

# Ownership of AT Innovation: Differing Perspectives of Researchers, Universities and Companies

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## Presentation Focus

- What development path are you on? Are you a funded researcher or independent inventor?
- What are the university's ownership rights on both federally funded and university sponsored development projects?
- As a funded researcher, what are your ownership rights on federally sponsored research and development projects?

# Presentation Focus

- What basic steps does a funded university researcher need to take for successful interaction with a researcher's university Technology Transfer Office (TTO)
- What is the federal government's stance on ownership of federally sponsored research?
- When will the government use its 'march in rights' on federally sponsored research?
- What are the do's and don'ts of performing company funded university based research?

# What's Your Development Path?

- Are you a University Based Researcher?
- Are you a federally funded researcher and /or working at a University?
- Are you an Independent Inventor or Technology Developer?
- Paths to Commercialization are Different!!

# University Based Researcher / Inventor

- University sponsored development project – developed your invention on university time or using university resources?
- Ownership of your invention does not belong to you!!
- University employment contract or handbook will state your invention belongs to the university.
- You work for your employer so all rights belong to them.
- You will probably have a distribution formula for royalties!!
  - Example 50% university / 10% department / 40% inventor or along those lines

# Example

- First Crush – Automated Pill Crusher
  - Will be referring to this and other examples as we go along
  - As an RERC must be have capability to develop products
  - RERC is University based; RERC staff is University staff
  - Facilities we use are university facilities

# University Researcher on Federally Funded Project

- Invention Developed through a Federal Grant?
- Three things to Know!!!
  - Even if you are the PI or Project Director, grant was awarded to your university, not you personally. University responsible for grant activity complying to Federal guidelines
  - Money comes from the Federal government, the ‘string’ attached to the money – Feds have right to future use of any invention resulting from their funding.
  - University is grant recipient and hence has the first right to take ownership of invention

# University Researcher on Federally Funded Project

- Whatever you develop with Federal funding and a host institution, you are third in line for ownership.
- That's both Bad News and Good News
- Your Invention has to be disclosed to the University.
- Bad News is - University will claim majority of ownership

# University Researcher on Federally Funded Project

- Good News is
  - University is resource laden
  - Has marketing and commercialization expertise;
  - Has legal expertise and staff both for IP protection and licensing;
  - Has business expertise;
  - May have business incubator – if start up is final commercialization path;
  - Has policies in place to monitor and distribute royalties, etc.

# Example of University Resources

## Marketability assessment

- This is a very complicated process that is best left to Technology Transfer Offices in the University setting
- It will help determine whether you could potentially make a profit (and how much profit) on your device
  - ❑ Potential costs include the time and cost of development, manufacturing costs, the time and cost to pursue intellectual property protection, etc.

# Example of University Resources

## Assistive technology development

- Expected returns on your invention may be very low since the potential market size for most assistive technologies is very small
- Therefore, in many cases the University Technology Transfer Office may decide that it is not worth investing time and resources to bring the product to market
  - ❑ Decision point – If TTO relinquishes their ownership of device, do you wish to continue on yourself?

# University Researcher on Federally Funded Project

- University Home department typically shares on royalties
- Technically researcher has already been compensated through salary, but typically will also receive royalties
- University has deep pockets to both protect researcher and protect invention from copycats

# Independent Inventor

- You are using your own resources
- Not funded by anyone or using anyone's facilities or resources
- Don't have to worry about sharing ownership of your invention
- Conversely, you don't have a resource rich partner to assist with IP protection and commercialization

# Independent Inventor

- You will chart your own course
  - You will make your own decisions from initial funding to IP protection to licensing or manufacturing.
- Make early choices wisely!
  - Each option has long term and irrevocable consequences
    - Ex. Must decide whether to patent or not – are the projected returns worth the initial dollar outlay?
    - What impartial party will perform those calculations for you?
- May wish to contact a patent attorney for general guidance – But BEWARE!!!

## Basic Steps University Researcher Needs For Successful Interaction with TTO

- With the receipt of a new federal grant – TTO needs to be made aware responsibilities under the grant.
- At time of grant award to University – set parameters on TTO involvement- if University retains claims to inventions, make sure that it they will be actively shopped and not have TTO passively solicit licenses.
- With the establishment by the researcher of a relationship with the TTO, the need for timely invention disclosures should be discussed with TTO.
- Time bar information should be discussed – Restriction on publications
- Ask for and receive training or instruction on confidentiality agreements and the topic of co-invention.

# Basic Steps University Researcher Needs For Successful Interaction with TTO

- Maintain interest and awareness in seeing your invention brought to the marketplace. Be responsive to TTO requests for assistance.
- Make sure you have a functional proof of concept prototype.
  - Make sure TTO is aware of how the prototype functions.
- Be prepared to take time from your busy schedule to answer technical questions being asked by either the TTO or potential licensing companies.

# TTO Pitfalls to Be Aware Of

- TTO may fail to identify correct corporate personnel for licensing an invention
  - In AT companies that role may be filled by multiple people
  - Must make multiple contacts at a company
- Delays in agreements can mean timely inventions miss their windows of opportunity.
  - During delay licensing company may decide to focus on a different invention or technology
- Use of incorrect terminology by TTO may inadvertently disinterest a company.

# TTO Pitfalls to Be Aware Of

- TTO timing is important
  - TTO must know enough about the industry to present an invention at the most opportune time
  - There are specific corporate product development windows based on the industry
  - TTO should outline terms and conditions it will seek to alleviate any possible negotiation delays
  - TTO's not using detailed invention information packages to allow a prospective licensee the ability to properly evaluate and invention's potential in a timely manner

# Example

- First Crush – Automated Pill Crusher
  - Made presentations on device to companies and investors for company
  - Must be available to do so
  - Must use correct terminology
  - Must be available to company for technical assistance after device is licensed

# Federal Government's Stance on Ownership of Federally Sponsored Research

- The Bayh-Dole Act requires inventors who make their inventions through the use of federal funds to assign their rights to the institution
- If you are a university researcher and develop an invention as part of your employment at a university, you do not have exclusive rights to your invention. The legal rights to the invention belong to the university and to any funding agency that may be helping to pay for its development.
- Designated PI's on Federally-funded projects are required to adhere to IP guidelines set forth by these regulations to protect the interests of all parties with a claim to ownership and control

# Federal Government's Stance on Ownership of Federally Sponsored Research

- In order to comply with federal funding regulations, a university must have processes in place to ensure that inventors on federally funded inventions assign their rights to the institution.
- You are also not in a position to decide if there is 'significant' intellectual property at stake. Therefore you must involve your university and cannot legally circumvent it.
- If your federal funding agency and your university decline ownership of the invention, then and only then do all legal rights to the invention revert to you, the inventor, and then and only then can you negotiate an agreement directly with a commercial partner without involving the university.

# Invention Ownership

- Reiteration and clarification of last few points
  - The researcher is legally bound to disclose their invention to the university which in turn is legally bound to disclose it to the funding agency. Any attempt to circumvent this process could lead to the loss of future federal funding for the university and possibly employment for the researcher.
  - The default title-holder for federally funded inventions is always the funding agency. In the event that the university decides not to elect title, the title remains with the funding agency. Even when the university does elect title to an invention under Bayh-Dole, it must waive rights back to the funding agency if it ever decides to close the file. The researcher can only gain title by way of a waiver from the funding agency and such waiver can only be granted by the funding agency after the university has either formally declined to elect title or returned rights to such agency.

## Federal Government's 'March In Rights'

- Under Bayh-Dole – allows funding agency at the request of a third party or on its own, to ignore a patent and grant licenses to other entities. This can be done if the agency feels there is a failure on the original licensee's part to take "effective steps to achieve practical application of the subject invention" or a failure to satisfy "health and safety needs" of consumers.
- To date no federal agency has exercised this right
- Coming close though – example - case of recent court action nullifying patent
  - University of Utah researchers discovered an important human gene responsible for hereditary breast cancer

## Federal Government's 'March In Rights'

- Didn't make it available to other researchers - even though research was federally funded
- Patented it and gave exclusive rights to Myriad Genetics, Inc – a start-up company founded by a University of Utah researcher
- Threatened legal action against anyone using the gene in breast cancer research
- In late March 2010 federal judge struck down the patent stating that genes, products of nature, fall outside of the realm of things that can be patented
- The patents stifled research and innovation and limit testing options.

# Company Funded University Research

- Academic Model versus Business Model
  - University Approach / Corporate Approach
    - Contacts
  - Timelines
    - Licensing & Collaboration
    - Corporate Product Development
- Intellectual Property Issues
  - Royalty Issues on University Developed Technologies
  - Ownership Issues on corporate Funded Joint Research Projects

# Company Funded University Research

- Engaging a Corporation on a Joint Research and Development Project is ***Definitely a Contact Sport***
  - Approach it as a business would approach another business
  - Know your goal – must be mutually beneficial
  - Have an agreement already drafted – identifying ownership of Intellectual property developed through collaboration – with reasonable terms

# Company Funded University Research

- Understand timelines and deliverables in the context of a business
- Be responsive, be persistent
- Positive approach – don't criticize previous design or products
- Want to be perceived as a partner; a resource for the company

# Company Funded University Research

- Be cognizant of the fact that you need them and they really don't need you
  - US Global companies are using Europe, India and China for research that used to be performed in the US. Why?
    - No IP issues
    - No Royalty battles

# Company Funded University Research Examples

- Tupperware Projects
  - First Contact & Correspondence
    - Outline of proposal, time frames, intellectual property and deliverables
    - NDA Agreement – between 3 parties
    - Acquire multiple contact names
    - Assure long term success

# Company Funded University Research Examples

- Tupperware Projects
  - Constant Interaction
  - Deliverables – meet deadlines
  - Provide what is need by the company
- End Result
  - Successful completion of project

# Summary / Questions

1. Funded Researcher or Independent Inventor?  
Different Paths.
  - Know which development path you are on and what you can and can not do with your invention. Be an informed researcher/inventor.
2. Questions?
3. Thank You!!