

Involve Inventors Throughout The IP Commercialization Process: The Benefits Can Be Substantial And The Risks Can Be Managed

By Michael A. Cohen

At many universities, intellectual property (IP) managers aren't encouraged to work closely with university inventors throughout the IP commercialization process—from developing strategies to executing agreements. Some universities even discourage this type of comprehensive collaboration for fear of fomenting conflicts of interest, or because they think that the opinions of scientists shouldn't bias the judgment of business people. However, working closely with inventors during the entire IP commercialization process can have many benefits such as (a) establishing optimized licensing plans, (b) maximizing the potential of corporate sponsored research, (c) educating the campus community about IP, and (d) cultivating inventors to be satisfied if not delighted with their IP licensing office.

Commercializing IP is a multifaceted process that involves comprehending and synthesizing a plethora of topics from the new technology itself, to IP rights, industry economics, risk management, and collaborative research—among other things. IP commercialization is therefore not a solitary introspective activity. Instead it should involve many discussions with appropriate industry leaders, IP experts, commercialization colleagues, and potential licensees. But what about the inventors of IP—are they a good source of ideas and feedback? If so, then should inventors be consulted at numerous steps throughout the commercialization process or just at the onset?

A first step in addressing this topic is to segment inventors by their level of interest in participating in the commercialization process, then based on this characterization consider the benefits of involving inventors as well as the potential pitfalls and how to avoid them.

Inventors

In the context of this issue, inventors can be segmented into two camps: (a) those that are indifferent about what to do with the IP that they develop, and (b) those that are highly interested if not opinionated about how to commercialize the technology developed from their research.

Inventors that are indifferent about what to do with IP from their labs could have this attitude for

several reasons such as they (a) think that they don't have much to contribute to the commercialization process, (b) are skeptical about the IP's commercial importance (so why bother), or (c) don't expect the IP to impact their teaching or research as well as personal income.

With these inventors, it's best to respect their expectations by minimizing their involvement in the commercialization process. Reasonable, low-interruption courtesy updates for this type of inventor include emailing a summary of the (tentative) IP plan at the onset of the commercialization initiative as well as emailing periodic updates such as the status of license agreements. But anything beyond that level of involvement could irritate these inventors, and consequently discourage them from disclosing future inventions to the university.

Inventors that are highly interested in the disposition of their IP could have this attitude because they (a) are just curious, (b) have high (monetary) expectations, (c) have strong opinions, and/or (d) might not trust the licensing office to make good decisions (that are in the best interests of the inventors). Closely collaborating with this group of inventors offers the most potential benefits, but also has potential negative repercussions.

Benefits

Perhaps the most fundamental benefit to deeply involving inventors in the entire commercialization process is that it can help IP managers make better licensing and patenting decisions. For example, inventors can have comprehensive knowledge of the markets for their IP, and this can help determine exclusive versus non-exclusive licensing approaches as well as lead to contacts with potential licensees. Inventors can also have broad insight into potential applications of their IP, and this can help establish precise field-of-use language as well as drive the direction of patent prosecution.

Corporate sponsored research is becoming increasingly important at universities, and this emergence has created another reason for IP managers to tightly collaborate with inventors. Working closely with inventors enables IP managers to better understand

inventors' research directions and thereby establish license agreements that not only don't impede companies (including licensees) from sponsoring research, but ideally encourage corporate sponsored research. The latter is an important achievement for universities because the monetary value of sponsored research agreements often exceeds licensing agreement revenues (used to support the research and education mission of universities).

Educating university inventors about IP commercialization is another key advantage of involving inventors in the entire commercialization process. While inventors might be world experts in their respective fields, they might not know much about IP and business; or worse, they might have misperceptions that consequently lead them to have poor opinions about their university's licensing office. The intelligence that these inventors exhibit in their areas of expertise indicates that their lack of understanding about business results from ignorance (not stupidity). Accordingly, by working closely with inventors, IP managers can educate inventors—and by word of mouth also educate inventors' colleagues.

Including inventors throughout the IP commercialization process not only makes inventors more savvy, it also shows them more respect. That in turn can make inventors more likely to admire and appreciate their licensing office. It can also make inventors more likely to be satisfied with how their IP has been treated. This can be especially beneficial when inventors' initial expectations about their technology's patenting, licensing and/or earnings potential don't come to fruition.

Risks

Working closely with inventors to pursue all of these benefits has some risks—but they can be mitigated. Among the most problematic risks of collaborating with inventors on everything from strategy to implementation is that it might embolden inventors to take a stand on the terms of a license agreement. In addition to being awkward for IP managers to reconcile, inventor influence on specific licenses might lead to a conflict of interest (COI). The COI rules vary at different universities. For example, at the University of California, if an employee (including IP managers as well as inventors) owns more than a nominal amount of ownership interest in a potential licensee, then that employee can't have an influence on agreement with that licensee. Furthermore, material equity positions in companies must be proactively disclosed at this public university.

In addition to those formal COI situations, inventors might create informal conflicts by, for example,

having a personal bias for one potential licensee over another—especially if the inventor has a consulting relationship with one of the potential licensees.

The first step in avoiding COI situations with inventors is to make them aware of the university's COI policies. Then IP managers should diligently follow these COI rules; and if professionally handled, inventors shouldn't feel disrespected or get irate (at least at the IP manager for following the rules).

In addition to COI, another area of risks with regard to deeply involving inventors throughout the IP commercialization processes is that it can require much more time and energy from the IP manager. This can consequently slow the licensing process with companies, and decrease the productivity of IP managers.

■ Michael Cohen,
Associate Director, IPIRA,
University of California,
Berkeley, California
E-mail: mcohen@berkeley.edu

Working closely with inventors is a two-sided process. The IP manager is gaining insights from the inventors, but the inventors are also learning from the IP manager. This learning process can require lots of iterative discussions with inventors because IP managers need to explain the reasons underlying decisions, not just the decisions. Moreover, if an inventor has incorrect preconceived notions, and/or is combative, stubborn or cynical, then the IP manager must be patient and diplomatic in not only establishing a compelling plan but also making the inventor satisfied with the decision process. This can be frustrating, and despite competent efforts, IP managers can fail to assuage inventors. The only conciliation in this situation is that the IP managers did the best that she could, and the inventor would have had the same negative perspective regardless of the IP manager's approach.

Examples

I have a great deal of experience working closely as well as minimally with inventors—starting with my time in product management, marketing, and executive roles with information technology companies. During those years, I frequently observed rifts between engineering and marketing departments that were due in part to how marketers (and executives) often viewed engineers as if they were narrow specialists with (a) no interest in how their technologies would be commercialized, or (b) nothing to contribute to the commercialization process. Instead, I took the time and effort to involve engineers (that wanted to be involved), and reaped many benefits from those extra efforts.

In the university environment, my tight collaboration with inventors has been onerous at times—especially when I’ve had to laboriously walk inventors through some contentious issues. But in the end, this approach has always resulted in improved rapport with inventors, and better licensing agreements with companies. Moreover, I have educated inventors on numerous topics, from the methods for establishing licensing strategies in the adhesives industry, to the approaches for determining royalty rates for medical products and energy production methods, to the intricacies of sublicensing terms for copyrighted software.

Involving inventors throughout the IP commer-

cialization processes has risks and is consequently not common or encouraged at many universities. However, comprehensively involving inventors in the commercialization process can have many benefits and the potential problems can be managed. Therefore, university IP offices should be more amenable to working closely with inventors who want to be more involved throughout the commercialization process. ■

Required disclaimer: The views expressed in this article should not be attributed to the Office of Intellectual Property and Industry Research Alliances or to the University of California.