New approaches to contracting and IP management.

New Models for University-Industry Collaborations

University Industry
Demonstration Partnership

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University Industry
Demonstration Partnership

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About this Guide

As a member organization committed to advancing collaborations between the academic and corporate sectors, the University Industry Demonstration Partnership (UIDP) undertakes projects to provide insights on contemporary issues at the university-industry (UI) interface. Recently, a number of UIDP members have thoughtfully considered their standard industry contracting strategies and whether these traditional approaches have produced speedy and efficient negotiations and desirable outcomes for all involved parties. For roughly the last three decades since the implementation of the Bayh-Dole act, the standard university practice for dealing with the products of privately sponsored research has focused on the protection of any resultant intellectual property (IP) and on the subsequent licensing of development rights. Based on the success of a few prominent examples, it was thought that universities could realize substantial revenue streams by maintaining tight control over their IP, which would in turn benefit many of their core research missions. While rooted in good intentions and implemented in a time when the university's role in managing IP was greatly expanding, for many institutions, the expected revenue never materialized in a manner that justified the expense of IP protection.

Strict licensing terms were also seen as an impediment to collaborative research relationships with industry, where tangible funding can be received on the front-end of the project and is subject to considerably less uncertainty than potential royalties obtained from licensing. Industry funded research also does not carry to same IP protection demands incurred from federally funded projects and thus provides some opportunity to rethink the standard models.

With nearly 30 years of data showing little or even negative revenue flows resulting from IP protection and no expectation of differing results going forward, **some schools are starting to develop new approaches aimed at making it easier to provide sponsor access to (or outright assignment of) foreground intellectual property (FIP) rights concurrent with the negotiation of sponsored research agreements.** As a result, it is hoped that these new approaches will facilitate industry engagement, catalyze the depth and breadth of collaborative arrangements, and better transfer basic and applied research into shared and societally beneficial technology. These changes should also spur additional investment from industry by reducing sponsor uncertainty regarding access to FIP, reduce the licensing challenges that may result when IP is created, and allow faculty members and students greater opportunity to pursue research with private sector partners.

Because these models are relatively new and because there is still some uncertainty about how best to implement them or whether they achieve their stated goals, the UIDP has created this ***New Models for University-Industry Collaborations*** booklet to describe how some of these new programs address industry sponsored research and provide information (when it exists) on initial results and challenges. To that end, we queried the universities in our membership with the intent of outlining some of the various new approaches to contracting and IP management.

Undoubtedly it will be a few more years until the full effect of these changes is evident, but there is still much to be gained by documenting some of these varying approaches and taking a look at the early results. We would like to thank the (*self-identified*) UIDP member institutions and their representatives who shared their time to help contextualize this topic for members of the academic and industrial communities who may be considering how these models might work for them.

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Anthony M. Boccanfuso
UIDP Executive Director

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New Models–Program and Administrative Features

Eight universities answered our request to openly discuss and evaluate their new approaches to industry sponsored research and associated IP assignment: Georgia Tech, Iowa State, North Carolina State, Penn State, Purdue, Michigan, Minnesota, and Oregon. They spoke about a range of issues tailored to address some of the more pertinent questions regarding the implementation of their programs. These responses were consolidated into the following summary.

- ***Rationale for Change.*** Participants were quick to point out that these approaches were created after careful analysis with specific consideration as to how they would work and what they hoped to accomplish. In all cases, the process started with an audit of historical licensing revenue with many universities reporting greater expense than income resulting from IP generated from industry sponsored research. The corresponding strategies for changing this result involved extensive reviews of peer institution best practices, consultations with faculty researchers, and engagement with members of the business and legal communities. All found that given historical trends, it was unlikely that they would be forgoing any significant revenue opportunities by pioneering more flexible approaches to IP management. There was also found to be general support from both faculty and industry for trying a new approach. From the university perspective, these programs were designed to accomplish the following goals:
  - **Encourage industry sponsored research.** The results of these efforts are still forthcoming. Some universities are reporting moderate gains in this area and others are unable to report a statistically significant increase. Given the youth of some of these programs, this is not a surprising result. All of the surveyed universities did state that a goal of their program was to encourage greater industry partnerships and alleviate the perception that the negotiation of IP terms with universities was difficult.
  - **Streamline the negotiation process.** Perhaps the most metric-supported outcome of the new models is the time saved in negotiation. One University reports that roughly 30% of their sponsored research agreements are coming back signed without further negotiation.
  - **Alleviate patenting expense.** Even those universities not yet reporting an increase in industry sponsorship are reporting savings from no longer carrying the burden of IP protection for all industry sponsored research.
  - **Expand opportunities for faculty and students.**

- ***Key Attributes of the new approaches.*** While exhibiting some general commonalities such as assignment of the costs and management of patent prosecution to the sponsor, the specifics of each program are varied and illustrate the point that no one approach should apply to every institution (table 1). The following is a list of commonly cited practices:
  - **Availability of university owned background intellectual property (BIP).** BIP may be considered for separate licensing or be licensed as a part of a Sponsored Research Agreement in a similar manner as FIP.
  - **Permissibility of university use of industry owned BIP.** Universities may allow sponsored research

involving Industry BIP. Industry retains the exclusive rights to BIP and any resultant modifications in most of these agreements.

- **Permissibility of assignment of university owned FIP to the sponsor.**
- **Permissibility of upfront exclusive licensing terms.** University may grant an exclusive license of IP to the sponsor in the research agreement. This is often paired with an upfront paid license and in some cases a "bonanza clause."
- **Permissibility of post-development license terms.** Licensing terms are negotiated only if IP is developed under the agreement and the sponsor plans to commercial the IP. This is often paired with a royalty bearing license.
- **Availability or permissibility of an upfront paid FIP license.** This license is often charged as the percentage of the sponsorship agreement (10-15%) or as a standard fee.
- **Permissibility of FIP royalties.** Payment of royalties on resultant product sales.
- **Permissibility of a "Bonanza" clause.** Royalties to be paid above a large sales threshold.

Most universities exhibited various plans to appeal to a variety of sponsors and offered the flexibility to consider proposals outside the constraints of their standard model. For detailed explanations of each approach outlined in Table 1, please visit the contributing university program descriptions and corresponding web documentation listed in the next section.

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New Models Key Attributes

Table 1

Research and Licensing Options	University/Implementation Year							
	Georgia Tech 2011	Iowa State 2011	NC State 2012	Penn State 2012	Purdue 2014	Michigan 2012	Minnesota 2011	Oregon 2014
basic research	X	X	X	X	X	X	X	X
applied research	X	X	X	X	X	X	X	X
university background IP eligible	X	X	X	X	X	X	X	X
industry background IP eligible	X	X	X		X		X	X
assignment of foreground IP	X	X		X	X			X
exclusive rights to foreground IP	X	X	X		X	X	X	X
upfront paid foreground IP license	X	X	X		X	X	X	X
foreground IP royalties	X	X	X			X	X	X
"Bonanza" clause*		X	X	X		X	X	
post-development license	X	X	X				X	X

*clause that pay royalties above a certain profit threshold

- ***The types of projects covered by the new model.*** Some new models cover the entirety of the industry sponsored research done at a particular university whereas others exempt specific types of research based largely on the results of initial internal audits regarding the feasibility of traditional practices. This is another mechanism by which universities are free to craft a system that works for them. While specific discipline exemptions are not listed in Table 1, the general categories of basic and applied research give an indication of the types of research the new models address.

- ***Administrative reorganization done to accommodate the new program.*** These are as varied as the universities polled and are best summarized on a school by school listing.
  - **Georgia Tech.** No extensive reorganization was done to accommodate the new program but additional faculty and staff training programs were initiated for involved parties to gain greater understanding of the new research agreements.
  - **Iowa State.** For customer relations purposes, the industry contracts negotiating group was co-located with the technology transfer group. In addition, the technology transfer group has been moved from the Vice President for research office to the economic development office, which reports directly to the President.
  - **North Carolina State.** The Office of Research, Innovation, and Economic Development (ORIED) was reorganized and expanded its focus on industry engagement. The new focus was facilitated by creating an Industry Alliances group focused on building relationships and increasing collaboration between the university and industry partners. Further, a concierge service was created to help connect industry with NC State experts, equipment and students.
  - **Penn State.** No major reorganization was necessary as the Office of Technology Management and the Office of Sponsored Programs were already collocated. A new position is being planned to serve as a liaison between faculty researchers and industry representatives.
  - **Purdue.** No significant reorganization was done to accommodate the new programs.
  - **Michigan.** The Office of Technology Transfer has expanded its role and is now involved in discussion with potential industry sponsors prior to any contract work being done.
  - **Minnesota.** No significant reorganization was done to accommodate the new programs.
  - **Oregon.** The university created an Industry Agreements Manager position to help facilitate the program, and incoming sponsorship activity is now tracked from the time of the initial proposal by the central information system.

- ***Changes to processes and procedures.*** These are as varied as the universities polled and are best summarized on a school by school listing.
  - **Georgia Tech.** Closer looks at the statement of work forms and subsequent interviews with faculty are now performed to ensure the proper agreements are being used that fit the body of research being performed.
  - Iowa State. Different tracking, billing, and fee distribution processes have been implemented to accommodate the new model.
  - North Carolina State. Biweekly meetings between the heads of Research Administration, Tech Transfer, General Counsel and Industry Alliances are conducted to ensure coordination of all industry engagement efforts. In addition, a specialized industry negotiator position has been created to support the negotiation of agreements.
  - Penn State. No significant changes to processes and procedures under the new program.

- Purdue. For each applied research project, the university asks the faculty to complete a Restricted Project Approval Form and route it to their department head. Also, the Office of Sponsored Programs now provides pre-approved templates under these options and is providing more consultative assistance in helping faculty identify the best contracting option for their statement of work.
- Michigan. No significant changes to processes and procedures under the new program.
- Minnesota. No large changes were implemented, but the Office for Technology Commercialization now invoices the industry sponsor for any up front licensing fees included in the research agreement. Also, the Tax Management Office now collects information on facilities where industry sponsored research is being performed.
- Oregon. No significant changes to processes and procedures under the new program.

- ***Management of tax exempt bonded building space.*** While often cited as a potential problem for universities with facilities funded in part by tax-exempt bonds, the participants polled in this survey have found ways to easily accommodate industry sponsored research while maintaining IRS compliance. The two methods commonly cited were:
  - **Tracking bonded building space.** This approach includes identifying the extent to which facilities are financed by tax-free bonds and allocating the remaining percentage to privately sponsored research. This is commonly tracked by square footage or man-hour metrics. Some facilities are financed as small parts of very large state bonds. The acceptable private use of up to 10% is applicable to the entire bond, in these cases university facilities can be used wholly for industry sponsored activities without approaching the compliance threshold. However it is tracked and whatever the funding situation, our participants report that dealing with building space under their new model is a very manageable procedure.
  - Efforts to finance buildings without the use of tax-free bonds. Some universities are opting to alleviate the tracking burden altogether by building facilities specifically targeted for industry sponsored research or refinancing existing facilities with taxable bonds in order to expand their industry sponsored operations.
  -
- ***Faculty perception of the new approach to industry/university collaboration.*** Each of the surveyed universities reported positive feedback from faculty who appreciate increased flexibility to engage with industry and greater control over the types of arrangements they can pursue. As the upfront fee associated with sponsorship is often treated as a royalty, some faculties are incentivized for entering into these new agreements. Commonly cited problems generally involved confusion about the new approaches at the time of implementation, though universities that pursued expansive outreach and training programs often circumvented some of these issues.

- ***Industry perception of the new approach.*** While this is not a survey of industry, our participants report that industry partners are generally enthusiastic about the new models.

- ***Targeted outreach.*** Cited as probably the most important aspect of smooth implementation, outreach varied by university but included:
  - Training programs for faculty and staff
  - Major emphasis on website development
  - Development of brochures and fliers
  - News releases and speeches at professional meetings
  - Creation of positions to facilitate to exchange between faculty and industry

- ***Short-term results of new models.*** As mentioned above, some universities have seen an uptick in industry-sponsored research but the most widely cited successes of the new approach were:
  - Ease of negotiation
  - Better faculty relationships
  - Better industry relationships
  - A wider range of opportunities for their faculty and students

- ***Key metrics to judge success.*** While many of these programs are still in their infancy, they are largely committed to encouraging greater industry sponsored research at their respective universities. To track this into the future they are keeping tallies on the following metrics:
  - The number of executed agreements entered into
  - The amount of license fee income generated
  - The amount of industry funding received
  - The expense of negotiation and patenting

Georgia Institute of Technology

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At Georgia Tech, investing in research is a top priority. As part of that commitment, the university has developed four contract mechanisms that enable industry to engage with Georgia Tech researchers at all stages of R&D. These agreements were carefully crafted to streamline the contracting process and provide straightforward intellectual property terms for companies engaging in collaborative research. The four contracting mechanisms are as follows:

BASIC RESEARCH

Explore fundamental challenges in a technical area

As one of the nation's top research universities, Georgia Tech is committed to conducting basic research that advances our fundamental understanding of the world. This form of research is typically driven by scientific questions that lay the foundation for technological progress. When Georgia Tech collaborates with industry via a Basic Research agreement, the industry partner has the opportunity to license the resulting intellectual property (IP). These early collaborations are often the foundation for new products that spur business growth for a company.

APPLIED RESEARCH

Identify solutions to real-world challenges

The Applied Research agreement enables Georgia Tech researchers to help industry partners explore the viability of a technology and overcome practical challenges. Under an Applied Research agreement, the company pays a defined fee to gain access to IP that is generated during the project. The company obtains rights for exclusive access to the IP for a specified period of time within a defined field of use. This enables industry partners to develop and launch a product with very low risk, gaining a first-mover advantage. After the exclusivity period is over, the company can 1) extend the exclusive rights or 2) convert to a non-exclusive license. Georgia Tech offers expertise and state-of-the-art equipment that can be leveraged in the final stages of development to test products and help a company ensure that they are market-ready.

DEMONSTRATION

Improve an existing technology

For industry partners working on product development, the Demonstration agreement enables Georgia Tech researchers to help a company improve existing technology. The Demonstration agreement offers a straightforward and advantageous intellectual property policy for industry partners. Simply put, when a company introduces background IP under a Demonstration project, the company shall have exclusive rights to any improvements at no additional cost. For companies that have licensed a Georgia Tech innovation, any improvements to the licensed IP shall be incorporated into the terms and conditions of the original licensing agreement.

SPECIALIZED TESTING

Test new and existing products

The Specialized Testing agreement provides a cost-effective and secure way for companies to access this equipment without making a large capital investment. This work is often instrumental in enabling a successful product launch. The Specialized Testing agreement also offers a straightforward intellectual property policy for industry partners. The sponsoring company will own all test results.

Iowa State University

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SPONSORED FUNDING OPTION A: TRADITIONAL

- The laws of inventorship determine ownership
- Royalty-free non-exclusive license; option to an exclusive license
- No upfront fees for non-exclusive
- No pre-set royalties
- Sponsor and ISU negotiate the terms of an exclusive license after IP is developed
- ISURF owns patent and manages patent activity to protect inventors' interests and signs and maintains the license agreement

SPONSORED FUNDING OPTION B: PRE-NEGOTIATED CONSIDERATION FOR AN OPTION TO AN EXCLUSIVE LICENSE

- The laws of inventorship determine ownership
- Sponsor pays full cost of the research, including the federally negotiated F&A rate.
- Sponsor prepays 10% of sponsored research project costs ($15,000 minimum) for exclusive worldwide rights, with right to sublicense, to all patentable inventions or software arising from the sponsored research project)
- Sponsor manages, directs, and pays for all patenting activities (must collaborate with ISU on patent claims)
- Sponsor (Licensee) pays 1% royalties on sales when annual sales using patented IP exceed $20M
- No annual minimums or other technology commercialization fees
- ISU background IP is not included. Exceptions may be requested and will be considered

SPONSORED FUNDING OPTION C: OWNERSHIP ASSIGNED TO SPONSOR[1,5]

- Ownership of ISU intellectual property is assigned to sponsor
- Sponsor pays full cost of the research, including the federally negotiated F&A rate
- Sponsor pays Pre-paid assignment fee (75%)

NICHE AGREEMENTS

- Field Trials (15% F&A)
- Clinical Trials (26% F&A)
- Animal Product Trials (under development)
- Technical Services (under development)
- Consortia
- Fee-4-Service Facilities (no GoldSheet)

GIFTS

- Standard gift fee applies (if applicable)
- No scientific or technical data are required to be given to the funder as a condition of the gift.
- The donor makes no claim on the patents, copyrights and other intellectual or tangible property rights.

North Carolina State University

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The NC State Industry Alliances group housed in ORIED supports identification, cultivation, and expansion of collaborative relationships with industry partners by working with faculty and staff from across the NC State system. The group serves as the business development function for NC State's research enterprise by marketing the university's capabilities to industry locally, nationally and internationally. Industry Alliances staff responds to inquiries, vets prospects, and coordinates introductions to, or discussions with, units on campus that meet the needs expressed by potential partners.

PARTNERSHIP OPTIONS

For-profit entities sponsoring research at NC State may choose between the following options for establishing intellectual property rights.

OPTION A - TRADITIONAL COLLABORATION MODEL

Terms and Conditions

- No pre-set terms.
- Option to negotiate for an exclusive royalty-bearing license agreement once the IP is created.

OPTION B – STRATEGIC PARTNERSHIP MODEL

Option B was created in response to industry's need to reduce the uncertainty related to sponsoring academic research and is intended for long-term master research agreements that are of strategic interest to both NC State and the sponsor.

Terms and Conditions

- Pre-paid research engagement fee equal to 10% of the sponsored project contract or $15K, whichever is greater.
- Non-exclusive, royalty-free commercial license granted.
- Option granted to an exclusive license (with right to sublicense) with the following pre-set terms:
  - No license fee, minimum annual royalties or other fees.
  - Licensee pays a pre-determined royalty on net sales (royalty "holiday" provided until a significant commercialization threshold is established).
  - Licensee is responsible for IP protection and associated costs.
  - Licensee provides annual report to NC State detailing development activities and commercialization timeline.

- NC State maintains the right to publish and retains a non-exclusive license on behalf of itself and other non-profit research institutions for research and education purposes.
- Exclusive license terminates if licensee fails to commercialize associated IP.

• To use Option B, members of NC State Centers or Institutes must sign an agreement separate from their membership agreement. Option B is NOT available for federal flow through funding (e.g. - SBIR/STTR awards), Plant Breeding programs, or research programs jointly managed with other universities.

Penn State University

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Penn State significantly changed its approach to managing intellectual property resulting from industry-sponsored research effective July 1, 2012.

KEY POINTS:

• The company sponsoring the research has the option to request ownership of Intellectual Property (IP) resulting from the sponsored project. The principal investigators are now an integral part in the process to determine if this request shall be granted.
  - If all the Penn State researchers involved in the project agree to release the IP, then the IP terms of the agreement will be such that any new IP generated will be the property of the sponsoring company.
  - If the Penn State researchers do not agree to transfer ownership of the IP resulting from the project to the company sponsor, representatives from the Office of Sponsored Programs (OSP) or the Office of Technology Management (OTM) will contact the researchers to discuss the situation and propose appropriate IP terms for the research agreement.
  - Penn State researchers need to be aware that there are situations when it is not appropriate to transfer the ownership of IP to a company sponsor. For example, it would not be appropriate to transfer ownership when it would jeopardize the ability to obtain subsequent funding from other sources vital to the core research of the researcher's lab.

• The ownership of IP does not automatically transfer from the Penn State Research Foundation (PSRF) to the company sponsor. A process has been developed for assigning ownership of the IP to a company sponsor. A critical part of this process is to clearly identify and document the IP being assigned.
• Even after Penn State transfers ownership of IP to the company sponsor, Penn State retains the right to use the IP for non-commercial research and educational purposes. However, researchers should be aware that it is unlikely that the IP transferred to the company sponsor can be used as a basis for research sponsored by other companies.
• If Penn State background IP will be required to practice the new IP created by the industry-sponsored research project, Penn State must identify this background IP and its availability for licensing to the company sponsor before the research begins so that the company sponsor can make a well informed decision.
• In general, Penn State researchers should not expect to benefit financially even if the research project is successful and the company sponsor takes ownership to the resulting IP. However, Penn State's standard research agreement does include a bonanza clause stating that if the company sponsor is exceptionally successful using the IP created at Penn State, the company agrees to share its financial benefit with Penn State and subsequently all inventors.
• Even after Penn State transfers ownership of IP to the company sponsor, Penn State researchers will likely be named as inventors on patent applications filed by the company sponsor. Inventors have an on-going obligation to assist in the patenting process. Company sponsors cannot expect Penn State inventors to commit an inordinate amount of time supporting the company's patenting process without compensation. Penn State recommends that company sponsors consider entering into consulting agreements with Penn State inventors if the company wants a significant commitment of time in support of the patenting process.

Purdue University

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Purdue's strategy is to tailor the type of agreement to the actual work being proposed. So if the work is fundamental research, we will use terms that are typical for a fundamental research project. Conversely,

if the work is applied research, we now offer terms that are consistent with an applied research project. To support this strategy, we now have four different starting points as contract templates for consideration with industrial sponsors; 1) fundamental research, 2) publishable applied research, 3) industry focused applied research, and 4) testing services. The new policy allows us to be more flexible around the area of applied research. The fundamental research and testing services options are not changes for Purdue, these types of industrial engagements have been happening for years. Details on our two new applied research versions are below.

PUBLISHABLE APPLIED RESEARCH

- Research is directed toward improvement and/or proof of concept of one or more known technologies (could be Purdue-owned Background IP or Sponsor-owned Background IP)
- Sponsor receives a non-exclusive royalty-free (NERF) license to Project IP and may direct the protection of the Project IP in exchange for payment of all costs associated with protecting the IP
- Exclusive license to new project IP
  - If BIP is Purdue owned and already licensed to the Sponsor, improvements to the BIP developed during the project will be added to the existing license with no additional fees
  - If BIP is owned by the sponsor, Sponsor receives a royalty-free, exclusive license (within a defined field) for a period of five (5) years – 5% IP fee applies (per field)
- Exclusive license to all other project IP (outside of defined field) will be market-based
- Publications are not restricted beyond 30-day prior review by Sponsor
- Private business use facility restrictions may apply (depending upon facility bond status)
- Current, fully-costed F&A rate (FY14) applies – 64.75%

INDUSTRY-FOCUSED APPLIED RESEARCH

- Title to project IP is owned by Sponsor
- Must not include any Purdue Background IP
- Subject to Private Business Use restrictions
- Complete confidentiality
- No publications without sponsor approval
  - Special considerations required for trainee participation
- Work must be segregated from other projects
- No follow-on research opportunities with other sponsors
- Requires documented project close-out (destruction of all materials)
- IP fee = 10% of project budget
- Current, fully-costed F&A rate (FY14) applies – 64.75%

University of Michigan

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BACKGROUND

The University of Michigan wishes to further promote collaborative research and technology relationships with industry. The Michigan Research Advantage is one of the steps towards this goal. In exchange for a financial multi-year commitment of sponsored research at UM, a company would receive preferred intellectual property terms that can be negotiated upfront. This provides the transparency and certainty desired by many companies when investing in external research.

IP CONSIDERATIONS

In traditional sponsored research arrangements, although IP ownership and rights issues are dealt with upfront (Pre-IP), usually the commercial licensing arrangements are determined after the IP is created (Post-IP). The Michigan Research Advantage seeks to accelerate commercialization and licensing arrangements through offering the sponsor the choice of pre-negotiating the IP terms at the onset of the contract development or the more “traditional” approach of the sponsor having an exclusive option to negotiate a license should IP result.

Consideration for the pre-negotiated IP rights may be specified from the following two basic formats:

- an up-front payment or a fixed percentage of the research contract plus a “success” payment that is only triggered if a licensed product or process reaches a mutually agreed upon success threshold; or
- an up-front option fee with pre-negotiated future financial terms based on annual payments, payments per patent or more traditional sales royalty terms.

OTHER DETAILS

- Agreement renewals are treated as new agreements and require a new negotiation of IP terms
- Sponsor must pay full project cost and full indirect costs
- This offering excludes agreements requiring licensing of background IP, use of federal or state funds by the Sponsor, subcontracts to other entities, and clinical trials
- UM retains a royalty free right to use Research IP for research, public service, internal (including clinical) and/or educational purposes, and the right to grant the same limited rights to other non-profit research institutions
- Other terms relating to indemnification, use of UM names, etc. apply

- Sponsor bears all patent costs but can direct the patent process with U-M oversight and final decision authority

ADVANTAGES

- The company has upfront knowledge of the financial investment and exactly what IP rights it will receive for specified financial terms. This allows for better research budget planning and takes uncertainty risk out of the commercialization process.
- The University of Michigan gets a committed multi-year source of funding.
- Faster, lower risk technology transfer from the university to the commercial sector.

University of Minnesota

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Whether your business is pharmaceuticals, medical devices, transportation or food science, partnering in research through the University of Minnesota's Minnesota Innovation Partnerships—or MN-IP—can significantly increase your company's competitive edge and improve its bottom line.
Known nationally as the "Minnesota Method" for its groundbreaking approach to make it easier for business to work with the university research community, MN-IP is designed to improve access to university-developed technology while reducing the risk and cost associated with sponsoring research and licensing intellectual property (IP). MN-IP has two primary components: **MN-IP Create and MN-IP Try and Buy.**

SPONSORED RESEARCH:
MN-IP Create: For companies interested in creating new IP using sponsored research at the U of M.

MN-IP Create streamlines the process of sponsoring research and licensing IP. It establishes industry-friendly terms up front, granting companies an exclusive worldwide license to the resulting IP. Companies control all patent filings associated with the technology developed during the research project. And, they are free to sublicense the technology at any time.

Program Features

- Grants exclusive worldwide license to the technology resulting from a research project
- Includes pre-set licensing terms:

o One-time fee of 10 percent of the sponsored research agreement or $15,000, whichever is greater
o Royalties of 1 percent apply only if product sales exceed $20 million per year

TECHNOLOGY LICENSING:
MN-IP Try and Buy: For companies interested in licensing existing U of M inventions

MN-IP Try and Buy provides companies with a low-cost, low-risk method to determine the commercial potential behind existing university-developed technologies. Companies can take available technologies for a low cost "test-run" (or even try them fee-free if qualified) to test the viability of the innovation for their company. The new program grants companies a low-cost agreement to analyze technology under pre-negotiated licensing terms for a trial period without incurring any U.S. patent costs until a patent issues and without paying royalties on the first $1 million in revenue. One of the program highlights is the discount allotted to Minnesota companies which reduces royalty rates and can eliminate fees for the trial period.

Program Features

- Companies receive a low-risk, low cost trial to the technology, including pre-set licensing terms
- A small fixed fee applies for the trial period, with no other costs
- No U.S. patent costs due until the patent issues
- The first $1 million of product revenue is royalty-free
- Minnesota companies receive discounts for the trial period and royalty rate
- Companies gain exclusive worldwide license to the technology

University of Oregon

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OWNERSHIP/RIGHTS TO RESEARCH RESULTS/IP:
The University's baseline industry sponsored research agreement offered at our Industry Standard Rates can be summarized as a "Freedom-to-Practice" agreement. On a) approval of the University researcher, their department head and other interested parties at the University; and b) upfront payment of the

Industry Standard Rate (government rate plus 15% for in state companies or government rate plus 20% for out of state companies) the following baseline "Freedom-to-Practice" IP rights are provided:

- Make, use, sell, have made, and have imported patented subject matter
- Reproduce, sell, and make derivatives of copyrightable materials provided through projects as well as to use, perform, display and transmit the same
- Use technical information created through research for any purpose subordinate to the grants associated with patents and copyrights and subject to the confidentiality provisions of the sponsorship agreement

In general the University will make choices on whether or not to file for patents or register for copyrights, and do so at its own expense. Should the partner choose to pay for patent costs, the payment provides the partner the option to negotiate a license either involving sublicensing rights, exclusive rights in one or multiple fields of use, or a combination of those rights.

IP ALTERNATIVES AVAILABLE:

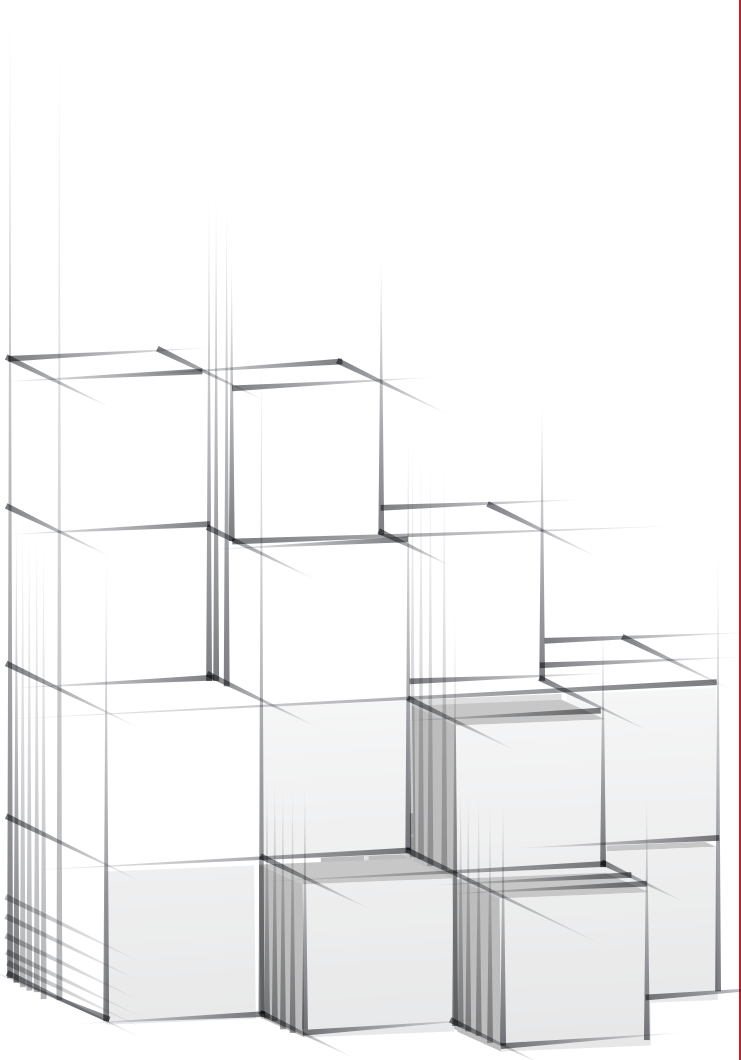
"Government Rights at Government Rates."

That is, we provide the same terms to industry sponsors as we provide our federal sponsors and do so at an indirect cost (F&A) rate set by the federal government in our federally negotiated indirect rate agreement. These rights are:

- Make, use, have made, and have imported patented subject matter
- Reproduce and make derivatives of copyrightable materials provided through projects as well as to use, perform, display and transmit the same within its sites
- Use technical information created through research for any purpose subordinate to the grants associated with patents and copyrights and subject to the confidentiality provisions of the sponsorship agreement
- Payment of patent costs allows for option to negotiate a license either exclusive or nonexclusive commercial use. The value of the research to the industry sponsor under the Government Rights model is access to unique resources and personnel, the time advantage of information and the ability to position for an early-look at hirable graduate and undergraduate talent.

"Strategic Investment Rate."

Some industry sponsors may wish to have all rights to the patents, copyrights and software produced under the research assigned to the company or licensed exclusively upfront. In these cases, the University researcher, their department head and other interested parties at University will need to give approval for a sponsored research agreement to grant assignment of intellectual property or a pre-negotiated exclusive license. University staff from Innovation Partnership Services will work with industry partners to determine a proposed project's eligibility on a case by case basis. The core principle of the Strategic Investment Rate is that all costs of University research must be covered upfront for the University to meet its obligations under Oregon law. The current cost rate is government rate plus 75%.



UIDP

University Industry
Demonstration Partnership

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