

## Checklist before entering into a Technology Transfer agreement

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### 1. Preliminary considerations

Technology transfer aims to introduce innovative technologies onto the market for industrial application and for use by consumers. It evolves along a value-adding chain from basic or applied research to the commercialisation of products or services.

A variety of strategic partnerships or alliances can be used to implement technology transfer using technology transfer agreements (TT agreements) as their contractual basis, such as R&D cooperation agreements, licensing agreements, joint ventures, or agreements for the transfer of intellectual property rights (IPR) for commercialisation purposes.

Whatever kind of strategic alliance the future partners may consider entering into, they will analyse their potential prior to committing to a TT agreement in order to see whether their assets, such as technology, expertise, marketing and manufacturing capacities and, in particular, their intellectual property (IP) assets, will match for their mutual benefit.

### 2. Assessment of the IP assets

IPR play an essential role in evaluating the innovation potential and thus the chances for a successful transfer of the technology concerned. For that reason, it is advisable to assess and value IP assets according to the following steps:

- To identify the *type* (e.g. patents, utility models, designs, trade marks, trade secrets, etc.) and the *nature* (e.g. registered or unregistered rights) of the IPR held by the potential partners (so-called “background IP”) and which will be subject of the TT agreement.
- To check whether the potential TT partner is the *owner* or the *lawful licensee* of the IPR and thus entitled or authorised to transfer these IPR or to grant licences as the intended TT agreement would require.
- To confirm the *maintenance* (payment of the maintenance fees) and the *validity* (no validity challenges from third parties), of the IPR concerned.
- To assess the *situation of enforcement* of the IPR concerned, in particular to consider whether the IPR might be infringed by means of unauthorised use by third parties and whether infringement litigation is pending.

For these purposes, among others, the following issues could be addressed when negotiating with the potential TT partner:

- Information on the validity of the IPR concerned could be provided by showing the relevant register (e.g. the French patent register, the Community trade mark register, etc.)
- Information on any controversies surrounding the technology, which might have occurred during the IP protection procedure, e.g. checking the novelty, inventive step or sufficiency of description of the subject matter of a patent.
- The legal terms under which employees’ inventions have been made (e.g. the related terms of the employment contract and the related provisions of the applicable national law.)
- The contractual situation related to the technology concerned with third parties, i.e. assignments and licensing agreements, including information on the terms and conditions, e.g. the authorisation to grant sublicences and the scope of granted licences.

In exceptional cases, the potential partners might want to carry out an *independent audit of the technology* upon the prior consent of the other partner/s in order to evaluate the technical value and characteristics of the technology, the selling power of a trade mark, the marketing potential of the products and services concerned, etc.

### 3. Assessment of other assets

Notwithstanding the management of the IPR, the parties should also bear in mind subjects such as:

- The company history of the future partner/s and their current financial situation and business plan, including IPR strategies;
- The R&D, production and marketing capacities and distribution channels which might be useful for the intended technology transfer;
- The management staff and the operational potential of the partner;
- The quality standards of products and services manufactured or rendered by the potential partner, including measures for quality control.

### 4. Consideration of the legal framework for technology transfer

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The most important legal framework to be considered when entering into a TT agreement in the EU is EC Competition law: The parties to a TT agreement, according to the Commission Regulation (EC) No [772/2004](#), as well as the parties of an R&D agreement according to the Commission Regulation (EC) [No 2659/2000](#), need to ensure that the provisions of their agreements do not cause a distortion of competition within the common market.<sup>1</sup>

National import-export regulations can become relevant if products are imported or exported within the framework of a transnational technology transfer. According to national import/export control legislation, the shipment of specific categories of goods may require the obtaining of a prior import/export permit from the competent national authority.

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1. For further reading please see our document "[An introduction to EC competition law for participants in FP6 projects](#)"