Dirty Little Tricks People Play in Licensing

2005 AUTM Annual Meeting Phoenix, AZ

Robert MacWright, UVA Patent
Foundation
John Ritter, Princeton University
Alan Bentley, UVA Patent Foundation

Copyright 2005
University of Virginia Patent Foundation

Listing of Dirty Tricks

A. Frontal Tricks:

- Righteous Indignation
- Good Cop, Bad Cop
- "My Boss is a Bastard"
- "My Boss is a Loon"
- "My Organization is Dysfunctional"
- Wounded Dove
- "I'm Not Authorized"
- The Nibble
- The Leapfrog
- The "Mix-Up"
- The "It's Too Late Now"
- Broken Record

- "We Have a Policy"
- "I Must Do What My Lawyers Say"
- "I've Always Got Those Terms Before"
- "Stanford Does It That Way"
- The Russian Front
- "Gee, How Did That Get In There?"
- Conversion Date Chicken
- NPV Shell Game
- Silent Investor
- Lower Price = Greater Profit

Listing of Dirty Tricks

A. Frontal Tricks continued:

- The Slow No.
- Amnesia
- "I Have Others Waiting In the Wings"
- "I Already Have Better Offers"
- The Mulligan
- The Hindenburg
- Selective Benchmarks
- The Massage
- "You Are Our Kind of Person"
- "I'd Hate to Tell the Papers"

- "I Know the Governor"
- Alumni/Donor Preference
- The Statute Stretch
- The Case Law Dodge
- "Our Most Important Deal Has That Clause"
- Cherry Picking
- "I Tell Everybody How Great You Are"
- Mexican Standoff
- Go Negotiate with Yourself
- Just Sign Here

Listing of Dirty Tricks

B. Circumventing Tricks:

- The High Hat
- High Hat with Stomp-Down
- The Whipsaw
- The End Run
- The Tap on the Shoulder
- The Flank Attack
- Ad Hominem
- Negotiating from the Podium

They Aren't Really "Dirty Tricks"

- They are really common negotiating strategies and tactics
- When people do these things, they
 may be asserting sincerely-held
 views, reacting to complex and
 changing conditions, or leveraging
 their business resources
- But they sure can feel like dirty little tricks when they happen to you especially if you don't recognize them!

Why Do People Do These Things?

- Negotiation is an inherently human, and hence emotional, process
- When logic and persuasion fail (or seems doomed to fail), these are the only tools left
- In developing long-term contracts, the ends sometimes may seem to justify the means
- Many of them are learned during childhood!

Why Talk About Them?

- To help us accept and understand the strains and complexities of the negotiating process
- To help us learn to cope with common, yet complex, strategies and tactics
- To help us realize that we are all vulnerable to the same challenges, risks and injuries
- Thinking of them as "dirty little tricks" helps us laugh at our plight!

Definitions of Dirty Little Tricks

- Will be defined here from the perspective of them being used on you
- As we review them, please jump in and offer examples!
- Feel free to change the story to protect your innocent (or not so innocent) self!

Basic Frontal Tricks

Righteous Indignation

- "That's ridiculous!", "Nobody in their right mind would ever agree to that!"; often followed by a string of expletives
- A basic emotional reaction: sometimes understandable, sometimes overblown
 - Also intended to adjust aspiration level of other side
 - If you listen for it, you hear it repeatedly in every negotiation (by both sides).
- You may want to re-state common goals to help cool things down - Ask why the offer is insulting
- Keep emotions in check (the less emotional you behave, the more ridiculous the other side's behavior appears)

Good Cop, Bad Cop

- Virtually everyone has experienced it in one form or another (comes in many variations)
- Designed to lower aspiration level of negotiator
- One person is constantly confrontational, stubborn, and demanding; the other is understanding, supportive, friendly
- Good cop is equal to or subordinate to bad cop
- The fallacy is that the good cop is trying to help you satisfy the bad cop!
- Tactic not recommended for 1
 person offices

 Dirty Little Tricks People Play in 1
 2005 AUTM Annual Meeting

Counter: Good Cop, Bad Cop

- Case 1: good cop and bad cop in same room
 - Ignore bad cop and deal only with good cop
 - If good cop wants to remain good cop, he will have to address your position on issues
- Case 2: good cop approaches after bad cop leaves
 - Good cop will ask for concessions in order to appease bad cop – make no concessions to good cop
 - Insist on negotiating with bad cop he will have to soften his posture it is appople Play in I deal is to get done

 2005 AUTM Annual Meeting

"My Boss is a Bastard"

- The negotiator had agreed to accept a term you wanted (or "will try to get them"), but later laments that his/her boss wouldn't go for it
- The negotiator apologizes for the boss, and complains that he/she is a tough taskmaster
- Often they never talked to the boss at all!
- Sometimes they ask the boss to disagree!
- Classic tactic of automobile sales professionals

Dirty Little Tricks People Play in 1 2005 AUTM Annual Meeting

"My Boss is a Bastard"

(continued)

- This is really a variation of "Good Cop, Bad Cop" with invisible "Bad Cop"
- Why do people use this?
 - Buys time
 - Lowers aspiration levels makes demanding the concession seem useless
 - Allows one to take back an illgiven concession

Counter: "My Boss Is A Bastard"

- Request meeting with boss to discuss
- Immediately indicate that your boss also has indicated points that will need to be changed
 - Opens up renegotiation, avoids unilateral concession
- Provide a counter proposal with substantially better terms for you elsewhere
 - They may change their mind and jump at your original offer

"My Boss is a Loon"

- A variation on "My Boss is a Bastard"
- The negotiator figuratively throws up his/her hands and says, "sorry, he's nuts!"
- Can be quite effective; makes a High Hat sound hopeless!
- You can always ask to talk to the boss directly and find out if he/she really is loony

"My Organization is Dysfunctional"

- A broader variant of "My Boss is a Loon"
- Rarely used by companies, but probably more commonly used by university tech transfer offices – especially understaffed or newly created ones
- Sometimes used "tongue in cheek" to avoid raising concerns about downstream performance or relationships
- You can usually get them to agree that they aspire to improve, and that this deal might be a good place to start

Dirty Little Tricks People Play in L 2005 AUTM Annual Meeting

"I'm Not Authorized"

- If the negotiator lacks authority to make key concessions, those concessions can probably be avoided
- Allows negotiator to "cherry pick" concessions from other party without reciprocating
 - Also give ability to take back concessions previously made
- User often backs it up with "My Boss is a Bastard" (implying the boss is authorized, but will be unwilling)

"I'm Not Authorized"

(continued)

- Also useful for Directors:
 - Board must be consulted
 - VPR must be consulted
 - General Counsel's office must be consulted
- Insisting to talk to the boss may be the only defense ("I need to negotiate with someone authorized to make a deal")

The Wounded Dove

- The negotiator on the other side sheepishly admits they have less experience or expertise than you, and they ask for help (and mercy!)
- Similar to Columbo's "bumbling inspector" or Matlock's "simple country lawyer"
- Invites you to give up too much information
 - You may want to demonstrate your vast knowledge/experience (showing off)
 - You may want to be helpful in educating others
 studies have shown that more experienced
 negotiators tend to go easy on less experienced
 negotiators
- Can be incredibly effective, if it makes you relax your guard (so don't!)
- Can counter with "High Hat" working with the boss

The Nibble

- After you thought you had a deal, they come back and tell you that if you can give them this one more thing, then it's a go
 - Other party praying on your desire to close the deal
 - Often combined with "Boss is a Bastard"
- If you concede that point, they will probably do it again!
- Best defenses:
 - tell them you will review the entire deal, and call back to tell them what you want in exchange
 - tell them it's a deal-breaker (all their bluff).
 - In either case, refuse to give unilateral concessions

Dirty Little Tricks People Play in 1 2005 AUTM Annual Meeting

Leapfrog

- "No, I don't think I can agree to that, but let's move on and come back to this."
 - Prays on your desire to make progress in negotiations
 - Usually occurs well into the negotiating process
- Usually done again and again in the <u>later</u> stages of negotiation
- An attempt to get you to concede on many points, without giving anything in return!
- Usually when you do go back, they will dig in their heels, resulting in you conceding on many points, and they concede on few
- Best defense: don't let them leap, not even once. When they try, just say, "then let's stop here, so you can go back to management for guidance on that issue."

Cherry Picking

- They accept every term that favors them, but reject every term that favors you
- Often occurs when you send a draft contract that you believe reflects negotiated terms
- The only defense is to explain how concessions you made were in exchange for concessions they made

Amnesia

(a.k.a.: "Have we met?")

- They adamantly deny having made concessions you clearly remember
 - Often followed by Righteous Indignation:
 - "I never would have agreed to such a thing!"
- Sometimes they deny you ever negotiated!
- May result from misunderstanding, or from their realization they went too far
- To prevent this, keep notes, and be sure to review key points before each negotiation session ends (email Dirty Little Tricks People Play in L 2005 AUTM Annual Meeting

The So-called "Mix-Up"

- You get a fax or get copied on an email that was intended for a competitor, or for company insiders
- The correspondence makes it appear that your deal is facing serious competition, or is facing considerable internal resistance
- Whether you tell the sender about the supposed mix-up or not doesn't matter; what matters is if you believe it is genuine!
- Rule of thumb: the more worrisome the message is to you, the more likely it was no mistake you got it
- The safest course of action: discard the message, and discount it entirely

Mexican Standoff

- The other party (perhaps both parties) does whatever it can to avoid making a first offer, thereby avoiding setting an upper bound to what it can negotiate
- If necessary, as licensor, make a first offer, explaining that you usually like to get a 100% royalty
- If the licensee responds that they "usually like to agree to a 0% royalty", offer to meet them half way (at 50%) at least it is now their turn.

Go Negotiate With Yourself

- You provide the other party with an offer or counter offer
- Instead of countering your offer, or discussing the outstanding issues, the other party selects one issue of importance, and indicates that they cannot accept this term
- The other party asks you to reconsider your position with respect to this one term, in an attempt to get you to reduce your expectation
- Do not allow yourself to concede unilaterally require a counter offer or discussion of all terms as a whole!

Conversion Date Chicken

- Other negotiator is aware of a specific deadline or time pressure that you are subject to (perhaps a patent bar date), and stalls negotiations
- The hope is that the closer you get to the deadline, the more willing you are to make concessions
- Counter tactics:
 - Be sure not to disclose to the other party hard deadlines that would affect your negotiating position
 - If negotiations begin to drag, do not put all your eggs in one basket that is, continue to explore options with other potential licensees
 Dirty Little Tricks People Play in 1

2005 AUTM Annual Meeting

"We Have a Policy"

- "Sorry, we can't do that. We have a written policy against it."
- Sometimes, they are writing the policy as they speak!
- Creates a presumption that the policy is rational and well thought-out, whether it is or not
- A very common strategy for universities, as falling back on policies is a method that is used widely in internal management
- See if you can find out how recent or inviolate the policy is, and whether the policies of other similar organizations are the same

"I Have to Do What My Lawyers/Consultants Say"

- A more fluid dodge than a written policy; can be invoked anytime, and about anything
- Used most often by companies, who can afford lawyers and consultants!
- Hard to rebut, as it seems reasonable to take the advice you paid for
- Asking "who runs the company, you or them?" is often a good reply

"I Always Got Those Terms Before"

- VERY common for companies to claim other universities gave them the favorable terms they seek
- Probe to determine whether their success is a common occurrence, or a one-time deal (and investigate the circumstances leading to the concession)
- Asking for copies of the other agreements and phone numbers of the negotiators at the other universities often puts this one to rest

Counter: "I Always Got Those Terms Before"

- DO NOT immediately accept the precedent
- Probe the assertion further "Have you done deals with the term I am requesting"; "Is this term required under company policy" or, if further in negotiations, "Is this a deal breaker?"
- Qualified answers should likewise be probed further
- Assess the value of it and use it to trade for a gain if it is acceptable (avoid unilateral concessions)
- Differentiate your technology/institution from the others

"Stanford Does It That Way"

- A variation on "I Always Got Those Terms Before"
- Call their bluff by asking why they think so, and follow it through; you may find out that Stanford (or whoever) doesn't do it that way at all!
- Referring to the AUTM Tech
 Transfer Manual or other source may
 provide a strong rebuttal

Just Sign Here

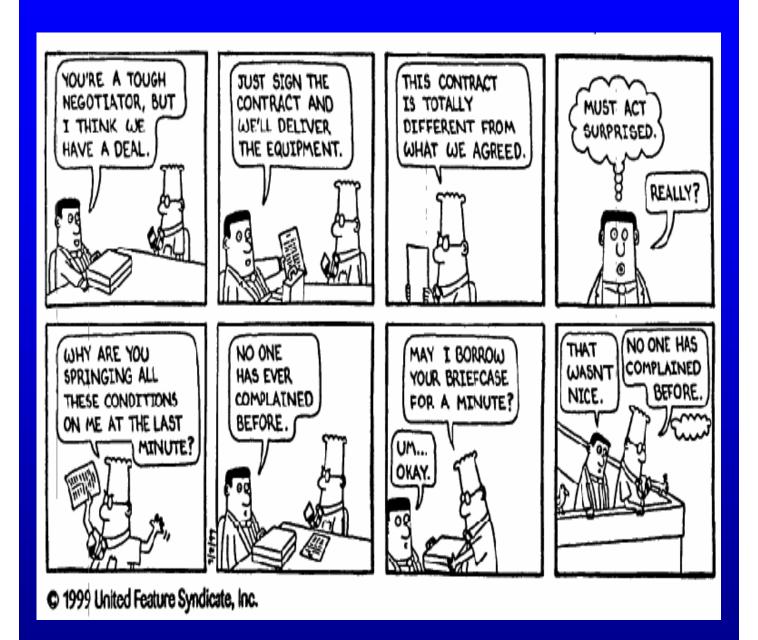
- Other side takes its most recent draft of the agreement (or modifies your draft), has it signatory sign it and send it off to you for signature
- Pressures you to accept the deal "as is" in order to close
- Tricky variation other side sends signed agreement to your boss, or to the inventors, whom the company hopes will help with the pressure to sign

"Gee, How'd that Get in There?"

- They stick something into the final draft that you are sure was supposed to be changed or deleted, or may not even have been discussed!
- Typical response when they tell you to "just sign here", and you notice that changes were made, but not discussed
- Otherwise known as "Hmm, I guess my redline isn't working"
- Corollary: "Oops, I forgot to add that"

Counter: "Gee, How'd that Get in There?"

- One word can change the meaning of an important term
- NEVER assume that every addition and deletion has been redlined
- The only defense is to read the full text of what you are about to sign
- ALWAYS compare agreement with the last document you sent



Dirty Little Tricks People Play in 1 2005 AUTM Annual Meeting

Circumventing Tricks

Dirty Little Tricks People Play in 1 2005 AUTM Annual Meeting

The High Hat

- The other side contacts your boss and explains that unfortunately, they aren't making any headway with you. They suggest that the boss should appoint someone else, have a sit-down with you, or handle negotiations personally
- Reasons given are your inexperience, your lack of flexibility, or lack of authority
- They usually try to keep the door open for a follow-up with the boss, to keep you on edge
- Not very effective if the boss knows and trusts you
- Not a true High Hat unless you are unaware of the contact

High Hat With a Stomp-Down

- Same as the High Hat, except the other side indignantly complains that you are incompetent, stupid, hostile, or arrogant
- Accompanied by a strident demand that you be replaced in the negotiations, or the deal is off
- Often used in quick succession after a Whipsaw
 - Generally an act of desperation!
 - Or perhaps a hope that the boss will make concessions to smooth things over
- Replacing you with a colleague blocks it - doing it twice makes the other guy look like the bad egg People Play in L

2005 AUTM Annual Meeting

Ad Hominem

- The personal attack trying to discredit your decisions or opinions by discrediting YOU
- Can be against your:
 - ability (e.g., you lack of training, technical understanding, negotiating skills or experience), and/or
 - attitude (e.g., you were nasty, hostile, arrogant)
- Usually used as a "stomp-down" in a High Hat
- Can be used with someone of influence, without authority in the matter
- Sometimes used frontally, to put you
 on defense
 Dirty Little Tricks People Play in I
 2005 AUTM Annual Meeting

Counter: The High Hat

- Be aware of the relationship between your boss and your opponent, if any
- Keep boss informed of wrinkles in negotiations, so boss is prepared for High Hat
- Create a united front
 - Request a meeting or teleconference where the opponent can sit with you both to establish that there will be no opportunity to drive a wedge between the two of you
- Go to your opponent's boss (if you dare!)
 - Have your boss "reverse high hat" your counterpart

The Whipsaw

- Very common for companies with relationship with faculty inventors (particularly, funding relationships)
- While you feel both parties are proceeding fine, the negotiator on the other side contacts the faculty inventor, and tells them you are totally screwing up the deal
 - Usually with an implied threat to abandon plans for laboratory research funding
- The inventor then blasts you (or your boss!) for ruining everything, and pressures you to back down/ make concessions

Counter: Whipsaw

- Inform inventors of plans for first offer before providing it to company
 - Discuss the terms of offer, and why you believe the offer to be reasonably fair
 - Possibly share plans for compromise (but be careful, such information may leak!)
- Can attempt to "reverse whipsaw" if you sense that the company may try one (that is, get to the faculty inventor first)

Dirty Little Tricks People Play in 1 2005 AUTM Annual Meeting

The End Run

- Similar to the High Hat, but they go to somebody they think is parallel to you, and try to do the deal there
- Very common if there is a Tech Transfer Foundation; they try to make the deal with the University directly instead
- Can be soft ("gee, I don't think they really understand what we need") or hard ("those people were so unbending that I just can't work with them anymore.")
- If you are well regarded, this strategy will usually boomerang, and the deal will come back to you

The Flank Attack

- Unbeknownst to you, the other party has made side promises e.g., research support for the inventors, gifts for the endowment
- Followed by a Whipsaw or High Hat with a Stomp Down, along with a warning the goodies are off the table unless you back off
- Can be a career-killer!
- To defend against this, keep in close contact with everyone on your side, focus on overall institutional interests, and watch your ego

Tap on the Shoulder

- Somebody (local lawyer or business leader, other licensee, etc) from out of the blue says he/she has heard that this negotiation isn't going very well
- The person who approaches you is usually an innocent person who is trying to help
- They usually say your counterpart is a very good person, and that you should "try to work it out"
- Creates an implied threat that the other side could affect you in ways you can't even imagine!
- Say "thanks, I am sure we will work it out," and don't complain to the other side about it

 Dirty Little Tricks People Play in 2005 AUTM Annual Meeting

"I'd Hate to Tell The Papers"

- Anybody can threaten to make you look bad; few can actually do it
- Newspapers and TV are aimed at ordinary people, and contracts put most people to sleep! So few reporters will work such a story, UNLESS:
 - The complainer is known (e.g., large company, perhaps with impact on the local economy)
 - The technology is hot (e.g., bioterror defense)
 - The institution is already under attack
- Be friendly in correspondence, in case you need to share it with reporters; have some objective data to support your views

"I Know the Governor"

- In negotiation with public universities, companies often play politics
- Especially common for small instate companies to curry political favor and use it
- Getting High-Hatted with the Governor is a uniquely unpleasant experience!
- Getting High-Hatted with a State legislator isn't much more fun
- Few can deliver on their implied threats; but collecting some objective evidence that your deal terms are reasonable is a wise defense

Dirty Little Tricks People Play in 1 2005 AUTM Annual Meeting

Negotiating from the Podium

- "In today's talk, I would like to explain why university royalty expectations are out of step with marketplace realities."
- "Today I would like to discuss valuation of university technologies, and how to determine fair royalty rates."

Sound familiar?

Damn Dirty Tricks

The Slow No

(a Virginia special!)

- "Sounds very interesting. We will get back to you about this."
- When you get the same kind of enthusiastic delay over and over, it's a "Slow No"
- Can result from being overly polite
- Can be deadly if you don't recognize it, because other options may fade away
- To avoid it, tell them you are moving on to other interested parties, and see if they jump

The Mulligan

- They tell you there has been an acquisition, change in management, change in corporate strategy, etc., and that as a result, they can't accept any of the prior agreed-upon terms
- Sometimes they send a new negotiator, sometimes they just send the same ones with a new boss (who is likely to be a bastard or a loon!)
- This can happen more than once in a single deal
- You will probably have to play along; but don't let your previous bottom-line be a starting position!

The Broken Record

- Opponent takes a hard stance and politely (or not) repeats the same justification over and over again
- You are inclined to get tired of hearing it and walk away, but you are often not in a position to walk away
 - Political ramifications
 - Research funding ramifications
 - Relationship ramifications
- Benchmarking rarely works to refute arguments, but a "Slow No" may be a useful counter.
- You often find yourself giving in just to make the pain subside!

The Hindenburg

- "Oh, my God, no. We did that in a deal once, and it was a total disaster!"
- Usually accompanied by a moving war story
- Sometimes sincere, sometimes contrived. But who can tell which?
- Sometimes if you dig deeper, you find that your issue wasn't the problem at all

"Our Most Important Deal Has That Clause"

- Attempt to convince the other party that a certain clause is an absolute must, whether or not it seems rational to them
- Implies that criticizing that term would be seen as an indictment of their most valued transaction
- If you suggest that their most prized transaction may not be so hot for the other side, they may concede the point!

The Massage

- "We have heard so many great things about you. Everybody tells us what a great guy you are to work with! What a pleasure to be able to work with someone of your experience, instead of the harsh and inexperienced people we have had to deal with at other universities."
- Makes it kind of hard to be tough with them, doesn't it?
- A true set-up for a High Hat, should you turn out to be less than advertised!
- Recognize flattery for what it is, and don't let it affect your expectations

"You Are Our Kind of Person"

- An exaggerated Massage that includes an implied or explicit job offer!
- Often used when the stakes are quite high
- Creates a serious ethical issue:
 - Decline, and point out that a conflict of interest
 - Defer discussing it until after deal is finished
 - Disclose it to your boss
 - If you don't, they might later withdraw their offer, and can attack your deal position as "sour grapes"
 - Almost certainly, they will never raise it with you later Later Tricks People Play in Later Tricks Pe

"I Tell Everybody How Great You Guys Are"

- It's great to have licensees say nice things about you until they stop.
- An implied or direct threat to replace public praise with public criticism
- can be strong leverage in future interactions
 - Extremely common strategy for local start-ups
- Praise them publicly in the same way they praise you, then they will have just as much to lose

Selective Benchmarks

- When asked to back up their claim that a 1% royalty is reasonable, they show data from deals with 1% ratesand ignore deals with higher rates
- To avoid this, don't ask for their benchmark data; instead, ask for benchmark data sources. Then you can check independently, and see them all.
 - If they know their data is skewed, they will stall, or claim that they are private.
 - Tell them you can't rely on information you can't access; the benchmark issue may disappear.

The Russian Front

- Russian Fronting is presenting an even worse alternative to a previously rejected offer
- Could be an obviously worse off, or could be more subtle (some terms may look more attractive, but the overall proposal is worse)
- Similar to "doomsday" scenario
- Counter:
 - Recognize the ploy!
 - Counter with your own Russian front
 - Call their bluff, if appropriate

The NPV Shell Game

- The opposition employs complicated business models, including arbitrary discount rates and other assumptions to advocate for a below-market deal
- It is easy to get caught up negotiating the assumptions instead of negotiating the value of the property
- Time to get our the company's business plan to see if it is consistent with their position

Lower Price = Greater Profit

- The licensee warns that it would be bad for all the stakeholders if the parties agreed to such a high royalty.
- Low royalties result in increased motivation to commercialize, leading to high profits
- High royalties result in little or no profit margins, deflating interest in aggressive commercialization, or perhaps killing the opportunity altogether.

Silent Investors

- Company argues that they cannot accept a specific provision or deal structure because present or future investors will never agree to capitalize a company with such unfavorable terms
- Concerns at first are broadsweeping, but can usually be narrowed down to one or two terms
- Benchmarking can be very useful to show that such fears

Compound Dirty Tricks

The Policy Hammer

- Combining tricks to make it seem futile to seek a concession:
 - "We have a policy"
 - "I'm not Authorized" to make exceptions
 - The boss is, but "My Boss is a Bastard"

(So JUST SIGN HERE!)

The Political Hammer

- Combining tricks to inflict maximum pain
 - High-Hat
 - Whipsaw
 - Tap on the Shoulder
 - I'll Tell the Papers
 - I know the Governor

The Blunderbuss

The most aggressive of foes will use every bullet in his arsenal:

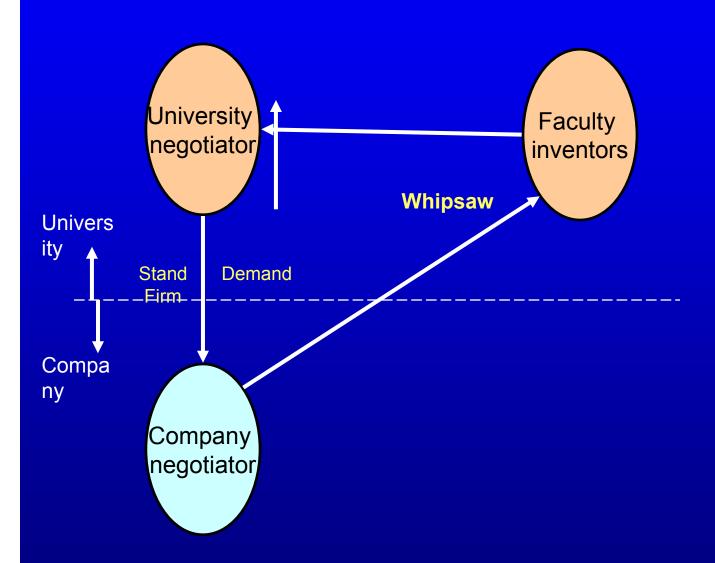
- Russian Front
- Broken Record
- High hat, first w/out and then w/ a stomp down
- Ad Hominem
- End Run
- Tap on the Shoulder

- Amnesia
- Have to do what my lawyers say
- Silent Investors
- NPV Shell Game
- Leapfrog
- Nibble

Result: A Really Crummy Deal!

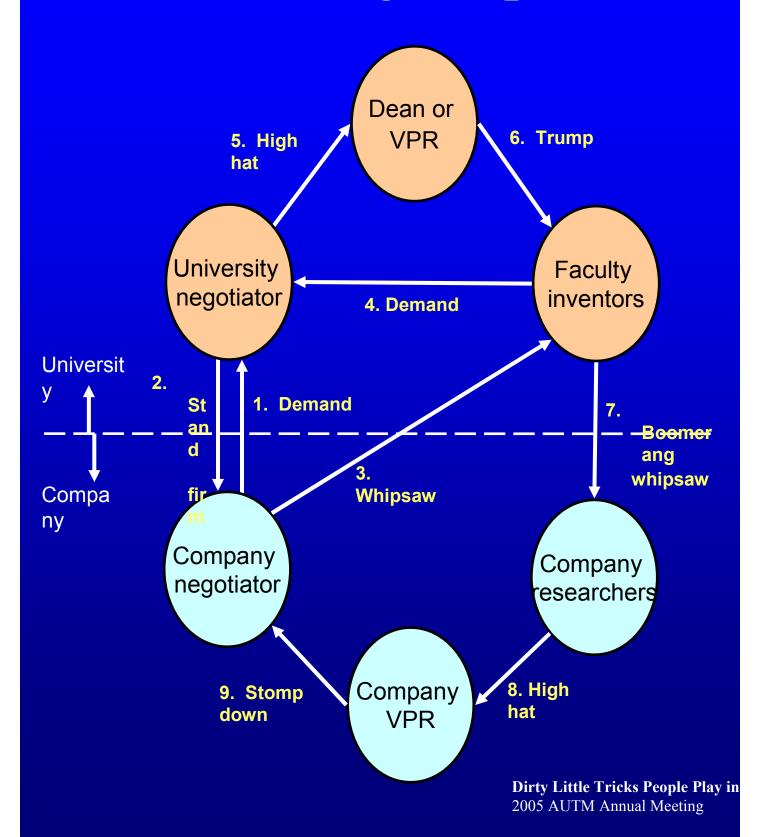
Dirty Little Tricks People Play in 2005 AUTM Annual Meeting

Typical Whipsaw



Dirty Little Tricks People Play in L 2005 AUTM Annual Meeting

Boomerang whipsaw



With All This Going on, How Do We Get Anything Done?

- Most of the time, we handle all of this intuitively; we have done it all our lives
- The ones that knock us for a loop are the frontal attacks: e.g., High Hat with a Stomp-down, Ad Hominem.
- Recognizing that these are widely used strategies and tactics, and being able to explain this to others, is the best way to blunt the emotional impact enough to move on.

Which is why we decided to give this seminar!

Take Away Messages

- Keep emotions in check do not let others' actions affect your expectation level
- Do not offer unilateral concessions
- Trust, but verify investigate assertions of others (assertions that cannot be investigated cannot be considered)
- Keep others on your side involved and aware of negotiation status— do not be a hero

Disclaimer

Any similarities between examples given and actual negotiations, statements, or positions of any party are purely coincidental. This presentation is not intended to criticize or endorse any particular tactics or strategies, or individuals or entities who may use them. Nothing in this presentation or accompanying materials is intended to serve as specific legal or business advice. Suggested ways to deal with particular negotiation tactics and strategies are provided for general information and illustrative purposes only, and may not be applicable or appropriate in many situations. All parties to any actual negotiation are advised to seek specific legal advice from their own attorney. The authors, speakers, and their respective employers make no representation or warranty with respect to the accuracy, applicability, or validity of the facts and perspectives described in this presentation or the accompanying materials.

THE AUTHORS, SPEAKERS, AND THEIR RESPECTIVE EMPLOYERS DISCLAIM AND MAKE NO EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

In other words, (1) this presentation is intentionally tongue in cheek, so don't take us too seriously; and (2) if what you learn here gets you in big trouble, DON'T BLAME US!

Contact Info:

• Robert MacWright, UVA Patent Foundation

macwright@virginia.edu

- John Ritter, Princeton University jritter@princeton.edu
- Alan Bentley, UVA Patent Foundation

abentley@virginia.edu

Other Dirty Tricks

"I Have Others In The Wings"

- Another common strategy of car salesmen
- Companies sometimes claim they have alternative technologies lined up; universities sometimes claim they have other potential licensees lined up
- So shop-worn it rarely has an effect

 unless, of course, they really DO
 have another in the wings, and are willing to risk losing your deal!

"I Already Have a Better Offer"

- More specific than "Others in the Wings"
- Usually a bluff, but sometimes real
- Best reply is often, "Then you should take it!"
 - If they really did have a better offer, why would they be wasting their time talking to you?
- Probably a Cherry Pick: the other deal may have had one better key term, but the other deal as a whole probably wasn't better
- Ask them to send you a copy of the other term sheet or contract, so you can consider matching it

Dirty Little Tricks People Play in 1 2005 AUTM Annual Meeting

The "Its Too Late Now"

- Combination of Mix-up and Boss is a Bastard, with a little "Amnesia" sprinkled in
- You agree on specific terms with the other negotiator
- Then you are copied on an email to the other party's superiors, describing the terms, but the terms are WRONG!
- Upon confronting the negotiator, he indicates a misunderstanding (perhaps with some righteous indignation), and claims now that the superiors have other expectations, there is no way to get them to agree with your demands.

Statute Stretch

- They exaggerate or stretch a state or federal statute to bolster their point of view
- One give away is that they won't know the specific statutory citation, or have a copy handy
- Federal agencies sometimes (knowingly or mistakenly) do this by citing old, superceded regulations or FARs
- Look it up, and you may find the exception you need, or an interpretation that supports your point of view instead

The Case Law Dodge

- Pointing to a particular lawsuit decision to justify demands or expectations
- Only a "dodge" if the case law cited is obscure, non-controlling, off-point, overruled, or inconsistent with precedent
- The only way to tell is to ask for the citation and/or a copy of the case; if they offer it willingly, it may not be a dodge
- Read the case carefully, and you may be able to distinguish it from your situation

Alumni/Donor Preference

- Licensees will often offer up an alumnus or two to grease the skids
- Companies sometimes do make big donations
- If they suggest that they are big donors and should be treated kindly, CHECK IT OUT!
- You probably can't justify giving them a better deal because of it, but you can justify being very, very nice!
- If they are big donors, make sure to let the brass know what you are going to do before you do it, at every step along the way

Dirty Little Tricks People Play in 2005 AUTM Annual Meeting