



JOINT VENTURE PARTNERING

A WAY TO BRING TECHNOLOGY TO THE
MARKET

DEFINITION

- No precise legal meaning
- Commonly called “partnerships”, “JVs”, “Strategic Alliances”
- An association of independent entities that combine resources for a defined commercial purpose to share risks and / or rewards
- Can be complex separate entities with independent management, financing, even public equity
- Can be purely contractual arrangements, such as strategic licensing, distribution or development agreements

TYPES OF JV/COLLABORATIONS

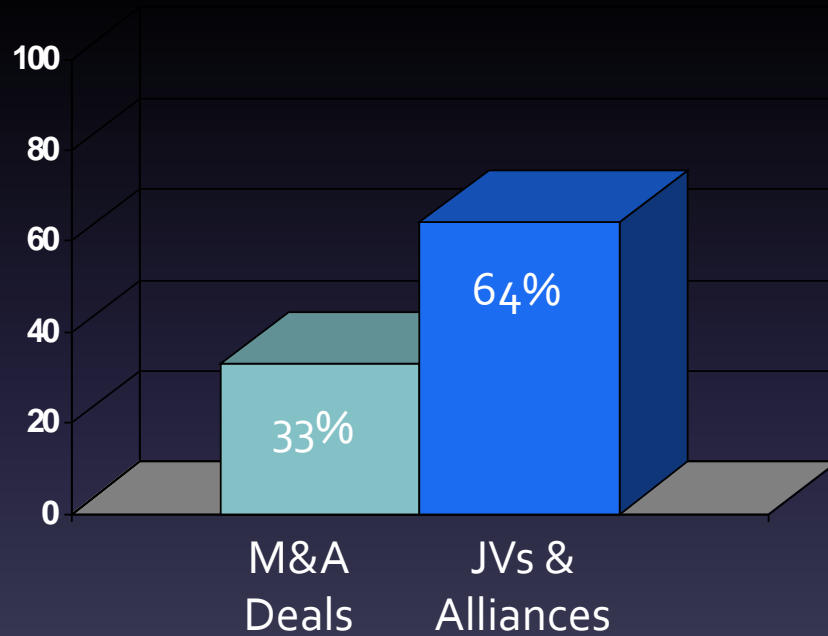
“A rose by any other name...”

- Joint Venture Agreement - INCORPORATED
- “Virtual JVs” - CONTRACTUAL
 - Collaboration Agreement
 - Strategic Alliance Agreement
- Co-Branding Agreement
- Co-Marketing Agreement
- Co-Promotion Agreement
- Joint Development Agreement
- Revenue Sharing Agreement

ADVANTAGES OF JVs

- ✓ Diversification of resources, technologies, expertise, markets, and customers
- ✓ Entry into new businesses or geographic markets
- ✓ Leveraging partner's competencies
- ✓ Sharing/minimizing of risks
- ✓ Maximizing efficiencies and economies of scale
- ✓ Flexibility regarding term of commitment and potential exposure
- ✓ Alternative to capital constraints and costs of M&A transactions

REASONS FOR JVs



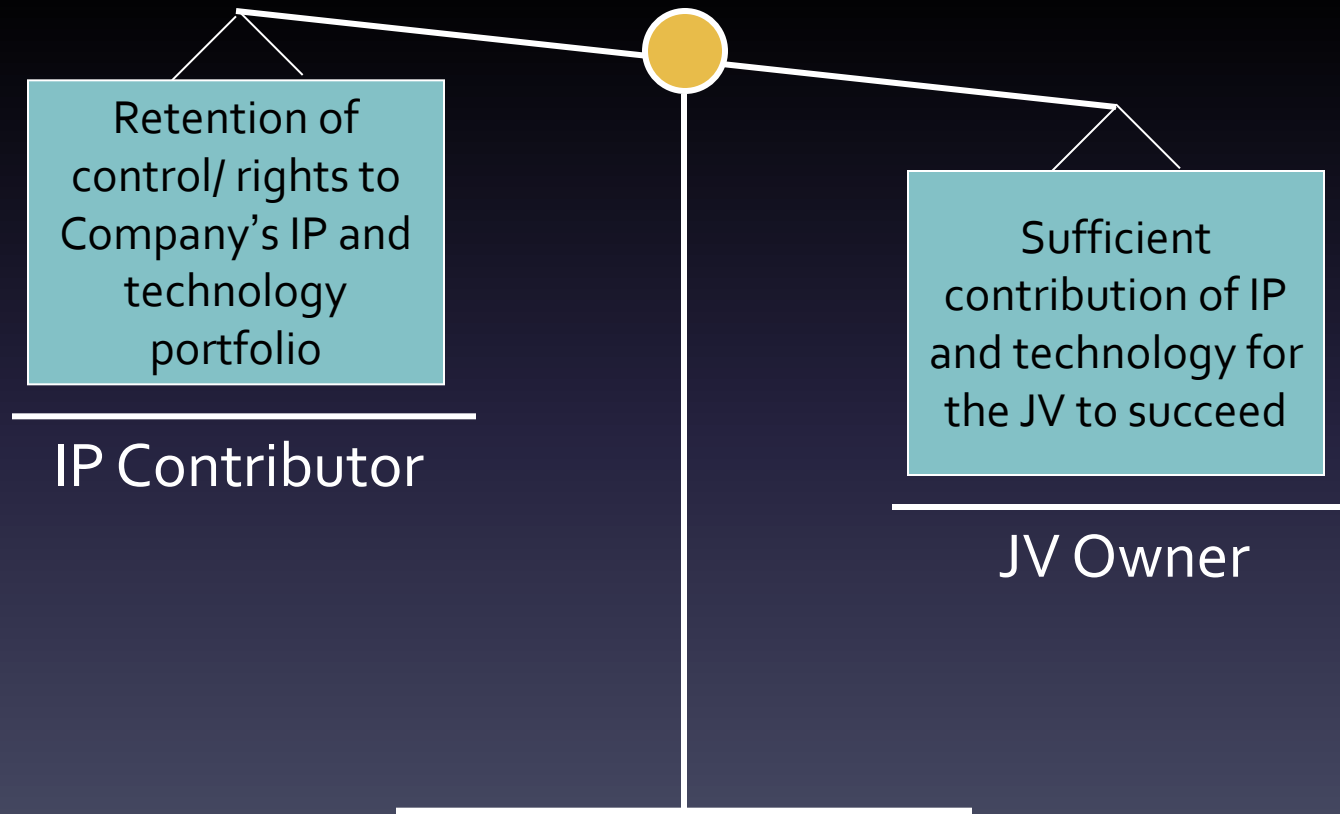
Percentage of
“Winners”

High Technology Companies

DISADVANTAGES OF JVs

- ✘ Time consuming and potentially complex to structure
- ✘ Require thorough diligence on: partner, objectives, structure, governance, etc.
- ✘ Require ongoing trust and maintenance of relationship with joint venture partner
- ✘ Require continued agreement and alignment with joint venture partner
- ✘ Require an exit strategy

CONTRIBUTIONS OF IP



KEY IP ISSUES

- What IP will be contributed by each partner to the JV? For what field of use and on what terms (assignment v. license, royalties, exclusivity)?
- Will there be any on-going obligations to contribute IP (i.e. a “hunting license”)? If so, any limitations on this and how to implement those limitations?
- Who will own “Foreground IP” (IP created by the JV either alone or in combination with the JV partners)? Any different result if the Foreground IP is an improvement on a partner’s IP?
- Who owns IP on termination (buy/sell, liquidation, run-off)?
- On termination, will access to any “Background IP” (IP licensed by a partner to the JV) continue?

GOALS OF JV PARTNERS SHALL BE ALIGNED

- Understand your partner's interests and goals – are they consistent with (or at least complementary to) yours? Are they likely to change over time?
- Is there a shared vision among the JV partners as to how to move forward – governance/control, funding, product development, JV return thresholds?
- Are the JV partners compatible? Business culture, approach to compliance, compatibility of employees who will work for the JV?
- Are there inherent conflicts of interest, and are there mechanisms to deal with them?
- Will the partners be entitled to compete with the JV? Is it expected that they will compete?
 - Why do we care?
 - Importance of Initial Business Plan and Budget

QUESTIONS

