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Verne, B. Michael

From: [REDACTED]
Sent: Thursday, March 23, 2006 10:18 AM
To: Verne, B. Michael
Subject: Applicability of new rules to contract joint ventures.

I have a client with a potential collaboration agreement that does not involve the creation of a new entity, but contractual obligates one party to contribute cash up front, and more down the road if milestones are reached, along with some IP and its commercialization and marketing expertise. Other party contributes the primary IP which it continues to develop. No exclusive rights to IP are transferred, altho rights to some become co-exclusive. Profits shared 50/50. Assuming the money or value of assets contributed exceeds the size threshold (and the contributing party meets the size of person threshold), it is unclear to me whether a filing is required under the rules concerning unincorporated "entities."



I don't see anything reportable here. There is no entity being formed to hold the cash and IP, only entering into a contractual arrangement. The only other possibility of a reportable transaction would be if one party was giving the other party exclusive rights to use its IP. In this arrangement, the IP becomes co-exclusive to both parties.

[M. BAUNO } N. OVUKA CONCUR] *B. Michael*
3/23/06