

Approach to IP and Technology

Management (Part 1):

Ownership and Rights, Revenue Sharing

WIPO Regional Seminar on Technology Transfer

by Universities and PRIs

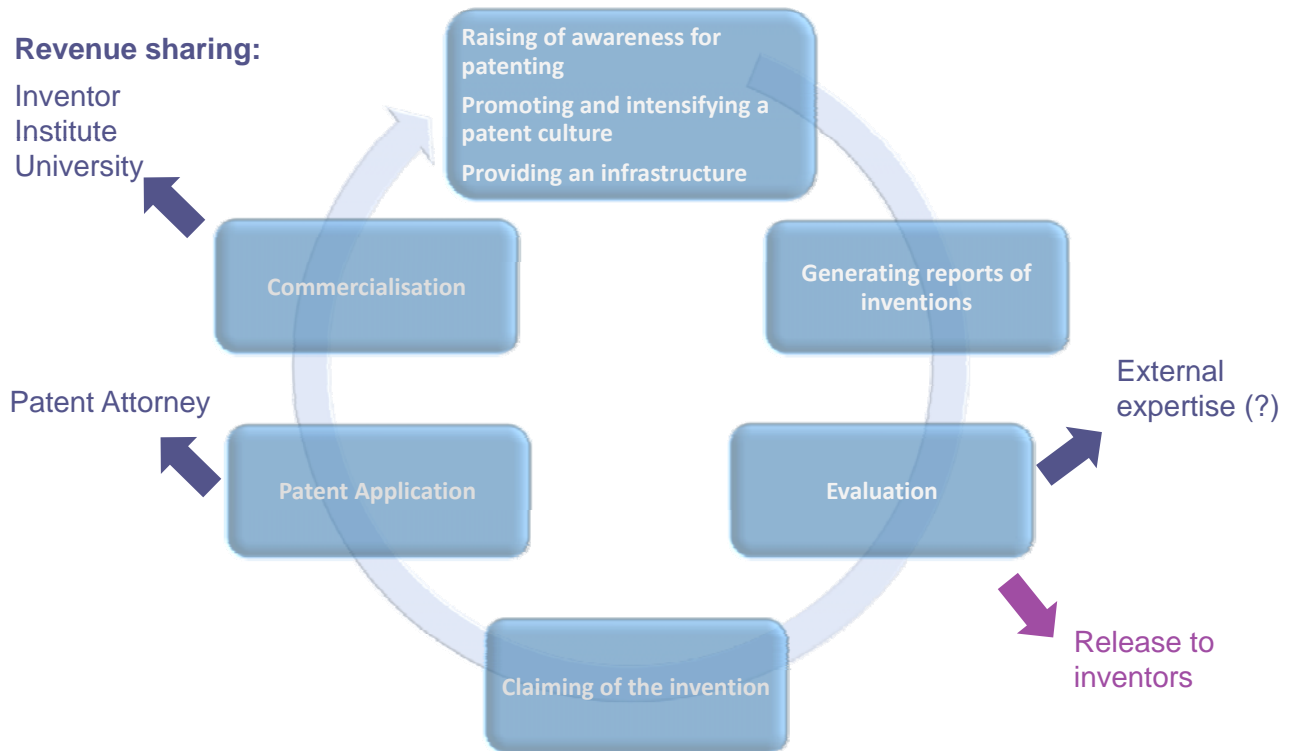
Colombo, 09-11 December 2009

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Today's menue

- ▣ Management of IPR at TUM
- ▣ Ownership of IPR
- ▣ Ownership of IPR in industry collaborations
- ▣ Revenue sharing

Life cycle of an invention



Standard types of IP*

- ▣ Patents
- ▣ Industrial designs
- ▣ Trademarks
- ▣ Utility models
- ▣ Copyright
- ▣ Trade secrets
- ▣ New plant varieties
- ▣ Computer programs (including, without limitation, microcode, subroutines, and operating systems)
- ▣ Unpatented materials (including biological materials like cell lines, organisms, plasmids, transgenic animals, materials useful for research or for commercial purposes, for which patent applications are not filed)

* where the term IP is used in this speech, it refers to the types described above

The Patent and Licensing Office of TUM

services for all TUM members who intend to **apply for a patent**, a project at developmental stage or a finished product:

- ▣ **personal consulting** for inventors (also on-site consulting)
- ▣ **general information** on industrial property rights and on the German Employees' Inventions Act
- ▣ **identification** of patentable research results
- ▣ **assistance** with preparing and submitting records of invention /invention disclosure forms

manning level: 4 **Patent Managers** (biologist, engineer, physicist/electrical engineer, chemist), 0.5 assistant

The framework of our collaboration with the Bavarian Patent Alliance

Since 01.01.2007 the Bavarian Universities own a patenting and commercializing company:
Bayerische Patentallianz GmbH (BayPAT)

The role of BayPAT: supporting **patenting and commercializing inventions from Bavarian universities** :

- ▣ **evaluation of inventions** (patentability, technical feasibility, economic exploitability) and **recommendation** to the TUM whether to claim or release the invention
- ▣ co-ordination of the **patenting strategy** with the TUM according to business and market specific criteria (what kind of protection to apply for, in which countries, maintain applications etc.)
- ▣ co-ordination of the **licensing strategy** in co-operation with the TUM
- ▣ drafting of **technology offers**, search for potential **licensing partners**, **presentation** of the invention at companies
- ▣ **negotiation** of the conditions for the licensing agreement between TUM and industry partner
- ▣ **supervision** of licensing agreements and balancing accounts of licensing revenues

Commercial exploitation of IP at TUM

- ▣ **licensing** of IPR to companies (IPR remains at the university)
- ▣ **sale and assignment** of IPR to companies (IPR is assigned to the company)
- ▣ provision of IPR to **university spin-off or start-up companies** in form of:
 - ▣ **exclusive licensing** (IPR remains with the university)
 - ▣ **sale of IPR** (IPR is assigned to the company)
 - ▣ **sale or exclusive licensing of IPR** → university obtains in return shares of the company

Today's menue

- ▣ Management of IPR at TUM
- ▣ **Ownership of IPR**
- ▣ Ownership of IPR in industry collaborations
- ▣ Revenue sharing

Ownership of the IP: Who produced the IP? Under which circumstances?

- ▣ University funded (“ground financing”)
- ▣ publicly funded research (regional, national, international)
- ▣ Industry funded contract research
- ▣ Co-founded industry-PRI collaboration
- ▣ Undergraduate/Diploma/Doctoral Thesis
- ▣ Visiting scientists

Special provisions for university employees in the German Employees’ Inventions Act

University employee

- ▣ decision, if and when to **disclose the invention**
- ▣ in case of disclosure, obligation to:
 - ⇒ **report the invention** to the university
 - ⇒ **indicate the disclosure date** (normally two months before disclosure)

University

- ▣ decision whether to **claim the invention or release it** (4 months)
- ▣ in the case of claiming ⇒ **obligation to file a patent application**
- ▣ in the case of realization of profits ⇒ **obligation to compensate the inventor**

Today's menu

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- ▣ Revenue sharing

Collaboration: why?

“...technology has become so **sophisticated, broad and expensive** that even the largest companies cannot afford to do it all themselves...”

R. Z. Gussin
Corporate Vice President Science and Technology
Johnson & Johnson
New Brunswick
NJ

Needs of academia

- ▣ cover full costs of research work
- ▣ security to allow recruitment of staff (post-docs etc.)
- ▣ evidence for future assessment, audit, etc.

...more important:

- ▣ exact definition and legal commitment of the work (including meetings, reports), price, duration
- ▣ ownership, control, use of intellectual property rights
- ▣ publications
- ▣ warranties, liability, insurance, governing law
- ▣ no hidden “nasties”: clear wording

Needs of industry

reasonable efforts and costs for the conclusion of collaboration agreements

- ▣ compliance with the acknowledged rules of technology and science
- ▣ professional and proper execution of the work
- ▣ results are free from rights of third parties (“freedom to operate”)
- ▣ confidential handling of information/data from industry
- ▣ exclusivity for the use of the results

Who should own the results?

| Academia | Industry |
|---|---|
| <ul style="list-style-type: none"> ▫ university should act as applicant ▫ commercialization of research results is desirable | <ul style="list-style-type: none"> ▫ focus of Universities should be on research and education ▫ IPR should be handled like the other results |
| <ul style="list-style-type: none"> ▫ inventions are an „add on“ to the results and therefore not satisfied by the project remuneration | <ul style="list-style-type: none"> ▫ transfer of ALL IPR is satisfied by the project remuneration |

Who should own the results? (cont.)

different set ups are possible, BUT:

- university should not apply for patents at the expense of the industry partner
- regulations for IP should correlate with the project remuneration

possible answers:

- lump sum for transfer
- license fee when use
- take over of the inventor's remuneration through the industry partner

Lessons (to be) learnt

- ▣ Don't start work **without a contract** - prioritise contract negotiations
- ▣ Define, document and secure **background rights**
- ▣ Consider IPR that is owned by **students** or researchers and that is maybe needed for your research
- ▣ **Document** the research project (laboratory notebooks)
- ▣ Involve always (and at the earliest) the **legal staff** of your organization
- ▣ Don't rely (only) on **personal relationships**
- ▣ Consider regulations **on IP that is released to inventor**

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- ▣ **Revenue sharing**

Revenue and cost sharing at TUM

| | Revenues | Costs |
|----------|----------------------------|---------------|
| Inventor | 30 % of the gross revenues | 0 % (!!!) |
| TUM | 70-30 % ¹ | 0 - 100 % |
| BayPAT | 0 - 40 % | 0 - 100 % !!! |

¹ : 50 % for the Chair / Institute

Conclusions

- ▣ clarification of IPR ownership questions prior to any activities
- ▣ if not available, development of rules for IPR ownership
- ▣ especially when working together with industry (in an international framework!)
- ▣ development of a feeling for industry needs
- ▣ early involvement of the legal department
- ▣ fare (?) sharing of commercialization revenues

Thank you for listening!

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