



Strengthening
University-Industry
Partnerships

Background IP in University- Hosted Industry Consortia

Elaine Brock

Contracts, Compliance and Conflict of Interest Authority, LLC

Jun Lou

Rice University

Brittany Butler

Atomwise

Visit: <https://pollev.com/uidpaustin>



Email from a UIDP University Member

“We have a company interested in joining [our IUCRC], but they have been burned by blocking IP in a center in the past. So they want to include a clause in by-laws about making blocking background IP available for a not-to-exceed price. Our office of technology management is pushing back because identifying and managing background IP, even for only the faculty involved in the center, is a huge burden.”



Strengthening
University-Industry
Partnerships

A UIDP Industry Member Perspective

Reviewed sampling of 30 consortia agreements:

80% do not mention BIP

10% explicitly exclude BIP

10% with various BIP terms:

- BIP provided to consortium must be identified in writing, and owner must promise to license under fair and reasonable terms any BIP that would be required for members to commercially exploit consortium FIP. NERF is granted for purpose of completing obligations under consortium agreement.
- Members are granted a NERF to any consortium BIP needed to practice consortium FIP.

Any of these scenarios are okay

- Typically join consortium efforts that are “pre-competitive”
- In such scenario, BIP is viewed as low-risk
- Have little-to-no BIP in the space and expect the same from other members
- Expect that members are focused on contributing to further industry goals = shared research results



Strengthening
University-Industry
Partnerships

Background IP (BIP) for this Session

Intellectual property that is owned or controlled by the University, the Industry Consortia Members or a third party, and that exists prior to, or outside of, the research conducted under the auspices of the Consortia

What is intellectual property?

Identifiable:

- Described in a patent, patent application, copyrighted work.
- Described in an invention disclosure but with no applicable filing for protection
- Treated by the disclosure and identified as Trade Secret

BIP for this Session cont'd

What are the parameters? E.g.:

- Necessary to practice foreground IP (FIP) made in Consortia research
- Names one or more researchers supported by or conducting Consortia sponsored research:
 - ✓ Students?
 - ✓ Industry researchers?
- Available, i.e., not exclusively licensed

What is this group's experience with this topic?

Done dozens of these and have the solution in hand.

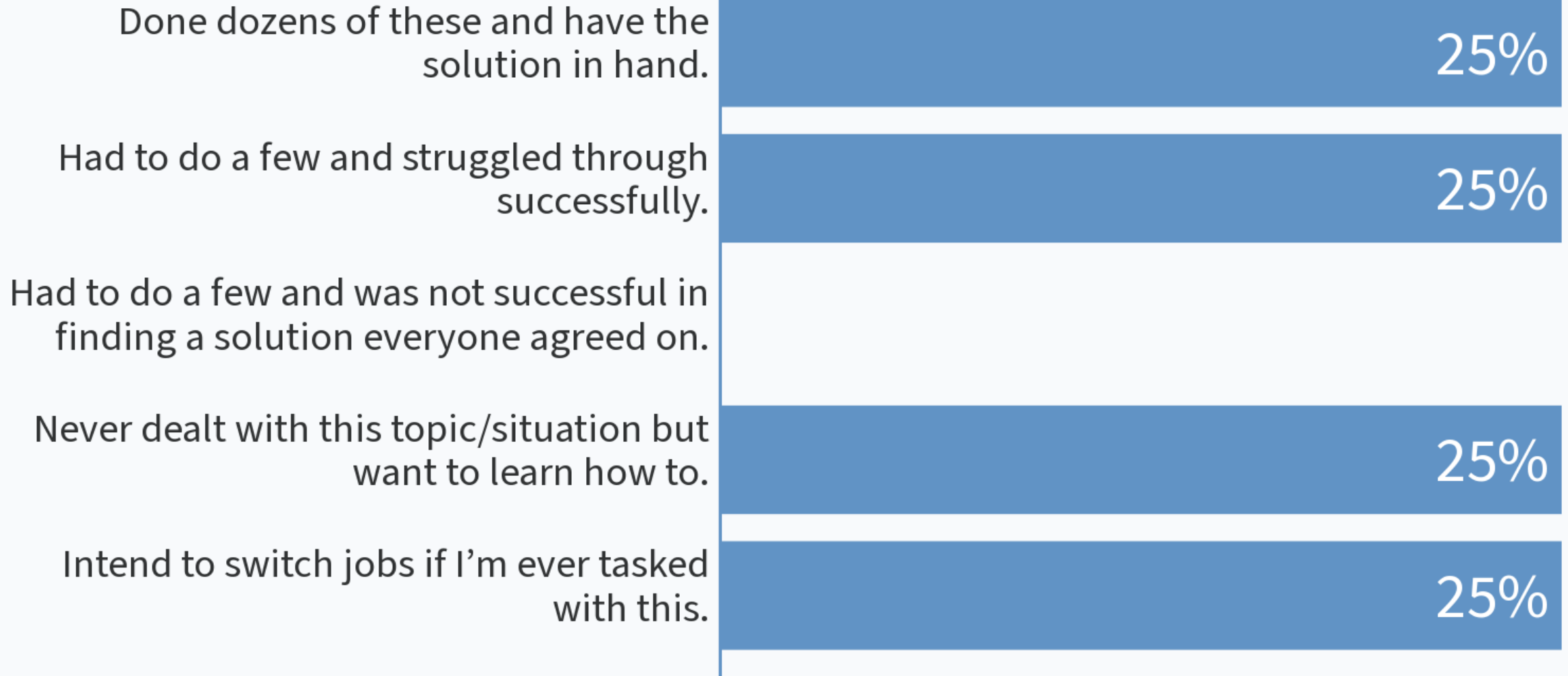
Had to do a few and struggled through successfully.

Had to do a few and was not successful in finding a solution everyone agreed on.

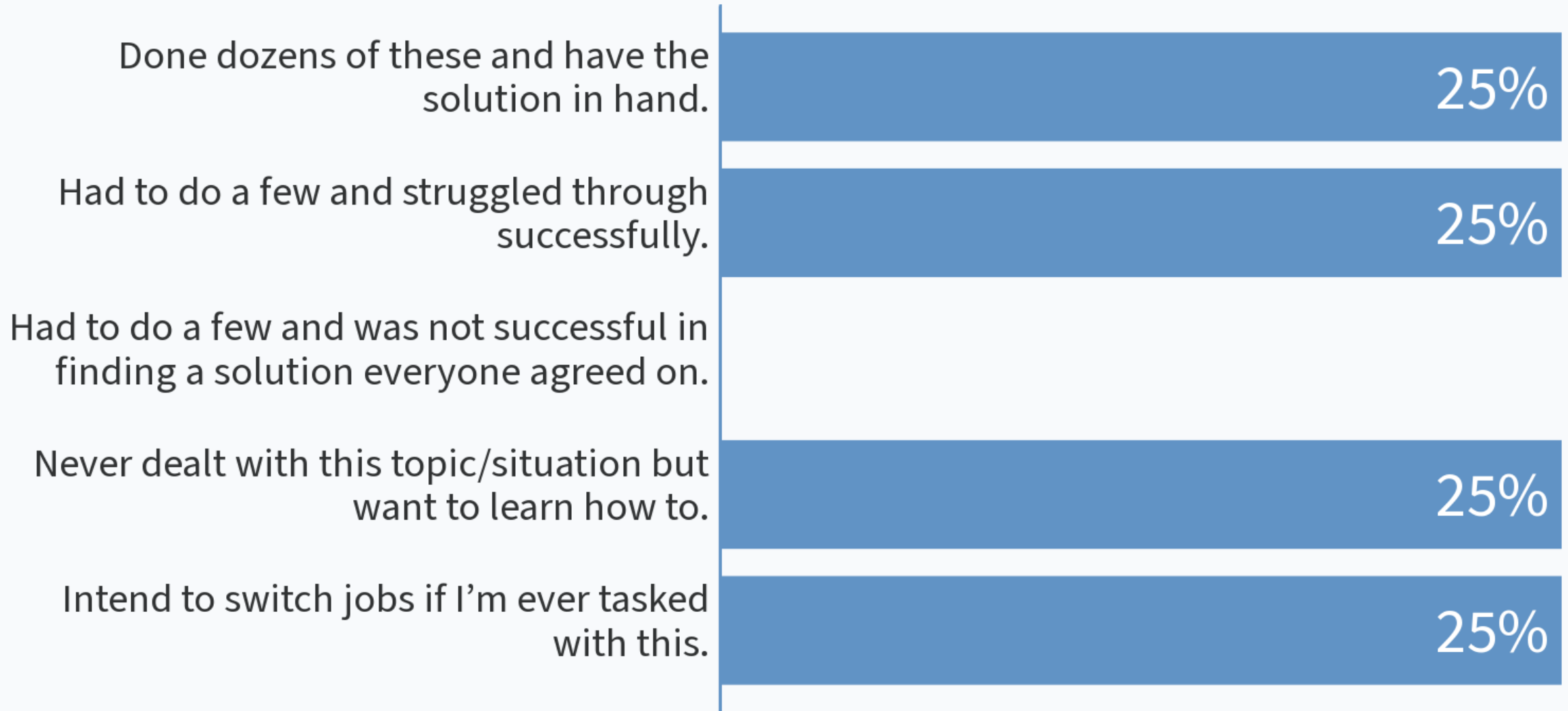
Never dealt with this topic/situation but want to learn how to.

Intend to switch jobs if I'm ever tasked with this.

What is this group's experience with this topic?



What is this group's experience with this topic?



Relationship of Consortia Member Matters

Vertical

- Manufacturer
- Supplier to manufacture, e.g., materials developer
- Integrator to manufacture, e.g., software developer

Horizontal

- Company A
- Company B (competitor of A)

Common Purpose - e.g., ergonomic solutions for company employees, open-source software solutions to a common problem, addressing shared regulatory mandates



Consortia Member BIP Objectives

Industry	University
Freedom to Operate (practice FIP, use research results)	Transfer for public benefit
Quantifiable Risk	Practical and limited administrative effort
Transparency – no surprises	Limited spillover affect on non-Consortia researchers
	No barriers to further research



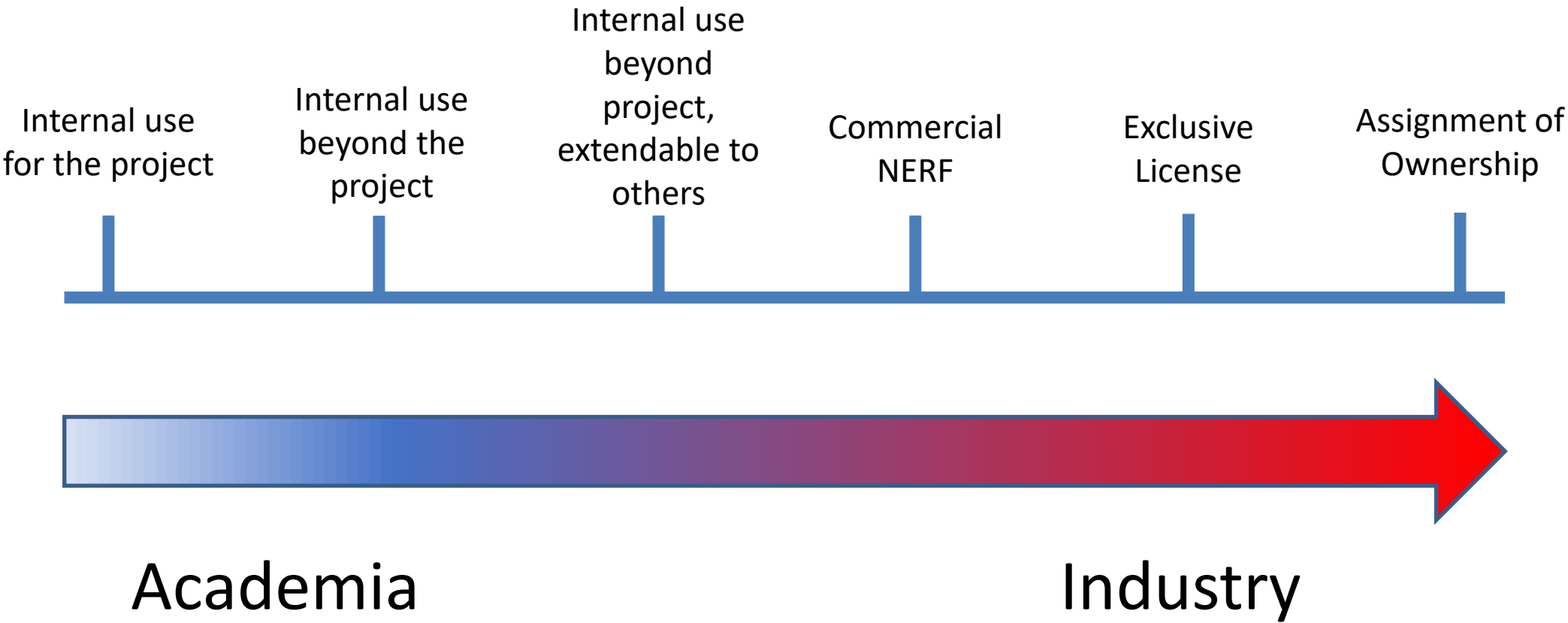
Challenges of BIP Requests

Challenges for Academic Institutions

- There is no knowledge of foreground IP until it is discovered and disclosed, and therefore no knowledge of if background IP is needed
- Establishing if we have rights to grant for the background IP
- Background IP has value of its own
- Establishing if background IP is really needed
 - Is there scope overlap, or are there blocking claims?
 - How to handle open source software with multiple contributors
- End Goal: working with industry to find the win/win



Spectrum of BIP Requests from Industry



Strengthening
University-Industry
Partnerships



Solutions?

- Grant BIP NERF only to IP that is open source or in public domain
- X-licenses to identified BIP as necessary to practice FIP
 - Host University only. All participating universities, all Members including industry
 - Free or for consideration?
 - Nonexclusive only?
 - Field of Use?
 - Patent control and payment?
 - Liability?
 - Enforcement?
- Require confirmatory licenses
- Members covenant not to sue each other in defined circumstances
- Select only projects that do not require access to/use of BIP
- Identify but not license BIP in consortia project SOWs
- Do not mention BIP – deal as the issue arises



Possible Win/Win Solution?

- Work with the Investigator to identify potential background IP based on a well defined scope of work
- Including a precise definition of background IP
 - IP identified by the investigator as being necessary, that was created before the effective date of the agreement, and that is owned or controlled by the institution.
 - We often see “outside of the scope” included in definitions of Background IP from industry
 - This is challenging as it opens up the timeline to IP not yet created, and it may include work from other Investigators at the institution
- Option to license background IP
 - Barring any third party obligations



What do you think now?

University should assure BIP rights are disclosed and available as one of the benefits of Consortium membership.

A

BIP rights should be tied to FIP rights, i.e., granted as necessary to practice FIP.

B

BIP should be disclosed but not made available as a term of consortia membership.

C

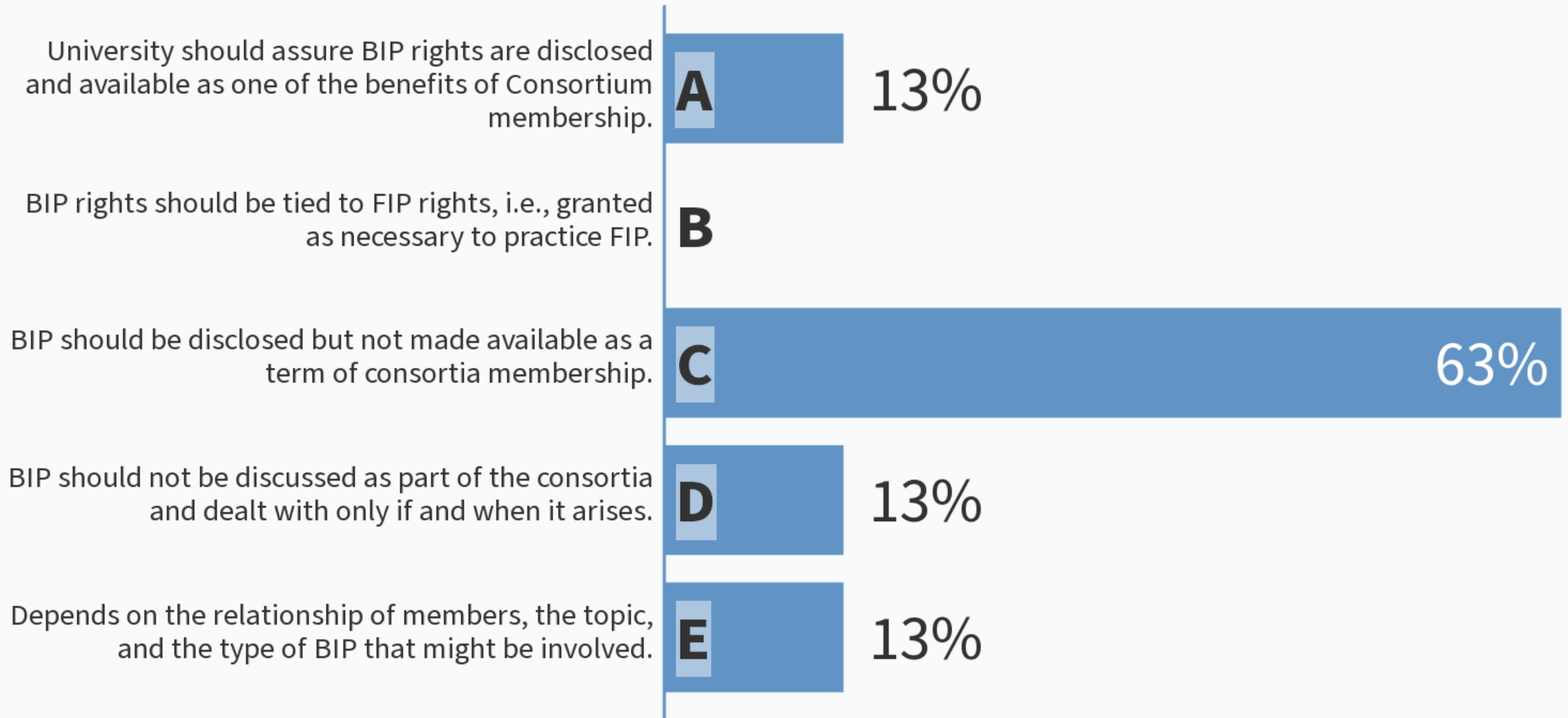
BIP should not be discussed as part of the consortia and dealt with only if and when it arises.

D

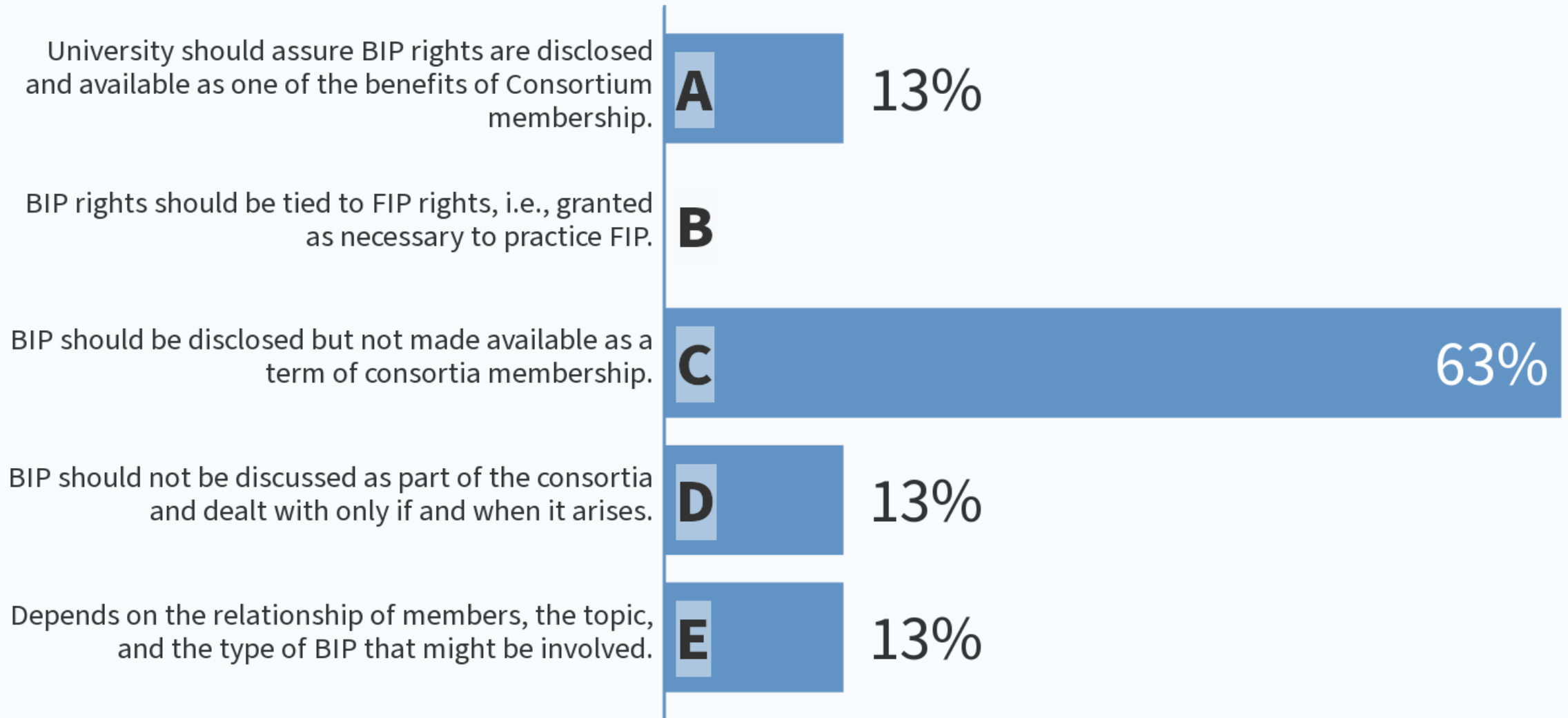
Depends on the relationship of members, the topic, and the type of BIP that might be involved.

E

What do you think now?



What do you think now?



THANK YOU!

Elaine L. Brock, MHSA, JD

Contracts, Compliance, and Conflict of Interest Authority LLC

c3authority.com

brockelaine@gmail.com

Jun Lou, Ph.D.

Professor, Materials Science and NanoEngineering

Associate Department Chair

Rice University

<https://n3lab.rice.edu/>

jlou@rice.edu



Strengthening
University-Industry
Partnerships

ATOMIC/IUCRC Membership Agreement

- All members must sign identical membership agreements
- NSF provides the original language for the membership agreement
- IP Intent is generally clear: all members have opportunity for NERF (Non-exclusive, royalty-free) license to Center-generated IP, but to get this they must pay their share of patent costs.

IP Language in Member Agreement (3 Clauses)

E. All intellectual property (IP) derived from inventions conceived or first actually reduced to practice within the CENTER shall belong to one or more of the UNIVERSITIES which own the said IP. UNIVERSITIES will take such action as is necessary to ensure that it/they has/have ownership of all patents developed from this work and shall be responsible for ensuring compliance with chapter 18 of title 35 of the United States Code, commonly called the Bayh-Dole Act.

F. UNIVERSITIES agree that all CENTER members are entitled to a nonexclusive royalty-free license. MEMBERS that wish to exercise rights to a royalty-free license agree to pay patent application and maintenance costs.

G. MEMBER shall be entitled to a nonexclusive, royalty-free license to all software developed by CENTER. MEMBER will have the right to enhance and to re-market enhanced or unenhanced software with royalties due to CENTER to be negotiated, based on the worth of the initial software, but not to exceed 25% of a fair sale price of the enhanced software product sold or licensed by MEMBER.

Process Defined in By-Laws

Handling of Intellectual Property (IP)

- The faculty at any UNIVERSITY shall process an invention disclosure for any IP created on a Project funded by the CENTER.
- CENTER Director and site Director will communicate any disclosures that have been filed and also discuss with MEMBERS if there is additional IP that should be considered with on-going work.
- The technology transfer office at the inventing UNIVERSITY shall file a provisional patent if the disclosed invention is valuable to the CENTER and/or UNIVERSITY. After the provisional patent is filed, all MEMBERS will be offered the IP under a non-exclusive–royalty free license. MEMBERS interested in obtaining the license are required to cover the patent costs in a shared responsibility; cost estimates and limitations will be communicated in good faith by the technology transfer office at the inventing UNIVERSITY. Consideration will be given with sufficient interest to US and foreign patents. The respective inventing UNIVERSITY will hold the patent rights and coordinate the licenses.
- MEMBERS who elect not to receive a non-exclusive royalty-free license as described above will have a later option to obtain a non-exclusive license of a granted patent; this license will be remuneration-bearing, and consideration for the remuneration amount will be given to field of use and time supporting the CENTER as a MEMBER.