Lessons Learned from Three Decades of University IP / Technology Transfer

Perspectives from the United States of America

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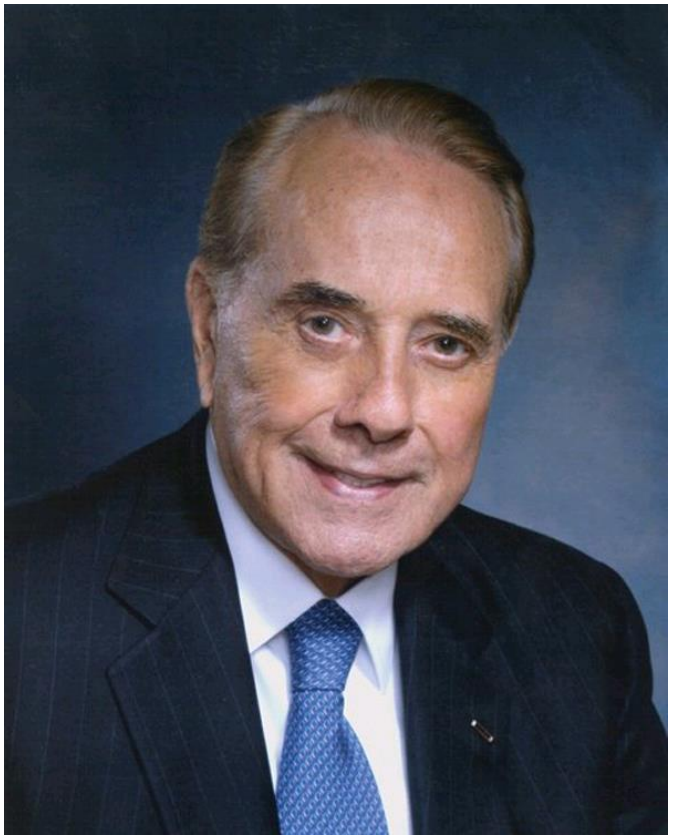

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The Bayh-Dole Act

- PL 96-517 – The Patent and Trademark Amendments Act of 1980
- Main components:
  - Universities could elect to retain title to the results of Federally funded research
  - Universities were required to share proceeds with inventors
  - Most restrictions on licensing terms were removed
    - Can't assign (sell) the patent, only license it
  - US manufacture required for products to be sold in the US
  - Small business preference
  - Non-exclusive license to US Government for its own use
  - Ability to grant compulsory license in the public interest
- No funding added or removed

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Early Impact

- Expansion of academic licensing offices
  - Initially staffed by patent attorneys and research administrators
  - Second wave was people with small company business experience
    - The only reason to protect technology is in order to transfer it!
- Expansion of academic patent applications and issuances
- Substantial research collaborations between companies and universities to access new technologies
- Substantial growth in academic royalty income about a decade later
- Emergence of high technology clusters anchored by major research universities

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Key Success Factors of Bayh-Dole

- It established the “Institutional Ownership” model of technology management
- The government established very few impactful rules:
  - Share with inventors
  - Preference for small business
  - U.S. manufacturing
  - License not assign
- And then got out of the way
  - Virtually no changes in the 40 years since
    - Allowed a solid body of best practices to emerge

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Lessons Learned

- A very simple Act
- The government was completely unobtrusive
  - Turned responsibility completely back to the universities
  - March-in was the only possibility for the government getting involved
    - Has never been exercised
- U.S. probably not a good model for other countries
  - Lack of funding was a major **POSITIVE**
    - If no funding, Congress didn't need to periodically reauthorize
      - Which would have given them an opportunity to meddle
  - U.S. universities are rich
    - Tuition
    - Philanthropy
    - Indirect costs on grants
  - Could afford to fund their TTO's

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What Else Turned out to be Important?

- The importance of being fairly compensated for the value of our IP
  - Many companies thought it should be free
    - "We paid for it with our taxes"
- The importance of being willing, **as a last resort**, to sue to enforce our IP
  - That said, revenue generation is the last reason you should do this;
- The importance of incentives for faculty
  - Revenue share
    - Ability to found and have equity in companies
  - "One day per week" consulting policies

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What Else Turned out to be Important?

- The importance of CoI policies
  - There were some ugly stories in the 1980's and 90's
  - We are incenting the profit motive in a non-profit world
- The importance of creating a community of practitioners
  - AUTM
  - Training
  - Metrics, both hard (data) and soft (stories).

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What Did We Get Wrong?

- Not much
  - Small business preference
    - Never been tested what it means
    - Small companies turn out to be our natural constituency
      - Academic technologies generally too embryonic and untested and unvalidated for most large companies
      - Like a small company to de-risk
        - Then pay much more to buy the company
  - March-in
    - Legitimate concern about unsophisticated university licensing practices in 1980
      - Universities quickly became very sophisticated licensors
      - Due diligence clauses addressed the issue of “putting on the shelf”
    - Activists now trying to use it to control drug prices
      - Not what it was intended for

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What Could We Have Done Better?

- Establish much better government-university dialogue
  - Despite iEdison reporting, communications with Government were non-existent until Walter Copan become Director of NIST
  - iEdison system for reporting to government on Bayh-Dole is poor
- Better definition of the government use license
  - Procurement side of Government has never really understood these rights or how to use them
- Better procedures for U.S. Manufacture waivers
- Better procedure to give inventions back to inventors
- Translational research funding
  - A ying of bullet #1 above's yang?);
- Adequate funding for IP creation
  - Another "ying",
  - Particularly for universities in emerging economies?

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Thank you for listening

Questions?

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