

Bayh/Dole and Beyond; Strategies and Tactics

Presentation by Jon Sandelin

Stanford University

Office of Technology Licensing

jon.sandelin@stanford.edu

<http://otl.stanford.edu>

Presentation Areas

- What is the Bottom Line
- What is Bayh/Dole and Why is it important
- Key Background Events
- The Key Players: Individuals and Groups
- The Tactics Used
- Post Bayh/Dole: Monitoring; Protecting; Influencing
- Bayh/Dole Impact outside the U.S.
- Benefits and Risks of Bayh/Dole

The Bottom Line

- Bayh/Dole Works! But not immediately
- Bayh/Dole sent a important message to Universities and Teaching Hospitals (Hereafter University = public and private universities & teaching hospitals)
- Society of University Patent Administrators (SUPA) & the renamed Association of University Technology Managers (AUTM) was critical to success
- Committed Individuals and a strong network was critical to success

Evolution of Patenting & Licensing in U.S.

- Before 1980 - few U. S. Universities were involved with Patenting & Licensing
- 1980 - Bayh/Dole Law enacted
- 1980 to 1990 - SUPA/AUTM facilitates convergence on Best Practices
- 1991 to 2004 - AUTM *Annual Surveys* document Rapid Growth in University Licensing Results

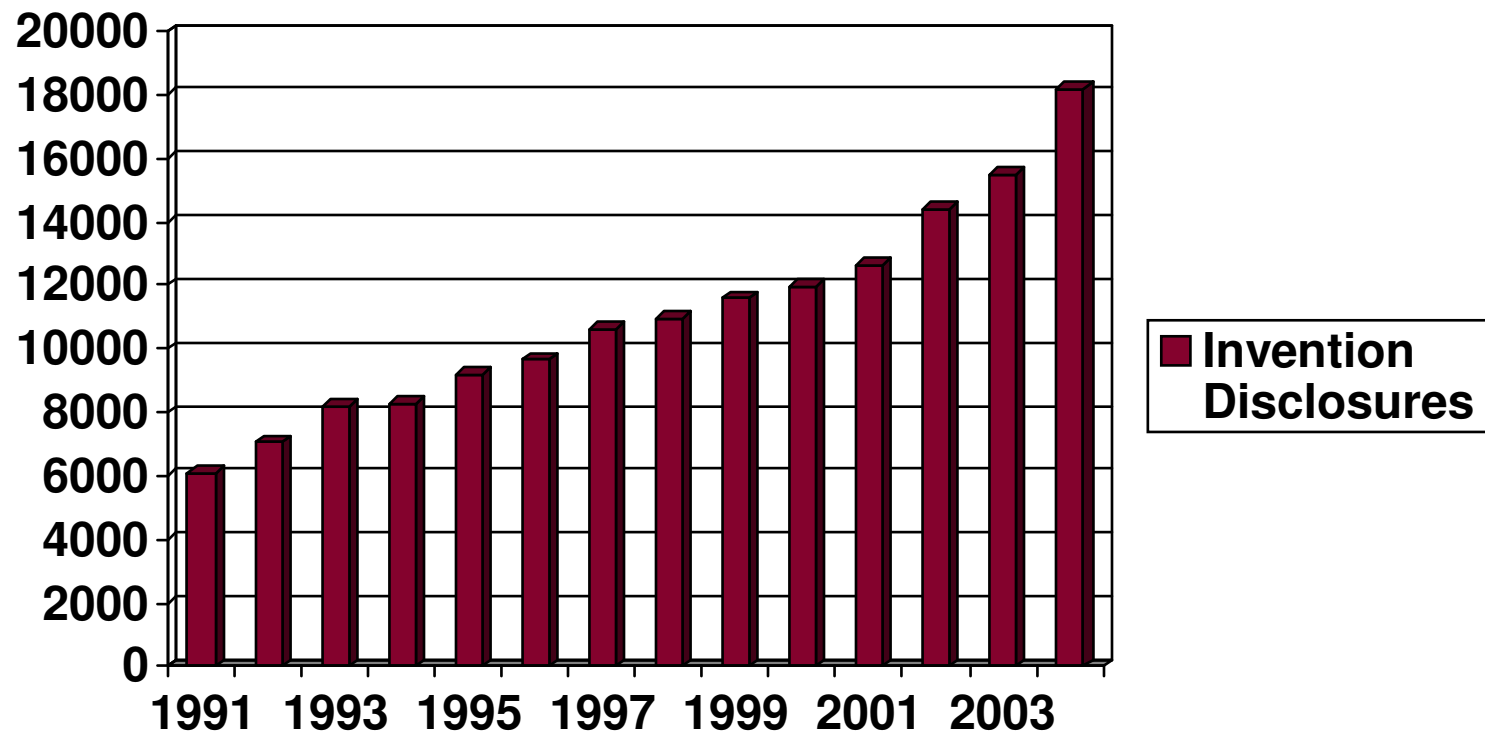
Bayh/Dole Law of 1980; As Amended by PL 98-620

- Option to Ownership of Government Sponsored Inventions (2 Years or 90 Days before Patent Bar Date)
- If Option Exercised, Must Patent and Diligently Seek a Licensee
- Must Share a Portion of Royalty Income with Inventors
- Non-Exclusive Royalty-Free License to Government
- Government Retains March In Rights
- Preference to Small Business (under 500 employees)
- U.S. Manufacture if Exclusive License in U.S.

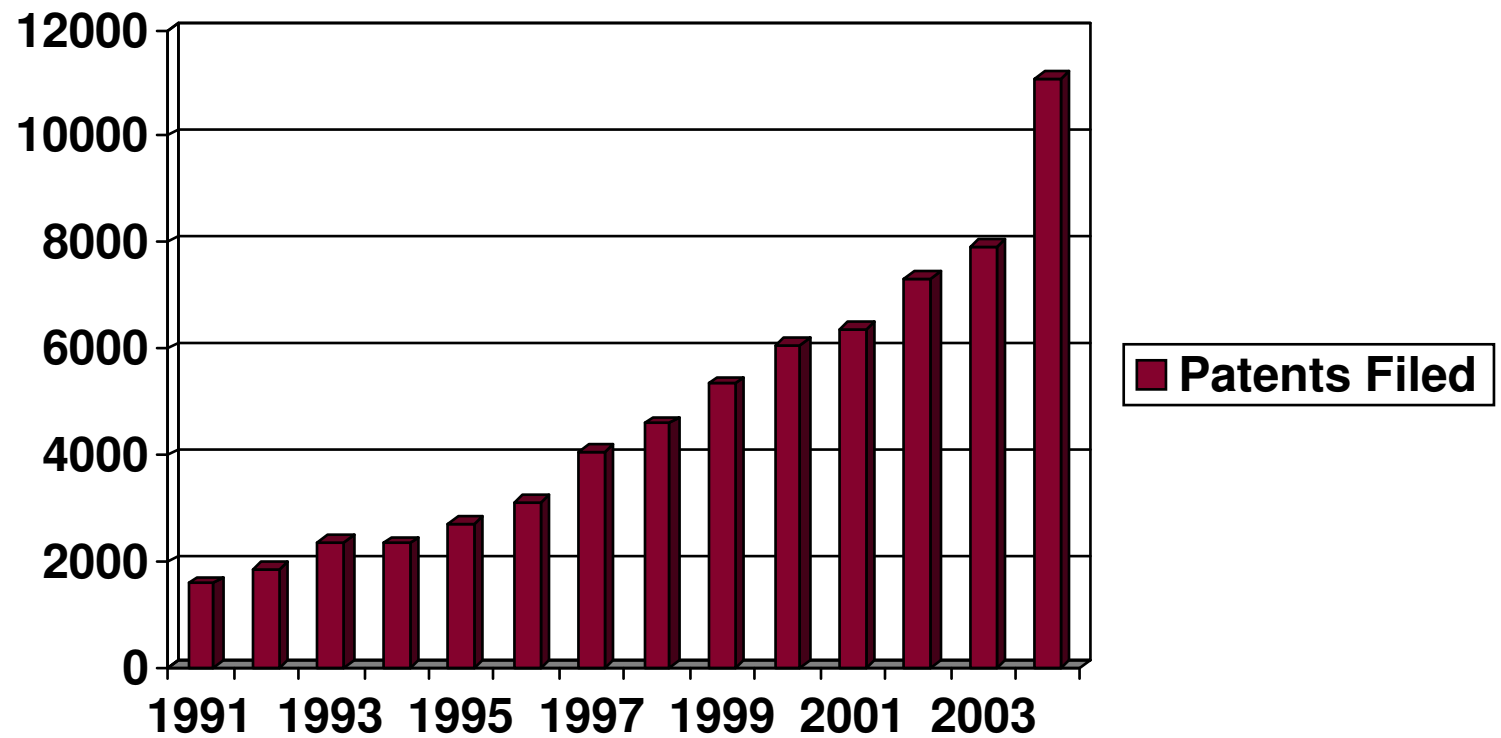
2004 AUTM Survey

- \$1,426 Million in Royalties
- \$54 Billion in Licensed Products Sales
- 435,000 new Jobs
- 18,178 new Invention Disclosures
- 11,089 new Patent filings
- 5,327 new Licenses (10% to Start-Up Companies)

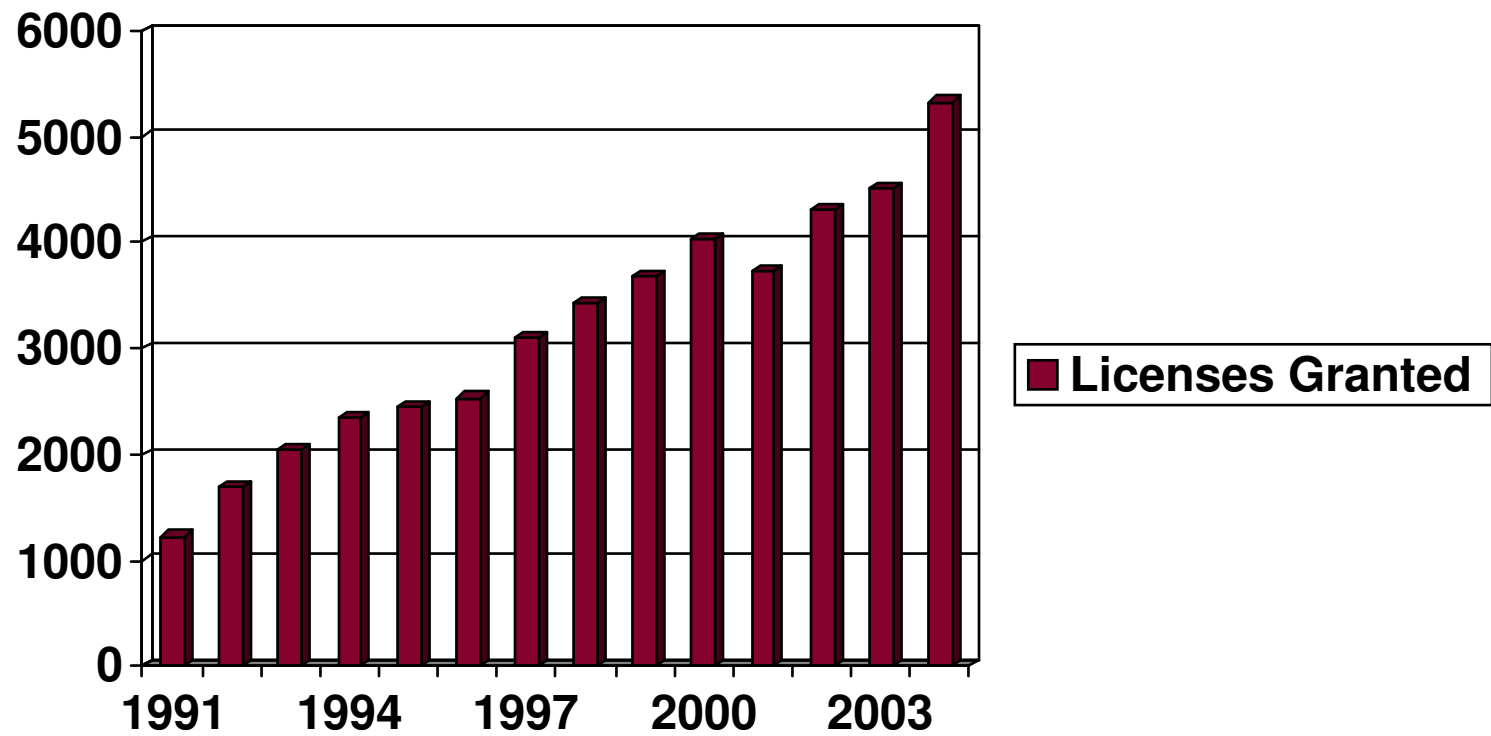
Invention Disclosures



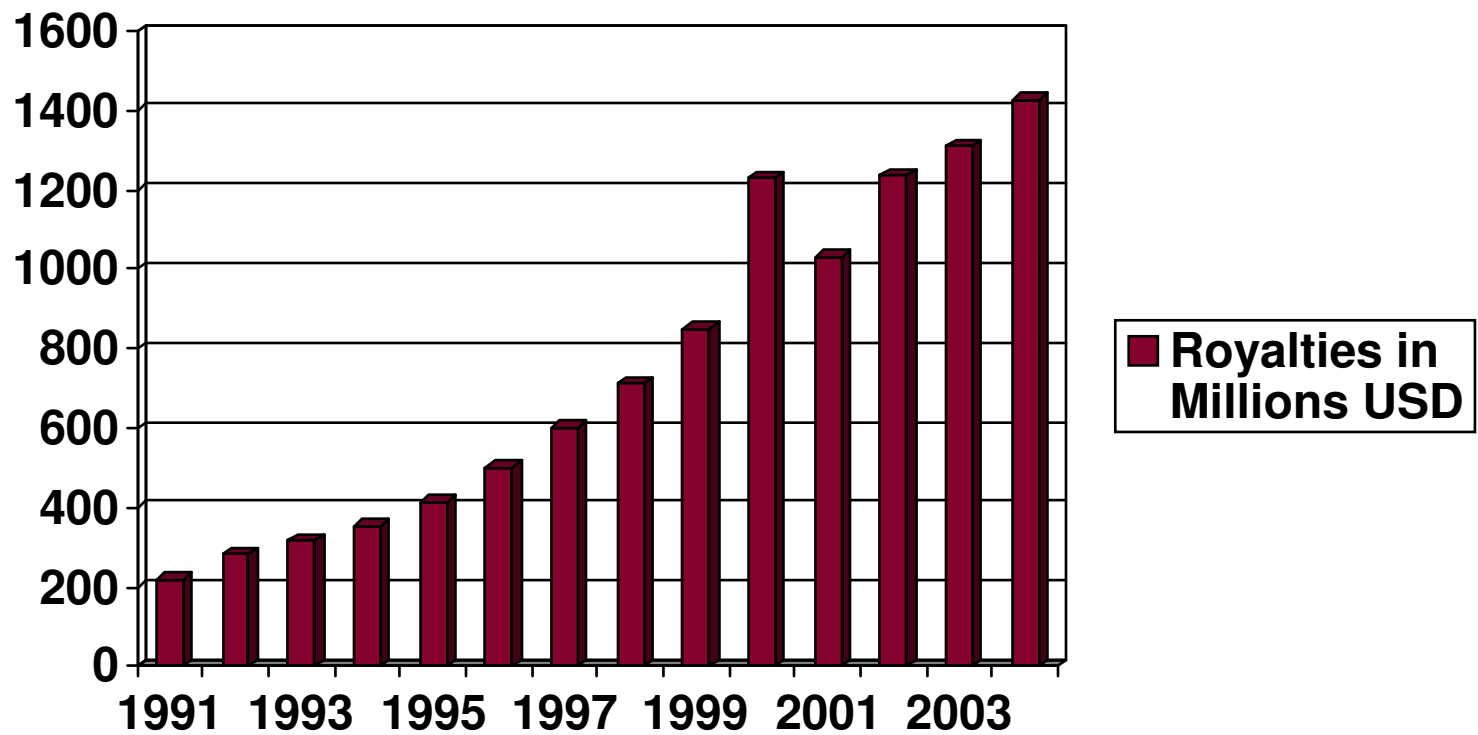
Patents Filed



Licenses Granted



Royalty Income



Reasons For Key Background Events

- Federal Government Push: A faltering economy in late 1960s and 1970s lead to the belief that commercialization of University innovation would stimulate the U.S. economy. Also, a desire to justify large Government funding of Universities by showing tangible benefits to society
- Some success stories (Wisconsin Alumni Research Foundation “WARF”, MIT, Stanford) created growing interest by others to consider starting Technology Licensing Offices (TLOs)
- Interest by some professors in seeing their inventions being put to use
- Interest by Universities in increasing Industry research funding and collaborations.

Key Background Events

- 1968 1st Institutional Patent Agreement (IPA) by Health Education & Welfare (now National Institutes of Health); 1972 National Science Foundation adopts use
- 1973 Betsy Johnson Issues the Challenge
- 1974 The Response: Conference in Cleveland
- 1975 SUPA Bylaws Approved; SUPA founded
- 1976 SUPA President gives testimony before Congress committee on University Patents/Government funding
- 1978 Bayh/Dole Bill introduced in Senate
- 1980 Bayh/Dole becomes law: PL96-517

Key Players

☞ Individuals

- Norman Latker; General Legal Counsel HEW/NIH
- Joe Allan: Admin. Assistant To Senator Birch Bayh
- Howard Bremer: Patent Attorney at WARF

☞ Groups

- Society of University Patent Administrators SUPA
- Counsel On Government Relations COGR
- National Counsel of University Research Administrators NCURA
- Small Business Administration SBA

Goals

- Passage of a uniform law applicable to all Government funding agencies providing for University ownership of Intellectual Property (IP) resulting from Government Funded Research
- Develop a Process to monitor and influence policies and legislation concerning University IP Rights (IPR) and the Licensing of such rights
- Develop a Process that will Enhance the Skills and provide for the Professional Development of people in the University Licensing Profession

Strategies

- Form an Association of individuals to Promote and Influence needed policies and legislation supporting University Licensing
- Build Networks and Communication Channels spanning Universities, Industry, and Government individuals and groups both Nationally and later Internationally
- Lobby, via testimony before Congressional committees and targeted letters, on issues, policies, and legislation affecting University IPR and Licensing

The Tactics - Pre Bayh/Dole

- 1977/78 Latker/Allan/Bremer draft proposed wording for Bayh/Dole
- 7/78 Bremer (SUPA President) distributes to SUPA members draft bill for comment
- 9/78 Bayh/Dole Bill introduced in Congress
- 10/78 Bremer sends list of U.S. Senate members (and their key staff) to SUPA members
- 1978 SUPA Survey of Industry Research Sponsorship
- 1976-80 Latker and Allan frequent speaker at SUPA Annual Meetings

The Tactics - Pre Bayh/Dole

- 2/80 SUPA seeks and obtains President Jimmy Carters endorsement of Bayh/Dole
- 2/80 SUPA forms Committee on Government Relations; Bremer is Chairman and Director of COGR is member of committee
- 4/80 Bayh/Dole passes Senate vote 91 to 4; Dole sends personal letter announcing this to SUPA
- 9/80 SUPA Newsletter provides detailed summary of Bayh/Dole status and of other pending legislation affecting Intellectual Property Rights; This monitoring and publishing in Newsletter continues to today

The Tactics - Post Bayh/Dole

- 1/81 SUPA requests active involvement in drafting the implementing regulations for Bayh/Dole
- 7/81 Bremer distributes draft regulations to SUPA members for comment; forms expert group to review comments, modify if necessary, and forward to Gov.
- 1982 SUPA begins effort to amend Bayh/Dole of some provisions, such as required term of exclusivity
- 1984 PL 98-620 enacted eliminating required exclusive term and gives Bayh/Dole rights to all Gov. contractors

The Tactics - Post Bayh/Dole

- 1980-1994 Howard Bremer Chairman of Government Affairs committee; 1980 to Present, SUPA/AUTM funds Bremer's travel expenses to attend national and international conferences on IPR, brief AUTM Board, and publish reports in SUPA/AUTM Newsletters
- 1991 AUTM conducts first comprehensive survey of members to respond to Gov. requests for data on university technology transfer efforts. Becomes an annual survey
- 1980 to Present: Strong, close AUTM/COGR partnership to monitor and respond to proposed IPR related legislation. Use of Association of American Universities (AAU) when necessary.
- AUTMs continued use of testimony and formal letters on specific issues to influence IPR policy and legislation in the U.S.
- 2006 AUTM publishes Better World publications

Bayh/Dole Impact outside U.S.

- Asia
 - Japan
 - Singapore
 - Taiwan
 - China
- Europe
- Latin America
 - Chile
 - Brazil

Bayh/Dole Benefits

- ☞ The efficient conversion of University innovation into products to stimulate economic growth & create jobs
- ☞ Show the public that Government investment in University research produces tangible benefits for society
- ☞ Create income from licensing royalties or sale of equity to support teaching and research activities
- ☞ Create income for Professors & Students & Staff from a sharing of royalty income, paid consulting work, and serving on Advisory Boards of Licensees
- ☞ Funding of Research by Licensees
- ☞ Gifts and Donations from Licensees or successful Entrepreneurs
- ☞ Hiring of Students by Licensees upon graduation

Bayh/Dole Risks

- Involvement with companies by University Researchers may inhibit rather than promote the progress of science; Also from the very early patenting of very basic research or of tool sets
- Such involvement (especially when there is stock ownership) may lead to loss of public trust in the University and/or its employees and to adverse and embarrassing reports in the news media
- Such involvement may lead to unfulfilled commitments to research sponsors, to students, or to the University
- Such involvement may lead to a bias when reporting research results or to not reporting such results at all
- Such involvement may lead to exploiting the work of students to benefit the personal interests of their supervising Professor
- And that new inventions are diverted to a company and not reported to the University

Policy Implications from Bayh/Dole

- Know the key players and build networks for coordination and cooperation
- Monitor the IP environment and have a response process
- Keep people informed as to proposed changes in policies and legislation
- Be open and transparent as to review and response procedures

THE END

☞ Thank You for your Attention!