



## Doing Early Stage Deals: Things to watch out for!

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## MRC: The UK Government's Biomedical Funding Agency

### Mission

To encourage and support high-quality research with the aim of improving human health.

To produce skilled researchers, and to advance and disseminate knowledge and technology to improve the quality of life and economic competitiveness in the UK

To promote dialogue with the public about medical research



*MRC's Watson and Crick astonished the world with the discovery of the structure of DNA*



## Medical Research Council Technology (MRCT)



MEDICAL  
RESEARCH  
COUNCIL  
TECHNOLOGY

MRCT is a company, limited by guarantee

MRCT is a charity affiliated to the MRC and is responsible for Technology Transfer for MRC Units and Institutes

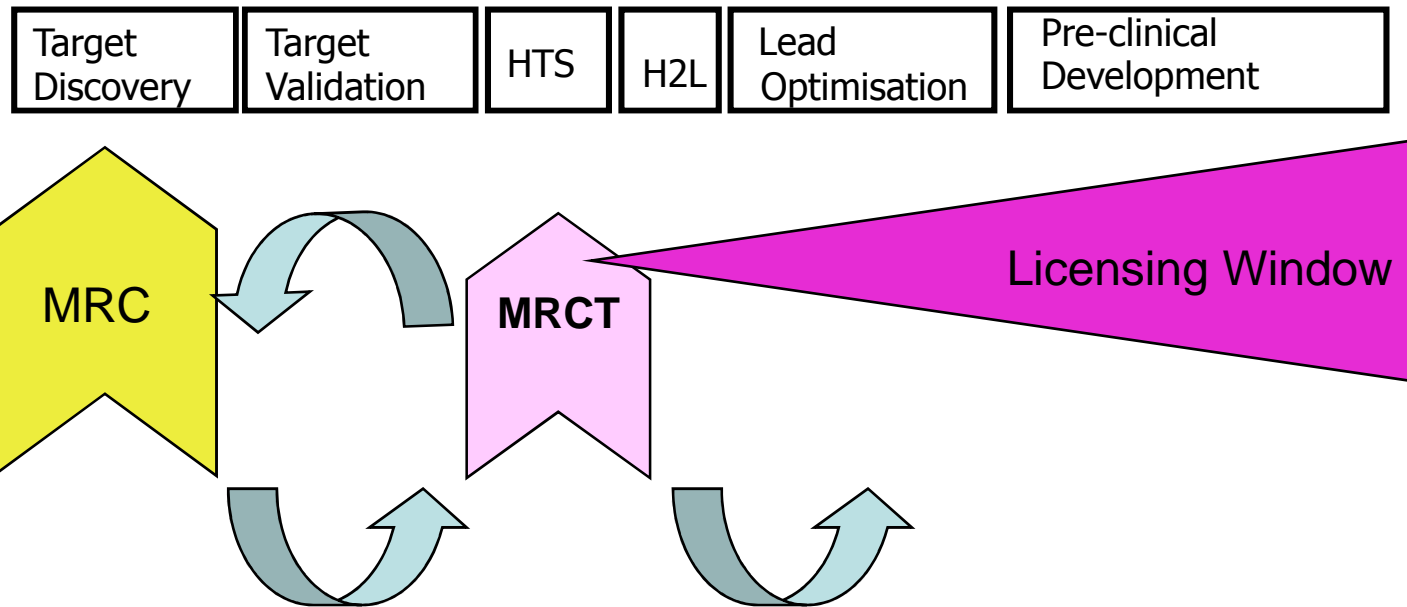
To encourage commercial exploitation for the benefit of health and wealth

**A translational research organisation**

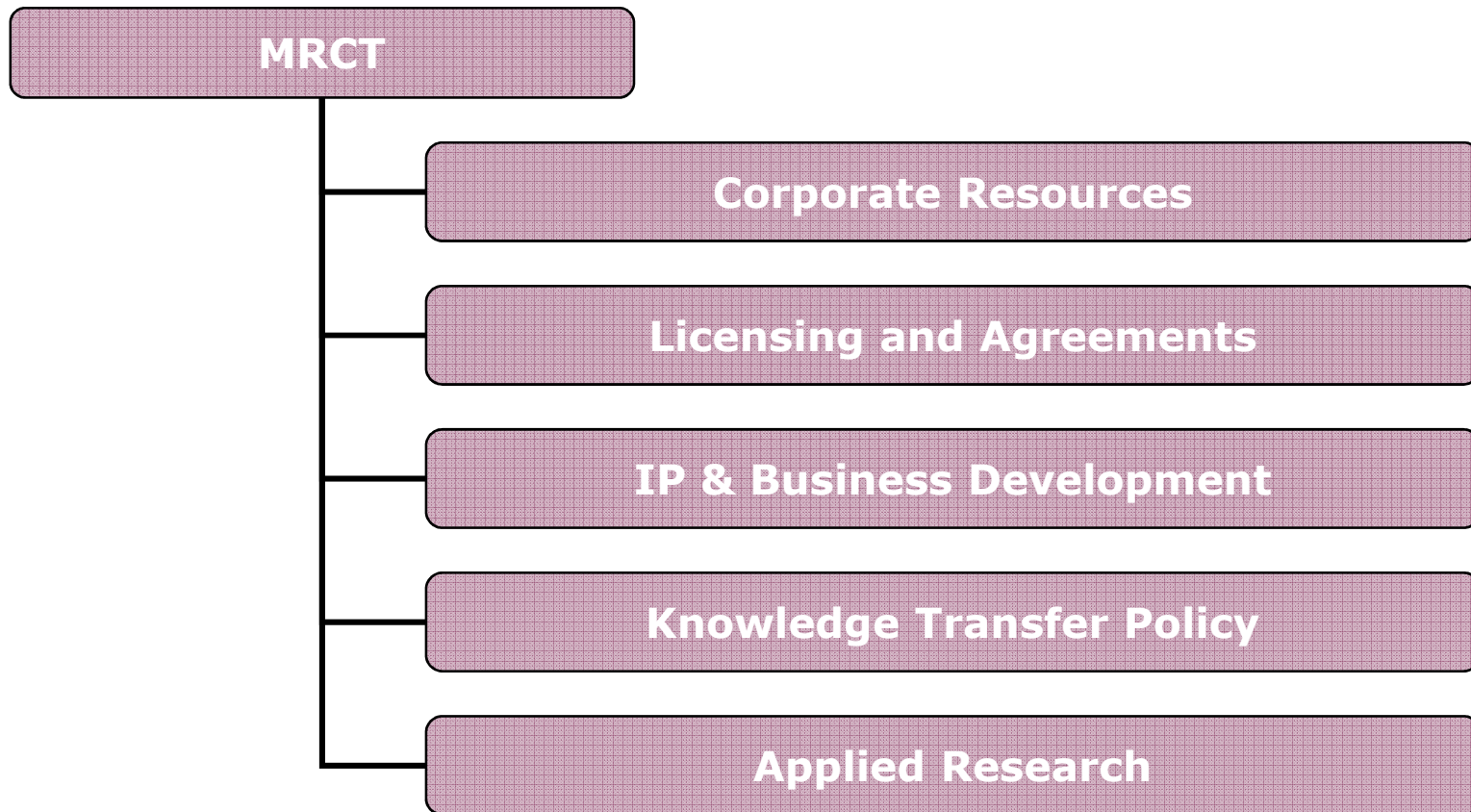
## MRCT PERFORMANCE 1998-2008

Year	New filings	New Licenses	Income (£m)
98/99	40	25	2.853
99/00	32	26	7.582
00/01	34	36	17.946
01/02	50	42	11.713
02/03	41	32	14.181
03/04	28	26	15.920
04/05	24	24	22.005
05/06	25	40	141.957
06/07	25	39	64.769
08/09	23	38	67.000
<b>Total</b>	<b>322</b>	<b>328</b>	<b>365.926</b>

## The UK Centre for Therapeutic Discovery Rationale



## MRCT – Structure



## Doing Early Stage Deals

Things to watch out for: What can go wrong?

## Patenting Strategy

Have you filed before you are ready?

Priority year clock starts ticking – can you maximise your exemplification opportunities at this early stage?

Will you recover your patenting costs in the early payments for commercialisation

*Exclusive licensee will take over*

*Focus on key territories*

*Do your deal before the expensive patenting years.*





## Multiple Ownership

Have agreements in place with your co-owners/collaborators asap.

Establish clearly who is in the driving seat

*Licensees want to deal with one negotiator*

*They don't want to referee between licensors*

Agreeing revenue shares at the outset reduces risk of protracted negotiations later, BUT

It can be difficult to establish relative values at this early stage.

## Commercialisation Strategy

Are you selling too cheaply by not taking more of the early stage risk internally? (see above)

Can you maximise the structure at this early stage:

### *Single indication v. multiple indications*

- If you licence for all uses have you short-changed yourself on potential exploitation in multiple fields?
- If the licence is unclear on new uses could be open to difficult and protracted negotiations further down the line.

*Have you got the right licensee should the development of the technology take unexpected turns?*

## Post-licensing surveillance

Early stage deals only likely to get very general diligence provisions.

Knowing more about the potential end product (and the development pathway) increases scope for more specific diligence provisions, especially timelines.

Result = policing the agreement more realistic.



## Spin Out Companies

Secure all necessary IP and FTO

Select the “appropriate management”

Be very clear on your business model

Maximise early stage valuation

Beware Expensive Cash



Thank you for your attention