



FACT SHEET: Intellectual property

Background

When scientists and students at the University of California, through the course of academic research, conceive an idea that has practical utility, that intellectual property becomes valuable to industry and the public. As with other research enterprises in which the university is involved, the UC Board of Regents will generally own the intellectual property deriving from the work of UC employees at the California Institutes for Science and Innovation.

Key points

- UC routinely licenses the rights to commercialize its intellectual property to companies.
- Companies often fund specific research projects in anticipation of rights to commercialize research advances. Entering into such arrangements, UC retains ownership of the intellectual property and grants the sponsor a right to negotiate a license to that intellectual property once the research is completed and obligations to all other research sponsors are assessed.
- These licenses are typically royalty-bearing and may be granted exclusively or non-exclusively. In rare cases, UC issues royalty-free, non-exclusive licenses to introduce new technology into rapidly advancing fields of technology.
- UC is a national leader in the management of intellectual property and currently manages more than 3,000 U.S. patents and nearly 600 active licenses with annual royalty income of approximately \$80 million.

Licensing institute research has several benefits:

- Facilitate access to institute research by a full spectrum of California businesses.
- Provide incentives for California's entrepreneurial businesses engaged in cooperative research and education at UC.
- Ensure that licensees demonstrate diligence in undertaking the investments necessary to commercialize new technologies.
- Promote respect among UC researchers for the academic principles of open dissemination of research results and an open educational environment.



FACT SHEET: Technology transfer

Background

Technology transfer is a formalized mechanism through which universities speed the delivery of public benefits by enabling companies to utilize research discoveries in their product and technology development programs.

Key points

- Technology transfer is a two-way flow of benefits between universities and businesses. This practice began long before today's "New Economy." Since the early 1800s, companies have started up and depended upon university expertise. As early as 1943, the University of California initiated a patent policy to enable technology transfer activities.
- Companies invest in university research for a variety of reasons: to access expertise of faculty; to identify new recruits for their R&D departments; and to leverage their limited R&D budgets and intellectual property interests.
- Technology transfer improves the quality of undergraduate and graduate education through collaborative research with industry scientists; prepares students for greater success after graduation.
- The research university is often the only institution that advances important fundamental research that lays the foundation on which future economic opportunities are built.
- Technology transfer enables research advances to be transformed into products, technologies, services and other benefits the public can use. Technologies are often "transferred" for commercial purposes through the licensing of UC-owned intellectual property by private companies. These licenses are standard practice at universities throughout the country.
- Companies that license university inventions usually undertake substantial subsequent R&D efforts in order to bring new products, technology and services to the market.
- Small businesses (under 500 employees) account for roughly 60 percent of technology licensing agreements made by universities, federal laboratories, and non-profit research laboratories, according to the Association of University Technology Managers 1999 licensing survey.
- Technology transfer helps maintain the country's competitive edge in the quick-changing, global economy and generates new jobs – an estimated 270,000 jobs in FY 1998-99.
- The commercialization of academic research resulted in more than \$40 billion in academic activity in 1999, according to the Association of University Technology Managers licensing survey. UC earned \$80.9 million from commercialized inventions in FY 1999.



California
Institutes for
Science and
Innovation

At the institutes

The California Institutes for Science and Innovation will foster an environment that increases opportunities for cooperation between industry and UC to speed delivery of public benefits from research and education. UC has a long history of cooperation with industry in the support of research, instruction and public service and has implemented effective policies and procedures for faculty, students and staff on identifying and managing interests in these settings.

Managing the proposal review and selection process

From the six proposals submitted by UC campuses, the three institutes will be selected through a competitive, merit-based peer review-driven process. The UC General Counsel's Office provided guidance to UC employees on managing interests during the review and selection process.

Key points:

No individual with direct or indirect interest in one of the six submitted proposals participated in the peer review process managed by the Office of the President.

No individual with direct or indirect interest in one of the six submitted proposals participated in the selection committee's review process.

UC conflict of interest standards have been applied to all UC employees involved in the institutes' selection process.

FACT SHEET: Managing interests

Background

Each University of California agreement with an external party must recognize the importance of managing the results of research to enhance the teaching and research programs of University faculty, researchers, students, and postdoctoral scholars. UC has a commitment to make the fruits of its research widely available through publication and open distribution of research products. The university also seeks to protect the viability of its research programs, to foster open inquiry beyond the interests of any one research partner and to recognize its fiduciary responsibility as the beneficiary of a publicly funded research infrastructure.

Guiding principles for faculty and students

The University of California increasingly is called upon to participate in a broad spectrum of research relationships with governmental agencies, nonprofit foundations and industry. Such relationships encompass traditional extramural research funding arrangements, research collaborations, multi-party research consortia, visits by others to UC laboratories, student and faculty visits to external laboratories, and use of UC equipment and facilities by others. Other university relationships with external parties, such as purchasing or real estate transactions, may also have implications for future university research results. Properly cast, all such relationships can help both UC and the external party advance their respective and mutual research interests.

For University relationships with external parties to succeed, agreements must address the parties' interests in future research results through flexible application of fundamental principles to a broad range of specific circumstances. Rights and obligations associated with future research results shall be based on the following principles:

- 1. Open dissemination of research results and information:** Agreements with external parties shall not abridge the ability of UC researchers to disseminate their research methods and results in a timely manner. UC's most fundamental tenet is the freedom to interpret and publish or otherwise disseminate research results in order to support the transfer of knowledge to others and maintain an open academic environment that fosters intellectual creativity.
- 2. Commitment to students:** Agreements for research relationships with external parties shall respect UC's primary commitment to the education of its students.
- 3. Accessibility for research purposes:** Agreements with external parties shall ensure the ability of university researchers to use the results of their research to perform future research.
- 4. Public benefit:** Agreements with external parties shall support the ability of the university to make available for the public benefit in a diligent and timely manner any resulting innovations and works of authorship.
- 5. Informed participation:** All individuals involved in research governed by a university agreement with an external party shall have the right and responsibility to understand the rights and obligations related to future research results embodied within the agreement.
- 6. Legal integrity and consistency:** Commitments concerning future research results made in agreements with external parties shall be consistent with all applicable laws and regulations and the University's contractual obligations to others.
- 7. Fair consideration for university research results:** Agreements with external parties shall provide fair consideration to the university and the general public for granting commercial access to future University research results.
- 8. Objective decision-making:** When establishing or conducting university relationships with external parties, decisions made about rights to future research results shall be based upon legitimate institutional academic and business considerations and not upon matters related to the personal financial gain of any individual.