

The seal of the University of California is centered in the background. It features a five-pointed star at the top, a book in the center, and a banner at the bottom with the motto 'EUREKA'. The words 'THE UNIVERSITY OF CALIFORNIA' are inscribed around the perimeter, and the year '1868' is at the bottom. The seal is rendered in a light gray color against a blue gradient background.

Commercializing New Inventions at the University of California

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Outline

- A few facts about the University of California
- Technology Transfer at UC
 - Principles, Policy and Practices
- Research to Market:
 - Things to consider when evaluating the commercial potential of technology



UC is a large, complex system of campuses and administrative units



- 10 campuses
- 7,600 faculty (50 Noble laureates)
- more than 200,000 students
- System-wide policies
- Partially decentralized management, decision-making
 - 10 contracts and grants offices
 - 10 campus-based compliance offices
 - 9 campus-based licensing offices
 - Office of the President
 - Office of Technology Transfer
 - University Counsel
 - Treasurer's Office

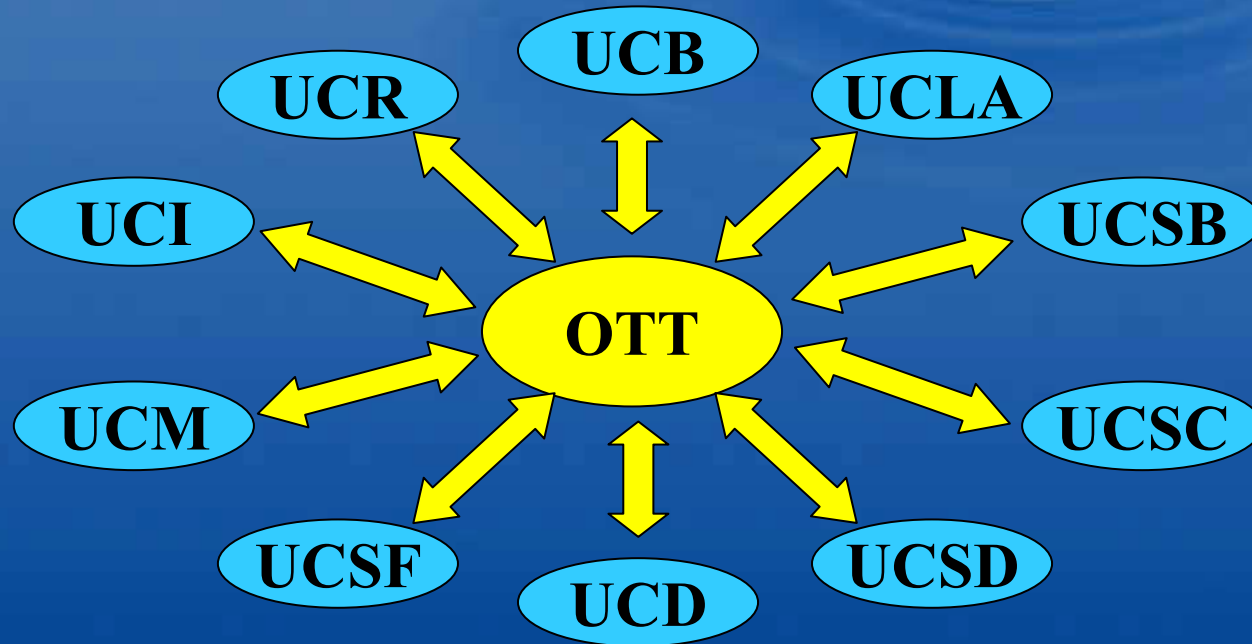


Tech Transfer Highlights

- 1304 Inventions reported in FY06
- 265 Patents issued in FY06
- 222 Licenses/Options issued in FY06 (+7%)
- \$110 Million* Licensing Revenue in FY 06
- 7772 Active inventions (+5%)
- 1400 Inventions with royalties or fees (+13%)
- 1272 Active utility licenses/options
- ~6,500 Active US and Foreign patents



UC Technology Transfer is Decentralized



- Each campus office reports through its own management structure
- OTT “advises” campuses but can rarely mandate actions



Technology transfer at UC: Principles, Policy and Practices

Why do we do Technology Transfer?

- Create public benefit from UC research
- Fulfill obligations under Bayh-Dole Act
- Support faculty
- Generate revenue
- Support economic development



The University's "Principles"

- UC adheres to 8 fundamental principles, without exception
 - Applies to (i) all agreements that address future research results; (ii) all relationships with all external parties
- | | |
|--|--|
| 1) Open Dissemination | 5) Informed Participation |
| 2) Commitment to Students | 6) Legal Integrity and Consistency |
| 3) Accessibility for Research Purposes | 7) Fair Consideration for Commercial Use |
| 4) Public Benefit | 8) Objective Decision Making |



Key University Obligations

- Written agreement requiring prompt disclosure and assignment of inventions
- Promptly disclose inventions to agency
- Elect title within certain time limits
- File patent application within certain time limits
- Notify agency of any decision not to continue with patent application
- Submit periodic reports on licensing efforts and results
- **May not** assign title to inventions without agency approval
- **Must** give preference to small business licensees
- **Must** share royalties with inventor(s)
- **Must** use the balance of royalties for the support of scientific research or education
- Exclusive licensees **cannot** use or sell invention in U.S. unless products are manufactured substantially in U.S.



UC Patent Policy – Key Elements

- Mandatory patent agreement
- Mandatory disclosure of *all* inventions
- Assignment to UC of inventions created:
 - Through use of contract, grant or gift funds
 - Through use of UC research facilities
 - Within scope of employment
- Distribution of net royalties
 - 35% - inventors
 - 15% - research on campus/Lab
- Can release to inventor
 - If UC elects not to file patent application
 - ...and there are no conflicting obligations
 - Inventor cannot continue to develop invention using UC resources
 - UC retains the right to use the invention



UC Licensing Guidelines – Key Elements

- Primary objective is public benefit
- Licensee must be capable of bringing to market
- License should include diligence terms
- University should receive fair consideration
- License should support academic principles
- Legal integrity and consistency
- Licensing decisions based on institutional and business concerns, not personal financial gain



Research to Market: Things to consider when evaluating the commercial potential of technology



The Pyramid of Disappointment

1 license produces > \$1M

15 licenses produce < \$1M

**34 licenses produce
license issue fees**

**16 licenses
produce income**

50 inventions not licensed

50 inventions licensed

300 inventions rejected

**100 patent
applications filed**

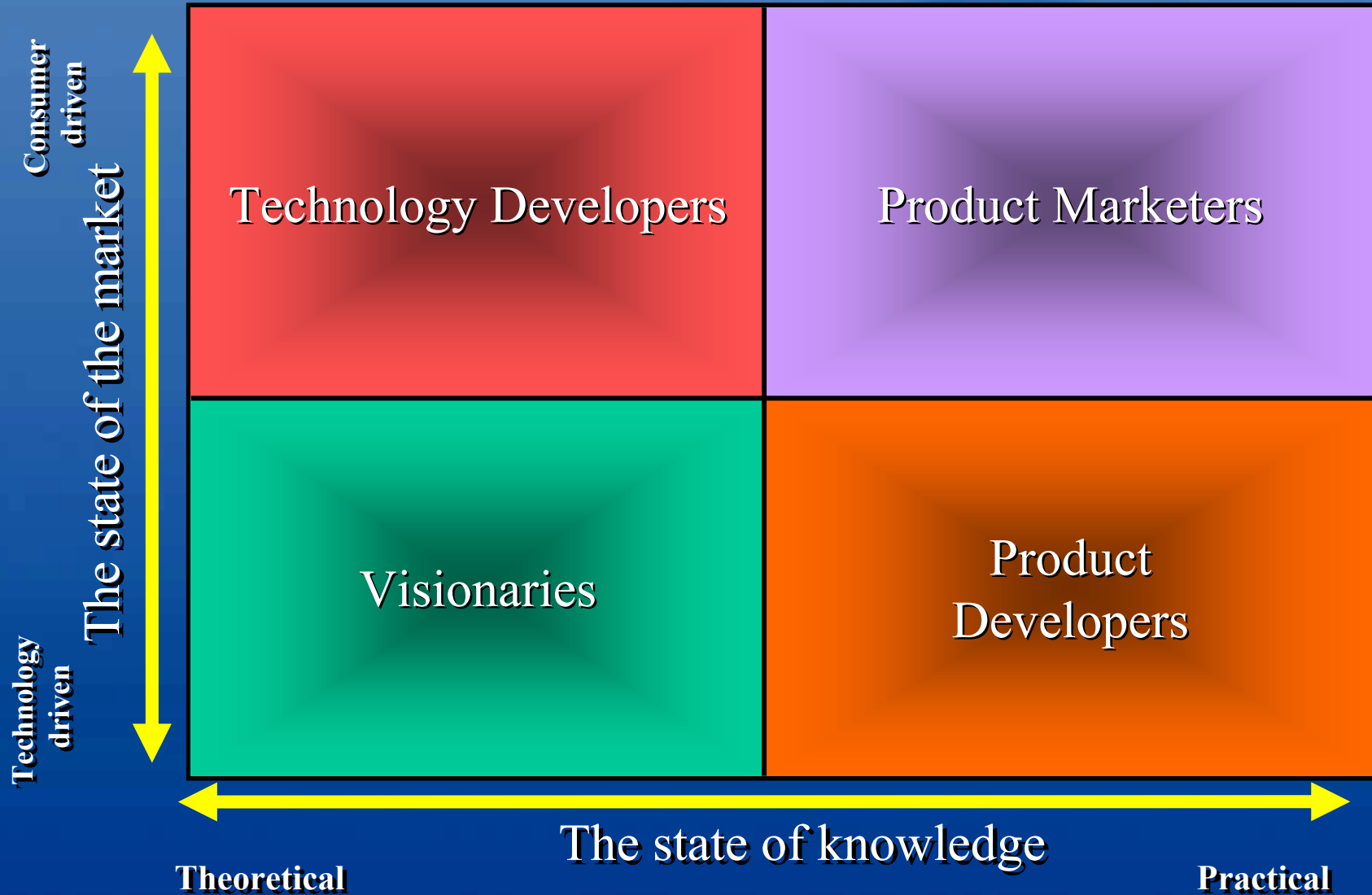


Factors to consider in evaluating commercial opportunity:

- The state of knowledge
 - Theoretical or practical
- The state of the market
 - Consumer or technology driven
- The perceptions of investors
 - Technology or market risk tolerance
- The structure of the industry
 - Mature or emerging
- How stable are these factors

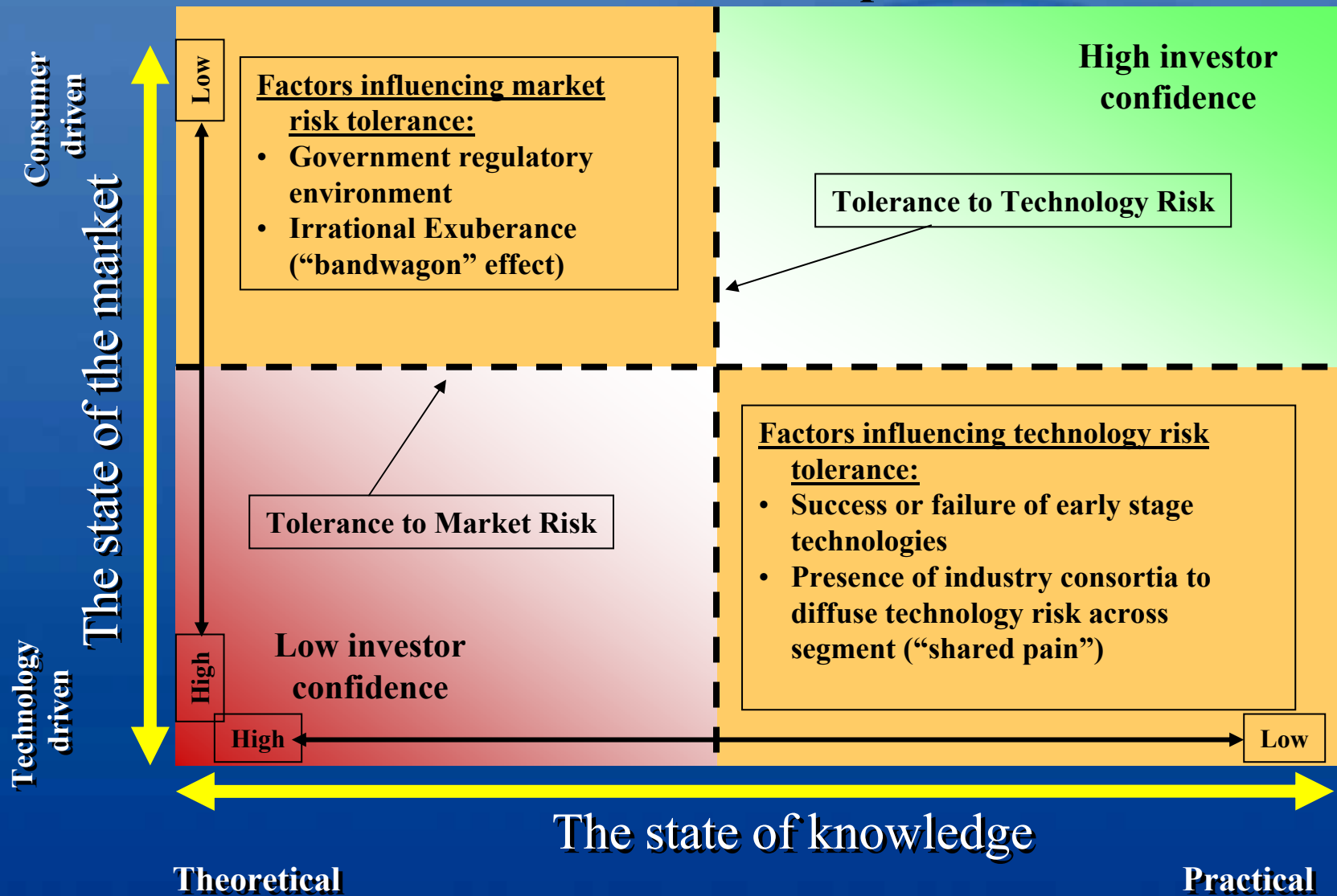


Commercialization Space



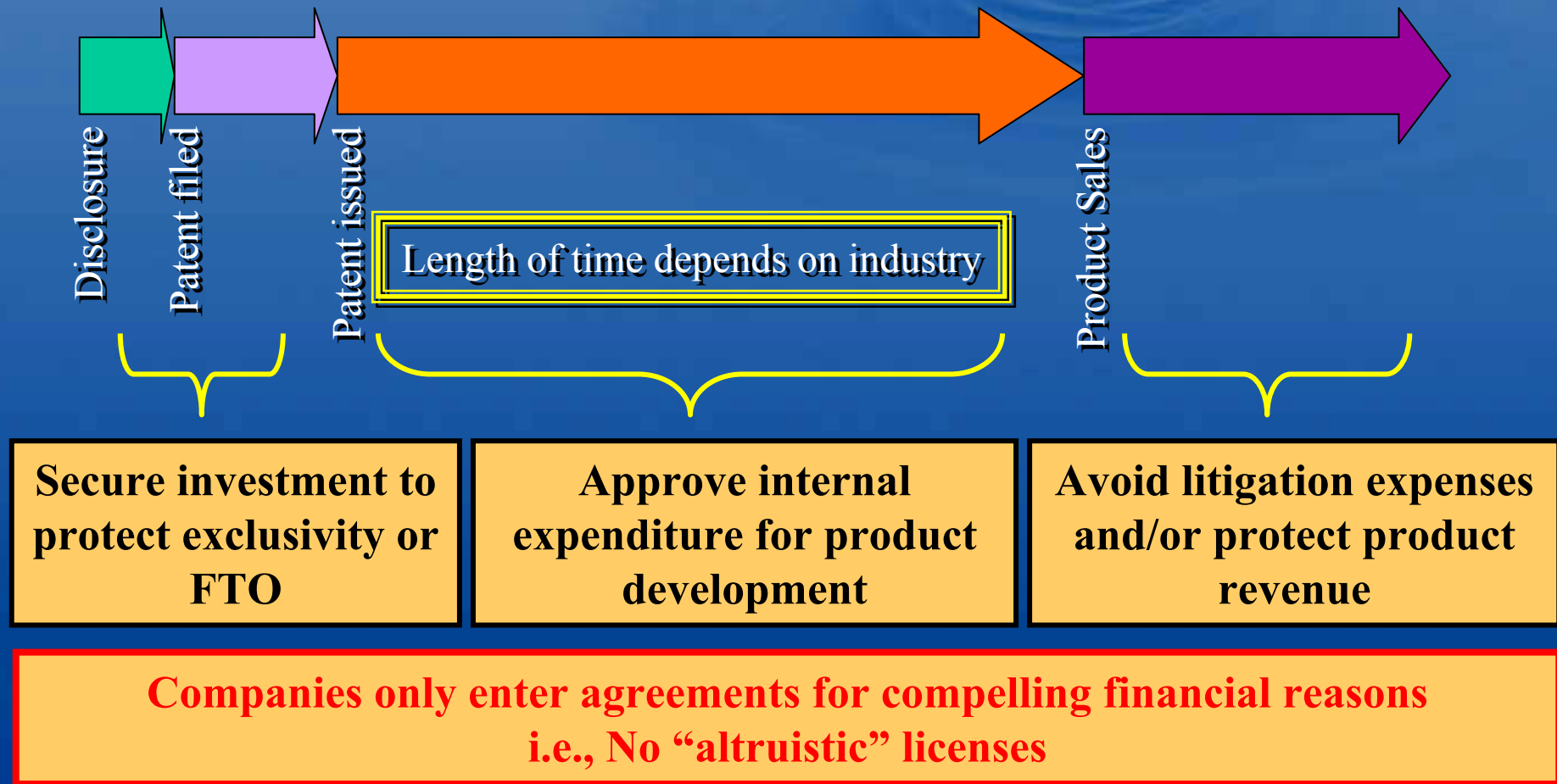


Investment Space





When do companies license technology?



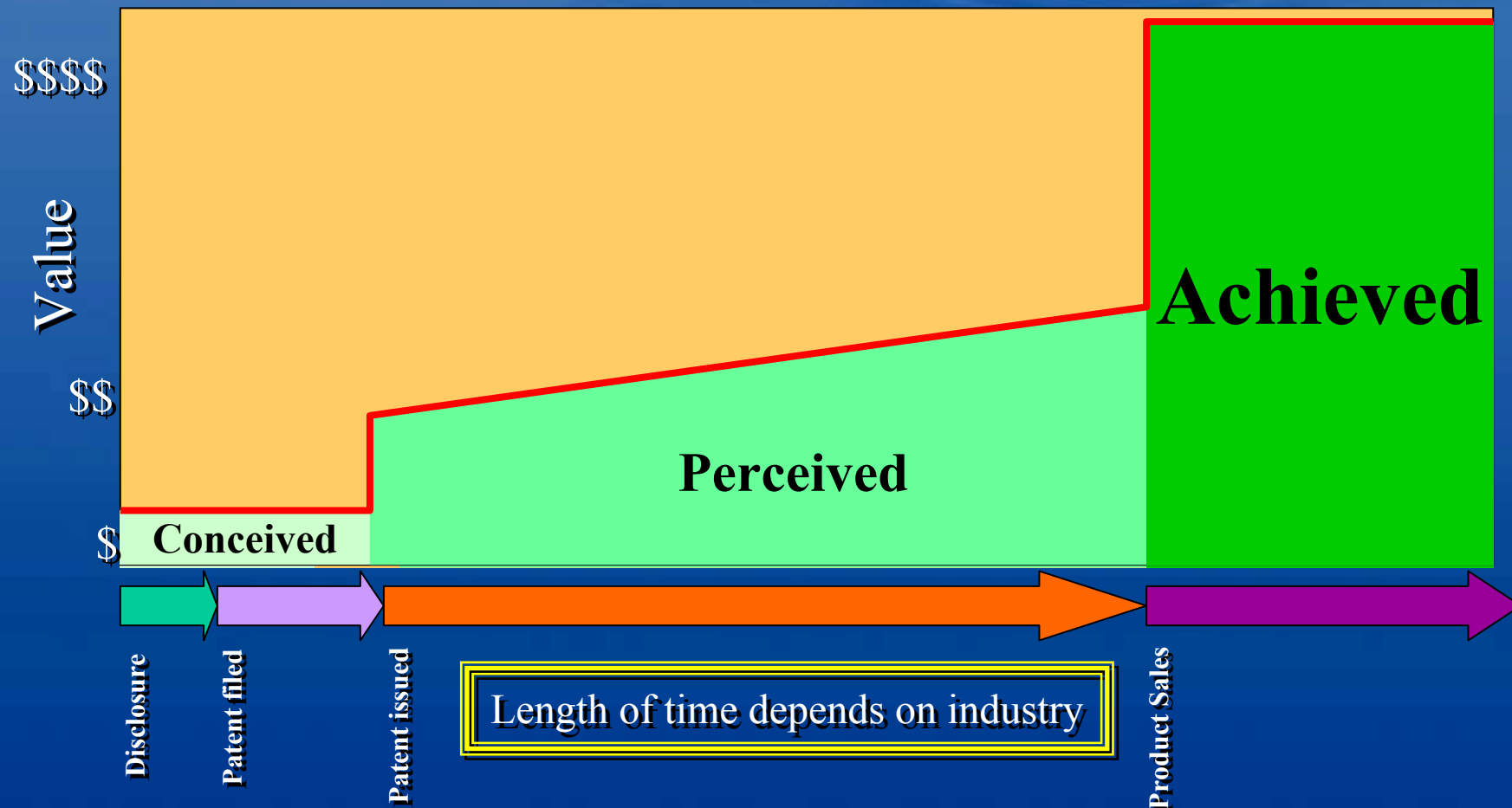


Identifying Commercialization Partners

- Understand the structure of the industry
- Identify a potential technology champion
- Identify the investor
- Value the technology



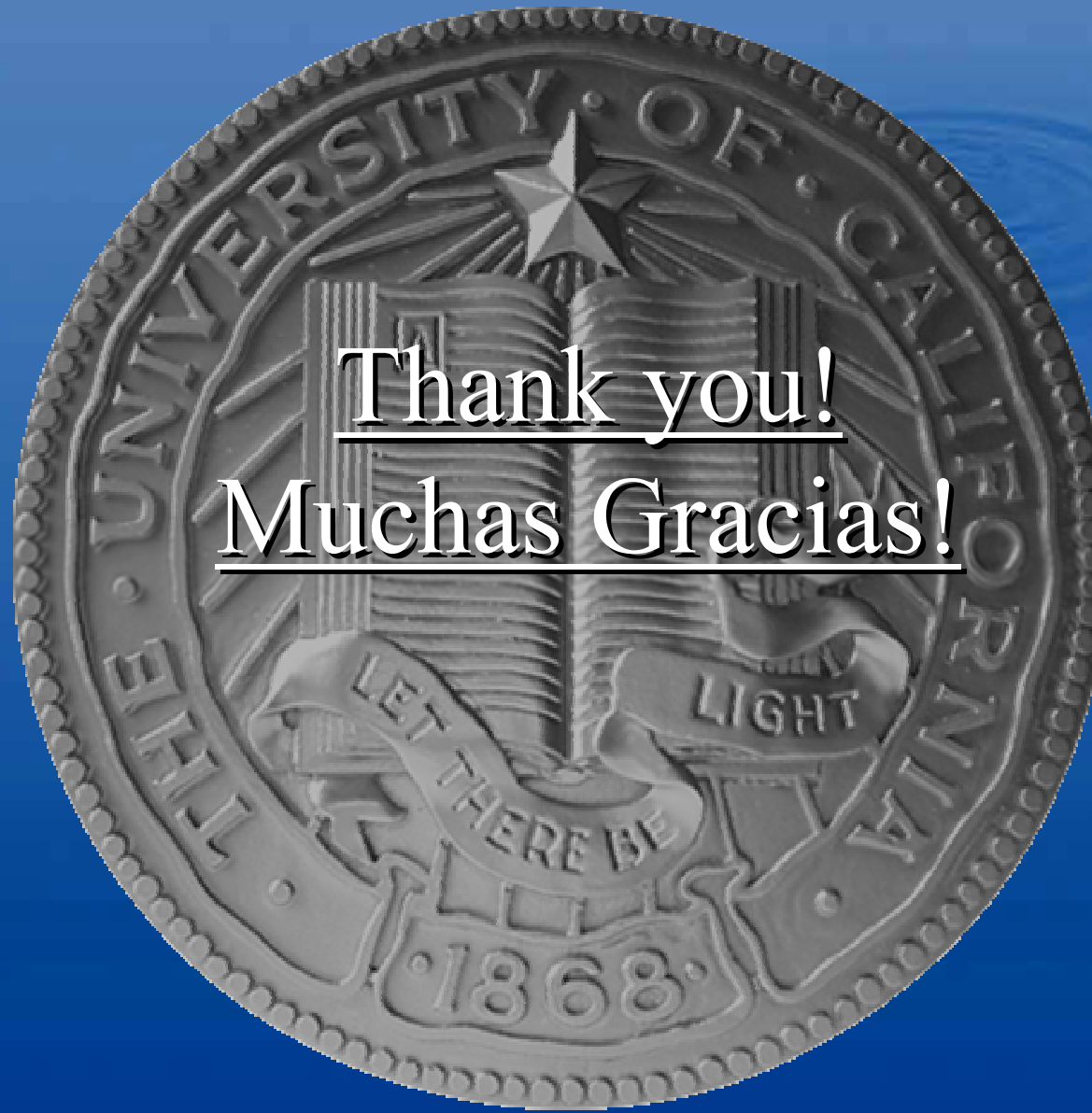
Valuation varies with state of technology





A few parting thoughts

- Licensing technology is complex!
- Understand the technology potential
- Understand the market need
- Understand investors' mindset
- Understand the industry norms
- Understand the institution's value proposition
- Make a knowledgeable assessment, and
- Go for it!



Thank you!
Muchas Gracias!