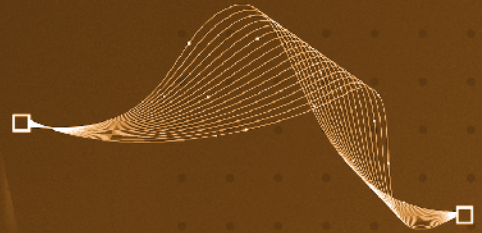




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CRUZ • SAN DIEGO • SAN FRANCISCO • LAWRENCE BERKELEY
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UC TECHNOLOGY TRANSFER
ANNUAL REPORT
2006

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2006 Technology Transfer Advisory Committee

General oversight of the UC Technology Transfer Program is under the purview of the Technology Transfer Advisory Committee (TTAC). This standing committee is chaired by the Senior Vice President – Academic Affairs and meets periodically to advise the UC President on technology transfer policy and guide the direction of the overall program.

Keith Alley	Vice Chancellor, UCM
Kathryn Atchison	Vice Provost, UCLA
Alan B. Bennett	Associate Vice Chancellor - Research, UCD
Carol Berman	Contracts and Grants Director, DANR, UCOP
Beth Burnside	Vice Chancellor - Research, UCB
Lawrence B. Coleman	Vice Provost, Office of Research, UCOP
Sherylle Mills Englander	Director, Office of Technology and Industry Alliances, UCSB
Cheryl A. Fragiadakis	Department Head, Technology Transfer, LBNL
Warren M. Gold	Professor, Medicine, UCSF
A. Rory Hume	Provost and Senior Vice President - Academic Affairs, UCOP
Susanne L. Huttner	Associate Vice Provost - Research and Director, Industry-University Cooperative Research Program, UCOP
Charles F. Louis	Vice Chancellor - Research, UCR
Duncan McBranch	Division Leader, Technology Transfer, LANL
Karena McKinley	Director, Industrial Partnerships and Commercialization, LLNL
Robert C. Miller	Vice Chancellor - Research, UCSC
Norm Oppenheimer	Professor, UCSF
Alan Paau	Assistant Vice Chancellor and Director, Technology Transfer and Intellectual Property Services, UCSD
David G. Schetter	Assistant Vice Chancellor, Research and Technology Alliances, UCI
Hans Schollhammer	Professor, UCLA
Martin Simpson	University Counsel, UCOP
William T. Tucker	Executive Director, Research Administration and Technology Transfer, UCOP
A. Eugene Washington	Executive Vice Chancellor - Research, UCSF

FISCAL YEAR 2006

Office of the President
Senior Vice President — Academic Affairs
Office of Technology Transfer
1111 Franklin Street, 5th Floor
Oakland, CA 94607-5200

Message from the Director



As the University of California continues to look forward and to seek better ways of serving Californians, its technology transfer offices are also expanding and evolving the ways they partner with industry to help transform important discoveries into products that change the world. Throughout the last fiscal year, the University of California has continued the restructuring of its technology transfer practices around the system. As part of increasing campus involvement in technology transfer, the Office of Technology Transfer has continued to repatriate cases managed at OTT to campus-based licensing offices. OTT has targeted the completion of case transfer by the end of FY2008 and we are well on the way to achieving this goal. This year, UC Riverside has begun to move towards establishing an independent office. With this development, all campuses except UC Merced will have independent offices.

Throughout the year, both the campuses and OTT have invested time and resources to reach out to industry and investors to create linkages that will support all aspects of UC's research enterprise. Notably, OTT sponsored two systemwide technology transfer forums focusing on Cancer and Cardiovascular Disease, and for the second year, led UC's representation at the annual International Biotechnology Industry Organization meeting that was held in Chicago. UC Irvine, along with the Orange County Technology Action Network (OCTANe) hosted a workshop on "Doing business with UC's Southern California campuses" in which the UCI, UCLA, UCSD, UCR and UCSB described their campus profiles and highlighted ways to work successfully with them.

Faculty and staff disclosed 1,308 new inventions during the year, approximately the same number as FY05, which resulted in UC maintaining an overall portfolio of over 7500 active inventions at year end. In addition, 270 new US patents and 586 foreign patents were added to the University's patent portfolio, resulting in 14% and 9% increases respectively. The continued increase of foreign patents and a decrease from the previous year of US patents led to the number of foreign patents surpassing the total number of US patents for the first time. 2006 was also the 12th consecutive year that the US Patent and Trademark Office named the University of California as the leader among the nation's universities in developing new patents. In the fiscal year, UC entered into 473 new licenses and related technology transfer agreements. Systemwide revenues for the program were \$210 million, which included a \$100 million in an up-front payment as part of the settlement of a long-standing dispute with Monsanto Company over its use of UCSF's patented technology in the Posilac® Bovine Somatotrophin product. In total, over 1,400 inventions contributed to this revenue total.

As these data show, this shift in licensing from UCOP to the campuses has not detracted from UC's systemwide performance, and I am confident as we continue this process, we will see continuing increase in licensing activity to the benefit of our faculty and staff, the institution as a whole, and the public, in the form of new products and services based on our technological breakthroughs.

Sincerely,

William Tucker

Executive Director,

Research Administration and Technology Transfer

Introduction

Activity and financial information in this Annual Report is divided into two parts. The UC Campus Portfolio section (pp. 4-17) presents results related to the patenting and licensing of inventions for the ten-campus system for the fiscal year ending June 30, 2006. This portfolio of inventions was managed by the Office of Technology Transfer (OTT) within the Office of the President (UCOP) and eight campus-based licensing offices. These include the Office of Technology Licensing at UC Berkeley, Innovation Access at UC Davis, the Office of Technology Alliances at UC Irvine, the Office of Intellectual Property Administration at UC Los Angeles, Technology Transfer and Intellectual Property Services at UC San Diego, the Office of Technology Management at UC San Francisco, the Office of Technology and Industry Alliances at UC Santa Barbara, and the Office for Management of Intellectual Properties at UC Santa Cruz.

The DOE Laboratory-Managed Portfolio section (pp. 18-19) provides activity and financial information related to technology transfer at the three Department of Energy (DOE) Laboratories managed by the University. Information on the Laboratories is reported separately because certain aspects of technology transfer are different at the Laboratories as compared with the rest of the University. Among these differences is the reporting period, which covers the fiscal year ending September 30, 2006.

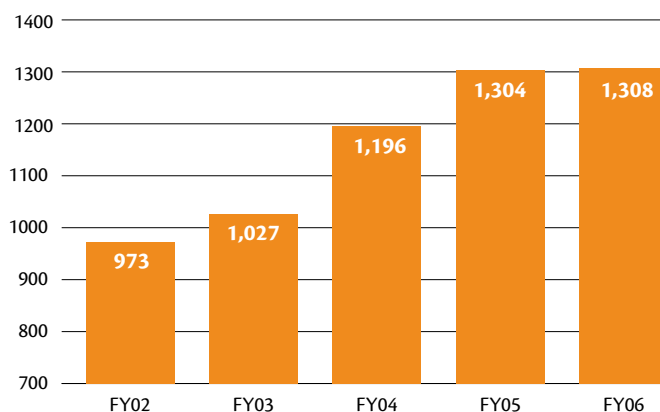
Part 1: The Systemwide/Campus Portfolios

TECHNOLOGY TRANSFER ACTIVITY

INVENTION REPORTING

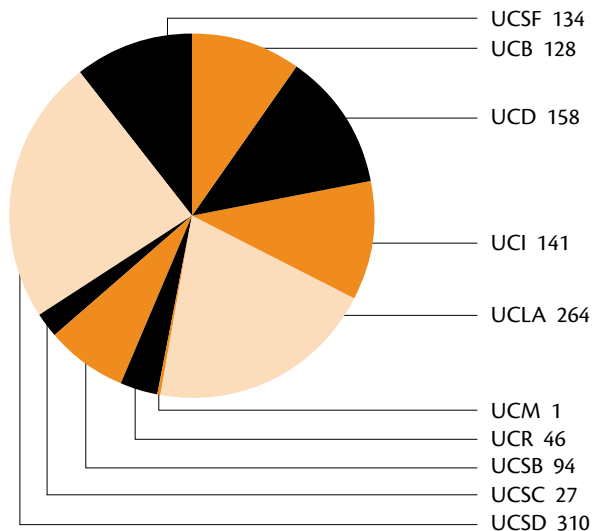
During the twelve-month period ending June 30, 2006, a total of 1,308 inventions were disclosed by faculty and researchers at the ten UC campuses; essentially the same number of inventions reported in FY05 (Exhibit 1).

EXHIBIT 1
INVENTIONS REPORTED



Inventions in life science disciplines including medicine and biotechnology accounted for approximately 50% of the new inventions, while those from the physical sciences and engineering accounted for most of the balance. This distribution represents a significant shift from the 70% of life science inventions that has been the historical average. The campus distribution of newly reported inventions is shown in Exhibit 2.

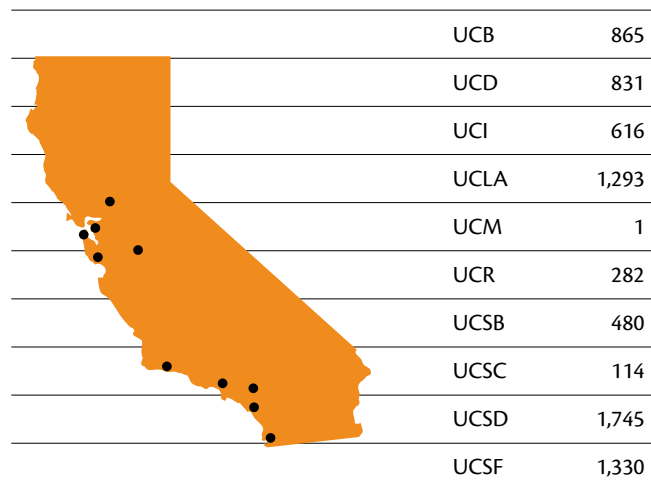
EXHIBIT 2
INVENTION DISCLOSURES BY CAMPUS*
Year Ended June 30, 2006



* Inventions having inventors from more than one campus are counted multiple times, once for each campus with an inventor.

As of June 30, 2006, the systemwide invention portfolio was comprised of 7,513 active inventions. The size of each campus invention portfolio is indicated in the exhibit below.

EXHIBIT 3
CAMPUS INVENTION PORTFOLIOS*
Year Ended June 30, 2006



*Inventions associated with inventors from more than one campus are reported multiple times in this exhibit.

PATENT ACTIVITY

The University of California has received more patents than any other university in the world. A patent is a form of intellectual property protection granted by the US or a foreign government that gives the patent holder the right to exclude others from making, using, or selling the patented invention for a defined period of time, generally twenty years from the date the patent application is first filed. Both US and foreign patent rights often must be pursued for an invention in order to maximize the likelihood of successful commercialization.

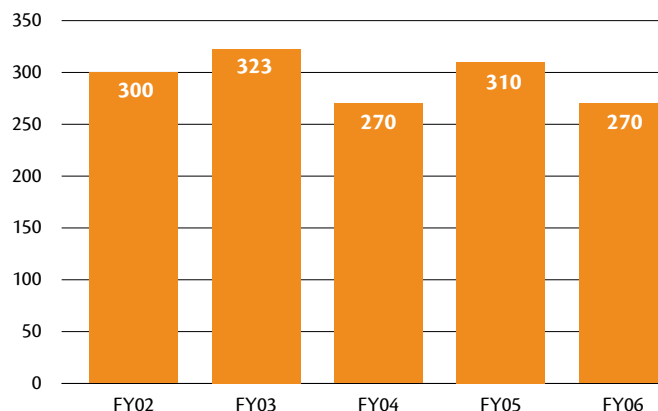
Systemwide patent activity for FY06 is presented in Exhibit 4. Acquiring adequate patent coverage for all aspects of a new technology may require more than one patent filing for a given invention. Such secondary filings frequently lead to the issuance of multiple patents related to a single initial invention. Several years typically elapse between the time a patent is filed and the date of issuance. Provisional patent filings counted for 91% of the first filings in FY06. This percentage has shifted gradually but significantly higher over time, from 74% five years ago, and 40% ten years ago. The number of first filings increased 18% compared to 601 in FY05, while the number of secondary filings increased 9% from 429 in FY05. Exhibit 5 shows the number of patents issued to the University in the past five years.

EXHIBIT 4
PATENT ACTIVITY
Year Ended June 30, 2006

U.S. Applications Filed	
First Filings	714
Secondary Filings	470
Total	1,184
First Foreign Filings*	361
US Patents Issued	270
Foreign Patents Issued	586

*An invention is counted only one time in the first foreign filings category regardless of the number of countries in which foreign patent protection is sought.

EXHIBIT 5
US PATENTS ISSUED TO UC



At the end of FY06, there were 3,316 US and 3,692 foreign patents in the systemwide portfolio (Exhibit 6). For the first time, the total number of foreign-filed patents has surpassed the total number of US-filed patents. This shift may be an indication of the increasingly global nature of technology licensing. The number of US patents in each campus portfolio is presented in Exhibit 7.

EXHIBIT 6
TOTAL UC PATENT PORTFOLIO

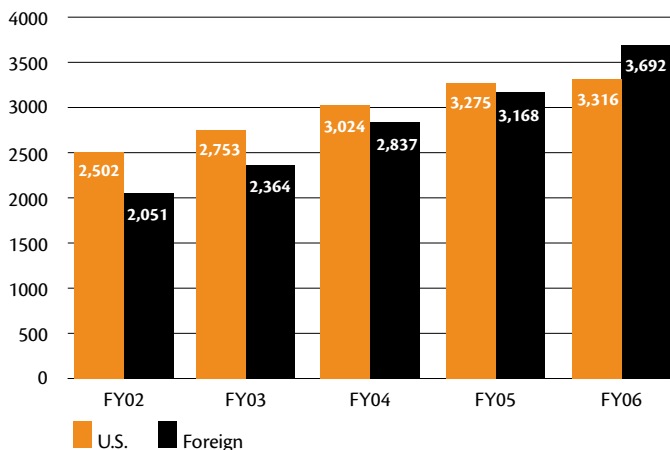
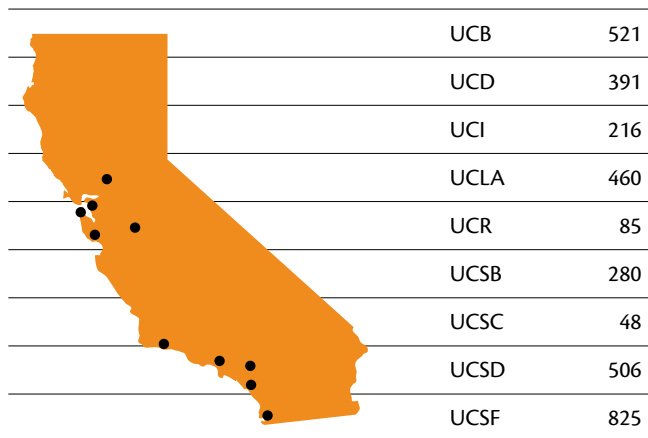


EXHIBIT 7
CAMPUS US PATENT PORTFOLIOS*
Year Ended June 30, 2006



* Patents associated with inventors from more than one campus are reported multiple times in this exhibit.

LICENSING AND RELATED ACTIVITY

A license agreement grants a licensee access to a University invention in exchange for the licensee's commitment to further develop and commercialize the invention. Utility licenses generally cover useful processes, machines, manufactured items, or compositions of matter protected by utility patents. Approximately 50% of utility patents are licensed exclusively to a single company for a defined use. In contrast, plant licenses cover sexually and asexually reproduced plant varieties and most are licensed non-exclusively to multiple growers and distributors worldwide.

The provisions of the license define the rights and responsibilities of the two parties. In the typical utility license agreement, the licensee is granted access to an early stage invention that is protected by a University patent. In exchange, the licensee makes a commitment to commercialize the invention and to pay the University agreed-upon fees, including reimbursement of patent expenses and royalty payments when products reach the marketplace. The specific terms of the agreement are determined through a complex negotiation process. Prior to the execution of a license, certain shorter-term agreements are sometimes executed. A secrecy agreement is used in conjunction with marketing and affords a potential licensee access to confidential information that assists the company in determining if it has an interest in pursuing a license for a given technology. More than 750 secrecy agreements are entered into by the University system each year. A letter agreement generally is used to confirm a company's intent to negotiate a license and often commits a company to pay certain fees or patent costs while negotiations are underway. Option agreements are similar in scope to license agreements and protect a licensee's interest in an invention while more in-depth technical or marketing research is performed.

In FY06, UC entered into 473 licenses and related technology transfer agreements. As indicated in Exhibit 8, these included 197 utility license agreements, 115 plant license agreements, 29 option agreements, and 132 letter agreements. Of the utility license agreements, 98 were exclusive or exclusive with limits.

EXHIBIT 8**LICENSING ACTIVITY***Year Ended June 30, 2006*

<hr/>	
Agreements Executed	
Letters	132
Options	29
Utility Licenses	197
Plant Licenses	115
Total Active Licenses	
Utility Licenses	1,200
Plant Licenses	550

At the close of the fiscal year, the systemwide portfolio totaled 1,750 licenses. In managing these agreements, the University must collect monies when due and monitor progress to ensure that the licensees exercise due diligence in developing inventions toward commercial application.

EXHIBIT 9
TOTAL UTILITY LICENSES

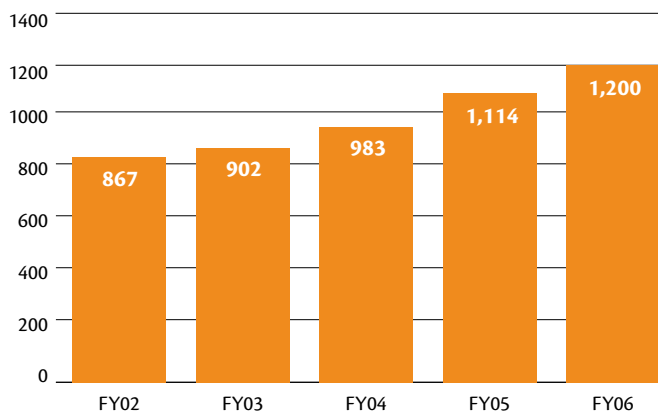
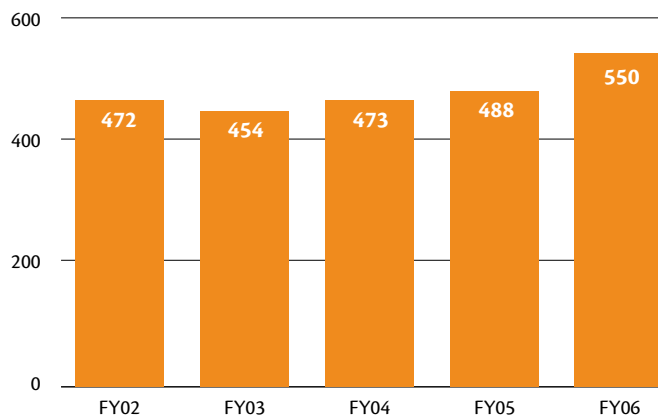


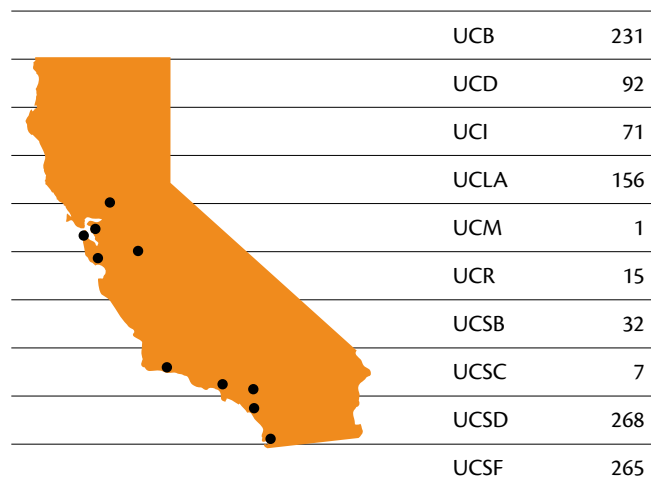
EXHIBIT 10
TOTAL PLANT LICENSES



Exhibits 9 and 10 show the five year trend in the size of the portfolio of UC utility and plant licenses. Each year some agreements expire or are terminated. In general, the total number of active utility agreements has continued to rise due to increasing licensing activity throughout the system. In the plant area, a wide variety of fruits, vegetables and grasses were the subject of 550 agreements. UC continues to work with our licensees around the world to explore opportunities for gaining intellectual property protection and commercializing selected strawberry and other plant cultivars in countries where such intellectual property rights have not previously been available. In regard to the distribution of plant licenses among the campuses, the Davis campus has 436 plant licenses in its portfolio, Riverside has 113, and Berkeley has 1.

Exhibit 11 shows the number of utility license agreements associated with each campus. For the first time, our newest campus, Merced, has an active license.

EXHIBIT 11
TOTAL UTILITY LICENSES BY CAMPUS*
Year Ended June 30, 2006



*Licenses associated with inventions that have inventors from more than one campus are reported multiple times in this exhibit.

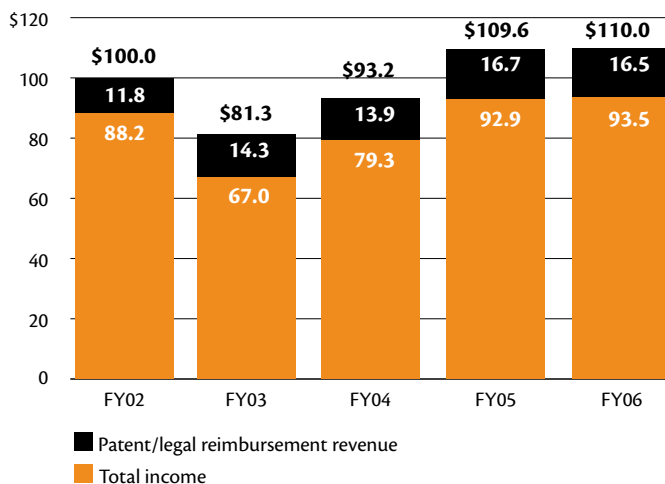
TECHNOLOGY TRANSFER REVENUES

TOTAL LICENSING REVENUES

Total licensing revenue, the income the University receives from its technology transfer agreements with industry, was \$210 million in FY06 (Exhibit 12). There are several components of total licensing revenue: agreement issue fees, maintenance fees, and other “milestone” payments are received on specific dates or at specific points in the product development process. These payments encourage companies to diligently pursue product commercialization. Generally, earned royalties account for the largest portion of revenues and are received once products and processes using University inventions reach the marketplace. Reimbursements, the final component of licensing revenues, represent the recovery of patent and legal expenses. This past year we reached a settlement of a patent infringement suit involving the bovine growth hormone patents for a one hundred million dollar up front payment, a five million dollar minimum annual royalty, and a running royalty on sales of bovine growth hormone for the life of the licensed patents.

EXHIBIT 12

TOTAL LICENSING REVENUE*
(Millions)



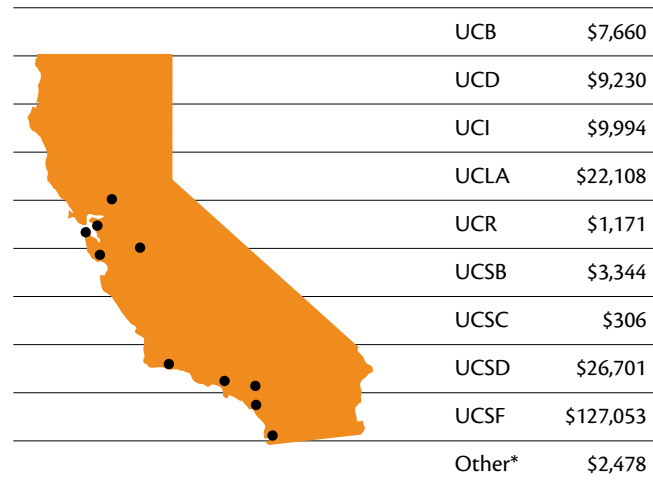
* The total licensing revenue of \$110 million represented on this exhibit does not include the up-front payment of \$100 million from the settlement of litigation.

Exhibit 13 shows the amount each campus contributed to FY06 total licensing revenue.

EXHIBIT 13

TOTAL LICENSING REVENUES BY CAMPUS*

Year Ended June 30, 2006
(Thousands)



* Revenues primarily from a portfolio of 35 OTT-managed DOE Laboratory inventions, most disclosed prior to the establishment of the Laboratory-based licensing offices.

ROYALTY AND FEE INCOME

Royalty and fee income in FY06 was \$193.5 million. This income derived from 1,408 inventions. As compared with FY05, royalties and fees remained approximately the same with the exception of the addition of a single \$100 million up-front payment for the bovine growth hormone case.

In FY06, \$2,297,551 was realized from the sale of equity previously acquired under 4 license agreements. As a result of these transactions and the execution of 14 licenses in FY06 that included equity as a partial consideration, at the end of the fiscal year the University held equity related to technology transfer activities in 83 companies.

Income from the top five commercialized UC inventions (i.e. inventions that had reached the marketplace and were generating earned royalties) contributed \$43.3 million in FY06, accounting for 46.3% of total royalty and fee income (Exhibit 14). The top twenty-five royalty-earning technologies collectively accounted for \$66.5 million or 71.1% of total royalties and fees. One invention appeared on this list for the first time: Radionuclide Imaging Method.

EXHIBIT 14

UC TOP-EARNING INVENTIONS*

Year Ended June 30, 2006
(Thousands)

Invention (Campus, Year Disclosed)	
Hepatitis-B Vaccine (SF, 1979 and 1981)	\$ 15,299
Treatment of Intracranial Aneurysms (LA, 1989)	\$ 8,763
Dynamic Skin Cooling Device (IR, 1993)	\$ 7,037
Interstitial Cystitis Therapy (SD, 1980)	\$ 6,439
Egf Receptor Antibodies (SD, 1983)	\$ 5,750
Subtotal (Top Five Inventions)	\$ 43,288
Biodegradable Implant Coils (LA, 1998)	\$ 4,429
Camarosa Strawberry (DA, 1992)	\$ 2,666
Cochlear Implants (SF, 1979)	\$ 1,735
Firefly Luciferase (SD, 1984)	\$ 1,645
Chromosome Painting (LLNL, 1985)	\$ 1,598
Energy Transfer Primers (BK, 1994)	\$ 1,578
Nicotine Patch (LA, 1984)	\$ 1,116
Feline AIDS Virus Diagnostic (DA, 1986)	\$ 1,041
Ventana Strawberry (DA, 2001)	\$ 908
Liposome Storage Method (DA, 1984)	\$ 867
Fluorescent Dyes-Calcium (BK, 1984)	\$ 854
Laser/Water Atomic Microscope (SB, 1989)	\$ 735
Magnetic Resonance Imaging (SF, 1976)	\$ 715
Universal Oligonucleotide Spacer (BK, 1996)	\$ 577
Aids for Learning Disabled (SF, 1994)	\$ 573
Diamonte Strawberry (DA, 1996)	\$ 514
Fluorescent Conjugate Probes (BK, 1981)	\$ 492
Human Cytomegalovirus Diagnostic (SD, 1982)	\$ 484
Novel Phosphorus Fertilizers (RV, 1990)	\$ 363
Radionuclide Imaging Method (SF, 1989)	\$ 324
Total Income (Top 25 Inventions)	\$ 66,502
Total Income (All Inventions)	\$ 93,500
% of Total from Top 5 Inventions	46.3%
% of Total from Top 25 Inventions	71.1%

*This list is limited to revenue-generating inventions that have been commercialized.

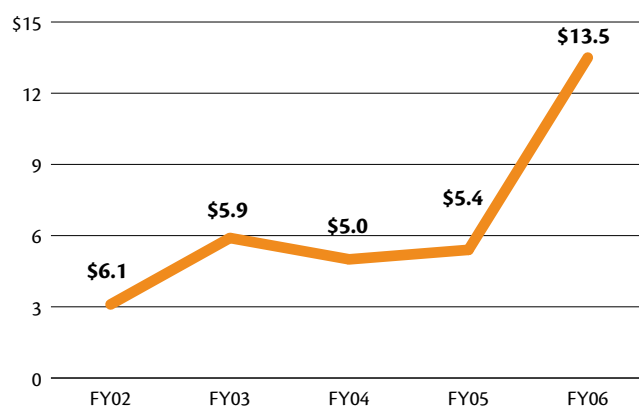
PAYMENTS TO JOINT HOLDERS

When an invention results from collaboration between UC and non-UC researchers, multiple entities may become joint holders of the invention-related patents. In these instances, interinstitutional agreements are negotiated to establish which entity will manage the patenting and licensing of the invention and the collection and distribution of invention income; such collaborations are relatively common. In FY06, 263 of 1,308 new disclosures (20%) included non-UC inventors and 80 new interinstitutional agreements were signed, a 33% increase over FY05.

In FY06, \$13.5 million was redistributed to other entities for 175 inventions covered by interinstitutional and other income-sharing agreements. For financial reporting purposes, these monies are treated as an offset to income. The largest payments this year were \$7.9 million for bovine growth hormone and \$3.2 million for the Hepatitis B vaccine.

EXHIBIT 15

PAYMENTS TO JOINT HOLDERS
(Millions)



REVENUE ASSOCIATED WITH PATENT/LEGAL EXPENSES

Because inventions are highly technical, the University uses specialized outside attorneys to draft and secure patent protection both in the U.S. and abroad. Costs to secure, maintain and protect patent rights associated with an invention are substantial. Obtaining a licensee's commitment to reimburse these costs is a high priority objective of license negotiations, and reimbursements, therefore, are considered to be part of total licensing revenue. In FY06, the University received \$16.5 million in licensing revenue from patent/legal expense reimbursements.

TECHNOLOGY TRANSFER EXPENSES

LEGAL AND OTHER DIRECT EXPENSES

Legal and other direct expenses totaled \$43.1 million in FY06 (Exhibit 16). Most technology transfer legal expenses are associated with patent prosecution defined as payments to outside counsel for drafting patent applications as well as other costs for securing and maintaining patent protection for University inventions. The extent of reimbursement of legal and other direct expenses is a negotiated term of a license agreement and not all agreements commit the licensee to reimburse the University for these costs. In FY06, reimbursements of legal expenses totaled \$16.5 million, resulting in net legal expenses of \$26.6 million (Exhibit 16).

EXHIBIT 16
LEGAL EXPENSES
(Millions)

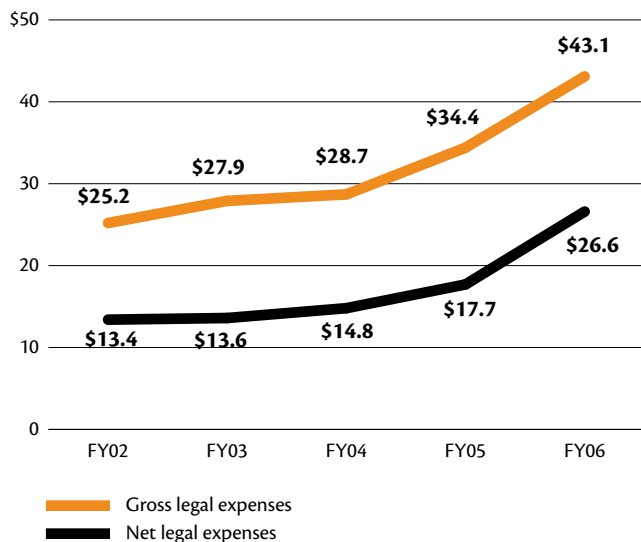
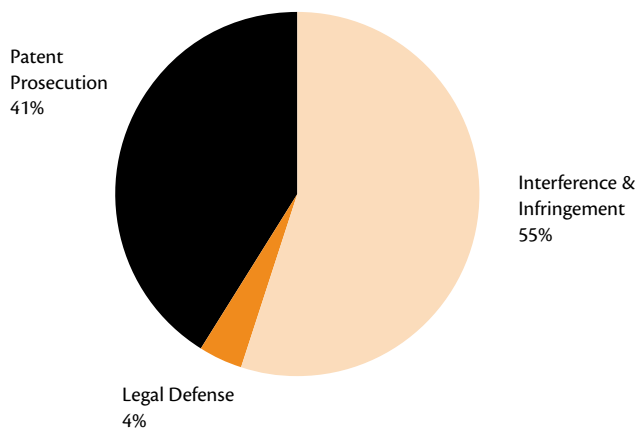


Exhibit 17 provides a breakdown of FY06 net legal expenses (i.e., legal expenses after reimbursements) by category. Interference and infringement activities accounted for \$14.3 million of the \$26.6 million in net legal expenditures. A significant amount of this was due to a single patent infringement suit related to bovine growth hormone.

EXHIBIT 17
NET LEGAL EXPENSES
Year Ended June 30, 2006
(Millions)

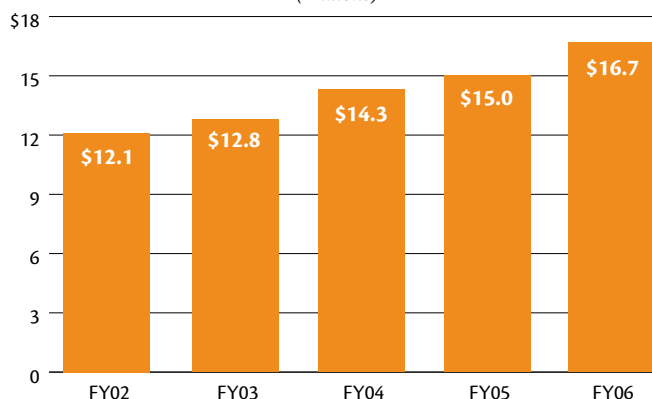


It is anticipated that University licensing personnel will continue to be successful in negotiating reimbursement of a substantial amount of patent costs. Nonetheless, it is expected that there will continue to be significant legal expenses associated with patenting and litigation as the technology transfer program matures, patent activities continue to accelerate, and relationships with inventors, sponsors and licensees become increasingly complex.

OPERATING EXPENSE

Operating expense rose to \$16.7 million in FY06. This category of expenditures covers administration of the technology transfer program at OTT and the eight campus-based licensing offices, and primarily consists of employee salaries, benefits, and expenses for equipment and supplies. In some instances, rent is included as well. Because the scope of responsibilities and operations at campus-based offices vary substantially, what is included as technology transfer operating expense is not entirely comparable from office to office. The increase in operating expense seen over the last several years (Exhibit 18) is due to the continued expansion of campus-based technology transfer activities and the support of a more broadly distributed approach to technology transfer administration.

EXHIBIT 18
OPERATING EXPENSE
(Millions)

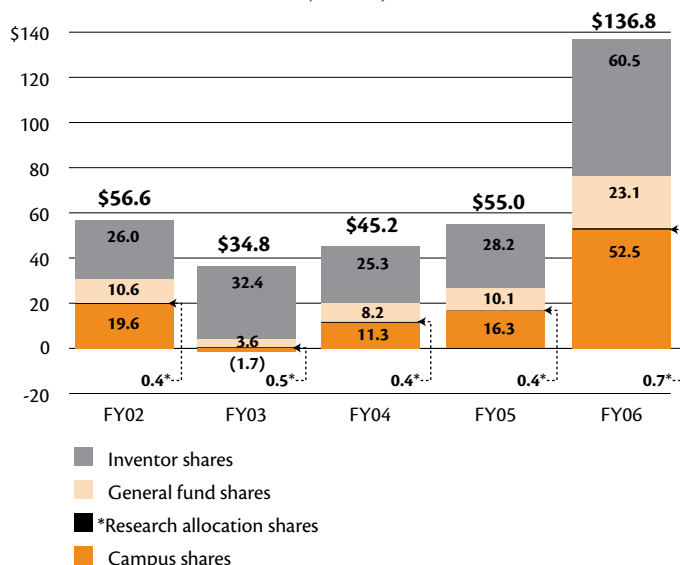


INCOME AVAILABLE FOR DISTRIBUTION

Income available for distribution is the income that remains after payment of all direct and indirect program expenses. It is computed as income from royalties and fees less the sum of payments to joint holders, net legal and direct expenses, and program operating expenses. This income is distributed to inventors through inventor shares and to the University through the research allocation, general fund share and campus share.

In FY06, income available for distribution totaled \$136.8 million. The amount of program income available for distribution over the past five years is shown in Exhibit 19.

EXHIBIT 19
INCOME AVAILABLE FOR DISTRIBUTION
(Millions)



INVENTOR SHARES

The University Patent Policy grants inventors the right to receive a portion of net income accruing to individual inventions. In FY06, 1,479 inventors received a total of \$60.5 million based on invention financial activity through June 2005. Under current policy, inventors receive 35% of net invention income. Inventor shares are calculated based on invention income and expense activity through the close of the prior fiscal year. Thus, most of the inventor shares distributed in FY06 were calculated based on invention financial activity through June 30, 2005. However, for accounting purposes, the inventor shares related to the \$100 million legal settlement were distributed in FY06. Trends related to the number of inventors paid shares and the amount of inventor share payments are reflected in Exhibit 19.

GENERAL FUND SHARE

The portion of University technology transfer income allocated to the UC General Fund as part of the state-approved budget totaled \$23.1 million in FY06 (Exhibit 19). The General Fund share (previously called the “state share”) is equal to 25% of the amount remaining after deducting payments to joint holders, net expenses, and inventor share payments from royalty and fee income.

RESEARCH ALLOCATION SHARE

The current Patent Policy requires that 15% of net royalty and fee income from each invention be designated for research-related purposes on the inventor’s campus or Laboratory. These monies are used in accordance with plans developed at each campus and Laboratory. The research allocation, which is computed based on inventions disclosed on or after October 1, 1997, totaled \$722 thousand in FY06 (Exhibit 19).

CAMPUS SHARE

Campus share is the amount of technology transfer program income that is available to be redistributed to campuses to support ongoing research and education programs after the University has paid all direct and indirect program expenses and distributed additional income as required by policy. Campus share was referred to as net income in previous reports and is computed as income from royalties and fees less the sum of payments to joint holders, net legal and direct expenses, income distributions, and program operating expenses. Campus share totaled \$52.5 million in FY06 (Exhibit 19).

EXHIBIT 20

SYSTEMWIDE TECHNOLOGY TRANSFER ACTIVITY FY02 – FY06*

Year Ended June 30, 2006

(Thousands)

Fiscal Year Comparisons	FY02	FY03	FY04	FY05	FY06	% CHANGE (FY05-FY06)
Invention Disclosure						
Inventions Reported	973	1,027	1,196	1,304	1,308	0%
Total Invention Portfolio	5,472	5,948	6,618	7,395	7,513	2%
Patent Prosecution						
US Applications Filed						
First Filings	455	490	515	601	714	19%
Secondary Filings	429	384	450	429	470	10%
Total	884	874	965	1,030	1,184	15%
US Patents Issued	300	323	270	310	270	-13%
Total Active US Patents	2,502	2,753	3,024	3,275	3,316	1%
First Foreign Filings	248	230	243	284	361	27%
Total Active Foreign Patents	2,051	2,364	2,837	3,168	3,692	17%
Licensing						
Agreements Issued						
Options	42	21	32	22	29	32%
Utility Licenses	125	131	145	186	197	6%
Plant Licenses	55	56	81	57	115	102%
Total Active Agreements						
Options	99	62	53	52	61	17%
Utility Licenses	867	902	983	1,114	1,200	8%
Plant Licenses	472	454	473	488	550	13%

Exhibit 20 only reports activity governed by the UC Patent Policy. It does not include copyright and material transfer agreement activity that also is carried out by campus-based technology transfer offices.

*Activity related to the invention portfolio managed by the eight campus-based licensing offices and OTT on behalf of the ten UC campuses. Activity related to a small number of DOE Laboratory inventions managed at OTT also is reflected in these figures. See pp. 18-19 for activity pertaining to the operation of the DOE Laboratory-based technology transfer offices.

EXHIBIT 21
SYSTEMWIDE FINANCIAL ACTIVITY FY02-FY06
Year Ended June 30, 2006
(Thousands)

Fiscal Year Comparisons	FY02	FY03	FY04	FY05	FY06	% CHANGE (FY05-FY06)
Income from Royalties and Fees	\$88,148	\$67,019	\$79,265	\$92,902	\$193,500	108%
Less: Payments to Joint Holders	(6,072)	(5,854)	(4,990)	(5,403)	(13,464)	149%
Adjusted Gross Income (A)	82,076	61,165	74,275	87,499	180,036	106%
Legal and Other Direct Expenses	25,205	27,929	28,761	34,393	43,136	25%
Less: Reimbursements	(11,845)	(14,300)	(13,916)	(16,707)	(16,545)	-1%
Net Legal Expenses (B)	13,360	13,629	14,845	17,686	26,591	50%
Operating Expenses (C)	12,135	12,749	14,260	14,984	16,695	11%
Income Available for Distribution (A-B-C)	56,581	34,787	45,170	54,829	136,750	149%
Distributions						
Inventor Shares	26,028	32,357	25,310	28,228	60,471	114%
Research Allocation	406	534	359	422	722	71%
General Fund Share	10,558	3,608	8,214	10,138	23,078	128%
Campus Share	19,589	(1,713)	11,287	16,040	52,479	227%

Exhibit 21 only reports financial activity governed by the UC Patent Policy. Campus-based technology transfer offices also generate income through copyright licenses, material transfer agreements and through research support committed in conjunction with technology transfer activities. This income is not included in this report.

EXHIBIT 22

FY06 CAMPUS TECHNOLOGY TRANSFER ACTIVITY

Year Ended June 30, 2006

(Thousands)

	UCB	UCD	UCI	UCLA	UCM	UCR	UCSB	UCSC	UCSD	UCSF
Invention Disclosure										
Inventions Reported	128	158	141	264	1	46	94	27	310	134
Total Invention Portfolio	865	831	616	1,293	1	282	480	114	1,745	1,330
Patent Prosecution										
US Applications Filed										
First Filings	68	65	69	181	1	13	72	19	147	83
Secondary Filings	72	62	60	133	0	12	51	10	35	47
Total	140	127	129	314	0	25	123	29	182	130
US Patents Issued	41	43	21	35	0	13	21	16	44	41
Total Active US Patents	521	391	216	460	0	85	280	48	506	825
First Foreign Filings										
First Foreign Filings	33	42	35	89	1	5	33	0	89	38
Total Active Foreign Patents	354	497	371	529	0	99	119	4	756	1,012
Licensing										
Agreements Issued										
Options	1	4	3	9	0	1	5	0	3	2
Utility Licenses	22	16	18	30	1	5	5	2	54	41
Plant Licenses	2	74	0	0	0	38	0	0	0	0
Total Active Agreements										
Options	17	7	5	12	0	3	7	2	5	6
Utility Licenses	231	92	71	156	1	15	32	7	268	265
Plant Licenses	1	436	0	0	0	113	0	0	0	0

Exhibit 22 only reports activity governed by the UC Patent Policy. It does not include copyright and material transfer agreement activity which also is carried out by campus-based technology transfer offices.

Note: A number of inventions involve inventors from multiple UC campuses. Activity statistics for these inventions are reported multiple times, once for each campus involved. Thus, for any given measure of activity, the sum of individual campus numbers may be greater than the systemwide totals reported elsewhere in this report.

EXHIBIT 23
FY06 CAMPUS FINANCIAL ACTIVITY*
Year Ended June 30, 2006
(Thousands)

	UCB	UCD	UCI	UCLA	UCM	UCR	UCSB	UCSC	UCSD	UCSF
Income from Royalties and Fees	\$5,630	\$8,444	\$8,555	\$18,880	\$0	\$814	\$2,316	\$68	\$22,495	\$123,928
Less: Payments to Joint Holders	(69)	(3)	(63)	(240)	0	(6)	0	0	(683)	(12,399)
Adjusted Gross Income (A)	5,561	8,441	8,492	18,640	0	808	2,316	68	21,812	111,529
Legal and Other Direct Expenses	3,332	3,114	2,310	8,050	6	602	1,529	266	6,287	16,642
Less: Reimbursements	(2,030)	(786)	(1,439)	(3,228)	0	(356)	(1,028)	(238)	(4,206)	(3,125)
Net Legal Expenses (B)	1,302	2,328	871	4,822	6	246	501	28	2,081	13,517
Operating Expenses (C) ¹	343	927	431	975	53	484	412	80	571	2,085
Income Available for Distribution (A-B-C)	3,916	5,186	7,190	12,843	(59)	78	1,403	(40)	19,160	95,927
Distributions										
Inventor Shares	2,284	3,843	2,477	6,281	0	470	659	21	6,202	37,391
Research Allocation	55	84	131	226	0	7	34	6	27	151
General Fund Share	476	567	1,286	1,884	(2)	23	289	5	3,382	15,155
Campus Share	1,101	692	3,296	4,453	(61)	(422)	421	(72)	9,549	43,230

**Exhibit 23 only reports financial activity governed by the UC Patent Policy. Campus-based technology transfer offices also generate income through copyright licenses and material transfer agreements that are not covered by the UC Patent Policy. This income is not included in this report.*

¹Reflects recharges to individual campuses of OTT operating expenses and a UCOP assessment equal to 1% of adjusted gross income for cases under OTT financial management. Does not include operating expenses associated with technology transfer program administration at the individual campuses. Campus-based licensing offices reported FY06 operating expenses as follows: UCB - \$1,423,206, UCD - \$1,702,942, UCI - \$830,172, UCLA - \$1,615,683, UCSB \$309,000, UCSC- \$286,000, UCSD -\$1,897,623, UCSF- \$1,768,050

Part 2: The DOE Laboratory-Managed Portfolios

Background

Since 1988, technology transfer for the DOE Laboratories has been under the purview of Laboratory-based offices at Los Alamos National Laboratory (LANL), Lawrence Berkeley National Laboratory (LBNL), and Lawrence Livermore National Laboratory (LLNL). The licensing function is managed within the context of larger departments responsible for fostering a variety of partnerships with industry: LANL's Industrial Business Development Program Office, LBNL's Technology Transfer Office, and LLNL's Industrial Partnerships and Commercialization Office. In addition to patent licensing, these offices direct substantial resources toward the licensing of software and the negotiation of Cooperative Research and Development Agreements (CRADAs), technical assistance and other agreements with industry. Although these DOE Laboratory offices manage most Laboratory inventions, OTT oversees a small portfolio of 52 Laboratory inventions. Most of these cases have co-inventors from the UC campuses.

Certain aspects of technology transfer processes differ at the DOE offices as compared with OTT and the campuses. For example, after an invention is disclosed and a determination is made to pursue a license, there are some cases where the laboratory may be able to elect title to an invention on behalf of the University under the federal Bayh-Dole legislation, just as a campus does. In other cases, however, there must be a special request to DOE to enable The Regents to retain or be assigned title to the invention. Requests to assert copyright in software also must be made to DOE. In addition, whereas OTT and campus offices contract with attorneys at outside law firms for all of their patent prosecution activity, the Laboratories manage most US patent filings internally through their own legal departments and contract out only for selected matters, particularly foreign prosecution. In addition, the fiscal year at the Laboratory offices ends September 30th in contrast to the June 30th end date for the fiscal year at OTT and the campus offices.

Information in this section pertains to the activities of the technology transfer offices of the Laboratories unless noted otherwise.

INVENTION DISCLOSURE, PATENTING, AND LICENSING ACTIVITY

In FY06, DOE Laboratory researchers disclosed 380 inventions and filed a total of 264 patent applications. 131 US patents issued on DOE Laboratory inventions.

The Laboratories completed 63 new options and licenses for patentable inventions and tangible research products (TRPs) in FY06, bringing the total number of active license and option agreements to 289 at the close of the fiscal year (Exhibit 24). Licensing of other types of intellectual property (e.g., copyrighted software) represents a significant additional element of current licensing activity.

FINANCIAL RESULTS

The DOE Laboratory-Managed portfolios generated a total of \$8.4 million in income during FY06, an increase of 10% over the prior year. Patent income for the Labs increased 7% as compared with FY05, while copyright income increased by 31% (Exhibit 25).

Information on DOE Laboratory patenting and licensing expenses is not provided in this report. Patent expenses are allowable costs under the University's current contract with DOE and are not readily separable from other expenses of the legal departments. Similarly, operating expenses related to the licensing function are not readily separable from other expenses of the technology transfer departments. Finally, income generated by the DOE Laboratories is not subject to the General Fund share assessment.

Inventor share payments of \$2.9 million included \$367 thousand paid to authors of software. These payments were based on financial activity through September 30, 2006.

EXHIBIT 24

**PATENTING AND LICENSING ACTIVITY:
DOE LABORATORY OFFICES**

Year Ended Sept. 30, 2006

	LANL	LBNL	LLNL	Total
Disclosure and Prosecution*				
Inventions Reported	142	80	158	380
US Applications Filed				
First Filings	60	41	72	173
Secondary Filings	32	44	15	91
Total	92	85	87	264
US Patents Issued	33	35	63	131
First Foreign Filings	27	21	20	68
Marketing and Licensing				
New Agreements Issued				
Secrecy	427	192	0	619
Option	6	2	1	9
License	31	8	15	54
Total Active Agreements				
Option	12	5	4	21
License	116	58	94	268

FISCAL YEAR COMPARISONS

(Thousands)

	FY05	FY06	%Change
Disclosure and Prosecution*			
Inventions Reported	374	380	2%
US Applications Filed			
First Filings	169	173	2%
Secondary Filings	104	91	-13%
Total	273	264	-3%
US Patents Issued	175	131	-25%
First Foreign Filings	72	68	-6%
Marketing and Licensing			
New Agreements Issued			
Secrecy	1,113	619	-44%
Option	15	9	-40%
License	36	54	50%
Total Active Agreements			
Option	16	21	31%
License	193	268	39%

EXHIBIT 25

FINANCIAL ACTIVITY: DOE LABORATORY OFFICES*

Year ended September 30, 2006

(Thousands)

	LANL	LBNL	LLNL	Total
Income from Royalties and Fees				
Patents and TRPs	\$1,090	\$2,267	\$3,854	\$7,211
Copyrights/Software	\$275	\$635	\$301	\$1,211
Total	\$1,365	\$2,902	\$4,155	\$8,422
Inventor /Author Shares Paid				
Patents and TRPs	\$414	\$848	\$1,304	\$2,566
Copyrights/Software	\$104	\$139	\$124	\$367
Total	\$518	\$987	\$1,428	\$2,933

FISCAL YEAR COMPARISONS

(Thousands)

	FY05	FY06	%Change
Patents and TRPs	\$6,736	\$7,211	7%
Copyrights/Software	\$925	\$1,211	31%
Total	\$7,662	\$8,422	10%
Inventor /Author Shares Paid	\$2,086	\$2,566	23%
Inv. /Aut. Shares Paid (copy./soft.)	\$287	\$367	28%
Total	\$2,374	\$2,933	24%

*In addition to income reported in this table, the OTT-managed DOE Laboratory portfolio collectively generated \$438,008 in FY06 royalty and fee income, including (\$25,992) for LANL, \$140,189 for LBNL, and \$323,811 for LLNL inventions.

TECHNOLOGY TRANSFER ORGANIZATION AT UC

The UC Technology Transfer program operates under a model of distributed responsibilities and authorities that balances activities carried out at the central Office of Technology Transfer (OTT) and with those at the individual UC campuses and UC-managed DOE Laboratories. Under this approach, campuses and Laboratories develop and shape technology licensing programs to fit their unique needs as put forth in memorandums of understanding negotiated with the UC Office of the President (UCOP). In all instances, OTT retains responsibility for certain functions, such as policy development and guidance, legal oversight, legislative review, information management, and a variety of other services in support of the overall program. Internet links to UC OTT, campus and Laboratory-based licensing offices are provided below.

UC TECHNOLOGY TRANSFER ON THE WEB

	(Prefix with http://)
UC Office of the President: Office of Technology Transfer (OTT)	www.ucop.edu/ott
UC Berkeley: Intellectual Property & Industry Alliances (IPIRA)	ipira.berkeley.edu
UC Davis: UC Davis InnovationAccess	www.innovationaccess.ucdavis.edu
UC Irvine: Office of Technology Alliances (OTA)	www.ota.uci.edu
UC Los Angeles: Office of Intellectual Property Administration (OIPA)	www.research.ucla.edu/oipa
UC Merced: Office of Technology Transfer (OTT)	research.ucmerced.edu
UC Riverside: Office of Technology Commercialization (OTC)	www.ora.ucr.edu/ip
UC Santa Barbara: Office of Technology & Industry Alliances (TIA)	research.ucsb.edu/tech_transfer
UC Santa Cruz: Office of Sponsored Projects	www.ucsc.edu/osp
UC San Diego: Technology Transfer & Intellectual Property Services (TechTIPS)	invent.ucsd.edu
UC San Francisco: Office of Technology Management (OTM)	www.otm.ucsf.edu
Los Alamos National Laboratory: Industrial Business Development Program Office	lanl.gov/partnerships
Lawrence Berkeley National Laboratory: Technology Transfer Office	www.lbl.gov/Tech-Transfer
Lawrence Livermore National Laboratory: Industrial Partnerships and Commercialization Office (IP and C)	www.llnl.gov/IPandC
Industry-University Cooperative Research Program (IUCRP)	ucdiscoverygrant.org



University of California
Office of Technolgy Transfer
1111 Franklin Street, 5th Floor
Oakland, CA 94607-5200