UA GUIDE to Technology Transfer¹

The UA Guide to Technology Transfer outlines the essential elements of Technology Transfer through the Office of Technology Transfer at The University of Arizona.

This guide is organized to answer the most common questions we typically field from our research community and provides a broad overview of the tech transfer process and services available for researchers.

For more information, visit [www.ott.arizona.edu](http://www.ott.arizona.edu) or call The University of Arizona Office of Technology Transfer at 520-621-5000.

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¹ We gratefully thank our colleagues at the University of Michigan for allowing us to modify and expand their Inventor’s Guide.
OVERVIEW:

What is technology transfer?

Technology transfer is often thought of as simply the transfer of university knowledge and discoveries to the public. We prefer to be a bit more precise, using knowledge transfer for the general transfer of knowledge and discoveries and technology transfer for a subset of the University’s overall knowledge transfer activities. Knowledge transfer is a core activity of any university and can occur through publications, educated students entering the workforce, exchanges at conferences, and relationships with industry, among other things. Technology transfer, for the purposes of this guide, refers to a specific form of knowledge transfer involving intellectual or tangible property management and the licensing of it and associated technology to third parties under the guidance of professionals employed by universities, research foundations, and businesses.

What is the Office of Technology Transfer?

The Office of Technology Transfer (OTT) is a service unit under the Vice President for Research, Graduate Studies and Economic Development dedicated to the management and licensing of intellectual property owned by the Arizona Board of Regents (ABOR) on behalf of the University of Arizona. OTT is staffed by specialists in licensing, business development, and legal matters who are experienced in transferring technologies from the arts and humanities, physical sciences, life sciences, and information and computer sciences to organizations outside the University. OTT is responsible by policy for managing research tool, copyright and invention disclosures from all schools and colleges on the campus, as well as UA’s satellite campuses.

The Director of OTT is the designated ABOR signature authority for all agreements transferring or making accessible the use intellectual property owned by the Arizona Board of Regents on behalf of the University of Arizona.

Why does the University participate in technology transfer?

Part of the public mission of the University is to ensure the dissemination for use of knowledge developed by its creative faculty, students and staff. In public universities, contributing to the economic development of their regions is also important. Graduating talented and well-educated students at the undergraduate, graduate and professional level is the University’s primary means of accomplishing these missions. Other means depend upon the needs of potential audiences for the knowledge: publishing in scholarly journals, attending conferences or licensing intellectual property rights.

When the audiences are organizations operating in a primarily economic forum, they often wish for any of the following: a formal permission to use the results; a distinct competitive advantage to offset the risk of investing to advance the technology; or traceability to the origin and
provenance of the work. These all can be accomplished with appropriate intellectual property management, licensing and technology transfer.

**Why would a researcher participate in the technology transfer process?**

The reasons are unique to each researcher and may include:

- Making a positive impact on society
- Feeling a sense of personal fulfillment
- Achieving recognition and/or financial rewards
- Generating additional lab/departmental funding
- Meeting the obligations of a research contract
- Attracting research sponsors
- Creating educational opportunities for students
- Linking students to future job opportunities

**How is technology transferred?**

Technology is typically transferred in association with a license agreement in which the University grants its rights to intellectual property, or tangible materials, associated with the defined technology to a third party. The license agreement is for a period of years, often limited to a particular field of use and/or region of the world. The licensee (the third party licensing the technology) may be an established company or a new business start-up, a for-profit business or a not-for-profit business. Licenses include terms that require the licensee to meet certain performance requirements and to make financial payments to the University. These payments are shared with the inventors and are distributed to the schools/colleges, departments/units, and central administration to provide support for further research, education, and participation in the tech transfer process.

**What is the Bayh-Dole Act?**

The Bayh-Dole Act of 1980 (35 USC 200-212) allows universities and other non-profit institutions to have ownership rights to discoveries resulting from federally-funded research, provided certain obligations are met. These obligations include making efforts to protect (when appropriate) and commercialize the discoveries, submitting progress reports to the funding agency on those efforts, giving preference in licensing to U.S. small businesses that demonstrate sufficient capability, and sharing any resulting revenues with the inventors\(^2\). The Bayh-Dole Act is credited with stimulating interest in tech transfer activities and generating increased research, commercialization, educational opportunities, and economic development in the United States.

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\(^2\) Throughout this manual, unless specifically described otherwise, the term **inventor** includes individuals listed on a patent as well as contributors who have shared in creating the value of intellectual property that is not patented.
THE TECH TRANSFER PROCESS:

How do I work with the Office of Technology Transfer?

We encourage you to contact the Office of Technology Transfer during your early research activities to be aware of the options that will best leverage the commercial potential of your research. OTT staff are trained to assist you with questions related to marketability, funding sources, commercial partners, patenting and other protection methods, new business start-up considerations, University policies and procedures, and much more. Our team approach provides you with an assigned licensing specialist supported by internal legal assistance, and, if a new business start-up is being considered, new business development expertise.

OTT organizes its activities within the University by (i) outreach to the faculty and units, (ii) intake of new IP management projects including disclosures, (iii) carrying cases forward through analysis, assessment and protection and (iv) closing on one or more licensing or other transactions that move the results of research into use. During this process we partner with internal units and external organizations and target relations with outside organizations. The activities are shown in the accompanying figure.
What are the typical steps in the process?

The process of technology transfer is summarized in the following steps:
1. Research by the faculty
2. Pre-disclosure interactions of the faculty with OTT
3. Formal Disclosure by the faculty to OTT
4. Assessment by OTT with the faculty.
5. IP Protection by OTT using OTT resources and outside professional services
6. Marketing by OTT using OTT resources and channels
7. Licensing by OTT in discussion with the faculty
8. Product Development and Commercialization by one or more Licensees
9. Revenue Generation by one or more Licensees

Note that these steps may vary in sequence and often occur simultaneously.

1) Research: Observations and experiments during research activities often lead to new research tools, prototypes, protocols, software, discoveries and inventions. Each of these research outcomes may have use to outside organizations or colleagues and may be suitable for technology transfer. For examples, an invention is any useful process, machine, composition of matter, or any new or useful improvement of the same. In today’s interdisciplinary and connected research environment, multiple researchers, including ones from other institutions, may have contributed to the invention.

2) Pre-Disclosure: An early contact with OTT personnel to discuss your research and to provide guidance with respect to intellectual property creation, as well as its disclosure, evaluation, and protection processes can prove beneficial as described below. Oftentimes this early contact occurs when researchers are assembling key results for publication in journals or theses, or presentation at conferences and seminars.

3) Invention, Copyright, or Material Disclosure: The completed Invention Disclosure submitted to OTT begins the formal technology transfer process. An invention disclosure remains a confidential document and should fully document your invention so that the options for commercialization can be evaluated and pursued.

4) Assessment: This is the period during which you and your OTT representative review the disclosure, conduct patent searches (if applicable), and analyze the market and competitive technologies to determine the invention’s commercialization potential. This evaluation process, which may lead to a broadening or refinement of the invention, will guide our strategy on whether to focus on licensing to an existing company or creating a new business start-up.

5) Protection: Patent protection begins with the filing of a patent application with the United States Patent and Trademark Office (and, when appropriate, foreign patent offices). The patent application is then examined in the Patent Office. After a series of “negotiations” called office actions, a patent may be allowed and issued. This process can take many years and cost...
tens of thousands of dollars for a U.S. Patent alone; adding protection in other countries may raise the cost to a hundred thousand dollars or more depending upon the extent of coverage.

Protection may also be obtained through Copyright and Trademark registrations though certain protection exists upon creation for Copyrights or upon appropriate use for Trademarks.

6) **Marketing:** With your active involvement, OTT staff create non confidential summaries of your developments, identify candidate companies that have the expertise, resources, and business networks to bring the technology to market and contact those companies. Ultimate placement of the technology may involve partnering with one or more existing companies or forming a start-up. As the one most knowledgeable about the technology, your active involvement is essential and can dramatically shorten this process.

7) **Licensing:** A license agreement is a contract between the University and a third party (the Licensee) in which the University’s rights to a technology are licensed, without relinquishing ownership, for financial and other benefits. An option agreement is sometimes used to enable a third party to evaluate the technology for a limited time prior to making a decision about licensing.

**Types of Licensees:** A section discussing licensing language and can be found in the latter pages of this guide. However, there are two general classes of licensees, new companies or existing companies.

7a) **Start-up Company:** If creation of a new business start-up has been chosen as the optimal commercialization path, OTT business development specialists will either work as business formation consultants to assist in planning, forming, and funding the start-up or will point you to other resources, such as the Arizona Center for Innovation or the McGuire Entrepreneurship Program for business planning help.

7b) **Existing Business:** If an appropriate and interested existing company, or companies, are selected as a potential licensee, OTT licensing specialists work with those potential licensees to develop the appropriate financial and diligence terms to fully commercialize the technology. You will be kept informed of the negotiations and the general terms of any agreement.

8) **Product Development and Commercialization:** The licensee continues the advancement of the technology and makes other business investments to develop products or services from it. This step may entail further technology or application development either in the company or at the University, regulatory approvals, sales and marketing support, training, and other activities.

9) **Revenue:** If a licensed-base product or service successfully enters the marketplace, the University will generally receive back a portion of sales revenue as consideration for having granted the license. Revenues received by the University from licenses are distributed to schools, colleges, departments, units, central administration, and inventors to fund additional research and education as well as to encourage further participation in the tech transfer process.
The revenue distribution is set by University policy and is in accordance with Regents’ policy and the Bayh-Dole Act.

**How long does the technology transfer process take?**

The research generating the ideas embedded in successful technology transfer may be the results of years of dedicated effort by the researchers. Technology Transfer builds on this base of effort, with invention to product revenue generation typically taking between three and ten years depending upon the type of product and the dynamics of markets and regulatory environment for them. For example, a new drug requiring a normal set of clinical trials typically takes 7 to 10 years to reach market. A new MPEG technology for digital theater may be in the market in less than 4 years.

**How long will the OTT part of the technology transfer process take?**

The process of protecting the technology, moving it to the right stage of development for adoption by outside partners and finding the right licensing partner takes less time than bringing a product to market but still may take months—or even years—to complete. The amount of time for everything will depend on such factors as:

- the nature of the technology;
- the development stage of the technology;
- the markets for the technology and their drivers;
- the availability of competing technologies;
- industry segment and value chain structure;
- industrial capacity to take up new technologies;
- the amount of work needed to bring a new concept to market-ready status; and
- the resources available and willingness of the licensees and the inventors to invest them in the activity.

The accompanying diagrams illustrate the process that OTT will follow after disclosure and the timing of decisions. The choices available to everyone depend somewhat on whether a public disclosure is made before or after the invention disclosure is made to OTT. The first phase of OTT’s efforts [initial commercial assessment and the ability to protect] are completed within 30 to 45 days of receipt of an administratively and technically complete disclosure.
How can I help in this process?

• Call The University of Arizona Office of Technology Transfer at (520) 621-5000 when you believe you have created or discovered something unique with potential commercial or research value. Results you think are exciting are a potential indicator that you have discovered something unique and are often consolidated in the thinking preparing for new publications, proposals or presentations. This is also a time when you may wish to consider making new research tools and other research outcomes available – such as setting up an academic distribution of a new reagent or software tool.

• Complete and submit The University of Arizona Invention Disclosure Form or the Copyright Disclosure Form (see www.ott.arizona.edu) before publicly disclosing your technology through the group Web site, a seminar, conference submittal or poster, or submitting a project report or manuscript for review and publication.

This is perhaps the most important step in the process especially for patentable inventions. Any public disclosure of an invention will lead to a loss of rights in most countries and will negatively affect the commercial value of any invention.

• To avoid risking loss of patent rights and possibly hindering the opportunity to market the invention, contact OTT before holding any discussions with anyone about the invention.

• On the OTT Invention Disclosure Form, include companies and contacts you believe might be interested in your invention or who may have already contacted you about your invention. Studies have shown that a good percentage of all licenses are executed with commercial entities known by the inventor, so your contacts can be extremely useful.

• Respond quickly and completely to OTT and outside patent counsel requests. While some aspects of the patent and licensing process may require significant participation on your part, we will strive to make efficient use of your valuable time.

• Keep OTT informed of upcoming public disclosures, publications or interactions with companies related to your intellectual property. Knowing when publications are coming allows us to work with you to update any provisional or other patent applications that may be in progress and ensure that appropriate applications are filed before the publication date. OTT can help put into place any necessary confidentiality agreements you may require to have in-depth discussions with a company.
RESEARCH CONSIDERATIONS:

Will I be able to publish the results of my research and still protect the commercial value of my intellectual property?

Yes, but since patent rights are affected by these activities, it is best to submit an Invention Disclosure (discussed in next section) well before communicating or disclosing your invention to anyone. There are significant differences between the U.S. and other countries as to how early publication affects a potential patent. Once publicly disclosed (published or presented in some form to outsiders), an invention may have restricted or minimal potential for patent protection outside of the United States. Be sure to inform the OTT licensing specialist assigned to you of any imminent or prior presentation, lecture, poster, abstract, website description, research proposal submission, dissertation/masters thesis, publication, or other public presentation including the invention or critical facts leading to it.

May I use material or intellectual property from others in my research?

Yes, but it is important to document carefully the date and conditions of use so that we can determine if this use may influence the ownership and license rights of your subsequent research results. If you wish to obtain materials from outside collaborators, an incoming Material Transfer Agreement (MTA) should be completed. Contact your project representative in the ORCA (Office of Research and Contract Analysis) for more information on incoming MTAs.

Will I be able to share materials, research tools or intellectual property with others to further their research?

Yes. NIH and other federal agencies encourage the sharing of research tools and data, as do the norms of the Academy. However it is important to document items that are to be shared with others and the conditions of use. OTT can help you set up certain types of distributions to simplify the process and enhance availability. For example, if you wish to send materials to an outside collaborator, an outgoing Material Transfer Agreement (MTA) should be completed for this purpose. We encourage the use of the Uniform Biological Material Transfer Agreement recommended by NIH, so such transfers can be made swiftly and easily. In other cases, it also may be appropriate to have a Confidentiality Agreement completed to protect your pre-publication research results or intellectual property. Contact an OTT representative at www.ott.arizona.edu or (520) 621-5000 to assist you in completing outgoing MTAs or Confidentiality Agreements.

What rights does a research sponsor have to any discoveries associated with my research?

The Sponsored Research Agreement should specify the intellectual property (IP) rights of the sponsor. If you are a PI, you will always have a copy of this agreement. The University generally retains ownership of any patents and other intellectual property resulting from
sponsored research but has certain duties to notify the sponsor of its creation. The SRA also provides sponsors time to elect certain alternatives with respect to creating patents and exercising other rights. For example, the sponsor may have rights to obtain a license to the defined and expected outcomes of the research.

Our SRA’s generally do not allow the sponsor to file patents on the work of our employees; if your sponsor wishes to file a patent on the results you report to them, they should help you identify what they are specifically interested in and you should file a disclosure with OTT.

Often, sponsored research contracts allow the sponsor a limited time to negotiate a license for any patent or intellectual property rights developed as the result of the research. Even so, the sponsor generally will not have contractual rights to discoveries that are clearly outside of the scope of the research. Therefore, it is important to define the scope of work within a research agreement.

Sponsored research projects are handled another University of Arizona service unit, the Office of Research and Contract Analysis (ORCA). ORCA project representatives work closely with OTT on IP issues in sponsored research agreements. If you have questions about sponsored research, please contact the ORCA project representative responsible for the sponsor. See www.orca.arizona.edu or call 520-626-3050.

What About Consulting?

When researchers enter into consulting agreements, they are deemed to be acting outside of the scope of their employment as long as the work and actions of both the consultant and the company keep it outside the scope of obligations the researcher would normally have to the University. Therefore consulting arrangements are not negotiated by The University of Arizona or formally reviewed by OTT or ORCA.

Consulting may not overlap with on-going sponsored projects within the University or otherwise be mingled with on-going University work. Researchers who enter into consulting agreements should familiarize themselves with the policies of their school or college relevant to consulting activities and with the University’s policies on Conflict of Interest and Commitment managed by the Office for the Responsible Conduct of Research within the Office of the Vice President for Research [for more information see http://www.vpr.arizona.edu/compliance].

The researcher is expected to ensure that the terms of the consulting arrangement are consistent with University policies, including those related to IP ownership as set forth in the UA IP Policy and the Regents’ IP Policy, employment responsibilities and use of Intellectual Property. OTT is available to provide informal advice on how your consulting agreement relates to the University of Arizona Intellectual Property Policy.
INVENTION DISCLOSURE:

What is an Invention Disclosure?

An Invention Disclosure is a written description of your invention that is filed with the Office of Technology Transfer. It should list all collaborating sources of support and include all of the information necessary to begin pursuing protection, marketing, and commercialization activities. This document will be treated as Confidential. Based on the Invention Disclosure, OTT may generate a non-confidential summary of your invention in order to assist in marketing the technology. Once potential partners have been identified, and confidentiality agreements have been signed, more detailed exchanges of information can take place.

Why should I submit an Invention Disclosure?

When you disclose your invention to OTT, it starts a process that enables OTT to expend resources on the project, generate information on the commercial landscape of the disclosed invention and could lead to the commercialization of your technology. This may involve beginning the legal protection process, helping you to plan future research activities based upon information OTT develops or uncovers and/or OTT working to identify outside development partners.

Disclosure may also be required by the funding grants and contracts supporting the work. If government funds were used for your research, the terms of the federal grants and contracts require the PI to file a prompt disclosure of inventions created under the funding, which will be reported to the sponsoring agency. Similar requirements may exist for other sponsored projects such as those from foundations. Industry partners invariably expect disclosure and reporting of inventions created through research they fund; many industry agreements require pre-publication review of papers, talks and abstracts.

While disclosure may not always lead to patenting or successful commercialization, funding agencies and other sponsors often look favorably at research that leads to disclosure.

How do I know if my discovery is an invention?

Many times one can’t be completely sure, however you do know when your work is yielding exciting results. You are encouraged to submit an Invention Disclosure for all inventions and developments that you feel may solve a significant problem and/or have significant value. If you are in doubt, contact OTT to discuss the discovery and strategies for commercialization.

When should I complete an Invention Disclosure?

You should complete an Invention Disclosure whenever you feel you have discovered something unique addressing a problem or opportunity with possible commercial value. You should also file one when a funding sponsor or a collaborating colleague at another institution wishes to
pursue a patent. In either case, filing a disclosure should be done well before presenting the discovery through publications, poster sessions, conferences, press releases, or other communications. Once publicly disclosed (i.e., published or presented in some form), an invention may have restricted or minimal potential for patent protection outside of the United States. Differences exist between the U.S. and other countries on the impact of early publication on a potential patent. Be sure to inform OTT of any imminent or prior presentation, lecture, poster, abstract, website description, research proposal, dissertation/masters thesis, publication, or other public presentation including the invention.

**Should I disclose research tools?**

Yes, if these research tools would benefit other researchers and you are interested in providing them to those researchers and other third parties. Research tools are often the first step towards creating relationships leading to opportunities for emerging technologies.

Typically, research tools are materials such as antibodies, vectors, plasmids, cell lines, mice, reagents, software and other materials used as “tools” in the research process. Most research tools do not necessarily need to be protected by patents in order to be licensed to commercial third parties and/or generate revenue for your laboratory. If you have research tools that you believe to be valuable, or wish to provide to others (including research collaborators at little or no charge), OTT will work with you to develop the appropriate protection, licensing, and distribution strategy including express licensing through the i-Bridge Innovation Network.

**How do I submit an Invention Disclosure?**

You can download a disclosure form and simple instructions from the OTT website at www.ott.arizona.edu. If you have any questions, call OTT at (520) 621-5000.
OWNERSHIP OF INTELLECTUAL PROPERTY:

What is “intellectual property”? 

Intellectual property includes inventions that are protected by patents and other property that may be protected by Copyrights and trademarks. Under UA IP Policy:

**Intellectual Property:** Intellectual Property for the purposes of this Policy includes data, technical and other information, identifiers, works of authorship, inventions and discoveries subject to protection by any or all forms of patents, copyrights, trademarks, and trade secrets whether or not they were, are or will be so protected under state or federal statutory and common law, or corresponding international law. For purposes of this Policy, Tangible Research Property (defined below) is included in the definition of Intellectual Property. As defined here, Intellectual Property also includes any new forms of Intellectual Property receiving legal protection that maybe added to the above categories during the time this Policy is in effect.

**Tangible Research Property:** Tangible Research Property (TRP) means tangible materials including but not limited to research tools, prototypes, and records used or produced in the course of University research projects, examples of which include (1) hybridoma or clonal cell lines that produce monoclonal antibodies or recombinant proteins, (2) plants protected by the Plant Variety Protection Act, (3) non-patented drugs protected by the Orphan Drug Act, (4) prototype instrumentation or devices and (5) research records and documentation, regardless of form or media used to capture or create such records. Certain types of TRP may be licensed by the University in a fashion similar to Intellectual Property or as part of an Intellectual Property licensing transaction. For purposes of this Policy, TRP is included in the definition of Intellectual Property and is subject to the provisions of this Policy. Whether TRP is to be treated under this Policy similar to a Commissioned Work or an Employee-created discovery will be determined by the IP Official, or their designee, taking into account the nature and purpose of the licensing or assignment, and in consultation the unit head and the Dean. The same TRP may be treated differently if the nature and purpose of the licensing or assignment differs in different cases.

Who owns what I create?

Ownership depends upon the employment status of the creators of the invention or their use of University facilities. Considerations include:

- What is the source of the funds or resources used to produce the invention?
- What was the employment status of the creators at the time the intellectual property was made?
- What are the terms of any agreement related to the creation of the intellectual property?

As a general rule, the University owns inventions made by its employees while acting within the scope of their employment or those making significant uncompensated use of University resources. The University’s Intellectual Property Policy describes the applicable rules for
copyrightable works as well as other forms of intellectual property. In some cases, the terms of a Sponsored Research Agreement or Materials Transfer Agreement may impact ownership. When in doubt, it is best to call the Office of Technology Transfer for advice.

**What is UA’s policy on ownership of inventions?**

See section D. of the University of Arizona IP Policy available at the OTT Web site at [www.ott.arizona.edu](http://www.ott.arizona.edu).

**Who owns rights to discoveries made while I am consulting?**

The ownership of inventions made while consulting for an outside company depends on the terms of your consulting contract. It is important to clearly define the scope of work within consulting contracts to minimize any issues with ownership of inventions created from University research. From the UA IP Policy

**D.8. Employee Consulting:** The Board will not claim ownership to Intellectual Property that is the product of Employee consulting where the consulting was performed:

a. In accordance with college and University consulting policies that have been pre-approved by the IP Official and in accordance with this Policy and the Conflict of Interest and Commitment Policy;

b. Within the scope of the consulting activity documented to the University for which the Employee sought, and was granted, permission by the University to engage in; and

c. Does not overlap or conflict with other contractual obligations of the University including but not limited to Sponsor-supported Projects in which the Employee is involved or has access to.

*If the Employee’s obligations with respect to Intellectual Property under this Policy or the Board IP Policy conflict with an Employee’s obligations to the consulting entity, the obligations under University and Board Policies shall take Precedence. (See Board IP Policy, Paragraph C.5, University of Arizona Conflict of Interest and Commitment Policy 6.D and University Handbook for Appointed Personnel 2.06.06.)*

If you have questions, OTT is available for informal advice.

**Who owns rights to discoveries made while on sabbatical?**

Unless the University enters into a Visiting Scientist’s Agreement with the host institution that states otherwise, generally the University of Arizona policies are still applicable to you. If you are on a sabbatical paid by the University, The University of Arizona still retains rights to any
discoveries connected to your scope of employment. Contact OTT or ORCA before your sabbatical to ensure that ownership considerations are documented.

**Should I list visiting scientists or scientists at other institutions on my Invention Disclosure?**

The University of Arizona’s faculty are highly collaborative and OTT works with sister units at institutions throughout the world to manage intellectual property created by them in collaboration with others. All contributors to the ideas leading to a discovery should be mentioned in your disclosure, even if they are not University of Arizona employees. OTT will determine the rights of such persons and institutions. It is prudent to discuss with OTT all working relationships (preferably before they begin) to understand the implications for any subsequent inventions.

**Can a student contribute to an invention?**

Absolutely! Many students work on inventions at The University of Arizona under a wide variety of circumstances. The University of Arizona promotes student involvement in research, entrepreneurship, and experiential learning. Students can be named as Inventors under The University of Arizona Intellectual Property Policy. Typically, a student will own his or her rights to an invention unless the invention was created by

- a student in a capacity as a UA employee e.g. as a Graduate Research appointment; and/or
- the student used more than incidental UA resources; or
- the student agreed in advance to other arrangements.

The Regents’ IP Policy and that of the University accessible at the OTT Web site provide more detail.
ASSESSMENT OF AN INVENTION DISCLOSURE:

How does OTT assess Invention Disclosures?

Licensing Specialists at OTT examine each invention disclosure to review the novelty of the invention, protectability and marketability of potential products or services, relationship to related intellectual property, size and growth potential of the relevant market, amount of time and money required for further development, pre-existing rights associated with the intellectual property (IP), and potential competition from other products/technologies. This assessment may also include consideration of whether the intellectual property can be the basis for a new business start-up.

If the inventors believe that all IP should be licensed non-exclusively to all potential users for the public good, will the University honor that request?

The University of Arizona Office of Technology Transfer will work with you to develop the appropriate commercialization strategy for the invention. Some technologies lend themselves to non-exclusive licensing (licensing to multiple third parties), while others will only reach the commercial marketplace, and therefore the public, if they are licensed on an exclusive basis. We will try to accommodate inventors’ commercialization wishes. However, the final decision will be determined by our assessment of which strategy will produce the most benefits for the general public, consistent with governmental or institutional policies and other obligations.

How do we decide whether to commercialize with a traditional or an “open source” license for software?

OTT uses a continuum of approaches in making software and copyrightable works available including closed-proprietary, source-available and true open-source models depending upon the nature of the work and the goals of the research group.

Generally, OTT supports University software developers who choose essentially to give their programs away through open source mechanisms though we will not authorize the use of certain open source licenses such as the GPL v 3 and others that may impinge upon the rights of other researchers through their patent rights clauses. The open source approach may be used provided The University of Arizona retains the right to distribute the program freely, that open sourcing is consistent with obligations to sponsors, and that each developer’s unit supports the decision and that the developers do not have a financial interest in providing services surrounding the distribution. Developers should seek authorization from an appropriate department chair or dean.

Is an invention ever returned to an Inventor?

If The University of Arizona decides not to pursue patent protection and/or chooses not to actively market the invention, the University may transfer ownership to the inventor(s).
Reassignment of inventions funded from U.S. Government sources requires the government’s prior approval. Among the key factors in deciding to reassign are whether additional University resources or private resources could best improve marketability.

All reassignments are done under a specialized release agreement, which provides for a royalty back to the University as per Regents’ Policy and sets forth the obligations of the recipients. It’s important to recognize that further work on released inventions may not be done at the University, nor does the release of a given invention constitute the release of a research area or any other existing or future intellectual property of the inventors.

If use of University facilities or other resources is necessary to your plans for an invention that is to be released, contact OTT about alternative strategies to releasing the invention.
INTELLECTUAL PROPERTY TYPES

PATENTS:

What is a patent?

In the United States, a Patent gives the holder the right to exclude others from making, using, selling, offering to sell, and importing the patented invention. A patent does not necessarily provide the holder any affirmative right to practice a technology since it may fall under a broader patent owned by others. Instead, it provides the right to exclude others from practicing the invention. The Patent claims are the legal definition of an inventor’s protectable invention.

What type of subject matter can be patented?

Patentable subject matter includes processes, machines, compositions of matter, articles, some computer programs, and methods (including methods of making compositions, methods of making articles, and even methods of performing business).

Can someone patent a naturally occurring substance?

Generally, no. A natural substance that has never before been isolated or known may be patentable in some instances, but only in its isolated form (since the isolated form had never been known before). A variation of a naturally occurring substance may be patentable if an inventor is able to demonstrate substantial non-obvious modifications that offer advantages of using the variant.

What is the United States Patent and Trademark Office (USPTO)?

The USPTO is the federal agency organized under the Department of Commerce that administers patents on behalf of the government. The USPTO employs patent examiners skilled in all technical fields in order to appraise patent applications. The USPTO also issues federal trademark registrations.

What is the definition of an inventor on a patent and who determines this?

Under U.S. Patent Law (35 USC), an inventor is a person who takes part in the conception of the invention described in at least one patent claim of a patent application. Thus, inventorship of a patent application may change as the patent claims are changed during prosecution of the application. Inventorship is a legal issue and requires a legal determination by the patent attorney prosecuting the application.
Who is responsible for filing patent applications at The University of Arizona?

The Office of Technology Transfer is responsible. OTT contracts with outside patent law firms for this purpose. Inventors work with the patent counsel in drafting the patent applications and responses.

What is the patenting process?

Patent applications are drafted by a patent attorney or a patent agent (a non-attorney with a science education licensed to practice by the USPTO). They will ask the inventor(s) to aid them in its drafting and review the application before it is filed. At the time an application is filed, the patent attorney will ask the inventor(s) to sign a Declaration and an Assignment. The Declaration is a document required by the USPTO and the assignment fulfills obligation of The University of Arizona employee to assign their interest to the University.

In about one to two years the prosecuting patent attorney will receive a written communication, called an Office Action, from the USPTO. The Prosecuting Patent Attorney will draft a response to the Office Action. This begins the negotiation process that is at the core of patent prosecution. This process, which can last several years, will end with either the final rejection of the application or its allowance and subsequent issuance of the patent. During this process, input from the inventor(s) is needed to confirm the patent attorney’s understanding of the technical aspects of the invention and/or the prior art cited against the application.

What is a Provisional Patent Application?

A Provisional Patent Application (PPA) is a relatively new form of protection. It allows inventors to obtain a filing date in the USPTO with a minimum of cost and formalities. All that is required is a cover sheet, fee and a description of the invention and, in return, the USPTO will grant a filing date to the University. A PPA only lasts for one year. In order to claim the filing date of the PPA, it must be converted to a non-provisional application before the end of the one year term. Although a PPA provides a low cost way to obtain a filing date, it is only as good as the description of the invention that it contains. PPAs filed by OTT are based on the description of the invention contained in the Invention Disclosure. As a result, the more complete the Invention Disclosure, the “better” the PPA.

What is the Patent Cooperation Treaty?

The Patent Cooperation Treaty (PCT) is an international treaty administered by the World Intellectual Property Organization (WIPO) located in Geneva, Switzerland. The PCT can best be thought of as mechanism for simplifying patent filings in multiple countries. Prior to the PCT if a U.S. inventor wanted to obtain patent protection in foreign countries, his only choice was to file directly in those countries. With the PCT the U.S. inventor can initially file a PCT Application directly in the PCT section of the USPTO. This application is filed in English does not require the involvement of a foreign patent attorney. A PCT Application must be filed no
later than one year after the filing a U.S. Patent Application (either a regular utility application or a PPA).

Although obtaining a foreign patent ultimately requires filing directly in the country or countries of interest, the costs of filing these applications (foreign fees, attorney & translation costs) can be postponed up to as long as 30 months.

**Is there such a thing as an International Patent?**

It is a common misunderstanding that an “International Patent” issues from a PCT filing. This is not the case. The end result of a PCT Application is a patent or series of patents in a foreign country or countries. Each country is a separate legal system and as such has its own law governing the issuance and enforcement of its patents. You must obtain a patent in a specific country to have it enforced in that country.

**How long are U.S. Patents in force?**

The term of an issued U.S. Patent is 20 years from its date of its first filing or the date of filing to an application to which it claims priority. During the life of the patent there are several maintenance fee payments that are required to keep the patent in force.

**Why does The University of Arizona protect some intellectual property with patents?**

Patent protection is often a requirement of a potential commercialization partner (licensee) because it can protect the commercial partner’s often sizable investment required to bring the technology to market. Due to their expense and the length of time required to obtain a patent, patent applications are not possible for all University of Arizona intellectual property. We carefully review the commercial potential for an invention before investing in the patent process. However, because the need for commencing a patent filing usually precedes finding a licensee, we look for creative and cost-effective ways to seek early protections for as many promising inventions as possible.

**Who decides what gets protected?**

The Office of Technology Transfer and the inventor(s) consider relevant factors in making recommendations about filing patent applications. Based on a recommendation from the licensing specialist, the Director of OTT ultimately makes the final decision as to whether to file a patent application or seek another form of protection.

**What does it cost to file and obtain a U.S. patent?**
Filing a U.S. utility patent application may cost between $10,000 and $20,000 when fees are included. To obtain an issued patent may require an additional $10,000 to $15,000 for patent prosecution.

**What if I created the invention with someone from another institution or company?**

If you created the invention under a sponsored research or consulting agreement with a company, the OTT licensing specialist will need to review that contract to determine ownership and other rights associated with the contract and to determine the appropriate next steps. Should the technology be jointly owned with another academic institution, the licensing specialist will usually enter into an Inter-Institutional Agreement (IIA) that provides for one of the institutions to take the lead in protecting and licensing the invention, sharing of expenses associated with the patenting process and allocating any licensing revenues. If the technology is jointly owned with another company, the licensing specialist will work with the company to determine the appropriate patenting and licensing strategy.

**Will The University of Arizona initiate or continue patenting activity without an identified licensee?**

Often the University accepts the risk of filing a patent application before a licensee has been identified. After University rights have been licensed to a licensee, the licensee generally pays the patenting expenses. At times we must decline further patent prosecution after a reasonable period (often a year or two) of attempting to identify a licensee (or if it is determined that we cannot obtain reasonable claims from the USPTO).

**COPYRIGHTS:**

**What is a Copyright and how is it useful?**

Copyright is a form of protection provided by the laws of the United States (17 USC) to the authors of “original works of authorship.” This includes literary, dramatic, musical, artistic, and certain other intellectual works as well as computer software. It covers published and unpublished works. The Copyright “right” can be thought of as a bundle of rights that give the owner the exclusive right to do and to authorize others to do the following:

- To reproduce the work in copies or phonorecords;
- To prepare derivative works based upon the work;
- To distribute copies or phonorecords of the work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- To perform the work publicly, in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works;
- To display the work publicly, in the case of literary, musical, dramatic, and Choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual works,
work; and
• In the case of sound recordings,* to perform the work publicly by means of
  a digital audio transmission.

Copyright protection is automatically secured when a work is fixed into a tangible medium such
as a book, software code, video, etc. In some instances, the University registers copyrights, but
generally not until a commercial product is ready for manufacture.

What is a derivative work?

A “derivative work” is a separately copyrightable work based upon one or more preexisting
works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture
version, sound recording, art reproduction, abridgment, condensation, or any other form in which
a work may be recast, transformed or adapted. A work consisting of editorial revisions,
annotations, elaborations, or other modifications, which, as a whole, represent an original work
of authorship, is a “derivative work.” The owner of a copyright has the exclusive right to
prepare derivative works.

What is Fair Use?

Fair Use is an important limitation on the rights of the Copyright owner. It has been codified in
section 107 of the Copyright Act which lists various purposes for which the reproduction of a
particular work may be considered a “fair use”, such as criticism, comment, news reporting,
teaching, scholarship and research. It also lists four factors to be considered in any “fair use”
analysis. These are:
  (1) The purpose and character of the use;
  (2) The nature of the copyrighted work;
  (3) The amount and substantiality of the portion used in relation to the copyrighted work
      as a whole;
  (4) The effect of the use upon the potential market for, or value of, the copyrighted work.
The distinction between fair use and infringement is unclear and not easily defined. The safest
course when using any portion of a copyrighted work is to always get permission from the
copyright owner before using the copyrighted material.

How long does a Copyright last?

For works created on or after January 1, 1978 (the effective date of the current Copyright Act),
the terms is the life of the author plus 70 more years.

What is the proper form of The University of Arizona copyright notice?

Although copyrightable works do not require a copyright notice, we strongly recommend that
you use one. For works owned by The University of Arizona, use the following template: ©
[Year of first publication] The Arizona Board of Regents on Behalf of The University of
Arizona. (e.g., © 2009 The Arizona Board of Regents on Behalf of The University of Arizona).
TRADEMARKS:

What is a trademark or service mark and how is it useful?

A trademark includes any word, name, symbol, device, or combination, that is used in commerce to identify and distinguish the goods of one manufacturer or seller from those manufactured or sold by others, and also to indicate the source of the goods. In short, a trademark is a brand name. A service mark is any word, name, symbol, device, or combination that is used, or intended to be used, in commerce to identify and distinguish the services of one provider from those of others, and to indicate the source of the services.

What is trademark registration?

Trademark registration is a procedure in which the United States Patent and Trademark Office (USPTO) provides a determination of rights based upon legitimate use of the mark. However, it is not necessary to register a trademark or service mark to prevent others from infringing upon the trademark. Trademarks generally become protected as soon as they are adopted by an organization and used in commerce, even before registration. With a federal trademark registration, the registrant is presumed to be entitled to use the trademark throughout the United States for the goods or services for which the trademark is registered.
CONSIDERATIONS FOR A START-UP COMPANY:

What is a start-up company and why choose to create one?

A start-up is a new business entity formed to commercialize one or more related inventions. Forming a start-up company is an alternative to licensing the IP to an established business. A few key factors when considering a start-up company are:

- development risk (often companies in established industries are unwilling to take the risk)
- development costs versus investment return (can the investors obtain their needed rates of return)
- potential for multiple products or services from the same technology (few companies survive on one product alone)
- sufficiently large competitive advantage and target market
- potential revenues sufficient to sustain and grow a company

OTT can help evaluate these and other factors.

Who decides whether to form a start-up?

The choice to establish a new company for commercializing IP is a joint decision made by OTT and the inventors. If a new business start-up is chosen as the preferred commercialization path, OTT will assist you in planning and executing the process and introduce you to partners, such as the Arizona Center for Innovation or the McGuire Entrepreneurship Program.

What assistance and resources are available to the inventor?

The licensing manager along with the Director can provide information and guidance on new business development by helping organize and locate specialists to serve as coaches, advisors, resource locators and project planners to help fill the gap between the technology and the formation of a start-up. Their activities may include locating prospective management talent, developing a funding strategy, making introductions to probable investors, reviewing business plans, and engaging experts to work on key gating issues. OTT can also draw upon an extensive network of resources and experience to assist you.

What role does an inventor usually play in a company?

University of Arizona faculty typically serve as technology consultants, advisors or in some other technical developmental capacity. Rarely do faculty choose to leave the University and join the start-up. In many cases, the faculty role is suggested by the start-up investors and management team who identify the best role based on the inventor’s expertise and interests. As the company matures, and additional investment is required, the inventor’s role may change. Faculty involvement of any kind in a start-up is also reviewed by the University of Arizona Conflict of Interest Committee. Student inventors and post-docs may choose to join the start-up
upon graduation but rarely have the experience or business skills to serve as the company’s sole management.

How much of my time and effort will it take?

Starting a company requires a considerable amount of time, effort and planning. Until the start-up team is identified and engaged, the faculty member and key members of the group will need to champion the formation effort and continue the technology development. After the team is in place, effort is required for investor discussions, formal responsibilities in or with the company, and University processes such as conflict of interest reviews.

As illustrated in the drawings below, between research and product are a number of gaps that the effort will need to address. Certain things may be possible to organize internally prior to launch, we encourage you discuss your ideas with OTT and our specialists.

Can The University of Arizona accept equity in the company?

The University of Arizona may accept transferable warrants, a claim on equity similar to stock options but may not, by law, directly accept equity. Because warrants are commonly used in financing events such as bridge funding or seed round funding, they are a familiar tool in the start-up world and our use of them has been well accepted by the community. To simplify our transactions, the University has worked with our Phoenix-based securities attorneys to craft a standard fixed set of documents for use with various corporate forms.

Our warrant documents have been designed to be very even-handed and “vanilla” in order to reduce expenses on both sides when they are being used. The documents have been reviewed by the counsel of over a dozen licensees in transactions involving angel, corporate and venture financing, with the cumulative changes incorporated for clarity and usability; as such we do not negotiate the language of the warrant documents and accept only those changes which would (i) be incorporated into all future documents and (ii) clarify the intent of the parties.
Will The University of Arizona pay for incorporating a start-up company?

No. As a separate entity, the start-up should pay for its own legal matters, including all business incorporation matters and licensing expenses.

What legal assistance is needed in creating a start-up?

In addition to corporate counsel, the start-up may have its own intellectual property counsel to assist with corporate patent strategy, especially if the company will be involved in a patent-rich area. The start-up’s counsel must be separate from the University of Arizona counsel, though it is advisable and recommended that the corporate Intellectual Property Counsel and The University of Arizona Patent Counsel coordinate activities. Also, it is wise for inventors to have agreements regarding their roles with the start-up reviewed by their own counsel to ensure that all personal ramifications—including taxation and liabilities—are clearly understood.
MARKETING TO FIND A LICENSEE:

How does OTT market my invention?

Licensing specialists use many sources and strategies to identify potential licensees and market inventions. Sometimes existing relationships of the inventors, the OTT staff, and other researchers are useful in marketing an invention. Market and technical research can assist in identifying prospective licensees. We also examine other complementary technologies and agreements to assist our efforts. We use our website to post inventions, utilize the i-Bridge Innovation Network as a portal for those seeking new technologies from us, leverage conferences and industry events, and make direct contacts, in person, through phone and through email. Faculty publications and presentations are often excellent marketing tools as well.

How are most licensees found?

Studies have shown that many licensees were already known to the inventors. Thus research and consulting relationships are often a valuable source for licensees. Licensees are also identified through existing relationships of the OTT staff. Our licensees often license more than one technology from The University of Arizona. We attempt to broaden these relationships through contacts obtained from website posting inquiries, market research, industry events and the cultivation of existing licensing relationships.

How long does it take to find a licensee?

It can take months and sometimes years to locate a licensee, depending on the attractiveness of the invention, its stage of development, competing technologies, and the size and intensity of the market. Most university inventions tend to be in the early stage in the development cycle and thus require substantial commercialization investment in further development and proof of market, making it difficult to attract a licensee. If the industry segment has a narrow technology focus, the expertise necessary to evaluate and take up a new adjacent technology may be limited and require the technology to mature further before they are willing to risk licensing it and committing resources to advance its development to a product or service.

How can I assist in marketing my invention?

Your active involvement can dramatically improve the chances of matching an invention to an outside company. Your research and consulting relationships are often helpful in both identifying potential licensees and technology champions within companies. Your knowledge and enthusiasm for the work you’ve done helps potential adopters see its potential clearly. Once interested companies are identified, the inventor is the best person to describe the details of the invention and its technical advantages. The most successful tech transfer results are obtained when the inventor and the licensing professional work together as a team to market and sell the technology.
Can there be more than one licensee for my invention?

Yes, an invention can be licensed to multiple licensees, either non-exclusively to several companies or exclusively to several companies, each for a unique field-of-use (application) or geography.
LICENSES AND OTHER AGREEMENTS:

What is a license?

A license is a permission that the owner or controller of intellectual property grants to another party, usually under a license agreement.

What is a license agreement?

License agreements describe the rights and responsibilities related to the use and exploitation of intellectual property developed at The University of Arizona. License agreements usually stipulate that the licensee should diligently seek to bring the intellectual property into commercial use for the public good and provide a reasonable return to The University of Arizona and the inventors.

How is a company chosen to be a licensee?

A licensee is chosen based on its ability to commercialize the technology for the benefit of the general public. Sometimes an established company with experience in similar technologies and markets is the best choice. In other cases, the focus and intensity of a start-up company is a better option. It is rare to have multiple potential licensees bidding on an invention.

What can I expect to gain if my invention is licensed?

What is most important varies by individual but some of the benefits can be:

- Expanding relationships with private companies
- Creating opportunities for students and postdoctoral researchers
- Bringing research into use and seeing it deployed for public benefit
- Obtaining a financial return to individuals or support for the group

The handling of revenues from licensing is determined by The University of Arizona Royalty Distribution Policy, which can be viewed at [http://www.ott.arizona.edu/content/income-sharing-policy](http://www.ott.arizona.edu/content/income-sharing-policy).

Most inventors enjoy the satisfaction of knowing their inventions are being used for the benefit of the general public. New and enhanced relationships with businesses are another outcome that can augment one’s teaching, research and consulting. In some cases, additional sponsored research may result from the licensee.
What is the relationship between an inventor and a licensee, and how much of my time will it require?

Many licensees require the active assistance of the inventors to facilitate their commercialization efforts, at least at the early stages of development. This can range from infrequent, informal contacts to a more formal consulting relationship or to the hiring of students or postdocs. Working with a new business start-up can require substantially more time, depending on your role in or with the company and your continuing role within The University of Arizona. Your participation with a start-up is governed by The University of Arizona’s Conflict of Interest and Conflict of Commitment Policies and the approval of your supervisor.

What other types of agreements and considerations apply to tech transfer?

• **Confidential Disclosure Agreements (CDAs)** are often used to protect the confidentiality of an invention during evaluation by potential licensees. CDAs also protect proprietary information of third parties that University researchers need to review in order to conduct research or evaluate research opportunities. OTT enters into CDAs for University proprietary information shared with someone outside of the University. ORCA manages incoming CDAs related to research contracts.

• **Material Transfer Agreements (MTAs)**, used for incoming and outgoing materials at the University, are administered by OTT (outgoing materials) or ORCA (incoming materials). These agreements describe the terms under which University researchers and outside researchers may share materials, typically for research or evaluation purposes. Intellectual property rights can be endangered if materials are used without a proper MTA.

• **Inter-Institutional Agreements (IIAs)** describe the terms under which two or more institutions (generally two universities) will collaborate to assess, protect, market, license, and share in the revenues received from licensing jointly owned intellectual property.

• **Option Agreements**, or **Option Clauses** within research agreements, describe the conditions under which the University preserves the opportunity for a third party to negotiate a license for intellectual property. Option clauses are often provided in a Sponsored Research Agreement to corporate research sponsors or Option Agreements are entered into with third parties wishing to evaluate the technology prior to entering into a full license agreement.

• **Research Agreements** describe the terms under which sponsors provide research support to the University. These are negotiated by ORCA.
COMMERCIALIZATION:

What activities occur during commercialization?

Most licensees continue to develop an invention to enhance the technology, reduce risk, prove reliability, and satisfy the market requirements for adoption by customers. This can involve additional testing, prototyping for manufacturability, durability and integrity, and further development to improve performance and other characteristics. Documentation for training, installation and marketing is often created during this phase. Benchmarking tests are often required to demonstrate the product/service advantages and to position the product in the market.

What is my role during commercialization?

Your role can vary depending on your interest and involvement, in the interest of the licensee in utilizing your services for various assignments, and any contractual obligations related to the license or any personal agreements.

What revenues are generated for The University of Arizona if commercialization is successful? If unsuccessful?

Most licenses have licensing fees and royalties that can be very modest (for start-ups or situations in which the value of the license is deemed to warrant a modest license fee) or can reach hundreds of thousands of dollars. Royalties on the eventual sales of the licensed products can generate revenues, although this can take years to occur. Equity, or in our case warrants, if included in a license, can yield returns, but only if a successful equity liquidation event (public equity offering or a sale of the company) occurs. Most licenses do not yield substantial revenues.

A recent study of licenses at U.S. universities demonstrated that only 1% of all licenses yield over $1 million. However, the rewards of an invention reaching the market are often more significant than the financial considerations alone.

What will happen to my invention if the start-up company or licensee is unsuccessful in commercializing the technology? Can the invention be licensed to another entity?

Licenses typically include performance and diligence milestones that, if unmet, can result in termination of the license. This termination allows for subsequent licensing to another business.
NAVIGATING CONFLICT OF INTEREST:

How does The University of Arizona define a conflict of interest?

A conflict of interest can occur when a University employee, through a relationship with an outside organization, is in a position to: 1) influence the University’s business, research or other areas that may lead to direct or indirect financial gain, 2) adversely impact or influence one’s research or teaching responsibilities, or 3) provide improper advantage to others, to the disadvantage of the University.

When should I seek guidance on conflict of interest?

Whenever a question or uncertainty arises, you should seek guidance from your ORCA project representative for research-related issues and/or your OTT licensing specialist for license-related issues. There are two times in particular when guidance is required: when research proposals are submitted to external sponsors (ORCA) and when a license, option or MTA is being considered with a company in which the faculty member, or any university employee, has an equity or management interest (OTT).

What kinds of issues concern conflict of interest reviewers?

Examples include the appropriate and objective use of research, the treatment and roles of students, supervision of individuals working at both The University of Arizona and a licensee company, and conflict of commitment (i.e., your ability to meet your University obligations).

What are examples of a conflict of commitment?

A conflict of commitment may exist if duties, assignments or responsibilities associated with a technology license or outside business arrangement have a negative impact on your ability to meet commitments associated with your University of Arizona employment or exceed the amount of time available to you for these activities. The best approach is to fully disclose your situation to your supervisor and discuss the implications for your job responsibilities.

How does The University of Arizona manage conflict associated with research and technology transfer transactions?

OTT representatives can advise you on various aspects of conflict of interest issues or you may contact an Office for the Responsible Conduct of Research representative within the Office of the Vice President for Research; see www.vpr.arizona.edu. It is the responsibility of the researcher or faculty member to disclose and document any outside arrangements that constitute disclosable situations or interests as described in The University of Arizona conflict of interest policies. A conflict of interest disclosure can be made to the Institutional Review Committee as indicated on the VPR’s Web site. COI approval is required before any associated agreements can be approved.
REVENUE DISTRIBUTIONS:

How are license revenues distributed?

OTT is responsible for managing the expenses and revenues associated with technology agreements. In accordance with The University of Arizona’s Royalty Distribution Policy (http://www.ott.arizona.edu/content/income-sharing-policy), revenues from license fees, royalties — minus an OTT Operation Fund fee of 15% and any unreimbursed patenting and file expenses — are shared with inventors.

What if I receive equity (stock) from a company?

Under University of Arizona Policy, inventors who receive equity from a licensee are not permitted to share University revenues from the associated agreement. Principal Investigators still receive a Laboratory Discretionary Account however.

What are the tax implications of any revenues I receive from the University?

License revenues are typically taxed as Form 1099 income. You should consult a tax advisor for specific advice.

What happens to my share of licensing revenue if I waive rights to it?

Revenues waived by inventors are distributed to the associated school/college and department/unit. To avoid potential tax liability, revenues waived by you to your department/unit must not be under your control.

How are inventor revenues distributed if there are multiple inventors and/or multiple inventions in a license?

While there may be some variation in the procedure, typically when a license agreement is developed, a Revenue Distribution Plan (RDP) is created to document the formula used to distribute any subsequent revenues. The RDP formula is based on the contributions listed in the Invention Disclosure(s) relating to the license and University Policy. If there are changes required either due to the licensing of multiple inventions or other factors, OTT asks one inventor within the group to serve as coordinator and to report the percentages for the RDP formula as determined by the inventors collectively. All inventors must sign any revision of the RDP, signifying their approval. Should the inventors be unable to agree on a revenue distribution plan, OTT will take the matter before the Intellectual Property Committee for adjudication according to policy.
REINVESTMENT AND RELATIONSHIPS:

Every year, OTT, working with our UA inventors and business partners:

• Assists with approximately 130 invention disclosures
• Negotiates over 65 option and license agreements
• Assists in forming 5-7 new business start-ups

This activity generates money, which is shared among The University of Arizona schools and colleges, departments and units, inventors and partnering institutions. These revenues are reinvested in additional research and education, thus fostering the creation of the next generation of research, researchers and entrepreneurs.

In addition, the resultant relationships created and deepened with these activities support our University mission. They result in additional research projects, broader educational opportunities and collaborative investments, and an enhanced ability to create, retain and share valuable resources that contribute to our quality of life.