

## Term Sheet

For your reference, here is a list of vocabulary terms that are mentioned in this lesson.

**Vehicles (to fill gaps)** - Deal types and structures used by enterprises to achieve business development goals.

**License** - An agreement of the holder of an intellectual property right, the licensor, to allow the use by a licensee. Various forms of compensation and royalties will be paid to the the licensor.

**License option** - An agreement that allows limited use of intellectual property; a legal contract that allows a company rights to develop, manufacture, or sell an asset.

**Development agreement** - An agreement to develop or co-develop a product which could include basic research, pre-clinical, clinical trials, regulatory approval, manufacturing, and/or commercialization.

**Commercialization agreement** - An agreement to sell a product or service; could include production, distribution, marketing, sales, or other activities.

**Acquisition option** - A corporate action in which a company buys all of, or a controlling stake in, another company.

**“Build to buy”** - A model in which a funding entity or larger biopharma seeds a startup that may be acquired down the line.

**Internal alignment (within a company)** - The process in which a company insures that all of its groups are aligned around a consistent message, actions, and behaviors.

### Advanced topics:

**Non-binding term sheets** - A document used to clarify deal terms on both sides; it can serve as a template to develop more detailed legal documents.

**Due diligence** - Reasonable steps taken by a person in order to satisfy a legal requirement, especially in buying or selling something; typically conducted prior to signing a contract.

**Indemnity** - A contractual obligation of one party to compensate the loss or financial burden occurred to the other party; a security against or exemption from legal responsibility for one's actions.

**Strategic alliance** - An agreement between two or more parties to pursue a set of agreed upon objectives needed while remaining independent organizations. A strategic alliance will usually fall short of a legal partnership entity, agency, or corporate affiliate relationship.