

10 questions to consider before entering into a joint development agreement



Mark J. Masterson | Tuesday, August 28, 2018

From time to time, opportunities present themselves where it makes sense to partner with another entity to take advantage of mutual resources and experience to achieve an objective. In these instances, parties commonly enter into a joint development agreement (JDA) to define the rights and obligations of the parties and to take advantage of overlapping capabilities. However, there are a slew of intellectual property related pitfalls that you should be aware of when entering into a JDA.

Take for example the following hypothetical: Entities Alpha and Beta have overlapping technical expertise and desire to enter into a JDA to develop a new product to introduce to the market. Alpha has existing intellectual property (Alpha Background IP) and Beta brings its intellectual property (Beta Background IP). It is clear that all background IP has been developed and owned by the respective parties – but combined knowledge, experience, and existing IP may be needed to commercialize any newly developed product. This new product will most likely be considered joint IP developed by the parties.

In this instance, Alpha and Beta should consider these questions before they enter into a JDA:

1. What is the purpose and scope of the JDA? (i.e., to develop a new product or create a better one)
2. What background IP is being contributed by each party and what background IP is NOT being contributed? (These items should be clearly defined.)
3. Will access to resources be contributed such as existing R&D efforts and facility access?
4. Will any licenses to background IP be necessary to commercialize the resulting product or service?
5. Who will own the joint IP and are there any licenses between the parties?
6. Who will be responsible to pay costs for IP prosecution, IP enforcement, and to bare the liabilities? (including obligations regarding third party challenges to background IP and joint IP)
7. Will the new product be commercialized under an existing trademark or a newly created brand?
8. Is there a right to grant sublicenses of the joint IP to third parties?
9. Could any of these rights and obligations be waived if a party chooses not to proceed?
10. What happens to the respective rights and obligations to background and joint IP upon termination?

Certainly there are other considerations to be made, but these 10 questions should be asked before entering into any JDA. It is recommended that each party also become familiar with the other party and clearly define the purpose of what each party expects from the resulting agreement.

If your company is looking to collaborate with another company to take advantage of each other's capabilities to develop a new product or service, it is highly recommended to reach out to competent counsel to analyze and evaluate these considerations before entering a JDA. Otherwise, you may expose yourself to unwanted results.

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