

The Research-Oriented Approach To University IP: A Reinvention Of University IP Management Away From A Focus On Licensing To A Focus On Research

By Michael A. Cohen

Introduction

Offices that manage intellectual property (IP) at universities are scorned by some companies, venture capitalists, and even faculty at an IP office’s own university. These disapproving companies and investors criticize university IP offices as overly focused on licensing, and correspondingly extracting money from ventures that could otherwise use that money for the virtuous but challenging endeavor of trying to commercialize university innovations. These companies and investors are further irritated because many university innovations result from research funded by industry or public taxpayer dollars (via federal and state governments). To exemplify the extent of this criticism, one R&D VP at a leading U.S. technology company has characterized

the “synergistic” relationship between U.S. universities and industry as “under siege” due to a “focus on licensing” and the resulting “antagonism.” The VP even relates the licensing focus of U.S. universities to issues with U.S. innovation and competitiveness in the global economy!

Likewise, some faculty members view university IP offices as the agents of policies that excessively restrict faculty discretion as well as consulting and entrepreneurial opportunities. These disapproving fac-

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Figure 1. Mindset Of Research-Oriented vs License-Oriented Approaches

IP Activity	Licensor-Oriented Mindset	Researcher-Oriented Mindset	Comments
<i>Establishing IP terms of sponsored research agreements</i>	Control IP terms especially with regard to maximizing potential licensing revenue	Partner with PI by prioritizing the goal of getting the research sponsored (not getting license revenue)	<ul style="list-style-type: none"> • If the PI rejects sponsor’s IP proposal, then sponsor can’t criticize IP office as unreasonable • Use informed consent agreements with research team regarding any IP limitations
<i>Disclosing innovations developed by researchers</i>	Police (and possibly audit) researchers to enforce their disclosure of innovations	Advise researchers about the IP terms of their university employment & research agreements	<ul style="list-style-type: none"> • Absconding with IP is very different from putting IP in the public domain • Manage inappropriate use of IP via research & faculty chain of management as well as conflict of interest committee
<i>Developing IP strategy for disclosed innovations</i>	Treat innovators as disinterested or conflicted & consequently exclude them from formulating IP strategy	Assume innovators have insights or preferences & therefore confer with them in formulating IP strategy	<ul style="list-style-type: none"> • When company knows that innovators want their IP licensed, then company can’t criticize IP office for licensing • Including in formulation of IP strategy is very different from including in negotiation of terms

ulty members see IP offices as largely bureaucratic policy police, and not surprisingly, they view their relationship with their IP office as adversarial.

However, some university IP managers have been frustrated with these criticisms from faculty, companies and investors. These IP managers don't think that their activities have to be adversarial or impediments. Instead, they want to show that they are reasonable stewards of university IP, and accordingly can help catalyze university-driven innovation, economic development, prosperity and quality-of-life. In response to these criticisms, progressive IP managers have been evolving their practices. Over the years, these cumulative improvements can be seen as culminating in a reinvention of university IP management. In contrast to the stereotypical, *license-oriented* approach to IP, this reinvention can be characterized as a research-oriented approach to IP.

This reinvented approach to IP is evident in Figure 1's comparison of the mindset of the research-oriented approach to the mindset of the license-oriented approach with regard to three major university IP activities: (1) establishing IP provisions of research agreements, (2) disclosing innovations developed by researchers, and (3) developing IP strategy for disclosed innovations. The contrasting mindsets show how the research-oriented approach can transform

an IP office's relationship with faculty, sponsors and licensees from frequently acrimonious, to consistently cooperative and constructive.

The research-oriented approach to IP has many facets, but from the perspective of faculty, sponsors and licensees, the key manifestation of this approach is that it enables university researchers, and principal investigators (PIs) in particular, to help determine: (1) the IP provisions for their industry-sponsored research agreements; and (2) the IP strategy for their disclosed innovations. This article codifies these two aspects of the research-oriented approach to IP as well as this approach's perspective on the disclosure of innovations to universities.

Establishing IP Provisions in Industry-Sponsored Research Agreements

Under the research-oriented IP approach, IP managers work as partners with PIs on sponsored research agreements—not as bureaucratic arbiters of IP terms (based on their impact on licensing potential). This partnership increases the IP manager's credibility with sponsors as well as PIs. Accordingly, when a sponsor proposes IP provisions in a research agreement that limit the university's flexibility on how to manage IP that results from the research, then the research-oriented IP manager first confers with the PI of the project.

As shown in the upper right side of Figure 2, if

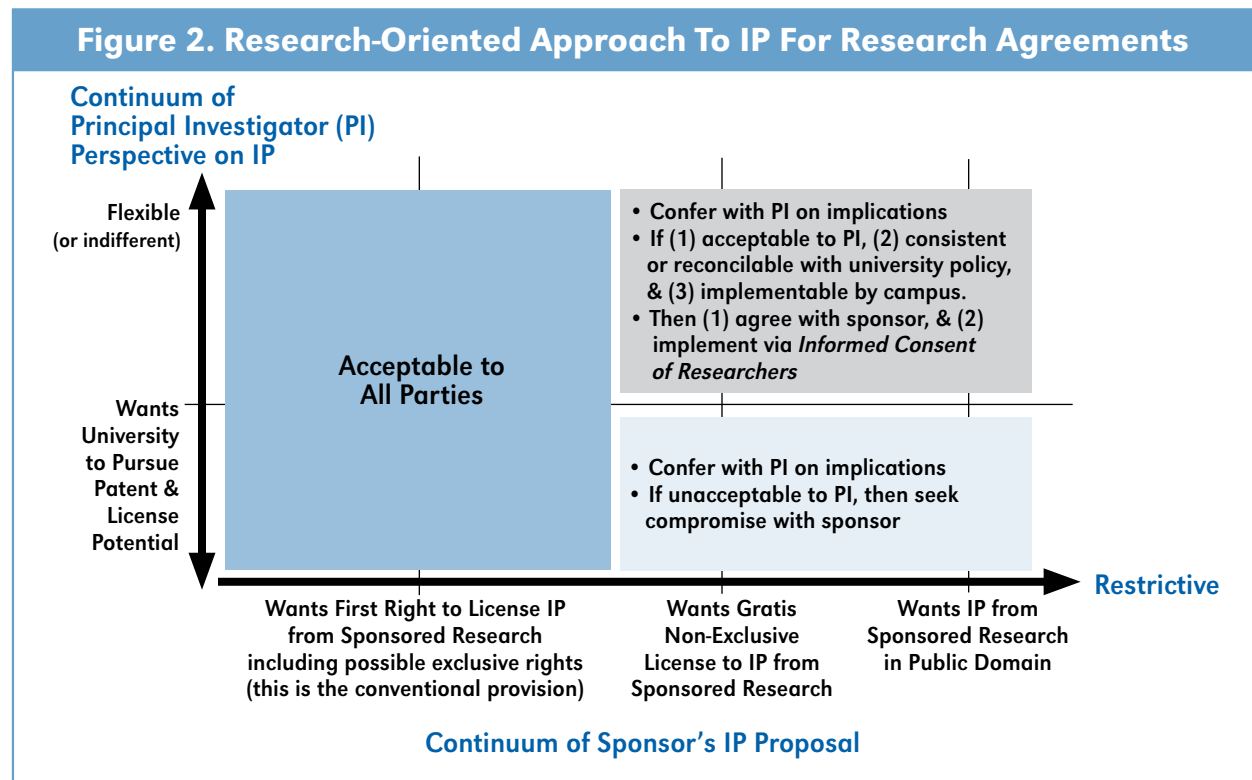
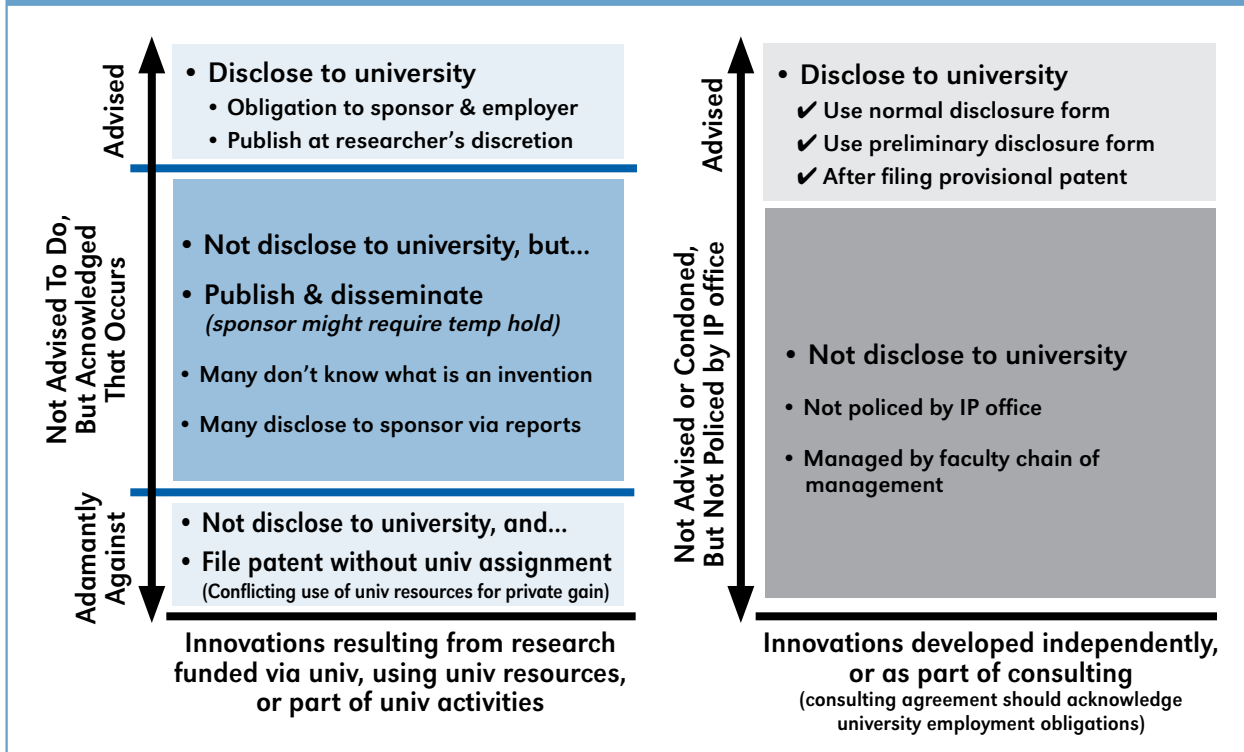


Figure 3. Research-Oriented Approach To IP For Disclosing Innovation



the sponsor's restrictive IP provisions are: (1) acceptable to the PI, (2) not in conflict with university IP policies, and (3) manageable by the campus, then the research-oriented IP manager complies with the company's proposal (and has the university PI and research team sign informed consent agreements regarding the restrictive IP terms). In other words, the IP manager doesn't impose a license-oriented additional level of control or bureaucratic approval.

If the sponsor's restrictive IP provisions are acceptable to the PI, and manageable by the campus, but in conflict with university IP policies, then the research-oriented IP manager seeks a compromise with the sponsor, but also is open to the possibility of pursuing the approval of a policy exception by the university.

If the PI rejects the sponsor's IP proposal, then the research-oriented IP manager pursues a counter-proposal with the sponsor. Moreover, due to the PI's rejection of the proposal, the sponsor can't criticize the IP manager's response as unreasonable.

Disclosing Innovations to Universities

Under the research-oriented IP approach, IP managers act as advisors to university innovators—not as police officers. Accordingly, IP managers counsel their university's personnel to adhere to the terms of their employment agreement—and that typically includes disclosing to the university patentable in-

ventions and copyrightable software that employees develop. Research-oriented IP managers further emphasize the importance of disclosing innovations to the university when this disclosure is a requirement of the research agreement that funded the work that led to the innovation.

In practice, research-oriented IP managers have come to acknowledge that many campus employees don't realize when they've developed a patentable invention (and in many cases, the IP office itself doesn't know whether a disclosure is patentable). Moreover, research-oriented IP managers have come to understand that many PIs prefer to communicate the results of their research via publications and corresponding reports to the research sponsor. If the research resulted in an innovation, then this scenario forgoes a formal disclosure to the university (and sponsor). While research-oriented IP managers don't condone this scenario, they acknowledge that it occurs. Furthermore, they don't view their role as policing researchers to limit this scenario from occurring; and they also realize that some experts question whether this scenario violates the Bayh-Dole laws associated with U.S. government-funded research.

While the scenario described above can circumvent a formal disclosure to the university, it is somewhat mitigated by the emphasis on the timely publication

of research results, not patenting any inventions, and thereby putting any innovations in the public domain. In contrast, the scenario described below can be very problematic for universities and their research sponsors.

In order to discourage (1) potential breach of research agreements (including the Bayh-Dole laws associated with U.S. government funding), as well as (2) conflicts of interests (and especially the use of university resources for private gain), research-oriented IP managers urge employees not to pursue the scenario of: (1) not disclosing an innovation to the university, (2) participating (as an inventor) in the filing of a patent application, and (3) assigning the patent ownership to an entity other than the university. This scenario can be considered absconding with university property, and accordingly research-oriented IP managers are adamantly against this scenario. However, they don't think that it is their role to oversee (or audit) researchers. Instead, the optimal way to manage against this type of potential IP theft and conflict-of-interest is via the research and faculty chain of management (i.e. department chairs, college deans, vice chancellors of research, etc.) as well as the university conflict of interest committee.

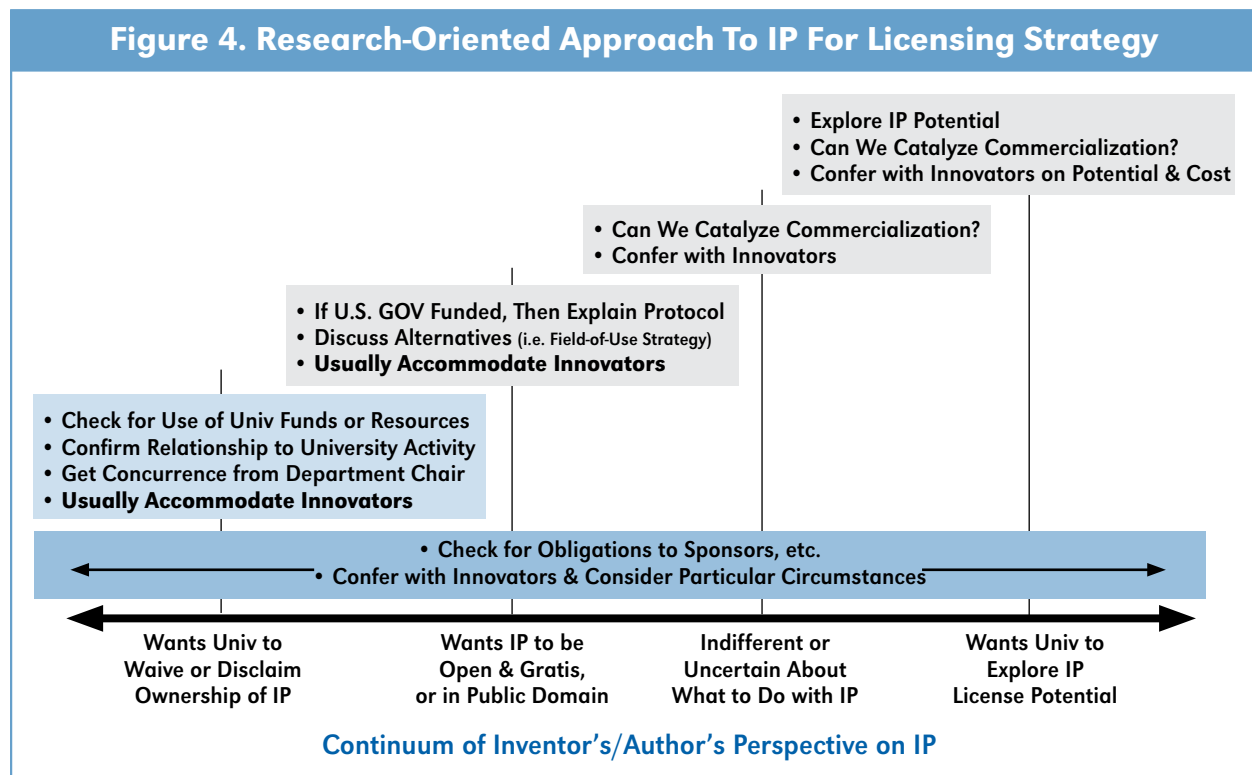
Formulating Strategy for University IP

Under the research-oriented IP approach, IP managers view university inventors and software

authors as individuals with possible IP insights and preferences—not as generic suppliers of innovations that are disinterested or have conflicts of interest. Accordingly, when patentable inventions and copyrightable software are disclosed to the campus IP office, then the research-oriented IP manager first confers with those innovators to help establish a strategy for the IP.

As shown on the far right side of Figure 4, if the innovators want the university to pursue IP protection and licensing for a particular disclosure, and that preference doesn't conflict with the IP provisions of any associated research agreement, then research-oriented IP managers explore the patent and licensing potential. If an IP manager can justify the patenting and licensing opportunity, then that strategy is pursued. Note that when a potential licensee knows that the university researchers want the IP office to license their innovation, then the potential licensee is usually more cooperative with university IP office staff.

Moving one step to left on the horizontal continuum in Figure 4, if the innovators are indifferent or uncertain about what to do with the IP for a disclosure, and the associated research agreement doesn't dictate what to do with the IP, then research-oriented IP managers explore whether patenting and licensing the IP could help catalyze the



broad, expeditious application of the innovation. As shown in Figures 5a and 5b, this catalyst can occur when companies (and start-ups in particular) want to obtain exclusive rights to the IP in order to improve their business plans and thereby improve their ability to attract the risky investment capital necessary to try to commercialize the innovation. If an IP manager can identify a catalyzing opportunity, then the appropriate patenting and licensing strategies are pursued.

Continuing another step to left on the horizontal continuum in Figure 4, if the innovators prefer that the university make any resulting IP available for commercial use without remuneration, (i.e. no license fees, earned royalties, and patent cost reimbursements), and if that preference, (1) doesn't conflict with the research agreement that led to the innovation, or (2) doesn't eliminate an extraordinary (and rare) licensing opportunity to fund research and education, then the research-oriented IP manager typically complies with the innovators' requests. If the innovation is a patentable invention, then the IP office complies by not filing a patent; and if the innovation is copyrightable software, then the office complies by making the soft-

ware available via a gratis, open source license such as the BSD license.

Summary

After a history of ridicule from some companies, venture capitalists and even faculty, progressive university IP managers have been evolving their practices toward a research-oriented approach to IP that is more inclusive and responsive than the stereotypical, license-oriented approach to managing IP. Under this research-oriented IP approach, IP managers: (1) work as partners (not as bureaucratic arbiters) with PIs to get research sponsored, (2) act as advisors (not police officers) to university researchers regarding the IP-related provisions of employment and research agreements, and (3) treat inventors and software authors as individual clients with insights and preferences (not as generic, disinterested or conflicted suppliers of innovation). This research-oriented approach is reinventing the IP office relationship with companies, investors and faculty from frequently antagonistic to consistently cooperative and constructive. ■

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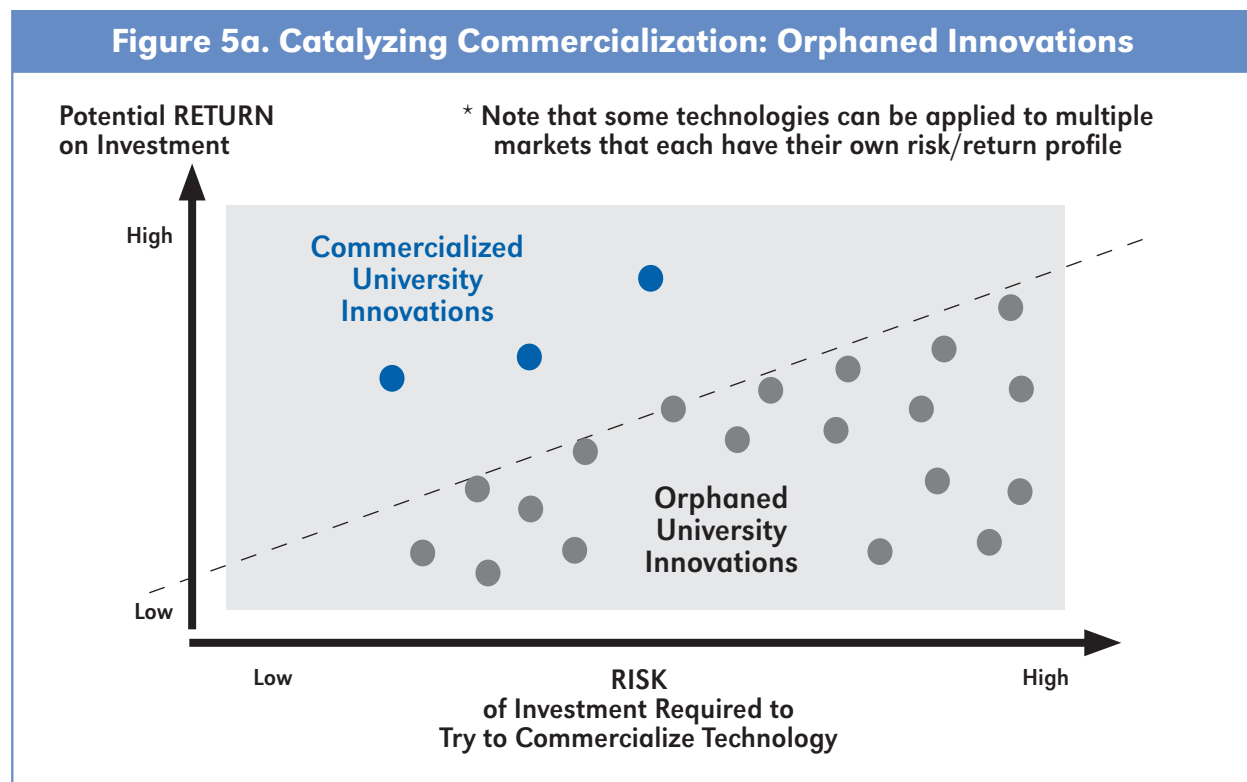


Figure 5b. Catalyzing Commercialization Not Transferring Technology

