


**inorms 2010**

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Managing Research for Impact: New approaches to Research and Innovation Management



## Commercialization versus Cash in Hand Finding the Right Balance

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## Assumptions



- University owns all intellectual property
- Research administrators work to preserve intellectual property
- Investigators are instructed to disclose potential inventions to the university commercialization office
- University reviews and determines if disclosures warrant patent protection
- University markets inventions for licensing

## Scenario



An investigator finds himself between government funded projects when a commercial sponsor approaches him about conducting some proprietary work on one of their research and development projects. The commercial sponsor insists that they must retain full ownership to all intellectual property. Your investigator informs you that he needs these funds to avoid the dismissal of his lab personnel.

## Sponsor Perspective



We have invested millions of dollars in the creation and protection of our products. Given that we are paying for all of the university costs, we are entitled to the ownership of all intellectual property created. Besides, the university will be following our applied work protocols.

## Investigator Perspective



I need the funds provided by the commercial sponsor to avoid laying off my specialized lab personnel. I have several proposals pending with the government agencies but so far none have been funded. I do not anticipate any intellectual property being generated by the proposed work and I have already indicated this to the commercial sponsor. Just sign the agreement and let me do my research.

## University Perspective



As an institute of higher education we are chartered to create new knowledge and advocate for the dissemination of this knowledge for the public good. The majority of our sponsored funding originates from public support and we have a mission to ensure the transfer of knowledge to the public. We should never be viewed by the public as a “work-for-hire” organization.



## Can you Find the Right Balance?

### Assessment



- ? Does sponsor or university lab have an established intellectual property presence in defined scope of work?
- ? What is the size of the project in scale and involvement of the lab?
- ? What is the status of the faculty member?
- ? Are publications anticipated? If yes, are there any restrictions?

## Assessment Continued



- ? What is the relationship with the sponsor?
- ? Will students be involved?
- ? Is there any financial conflict of interest between the lab personnel and the sponsor?
- ? Is the proposed scope of work indicative of testing or does it look more basic?
- ? Are there any taxation issues with regards to forfeiture of the ownership of intellectual property?

## Favoring Cash



- Accepting the funds sustains specialized lab personnel for the short term.
- Provides an opportunity to develop a new institutional / sponsor relationship.
- Personnel gain commercial testing experience.
- Could result in additional sponsored work.
- Preserves lab capacity to solicit government funding.

## Favoring Commercialization



- Could run counter to previous intellectual property agreements.
- Sponsor expectations may forever be skewed.
- Forfeiture of potential long-term royalty.
- Lab personnel may feel that they have no other choice but to agree to forfeiture of intellectual property.
- Could unintentionally expose institutional bond holders to financial risk.

## Summary



- Each scenario is unique.
- What you agree to should not set precedence.
- As more research funding originates from the commercial sector this issue will continue to escalate.
- As more university personnel are hired in non-tenure track positions this issue will continue to escalate.

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Thank You

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Questions ?