On Licensing UC Inventions

We address here how UCTAC licenses UC inventions to outside commercial parties. These outside entities can be large multi-national, mid-sized, small, or startup companies. The purpose of licensing is to put your invention in the best position for development into products or services that will benefit society. Universities can license their inventions as the result of federal legislation from 1980 that was specifically created to promote job growth and accelerate technical innovation in the United States.

The licensing concept
Discoveries made in the course of scientific research (e.g., a drug or vaccine, a screening platform, automotive safety device, new method of chemical synthesis, robotics, algorithm, etc.) are attractive to industry when they can lead to the development of new products and services. Because universities are not in the business of developing and selling products or providing most types of services, we instead license new inventions to an industry partner in order to advance the invention towards the marketplace, and eventually provide the tax-paying public the benefits of the research they fund. In some cases, we may encourage, and support, the formation of a new startup company to develop an invention, but even here the invention will eventually be licensed to the startup.

A little history
Universities traditionally have had a mission of research and education, creating knowledge and the dissemination of that knowledge. Much of the knowledge creation resulted from scientific and engineering research funded by the federal government. When that research resulted in new discoveries or technologies that had use beyond just advancing knowledge (inventions), the government claimed ownership and had the responsibility for making the invention available for the benefit of the public. The US government, however, was never able to devote the resources needed to advance most inventions to the marketplace, and as a result only a small percentage of government-funded inventions ever became products or services. The Bayh-Dole act of 1980 addressed this problem. Bayh-Dole allowed, under certain conditions, recipients of federal funding to take ownership of inventions created by their employees and/or made using their facilities. A condition of Bayh-Dole is that a university must attempt to commercialize inventions resulting from federally sponsored research. Since the passage of Bayh-Dole, almost all research universities have established offices to manage the transition of nascent inventions to the commercial sector via license agreements. At UC, the Technology Accelerator for Commercialization is solely responsible for the commercialization of University inventions.

When do we license?
Under UC policy, all new university Inventions must be disclosed to UCTAC (link to IDF tutorial here), where they are evaluated for novelty, commercial potential (i.e., they have a real use and they serve a market demand/need), and whether or not there is a clear path to market. Occasionally, it is advantageous to form a startup company to take the Invention forward (link to startup tutorial here). Other times, there are obvious, and sometimes several, commercial partners both willing and capable of developing the invention into a successful product, and partnering with one or more of these is the desirable route to commercialization. In this scenario, the UCTAC licensing officer will identify a candidate company, and negotiate a license that allows the company to develop the invention into a bona fide product or service for the marketplace.
When we license, we typically license just the patent rights to an invention. This allows the licensee(s), to stop anyone else, from making, using, selling, importing or exporting, etc. whatever is protected by the patent, which may include the entire invention, or just certain elements of the final product. The concept of patents is addressed in a different tutorial.

Licensing revenue
Any and all revenue received from the licensing of UC patent rights is shared among the inventors, the department, the college and the University in accordance with UC policy, and is distributed in a tiered fashion:

- $0-50,000 received: inventors 60%, department 15%, college 5%, UC 20%
- $50,000-100,000: inventors 40%, department 25%, college 15%, UC 20%
- >$100,000 inventors 30%, department 30%, college 20%, UC 20%

These distributions follow not only UC and State of Ohio policy, but are consistent with federal laws allowing for inventor’s shares and for remaining monies to be used to further research and education.

Types of licenses
We primarily deal with three sorts of license agreements: exclusive; non-exclusive; and non-exclusive research tool licenses. Regardless of type of license, any license that we execute will contain language that reserves certain rights for both you and UC, such as the ability to disclose the invention (e.g., publication, presentation, etc.), share it with your academic partners, or continue using the invention in the course of your on-going research. In some cases we will negotiate an option agreement in lieu of a license. An option gives the company the exclusive right to license a technology at a later time, but usually not more than 12 months.

Both exclusive and non-exclusive licenses allow the licensee to exploit the licensor’s (in our case, UC’s) intellectual property rights, and, in exchange, UC receives royalty payments, possibly along with other financial compensation. Under an exclusive license, the IP may only be used by a single licensee and/or its affiliates, whereas under a non-exclusive license, we would be free to license the same IP rights (and the inventions protected by them) to multiple licensees. Non-exclusives are typically used for licensing sales-ready research tools that usually don’t require intellectual property protection, such as antibodies (both polyclonal sera and hybridomas), transgenic animals, and specially engineered constructs/cell lines. In these examples, the values lies in the work expended to make the actual tool, to test it in an actual experiment, and to have it published. It’s not uncommon for multiple companies desiring to sell the same tool, as they all have their respective customer base. A non-ex allows us to maximize the financial return for such a technology.

This overview is by no means exhaustive. It is intended to provide an overview of one of the important services offered by UCTAC to the UC community. For additional information on UCTAC or on the licensing process, please contact our office using the information on this web site.