

## Institutional IP Policy – Necessary Precondition for Successful Technology Transfer

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## Ten key questions!

### Question 1: Who owns IP generated by publicly funded research?

Who owns the IP generated in the process of conducting research at the university or R&D institution?...

## IPR Ownership

[http://www.eutechnologytransfer.eu/deliverables/professors\\_privilege.pdf](http://www.eutechnologytransfer.eu/deliverables/professors_privilege.pdf)

### National Univ. law change in AT was implemented 2004

*Trend: Denmark 2000, Germany 2002, Norway 2003, Finland 2007;  
No need for action: UK, Ireland, Cyprus*



- AT: Government was employer!
- Inventor could apply for ownership
- So called "Professor's privilege"



**IPR belonged to inventors**  
Companies contracted with inventors

- Exemptions:
- Italy: (re)introduced in 2001**  
**but with profit sharing**
  - Sweden: PP survived**



**IPR belongs to Univ.**  
Companies contract with Universities

Professor's privilege is history in most nations:

**Figure 3. Public Research Or University Acts**

Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Italy, Ireland, the U.K., Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovak Republic, Slovenia, Spain, Sweden are covered by the report of the European Commission, whereas Bulgaria, Hungary, Poland and Romania are omitted.

Romania is currently working on a new legislation.<sup>10</sup>

Switzerland—as not being part of the EU 27—was not covered by the survey either. In Switzerland it was not a law change but the increased independence of the universities introduced by the cantons in the middle of the nineties which triggered the exploitation of university IP.<sup>11</sup>

Turkey—as not being part of the EU 27 either—has abolished the professor's privilege as well.<sup>12</sup>

Professor's privilege still exists in Sweden and was re-introduced in Italy.

Source: „Lost In Translation: A European Perspective Of Bayh-Dole,"  
Thomas L. Bereuter and Peter Heimerl, Les Nouvelles 12 (2010) 249-251

## To be considered....

- ...**Institutional Ownership Systems** (cf. reference)
  - **Pre-emption rights:** the first owner is the employed inventor but the institution is entitled to claim the invention (e.g. Austria)
  - **Automatic ownership:** the first owner is automatically the employer (e.g. Slovenia)
  - ...**Non-employed students:** free inventors
  - ...**Grant systems:** rules of funding schemes
  - ...**University policies:** esp. for copyrights/software
- ⇒ Covered by studies or ask  
[http://www.eutechnologytransfer.eu/deliverables/professors\\_privilege.pdf](http://www.eutechnologytransfer.eu/deliverables/professors_privilege.pdf)  
<http://www.ipr-helpdesk.org/HelpLine.html>

## Question 2: How are revenues from research commercialization shared among faculty, university, government and other stakeholders?

Should the researchers be rewarded when they generate inventions or other valuable IP with a share of royalties? What share does the university or R&D institute the laboratory or the research department retain? In the case of government-funded research, does the government receive a share of benefits in the form of a tax or royalty?

## Institutional Arrangements: Incentives to University Researchers

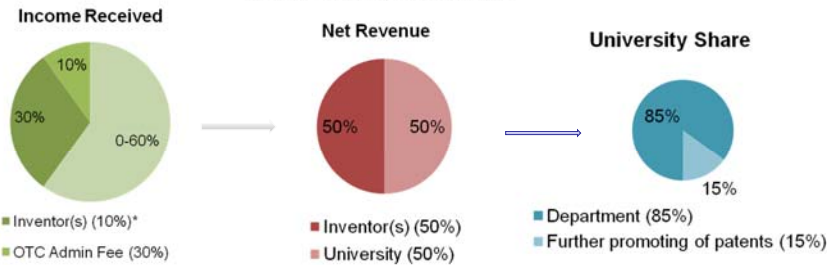
Formulas for the allocation of TTO revenues from license royalties:

- Most common formula: Equal sharing among the university (33%), the department (33%), and the employee inventor (33%).
- Another common formula: 50%-50% sharing between the university and the inventor.
- Average net revenue distributions: University (35%), department (25%), and faculty inventor (40%).

University	University	Institute/ Department	Working group	Inventors	Separat provisions
University of Natural Resources and Applied Life Sciences, Vienna	50%	20%		30%	Basic amount for inventors: 3000,- €
Medical University of Graz	25%	20%	20%	35%	
Medical University of Vienna	40%	24%		35%	
Graz University of Technology	33%		33%	33%	Basic amount for inventors: 1500,- €
Vienna University of Technology	40%	25%		35%	Basic amount for inventors: 2000,- €
University of Innsbruck	50%			50%	
University of Salzburg	50%			50%	
University of Vienna	40%		25%	35%	
University of Veterinary Medicine Vienna	40%	30%		30%	

# Revenue Sharing: Patents, Computer Programs, Software

Current Royalty Distribution Policy at University of Maryland (for disclosures received after 7/1/2002)



After expenses are covered, balance goes to inventor(s) up to threshold amount.\*

Remainder = Net Revenue

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The threshold amount is determined annually by the Chancellor and is based on the fiscal year in which income is first received:

\*Threshold amounts:

- 2003: \$10,000
- 2004: \$10,300
- 2005: \$10,600
- 2006: \$11,000
- 2007: \$11,280
- 2008: \$11,740
- 2009: \$11,751

## Question 3: What rights does the government have on IP generated at universities and R&D institutions?

For example, manufacture in the country, preference for national companies, regulatory compliance, royalty sharing, royalty-free license to the government, title back to the government if the RI doesn't take title etc...

## Question 4: Is private funding for defined research projects permitted?

If so, under what conditions and approval process? Who owns the IP in such cases? If the university or R&D institution owns the IP, what kind of licenses (royalty free, royalty bearing, exclusive, non-exclusive etc.) would it be willing to grant?

## COMMUNITY FRAMEWORK FOR STATE AID FOR RESEARCH AND DEVELOPMENT AND INNOVATION

### “3.2.1. Research on behalf of undertakings (Contract research or research services)”

If IPR will shall be owned by the Company & following conditions have to be fulfilled:

- (1) the research organisation provides its service at market price; or
- (2) if there is no market price, the research organisation provides its service at a price which reflects its **full costs** [Overhead eg. of 83, 15%] plus a reasonable margin.

COMMUNITY FRAMEWORK FOR STATE AID FOR RESEARCH  
AND DEVELOPMENT AND INNOVATION

**“3.2.2. Collaboration of undertakings and research organisations”**

Conditions for the collaboration:

- (1) company bears the full cost of the project OR
- (2) results may be widely disseminated and any IPRs are fully allocated to the research organisation OR
- (3) research organisation receives market price

**Question 5: What choices do universities and R&D institutions have for commercializing their research results?**

Does the university or R&D institution want to encourage entrepreneurial activity or not?  
Train students? Offer seminars? Arrange networking opportunities?  
Does the university or R&D institute provide assistance to professors and researchers in commercialization of IP or only IP protections?

**Question 6: Who manages IP and technology transfer in universities and R&D institutions?**

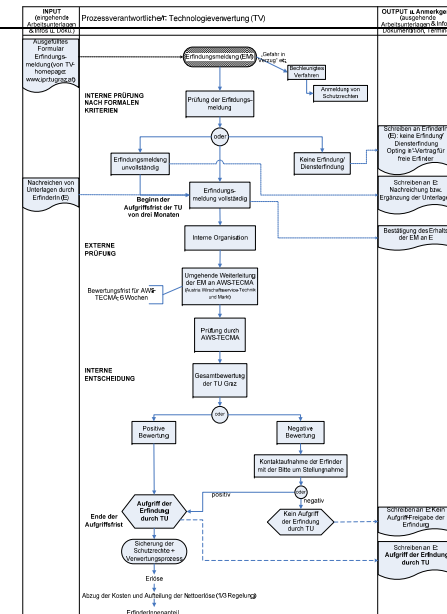
Is there a TLO, outsourced company, government entity, IP Hub, the national IP Office? Who negotiates licenses with outside parties, reviews employee contracts, manages invention disclosure procedures, reviews sponsored research proposals, manages royalty sharing etc. Who establishes and manages spin-off companies? What are the professional skills required for effective IP and technology management?

**Question 7: What IP Management procedures will be followed by the university or R&D institution?**

What are the bottlenecks facing universities and R&D institutions in technology transfer and commercialization of R&D results?  
How should IP Assets be managed in universities and R&D institutions?  
What are the IP management policy, regulatory framework & procedures?  
How is the IP policy etc. communicated to stakeholders?

## European commission

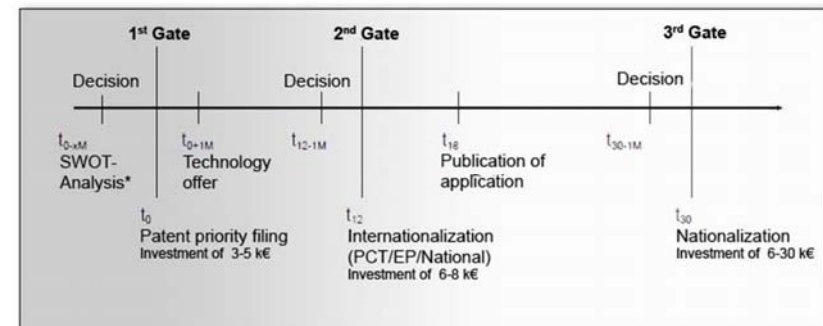
- Commission Recommendation on the management of intellectual property in knowledge transfer activities and Code of Practice for universities and other public research organisations  
[http://ec.europa.eu/invest-in-research/pdf/ip\\_recommendation\\_en.pdf](http://ec.europa.eu/invest-in-research/pdf/ip_recommendation_en.pdf)
- National contact point:  
“Inform the Commission by 15 July 2010 and every two years thereafter”



## Question 8: How to afford the cost of protection and maintenance of IP?

Does the university or R&D institution pay the expense of protection and maintenance of IP?  
In the case of government or private sponsored research, who pays for these costs (e.g., registration, attorney's fees, maintenance, etc.)  
Is there a limit to how much the university or R&D institution will spend and what kinds of inventions it will fund protection for?

## Stage Gate Process



- $t_0$  Patent priority filing
- $t_{12}$  End of priority year: 12 months after  $t_0$
- $t_{30}$  End of nationalization period: 30 months after  $t_0$
- $xM$  x months, depending on the case
- $t_{240}$  Expiration of patent protection: usually after 20 years (240 months)

## Selection Criteria – Risk vs. Potential

- » Legal due diligence
- » Technical due diligence
- » Market analysis
  
- » Strategic aspects
- » Finances

## *Question 9: How are conflict of interest and commitment handled?*

May a professor or researcher accept additional private income for projects that may require time away from the university or R&D institution or research duties? Does the university or R&D institution permit professors to consult on their own or take a leave of absence? Can the professor or student use facilities of the university or R&D institution for private research activities?

## University – industry relationships: benefits and risks

**Jon Sandelin**

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## *Question 10: How should universities and R&D institutions encourage and motivate scientists/ researchers?*

What kind of incentive schemes universities and R&D institutions could provide in order to foster not only research but also innovation activities?

e.g. staff training on IP knowledge,  
financial incentives or personal career  
development etc.

## Rights & Obligations of Researchers

- **Researcher's right to remuneration varies**

AT: fair compensation in relation to value of invention (limitation period of 3 years)

DE: detailed calculation guidelines for compensation depending on profits generated for employer (limitation period of 30 years)

CH: no right by law

UK: "additional compensation" if "outstanding benefit" to employer -> frequently litigated

- **Researcher's obligations varies**

AT: inventor has to disclose and if claimed has to keep secret; thesis can be locked for 5 years

DE: inventor has right to publish

## Q&A Questions & Answers

## Try and fail but don't fail to try!

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