

## UNIVERSITIES' REVIEW OF PATENT AND INTELLECTUAL PROPERTY POLICIES

**Action Requested:** Consider and discuss the reports.

**Executive Summary:** At the request of the Economic Development Committee, the Regents universities have submitted written reports to the Board Office on their respective institutional patent and intellectual property policies. Each of the individual reports provides information related to the following issues:

1. institutional philosophy on patents and related intellectual property policy;
2. policies for encouraging patent protection and university intellectual property;
3. financial incentives for university inventors;
4. licensing intellectual property and taking equity in start-ups;
5. promoting technologies for economic development in Iowa;
6. research partnerships with industry.

The universities' written reports are on file in the Board Office. The Board Office summary of the reports follows.

**Overview:** The management and transfer of intellectual property are a component of the universities' much larger overall contribution to state economic development. Additionally, differences in the universities' relative emphasis on the generation of intellectual property and its transfer to the marketplace reflect the diversity of their respective missions.

### 1. Institutional Philosophy On Patents And Related Intellectual property policy

The institutions' stated philosophies on patents and related intellectual property policy express the following commitments:

- commitment to the generation of intellectual property; e.g., through incentives, investment, and faculty recruitment and retention;
- commitment to technology transfer;
- commitment to creating licensing opportunities with Iowa companies when possible;
- commitment to the management of IP for maximum public benefit, particularly, when possible, in the state of Iowa;
- adherence to overarching legal, regulatory, and ethical obligations.

### 2. Policies For Encouraging Patent Protection And University Intellectual Property

The universities report focusing on encouraging faculty disclosure of potential innovations; i.e., through networking and communicating with faculty.

- SUI's and ISU's patent policies require faculty and employees to disclose their inventions when university resources have been utilized. In any event, all inventions resulting from federally funded projects, as well as many industrial contracts, must be disclosed.
- SUI reports that the University of Iowa Research Foundation usually seeks ownership rights of inventions disclosed to it, and thereby acquires the obligation to apply for patents and seek licensing opportunities.
- ISU reports that the ISU Office of Intellectual Property and Technology Transfer has developed a specific program of formal presentations and personal contacts to encourage faculty and staff to disclose inventions.

### 3. Financial Incentives For University Inventors

The universities' reports on incentives focus primarily on the share to faculty of net earnings from intellectual property. Each university reports that these incentives are advantageous to the inventor and intended to encourage faculty innovation. Specifics vary by institution as follows:

- SUI – Inventors receive the first \$100,000 of net earnings, and 25% of earnings over \$100,000.
- ISU – Inventors receive 30% of net earnings.
- UNI – Inventors receive the first \$10,000 of net earnings, and 50% of earnings over \$10,000.

At all three universities, significant shares of earnings are also distributed to the inventor's department or college.

ISU reports that other forms of research support to inventors provide incentives to develop intellectual property. In addition, faculty at ISU and UNI can receive assistance associated with the development of start-up companies, as well as share in income resulting from equity in start-up companies.

### 4. Policies On Licensing Intellectual Property And Taking Equity In Start-Ups

The practice by universities nationally of taking equity in start-ups has generated some public attention. The Regents universities' reports reflect some differences in approach as regards this issue.

- SUI – The university reports that its policies are consistent with those of most large public universities in the U.S. The university does not take equity in start-ups so as to avoid inherent conflicts of interest associated with stock ownership. The report states that this view should not be equated with unwillingness to license new companies since a university choosing not to accept equity may nevertheless license start-ups.
- ISU – The ISU Research Foundation (ISURF) policy permits it to take equity in start-ups licensing ISU technologies as an alternative to license fees in order to reduce the impact of royalty payments to ISURF on young start-up companies.
- UNI – UNI has no formal policy on this matter but considers, and sometimes takes, equity positions in order to enhance the probability of success for a new venture.

### 5. Promoting Technologies For Economic Development In Iowa

The universities promote technologies for transfer to commercial applications essentially by networking with the business community through various venues, with a priority focus—expressed to a greater or lesser degree in institutional reports—on Iowa companies.

### 6. Research Partnerships With Industry

The universities report a variety of research partnerships with industry. Principles related to negotiating with companies are similar for all companies—whether located in Iowa or not—because of the federal tax code and the federal regulatory environment. According to current patent law, ownership follows inventorship. Joint ownership applies for jointly developed technology. Corporate research sponsors typically receive exclusive options licenses on any patents legally owned by the institution arising from research.