



## **APLU Task Force on Managing University Intellectual Property**

### **Statement to APLU Members of Recommendations on Managing University Intellectual Property**

**March 2015**

The APLU Task Force on Managing University IP has been charged with examining purposes of university innovation, technology transfer, commercialization, and entrepreneurship. A similar task force has been convened by AAU—the AAU Working Group on Technology Transfer and Intellectual Property.

Included here are recommendations to APLU and its membership about reaffirming and communicating the purposes of university management of intellectual property. The task force will also make recommendations, later in 2015, about related policies and practices, and will provide examples of a variety of university IP management policies and practices in the form of brief case descriptions.

#### **Statement of Recommendations**

The Task Force is issuing this statement of recommendations to highlight important principles that have been under review by task force members, to make clear to the public and interested parties the fundamental commitments of our community, and to prompt universities to begin taking steps to ensure that local policy and practice are in line with these principles. AAU's Working Group is releasing a parallel statement.

The task force recommends that university presidents convene a senior level committee on their campuses to review these recommendations and discuss implementation. Following are the task force's recommendations:

- ***University leaders should follow the recommendation of the National Research Council's 2011 report, "Managing University Intellectual Property in the Public Interest" to create a clear university IP policy. The NRC report's first recommendation underscores the need for clear university IP policy that strengthens the connection between this work and the public good:***

The leadership of each institution—president, provost, and board of trustees [as appropriate]—should articulate a clear mission for the unit responsible

for IP management, convey the mission to internal and external stakeholders, and evaluate effort accordingly. The mission statement should embrace and articulate the university's foundational responsibility to support smooth and efficient processes to encourage the widest dissemination of university-generated technology for the public good.<sup>1</sup>

This recommendation and other aspects of the NRC report make clear the need for clarity around the underlying purposes of university IP management—public benefit and societal impact. Such policies should communicate that universities protect intellectual property first and foremost to provide incentive for investment in early-stage technology, which helps to “encourage the widest dissemination.” Universities must, of course, balance the need for wide dissemination with the need to recover costs and to emphasize the economic value of university discoveries. While discoveries and IP ownership can lead to additional resources and important support for university missions, this should not be the primary goal of such activities. Keeping this necessary balance in mind, it is essential that university leaders articulate a clear mission and purpose for university IP management, as recommended by the NRC.

- ***University leaders should make visible existing institutional policies that restrict the university from working with entities that acquire intellectual property rights with no real intention of commercializing the technologies.*** In instances where such policies do not exist, university leaders should move swiftly to establish them. Some companies and other organizations follow a business model of aggregating IP for the sole purpose of threatening a broad range of unsophisticated end users with patent infringement litigation, relying on fear of litigation to generate revenue from settlements. For universities, working with such entities does not support our commitment to public benefit of intellectual property. University leaders should require that their technology transfer offices carefully vet the credentials, practices and reputations of third-party entities that might assist universities in asserting their patent rights against infringers. However, asserting legitimate patent rights is an essential element of the patent system, and other entities may provide needed expertise and resources to support universities in this area—university policies should not prevent the institution from seeking assistance from entities that can legitimately help them protect their intellectual property. Universities should base their decision about whether to assert any unlicensed patent against a particular company based on the legitimate facts of the claimed infringement and only after good faith attempts to negotiate a license to such company on commercially reasonable terms have failed.
- ***University leaders should review and support to the extent practical the document “In the Public Interest: Nine Points to Consider in Licensing University Technology,” and align IP management policies and practices with the Nine Points.*** This document, developed in 2007 by several research universities and the

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<sup>1</sup> [Managing University Intellectual Property in the Public Interest](#), p. 4

Association of American Medical Colleges, expressed principles consistent with universities' efforts to "license technologies in the public interest and for society's benefit." APLU and more than 100 research universities and other associations endorse these principles. It is vital that universities align, as appropriate, institutional policies and practices with these points.

- ***University leaders should identify and implement innovative and effective approaches to managing university IP, and more broadly to engaging with entrepreneurs and industry, and work to emulate practices that have been effectively adopted by peers.*** Universities are constantly evolving in how they engage with licensees, entrepreneurs, and large corporations. For example, researchers, technology transfer professionals, and other university leaders are increasingly focused on long-term relationship development and strategic initiatives—beyond simply striking the best licensing deal. University leaders need to examine changes happening in the field, benchmark for effective practices, and work toward implementing practices that help the university, along with its public and private partners, to accelerate realization of the benefits of university intellectual property. APLU would like to facilitate dissemination of such effective practices—see "Contacting the Task Force" below for how you can share examples from your institution, and learn what others are doing.
- ***University leaders should develop a framework for assessing intellectual property practice to include multiple measures that capture and reflect the university's IP management mission.*** There are many indicators of success of university intellectual property management, in relation to universities' core missions of learning, discovery, and engagement, in the betterment of our communities and society at large. APLU's Commission on Innovation, Competitiveness, and Economic Prosperity (CICEP) has examined assessment and measurement of university economic engagement broadly, and has identified indicators that include growing faculty and student interest in IP-related entrepreneurship, expansion of university-industry relationships, and others. Licensing activity is a good measure, as a starting point, of the university's efforts toward commercialization. Revenue, however, is not as good an indicator—while universities can only be good stewards of public funds if they work to recover costs associated with IP management, measures of success should emphasize economic and social impacts of university discovery. A set of non-revenue indicators must be part of IP management policies and practice if we are to ensure public benefit of this work.

## Background

### *The Successes of Bayh-Dole*

The Bayh-Dole Act of 1980 effectively established the field of university technology transfer. It has been a successful public policy instrument for encouraging innovation and increasing the translation of university research into technology useful to society. Prior to enactment of Bayh-Dole, the federal government owned intellectual property resulting from federally-funded research and very few technologies were licensed to the private sector for development. Bayh-Dole created an incentive for universities to secure patent protection, license technologies, and work to encourage the private sector to develop and commercialize them. The system that was created by Bayh-Dole has been extraordinarily successful in helping facilitate translation of discoveries from university research to the marketplace, creating benefit to consumers and society, creating jobs, and contributing to the economic competitiveness and technology leadership of the U.S.

The Association of University Technology Managers (AUTM) details these benefits each year through an annual survey and ongoing publication of stories about commercial and societal impact. The most recent survey by the Association of University Technology Managers (AUTM) shows that U.S. universities executed 5790 license agreements and options with companies and were issued 5163 U.S. patents in 2013. This represents 59 percent more license agreements and options executed and 55 percent more patents issued to universities than just 10 years earlier.

During the same period research performed at universities led to the formation of new start-up companies, more than doubling the number of university based start-ups created compared to 2003. While these start-up companies provide economic benefits to the nation, they are especially important to the regions and states in which research universities are located; more than three-quarters of these new start-up companies had their primary place of business in the licensing institution's home state. AUTM also reports that in 2013 there was over \$22 billion in sales of products based on academic research with more than 700 new commercial products created. Based upon conservative estimates, a 2012 Biotechnology Industry Organization (BIO) study estimates that between 1996 and 2010, patents commercialized from universities contributed: \$293 billion to the US gross domestic output; \$122 billion to the US gross domestic product; and supported a cumulative total of 1.2 million person years of employment. BIO has just released an update of this study, both the 2012 and 2015 reports are linked below.

- **More resources:**
  - [AUTM Licensing Activity Survey: FY2013](#)
  - [Highlights of AUTM Licensing Activity Survey: FY2013](#)
  - [AUTM Better World Project](#)
  - [The Economic Contribution of University/Nonprofit Inventions in the United States: 1996-2010](#)

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### *Criticisms of University Technology Transfer*

Despite the successes of Bayh-Dole, detractors have recently questioned whether universities are managing their intellectual property for the public good. Many seem to believe that universities are using government funded intellectual property primarily for university gain—that universities are more interested in monetization of IP than commercialization and societal benefit. Critics point to the emphasis on revenue in evaluating the success of technology transfer offices, the challenges faced by potential industry collaborators in coming to IP terms with universities, and reports of universities knowingly licensing to patent assertion entities (“trolls”). While based on only a few examples, and overlooking the many ways in which universities manage IP responsibly in the public interest, criticisms have spread and our universities must address them.

- **More resources:**
  - [Universities Sometimes Look Like Patent Trolls: In the Pursuit of Knowledge, and Profit](#)
  - [Bayh-Dole: If We Knew Then What We Know Now](#)

### *Nine Points to Consider*

Sometimes lost in the face of such criticisms is the fact that university IP management, by and large, adheres to a set of “core values” that are consistent with universities’ missions of learning, discovery, and engagement in societal challenges. In 2007, 10 leading research universities, along with the Wisconsin Alumni Research Foundation and the Association of American Medical Colleges, distilled these core values into a set of “Nine Points to Consider in Licensing University Technology.” The Association of University Technology Managers (AUTM) endorsed the Nine Points and solicited endorsement from universities and other organizations. APLU, along with more than 100 other associations, research universities, and other organizations, have endorsed the document. Universities and their IP management efforts would be well served by a review of the Nine Points and a check for continuity between these principles and university policy and practice.

- **More resources:**
  - [In the Public Interest: Nine Points to Consider in Licensing University Technology](#)

### *Managing University Intellectual Property in the Public Interest*

In 2011, the National Research Council of the National Academies examined a “generation of experience, research, and dialogue” in university intellectual property management. The findings and recommendations included in the NRC report collectively create a compelling story about the successes of the Bayh-Dole era. The findings and recommendations also caution universities to be clear about their commitment to the public good through management of intellectual property, and to be vigilant in making sure that university

policy and practice align with public purposes. As noted above, the NRC's Recommendation 1 calls on universities to articulate a clear mission that includes an assertion of this commitment.

- More resources:
  - [Managing University Intellectual Property in the Public Interest](#)

## **Task Force Membership**

### Presidents/Chancellors:

- Satish Tripathi, President, University at Buffalo (co-chair)
- Duane Nellis, President, Texas Tech University
- David Wilson, President, Morgan State University

### Senior Research Officers:

- Sethuraman "Panch" Panchanathan, Senior VP, Knowledge Enterprise Development, Arizona State University (co-chair)
- Caroline Whitacre, Vice President for Research, The Ohio State University

### Provosts:

- Patricia Beeson, Provost and Senior Vice Chancellor, University of Pittsburgh
- Ruth Watkins, Senior Vice President for Academic Affairs, University of Utah

### Technology Transfer Leaders:

- Lita Nelsen, Director, Technology Licensing, MIT
- Bill Tucker, Executive Director, Innovation Alliances & Services, University of California Office of the President

### Government Affairs Leader:

- Doug Wasitis, Assistant Vice President, Federal Relations, Indiana University

### Public Affairs Leader:

- Grant Heston, Vice President for Communications and Marketing, University of Central Florida

Also participating in the task force are select APLU staff, and also liaisons from AAU, ACE, AAMC, and AUTM.

### *Contacting the Task Force*

The APLU Task Force on Managing University Intellectual Property is staffed by Jim Woodell, APLU Assistant Vice President for Innovation and Technology Policy. If you have

any questions about the task force and its work, you may contact Jim at [jwoodell@aplu.org](mailto:jwoodell@aplu.org) or 202-478-6044.

The task force will distribute soon a call for examples of effective and innovative policies and practices for managing university IP. You may contact Jim Woodell with questions about submitting examples from your university.