



Licensing Executives Society  
(U.S.A. and Canada) Inc.

Licensing Executives Society  
U.S.A. and Canada, Inc.

Conflicts of Interest Policy

*As of 10-August 2020*

# Licensing Executives Society (U.S.A. and Canada), Inc.

## Conflicts of Interest Policy

### INTRODUCTION

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Established in 1965, the Licensing Executives Society (U.S.A. and Canada), Inc., commonly referred to as "LES" or the "Society", is a professional society whose members are engaged in the transfer, use, licensing, development, and marketing of intellectual property. LES membership includes professionals who work with intellectual property, including business executives, lawyers, licensing consultants, engineers, academicians, scientists, and government officials. Representatives from many large corporations, professional firms, and universities comprise the Society's membership. LES is a member society of the Licensing Executives Society International, Inc., commonly referred to as "LESI", an umbrella organization with member societies from over 90 countries.

LES is committed to high standards of ethical, moral, and legal business conduct. Accordingly, LES has promulgated this Conflicts Interest Policy (the "Policy") in accordance with the LES Bylaws, Section 5.1.4, in order to set out the policy statement, purpose served, applicability, implementation, oversight, and enforcement responsibilities. Any questions about this Policy, its interpretation, or implementation, should be directed to the LES lead administrator (e.g., Executive Director, Operations Director or equivalent), the chair of the LES Ethics Committee, or the LES Counsel.

### A.PURPOSE

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A conflict of interest ("**Conflict**" or "**COi**") arises when a Covered Person (defined below in Part C) becomes subject to competing loyalties in the conduct of his or her business or profession, or when he or she faces a choice between personal gain and acting in the best interests of a person, business or organization to whom a duty of loyalty is owed. LES acknowledges that potential COi situations are part and parcel of this profession. Our aim is to help a Covered Person:

1. Identify potential COi,
2. Avoid COi where possible, and
3. Manage COi through a variety of actions, including via recusal from certain activities or roles in LES.

The *purpose* of this Policy is as follows:

1. to supplement, but not replace, conflicts of interest policies, guidelines, ethical duties, and legal requirements to which any Covered Person is subject by virtue of their professional qualifications, professional licenses, employment, or other legally enforceable relationships;
2. to inform and educate all LES constituencies about what action is required by LES when any transaction or relationship presents, may present, or may be perceived to present, a conflict between any Covered Person's obligations to LES and such Covered Person's personal, business or other interests;

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3. to advise LES constituencies as to what is an acceptable level of transparency and ethical conduct for LES, and provide examples of when a Covered Person should: a) *report* (or inform) to LES for review and appropriate handling; b) *recuse* or c) *resign*; depending on the Conflict; and
4. to notify all LES constituencies what action LES may take in response to a Conflict.

**B. POLICY STATEMENT**

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LES Covered Persons must actively avoid and manage actual or perceived Conflicts in the course of their professional activities, including their participation in LES activities of any kind.

1. Gifts. No Covered Person should offer or accept any gift (*beyond* gifts considered as *de minimis* or customary in the ordinary course of business interactions); or any other transfer of value (such as entertainment, meals, payment of travel or other expenses), which could affect independent judgment or cause the Covered Person to make a decision in favor of the offeror.
2. Disclosure. A Covered Person must disclose whether he or she has an interest in the subject matter of a licensing transaction (e.g., whether he or she will benefit from the transaction, such as by receiving a royalty).
3. Representation. It is an unwaivable Conflict for any LES Covered Person to represent both the licensee and licensor in any licensing transaction.
4. Management. Conflicts must be fully and candidly disclosed to the person(s) or organization(s) that could be adversely impacted by such Conflict, in advance. Recusal is required unless the impacted party(ies) fully understand the nature of and risk associated with the Conflict. If the impacted party(ies) is competent to understand the impact of the Conflict, or if such impact is *de minimus* the impacted party(ies) may waive the Conflict. Preferably, the conditions of waiver are memorialized in writing.

Nothing in this Policy precludes Covered Persons from customary practices that do not inappropriately influence the conduct of business or business decisions, such as alternating the hosting of business meetings or dinners or other meals with counterparts as part of the normal course of business relationships. It is not a Conflict for a Covered Person to evaluate a specific issue or matter, even if retained by the licensee and licensor of a specific transaction, if the engagement makes clear the scope, neutrality, and impartiality of the analysis (such as a valuation). Likewise, nothing in this Policy precludes the giving or exchanging of mementos or customary gifts of *de minimis* value, such as giving an LES pen or other commemorative gift to an LES speaker or other Covered Persons in recognition of their service. Nothing in this Policy prohibits the payment or receipt of reasonable and customary fees or other compensation for professional services.

**C. APPLICABILITY:**

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This Conflicts of Interest Policy is applicable to all LES Covered Person. The following categories of individuals are "**Covered Persons**", i.e., persons to whom this Policy applies:

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- 1) LES members, whether having the designation of Active, Life, Honorary, Retired, or a Student Associate (each here simply a "**member**");
- 2) LES volunteers in all unpaid roles, whether as an LES course instructor, LES conference speaker, LES committee member or other role (here a "**volunteer**");
- 3) members of the LES Board of Directors, throughout their term of service on the LES Board, (here "**Board member**", and collectively the "**Board members**", "**LES Board of Directors**" or "**Board**" for short); and
- 4) LES staff, full-time or part-time "W-2" employees of LES, and "1099" contractors to LES providing management or other services to LES (here "**staff**").

**D. IMPLEMENTATION:**

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Actual or potential Conflicts must be disclosed by any LES Covered Person, according to his or her roles and responsibilities, before engaging in any LES activity. All Covered Persons engaging in delivery of LES educational content are required to complete the LES Conflicts of Interest Disclosure Form (the "**Disclosure Form**") attached hereto as Appendix I, prior to engaging in such activities, including content planning, travel, event, choice of software, and venue planning. The LES lead administrator and all Board members must complete the Disclosure Form annually as a condition of their service to, or employment by, LES. This annual reporting requirement may also apply to certain additional LES staff members due to the ongoing nature of their activities and potential for exposure to Conflicts, such as in the course of planning events and choice of educational platforms. The LES Ethics Committee will determine the Covered Persons subject to an annual reporting requirement and inform them of the reporting obligation.

LES Board Members have a fiduciary duty of care to LES, and must subordinate personal, individual business, third-party, and other interests to the welfare and best interests of LES. In addition, LES Board Members must comply with IRS regulations applicable to all tax-exempt organizations, which require the identification of all business and family relationships between or among Board members. A business relationship is defined as one of the following: (i) employer/employee; (ii) annual business transactions over \$10,000 under terms not generally available to the public; and, (iii) both individuals are directors, officers or more than 10% owners in the same business or investment entity. Such business relationships should be recorded in the LES Disclosure form. Completed LES Disclosure Forms will be maintained by LES as confidential and sensitive business records, and will be disposed of following the applicable records retention period, in accordance with applicable law.

Disclosure of a Conflict is required and recusal is recommended. However, should special circumstances arise requiring additional management of the conflict within the context of LES, or should an LES Covered Person become aware of a Conflict, the affected LES Covered Person is expected to inform, as relevant to the circumstances, the LES leader or coordinator of the affected activity, the LES lead administrator, LES Counsel, or Chair of the LES Ethics Committee. The relevant LES leadership (namely, the individual to whom the Conflict is reported and the LES Counsel and/or LES Ethics Committee) is expected to confer and respond

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to the affected LES Covered Person accordingly, and to take measures to manage the conflict, under conditions of confidentiality and subject to all applicable laws and ethical reporting obligations.

If the actual or potential Conflict cannot be disclosed due to an obligation of confidentiality, or if the Conflict is unwaivable or not *de minimus*, the affected LES Covered Person must recuse him or herself from the activity or from any discussion of the matter to which the Conflict relates. If the affected person is a LES Board Member, such Board Member shall not vote or otherwise participate in Board deliberations regarding the matter to which the Conflict relates. If the actual or potential Conflict is of an ongoing nature or cannot adequately be resolved by recusal, the affected person should resign from their role with LES.

The Board has the right to waive any waivable Conflict that is fully and candidly disclosed to LES. Waivers may only be made by majority vote of the disinterested members of the Board. Any waiver provided by the Board is subject to revocation by a subsequent vote of the disinterested members of the Board.

Questions and concerns regarding the applicability and interpretation of this COi Policy should be referred to the LES Ethics Committee, or to LES Counsel.

**E. OVERSIGHT**

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The LES Ethics Committee (if active), working together with the LES Counsel as needed, is responsible for oversight of the administration and implementation of this Policy, as well as for updating the Policy from time to time in accordance with the LES Bylaws. If the LES Ethics Committee is not active at such time as a need arises to update this COi Policy and/or to investigate an allegation of a Conflict, the LES President and Chair of the Board shall appoint a new chair and new members of the LES Ethics Committee as provided in the LES Bylaws, Section 6.6.

This Policy may be updated, based on recommendations developed by the LES Ethics Committee and presented to the Board, by a majority vote of the LES Board of Directors. Updates shall become effective upon publication to the LES membership in a physical or electronic form, such as a posting on the LES website.

**F. ENFORCEMENT**

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The Board of Directors has ultimate enforcement responsibility for this Policy, which may include the imposition of disciplinary action pursuant to the LES Bylaws, Section 2.6.

No disciplinary action shall be undertaken without an appropriate investigation, followed by confidential review of findings and recommendations. Investigative activities are ordinarily delegated to the LES Ethics Committee, including the investigation of any charge of violation of this Policy. The LES Ethics Committee may carry out the investigation itself, or, if necessary to assure review on a confidential basis by disinterested members (such as where an LES Ethics

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Committee member is affected by a Conflict), may appoint an *ad hoc* investigation committee of at least three LES members, but no more than five LES members. All proceedings related to an investigation and to disciplinary action shall be conducted in accordance with principles of fairness and due process. Any Covered Person accused of violating this Policy shall be notified in writing by the LES Ethics Committee of the nature of the charges and shall have the right to submit a written rebuttal. The investigating body shall have reasonable discretion over all procedural matters including the review of facts, interviews of relevant persons, and time limitations. Following the investigation, the investigating body shall make a report summarizing its findings, and recommend any action to be taken pursuant to LES Bylaws Section 2.6 to preserve the best interests of the Society.

The recommendation is made by the investigating body to the Executive Committee of the LES Board, which has discretion to adopt, modify, or reject the recommendation. If the Executive Committee determines that disciplinary action is merited, the chair of the investigative body shall summarize key findings and the recommendation, redacted as necessary to protect confidential information and avoid undue harm to the professional reputation of the person(s) involved, to the Board for a vote on disciplinary action under the LES Bylaws Section 2.6.

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**APPENDIX I**

Conflict of Interest Policy and Disclosure Form.

**CONFLICTS OF INTEREST - ACKNOWLEDGMENT & DISLOSURE FORM**

**Please check all that apply:**

- LES BOARD OF DIRECTORS**
- MEMBERLES VOLUNTEER**
- LES STAFF**

**CONFLICTS/ NO CONFLICTS: please initial before "NO CONFLICTS" or "CONFLICTS" below:**

**Your Initials** \_\_\_\_\_ **NO CONFLICTS** I have read and understand the LES Conflicts of Interest Policy (the "**Policy**"), and I have neither: a) had Conflicts (as defined in this Policy) during the entire time I have been an LES Board member or LES staff member; nor b) do I have any Conflicts (as defined in this Policy) as of the date I have signed this disclosure.

**Your Initials** \_\_\_\_\_ **NO CONFLICTS** I have read and understand the LES Conflicts of Interest Policy, and I have either: a) had or may have had one or more Conflicts during the entire time I have been an LES Board member or LES staff member; and/or b) have or may have one or more Conflicts as of the date I have signed this disclosure and as further disclosed below (please provide additional pages as needed):

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In addition to the above disclosures, I also acknowledge and agree that should I become aware of a Conflict at any time, I will promptly disclose such Conflict to LES. This form will be submitted to the LES Chair & President with copy to the LES lead administrator for review by disinterested members of the Executive Committee and/or the LES Ethics Committee.

Printed Name: \_\_\_\_\_

Printed Title: \_\_\_\_\_

Employer (unless self-employed): \_\_\_\_\_

Signature: \_\_\_\_\_

Date Signed: \_\_\_\_\_