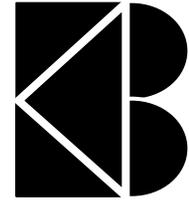


JOINT DEVELOPMENT AGREEMENT CHECKLIST

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Joint Development Agreement (“JDA”) issues checklist:

These are some elements that probably should be considered when entering into any JDA.

1. JDA ground rules

- Creation of milestones and a schedule for progress.
- Establishment of Steering committee, including membership from both parties, and voting rules.
- Set forth a term or expiration date for the JDA.

2. Exclusivity

- Consider establishing limitations on whether one or both parties conduct research or development with any third parties.

3. Identify group leaders and contact people.

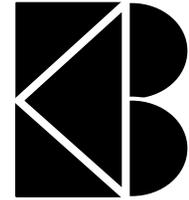
- Single out technical and business coordinators to manage or control the flow of information.

4. Payment of Expenses

- The agreement should indicate that each party bears their own expenses, or if this is not the case, the amounts to be paid by each party. For example:
 - Contribution of capital, manpower
 - Extraneous expenses such as travel, etc.

5. Protection of confidential information

- The agreement must assure that proper measures are taken to protect confidential information of the parties, whether the research program is a success or a failure.



6. Level of commitment of parties

- The amount of resources to be devoted by each party should be set forth, with an expression that no additional duty of effort is undertaken other than that set forth in the agreement or otherwise agreed to by the parties.

7. Status of background Intellectual Property (“IP”)

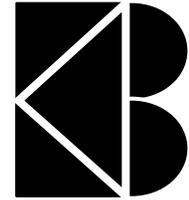
- If the new technology will “stand on the shoulders” of technical platforms of one or more of the parties, an expression regarding whether the previously existing IP portfolio is automatically licensed should be included. Most companies prefer to reserve their background rights from agreements. Consider any sublicensing arrangements.

8. Ownership of IP that is the fruit of the agreement

- What are the rules to determine who owns the IP? The legal default is to have inventions that are created by employees of both parties owned jointly. That is, each party has an undivided 50% interest in the invention. In the United States, there is no requirement for one joint owner to make an accounting to the other joint owner for their use of the invention. This rule differs from country to country.
- Another approach is to divide the IP by technology category regardless of identity of the employer of the inventors. If Company A is strong in technology for ingredients in food products, and Company B is strong in technology for packaging, the agreement could state that Company A owns all food product inventions and Company B owns all packaging inventions, regardless of who on the program created these inventions. The owner of the technology could then license to the other party.

9. Who bears responsibility/costs for filing patent applications?

- Patent applications are often the first product of a joint development project. The details of how this will be handled must be set forth. For example, will the parties:
 - File and prosecute their own patent applications?
 - File and prosecute jointly owned patent applications?
 - Share expenses for patent prosecution?
 - Have the right to review each other’s patent applications before they are filed?



10. Framework for IP license or business arrangement after conclusion

- The agreement might set forth the proposed arrangement after successful conclusion of the research program. It could give rough parameters of a supply agreement, or provide predefined royalty ranges if that is what the parties contemplate. This portion probably should contain only the bare minimum expression of what the parties are looking to get out of the relationship to induce them to participate in the first place.

11. Supply

- Consider the desirability of having an agreement setting forth that one party must purchase something from the other party that results from the JDA.

12. No guarantee of success

- The agreement should expressly state that the parties understand the risk that the research program may not be successful, and that they are not relying on the other party to create success.

13. Dispute resolution mechanism

- Two dispute resolution mechanisms are needed. The first mechanism is the general mechanism to deal with breaches and disagreements that can come up in the relationship between the parties. The second mechanism is specifically for determining inventorship. Because rights may be lost and relationships damaged if there is any delay in filing patent applications, the resolution mechanism must be clear, quick, and fair.

The foregoing is intended to provide you with helpful suggestions in protecting your organization from avoidable liability concerns in intellectual property matters. Each matter is different, and the advice of competent counsel in each situation should be obtained.