tech Transfer without the support of a licensing professional



- **Success means Preparation** (90% home work)  
**Any shortcut usually leads to failure**

## Preparing yourself and your organisation

### -Build a team

- Coordinator : trained project manager
- Licensing manager : negotiation
- Advisers

### -Budget (experts,IP, trips)

### -Process duration (12 months)

### -Decision maker

- Well defined and clear cut mandate
- No participation to negotiation
- Positive and constructive



## Home work MUST be achieved prior to negotiation

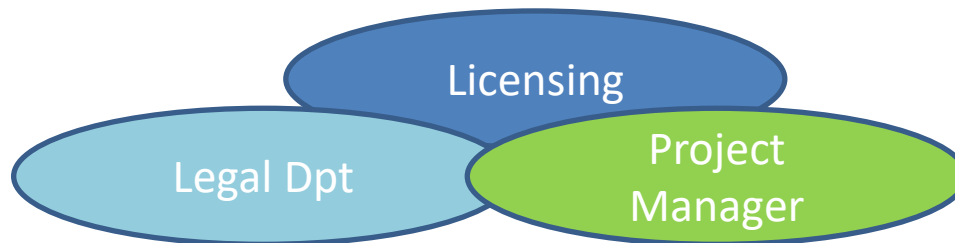
- Anticipate their questions.
- Define your expectations for each topic. Always prepare an alternative option.
- List of « arguments » to better enforce your proposition
- Definition and ranking of your needs and options
- Deal breakers
- A fair value of the technology must be defined but only disclosed when you have a reasonable understanding of the market potential .
- Be sure that they come with the right to negotiate.
- Send them an agenda and ask for the list of attendees (incl. Titles)



# Negotiation process



# Negotiation team



- One negotiator with a mandate
- No boss !
- Lead negotiator must have the right to agree on a proposal
- Negotiation team could be much larger
- Role of each attendee must be understood
- Scenarios have been defined and ranked prior to negation.

# D Day

## Introduction

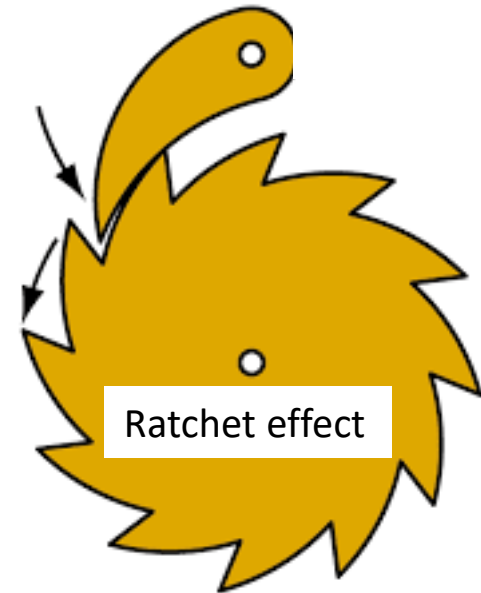
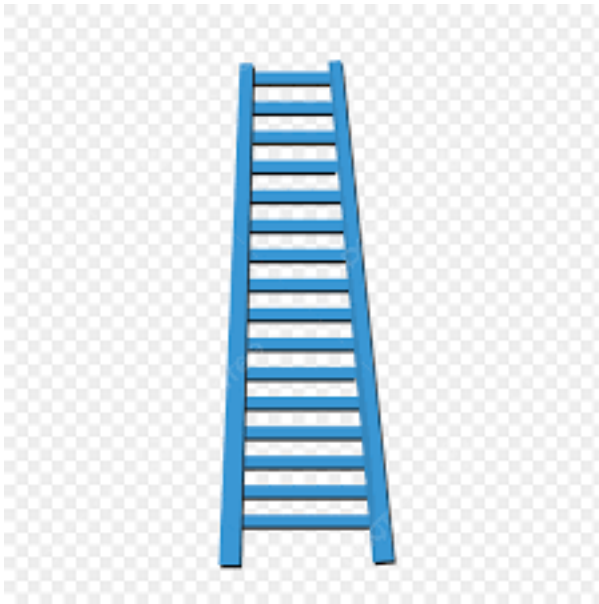
- Business friendly message
- Introduction of each team
- Agenda (durations, breaks, visits, dinner, taxi...)

## PowerPoint Presentation by Lead negotiator (stand up)

- Background and goals
  - Proposal item by item
  - Rationale
  - Deal breakers
  - Answer to questions
  - Reformulate
  - Get answers or clues to solve pending issues
- Lead must be kept
  - Self control. Silence. Empathy
  - Negotiation must not start prior to full presentation proposal
  - Listen to comments and analyze reactions

**Success = Homework**

# Step by step negotiation





# Negotiation Strategy

- The negotiator has the difficult task of constantly assessing the way the key terms affect the business objectives of the license
- The goal of the negotiator is to stay as much as possible on the right side of this continuum with respect to each key term



## Room to negotiate



- Identify their “bottom line” asap
- Compare to your bottom line
- Define Room to negotiate
- Select the right alternative

# Fall-back Positions and Compromise

■ You may decide to accept a compromise with respect to a certain key term, that is, take a position that is not advantageous (a negative number in the above continuum), but that is acceptable in the context of positions taken on other key terms

■ The objective is to reach **“Win-Win”** solution!!



# Negotiation tactic

Not all topics are equivalent :



- Start with technical steps, roles of each party, Management rules the collaboration...
- Several items are linked and must be negotiated globally.

**Complex issues are generally solved at the very end**

# Negotiation tactic

Negotiate hard but fairly (Not a chess game !)

- Reformulate
- Select a **realistic** compromise
- Do not leave unanswered questions
- Make a break in front of an unexpected event



# List of Headlines

- Parties
- Aim of the agreement
- Scope
- Governance
- IP rights and splitting of new IP
- Development steps and roles of the parties
- Manufacturing
- Improvements
- Steps to be achieved prior to launch (means, deliverables, budget)
- Market potential
- Financial aspects
- Implementation

# CASE STUDY

## 1°) Tech description

In the pharmaceutical field and in the cosmetic field, almost all active compounds are chemicals or bioengineered compounds. Most of them are showing side effects. They are usually delivered, orally and topically or injected.

This invention describes a Low intensity light method using LEDs which is able to target specific skin receptors inducing beneficial skin effects, such as **skin rejuvenation** or **hair growth**. This method is based on previous researches conducted by NASA (USA) with the aim to activate the growth of plants by LED lights. This effect is called Photomodulation.

## 2°) Potential Benefits of Photomodulation

We have demonstrated that infrared LED photomodulation is activating Human skin cell energy factories (mitochondria) allowing the skin to rejuvenate. It also induces hair growth. The optimal regimen for skin rejuvenation is the following: delivery of LED light during 35 seconds, twice a week for 4 weeks. A pore size reduction, an improvement of skin texture and complexion are occurring rapidly. **The skin rejuvenation last for 3 months.** *Our invention could be considered as a breakthrough* as no other chemicals or bioengineered compounds is able to induce a similar long-lasting effect in Humans without any side effect.



### **3°) Potential market and prioritization**

As the LED treatment is inducing a local anti-inflammatory effect, there might be several potential applications in the *pharmaceutical field* (eg. Wound healing, prevention of Xrays inflammation side effects during cancer treatment...). Those applications are interesting but we have decided to first focus our investment on Cosmetic applications as they overall development is easier, shorter and less costly.

*Two applications are interesting in the Cosmetic field: skin rejuvenation and Hair growth.* Our advisers have recommended to focus on skin rejuvenation as the clinical trials are easier to manage and the market much bigger.

As the population is aging, more and more women are actively buying Cosmetics claiming a skin rejuvenation effect. Men are starting to do the same but this market is still small. As the efficacy of the treatment is better on elder women, it is not recommended to treat women under 35 years old.

*For the time being, we have only demonstrated that a one-month photomodulation course last at least 3 months.*

#### **4°) Development status of the Technology**

We anticipate that several courses are needed to maintain the efficacy over time. We are also thinking about a twice a week treatment for years.

Our clinical tests were only conducted on a limited number of models. Pictures were taken before and after and analyzed with state-of-the-art tools in order to measure the skin rejuvenation effect. Larger controlled clinical trials must be conducted in order to convince big Cosmetic companies that it was professionally demonstrated.

#### **5°) Patents**

The patent describing the methodology and the best mode has been filed in the USA and granted. Seven patent applications have been filed in the USA covering any low energy lights (not only LEDs), association with drug and cosmetics, several medical applications such as macular degeneration, retinopathy, rosacea, scars, psoriasis, wound healing, prevention of radiotherapy burn effects).

## 6°) Competitors

Several small companies are developing similar concepts based on Photomodulation of skin cells.

-*Company A* is targeting stretchmarks (Infrared LED 20 minutes, twice a week for 8 weeks). Dermatologists are targeted.

-*Company B* has developed 3 tools with 3 wavelengths (infra-red, blue and red) (20 minutes, level of energy delivered: 10 times). Dermatologist are targeted

-*Company C* (yellow LED, 3minutes, 3 times a week for 4 weeks, level of energy x10). Dermatologist are targeted.

*Several small companies* are developing tools that are using a methodology which is similar or identical to ours. None of them is patented and our patent attorney considers that they are infringing our patents.

We are currently developing a *professional device allowing to treat the entire face* and a *hand-held device that would be used at home*.

## **7°) Manufacturing and barriers to market entry**

Technological barriers are not high (LED technology) but our patents are covering the methodology, and most applications. Our handheld device is supposed to be manufactured in Europe and not in China in order to prevent as much as possible the commercialization of counterfeiting products.

*Margins for skin rejuvenating products are very high, 80 to 90%. Margin for a handheld device is close to 50%.*

Therefore, marketing strategy might be smart as branded cosmetic products are well trusted as they are made by very famous large companies. It is highly probable that it will be difficult to convince customers that a device developed by ourselves would effectively provide such striking effects on skin rejuvenation. It will take time or a huge advertising budget.

## 8°) Objective of Licensor:

*Our preferred option would be to license-out this technology to a big Cosmetic player.*  
Our technology is delivering a better service for skin rejuvenation (long lasting effect) but we wonder about the reaction of potential cosmetic partner as our tool may be able to cannibalize their existing skin rejuvenation markets.

## 9°) Recommended Licensee: L'Oréal

