

# 3 KEY LICENSING DOCUMENTS AND HOW TO USE THEM

## Audio Transcription and Reference Notes

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### 3 Key Legal Documents and How to Use Them

There are essentially three documents you need to know about while you move through the licensing process – the non-disclosure agreement (NDA), the deal memo, and the licensing agreement. And in this audio, you'll learn the key elements of each while you follow along using workbook examples.

Before you discuss your intellectual property with anyone, you'll want to make sure you have a non-disclosure agreement signed to keep your proprietary information safe. This agreement basically outlines the terms and conditions of confidentiality, and in the first part of this audio, you'll learn what is usually covered and what isn't.

Deal memos are also important because they summarize all the points agreed on during negotiations and have many components such as distribution channels, rights to make and sell, the license period, and more – and you'll hear what each means for you.

And then you'll learn about the licensing agreement itself. There are many different types of agreements depending on the type of intellectual property you have, and you'll hear everything you need to know about each.

### Key Points and Concepts

- Why some companies may not want to sign a confidentiality agreement and what to do if that happens
- Why you'll want to complete a patent agreement within one year of using a NDA – and other caveats to look out for
- An explanation of the key business terms you'll hear in deal memos and licensing agreements including territorial exclusivity, quality control, termination clauses, license fee, royalty rate, the duration of the license, and more
- Safeguards you'll want in place in case your licensee goes bankrupt
- All about patent agreements, know-how agreements, trademark and copyright agreements, merchandise licensing agreements, sub-licensing, and more
- Why you need to make sure that the integrity of your property is being followed and how to do that

Although it's not necessary to become an expert in this area of licensing, it is important to have a good understanding of the documents you'll see along the way and how each impacts your intellectual property. And in this audio, you'll hear all about them.

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### **An Overview**

Welcome everybody to licensing mastery. This is part four and in part four, we're going to focus on the documents that are executed to create licensing agreements and we're going to look at the three key documents that are used in licensing, the nondisclosure agreement, the deal memo and the licensing agreement. And we're going to take a look at the elements of each of these three agreements, what's in them, how to use them, what some of the key terms mean and what their applications are. Included in your workbook are sample agreements which you will be able to find at the end of the workbook and you will be referring to those agreements as we go through this section presentation.

### **The NDA (Non-Disclosure Agreement) and How to Use it**

So let's begin with nondisclosure agreement, what a nondisclosure is and how it's used.

Nondisclosure agreement- oftentimes referred to as confidentiality agreement or NDA- is used basically to protect the proprietary information that you the intellectual property holder you're going to share with the potential licensee. Basically, it's a document that will, is designed to ensure that both parties will keep the information confidential between the parties. And it has a number of key elements that are used in the document that define how that information will be shared and used and what the responsibilities are of the respective parties in using that information.

So as we talk about nondisclosure agreements, if you look in page 10, you'll see that there's a nondisclosure agreement there and we'll be referring to that agreement as we talk about some of the key issues in using this agreement. So let's talk about the key elements of a nondisclosure agreement.

### **Four Key Elements that Must be Included in an NDA**

1. And the first part of a nondisclosure agreement is the definition of the confidential information. Now, this is the information about, that describes your intellectual property, what is going to be shared? So it will specify what the patent is, trademark or the copyright you describe it. It also note what's excluded in the confidential information for example, there may be internal projects that potential licensee is working on and both parties will acknowledge that there may be outside projects, intellectual properties that the parties have been involved in are not part of this so, its mutual acknowledgement.