What are TDG’s priorities when licensing UCLA technologies?
Above all else, TDG wants to get UCLA technologies developed, commercialized, and into the marketplace. Ideally, such efforts generate licensing revenue that flows back to the inventors, as well as to UCLA to enable it to fund additional research activities on campus. Analyzing whether the financial success of a technology will outweigh the costs involved in licensing it (primarily patenting expenses) is multifaceted and complex. TDG’s licensing staff is highly trained in conducting such analyses and its Business Development Officers possess significant experience working within the industries of their technology portfolios, both of which have translated to TDG’s increasing success rate in licensing UCLA technologies.

How does TDG decide whether to patent and license a technology?
Upon receipt of a disclosure of a technology to TDG, such technology is assigned to the relevant Business Development Officer (BDO) for review and assessment of its patentability and commercial potential. As necessary, the BDO may contact a patent attorney for a preliminary analysis and/or reach out to industry contacts to assess the level of interest. If a technology appears to be patentable and possesses a requisite level of commercial potential, then the BDO pursues patenting of the technology and TDG commences its marketing efforts to identify the most ideal industry partners to commercialize the technology.

At a high level, what is a license agreement?
A license agreement involves an exchange of promises made between the owner of a technology (the “licensor”) and the entity desiring to commercialize the licensed technology (the “licensee”). While UCLA TDG negotiates, executes and manages the licenses, the licensor is actually the UC Regents as, per policy, it owns title to the inventions made by UCLA employees.

In a typical exclusive patent license agreement, the UC Regents promises to give solely the licensee rights to the UC Regents’ interest in the technology. The UC Regents also agree (via UCLA TDG) to manage the prosecution of any patent applications through the patent office and to maintain the patents once they are issued, at the licensee’s expense. Importantly, UCLA TDG also ensures the license agreement adheres to any obligations required by the sponsors that funded the licensed technology; for example, the Bayh-Dole Act imposes on the funded institution certain obligations (development diligence, reservation of rights to the U.S. Government, U.S. manufacturing requirement, etc.) when licensing a federally funded invention.

In exchange for such promise by the UC Regents, the licensee agrees to fulfill certain obligations, including achieving certain development milestones and making various payments. The development milestones typically include reaching a series of required development stages (e.g., raise a certain amount of capital for development, obtain FDA approval from a regulatory agency, sell a first product, etc.) by a specified date. The payment obligations often consist of a combination of: a fee upon execution, a recurring fee on an annual basis, reimbursement of patenting expenses, payments when certain diligence milestones are met, a royalty on each product sold, and a percentage of any consideration the licensee receives if it passes on its rights to another entity (referred to as a “sublicensee”).

Of particular note to the inventors, TDG at all times ensures that the license agreement reserves the right for the inventors and other academic researchers to continue to conduct academic research involving the technology, including creating improvements to such technology. In addition, unless specifically agreed to by the applicable inventors, the license agreement will not commit any of the inventors to collaborate or assist the licensee in its commercialization of the technology. In fact, many license agreements have led to the licensee sponsoring research in the inventors’ labs and/or retaining the inventors as consultants.
As an inventor, what is my role in the licensing process?
UCLA TDG enthusiastically welcomes the input and advice from the inventors. In fact, often TDG’s potential licensee leads come from the inventors themselves. While inventors are never required to provide assistance in the commercialization of their technologies, TDG welcomes such involvement and is increasingly identifying and encouraging opportunities for licensees to sponsor research in the inventors’ labs to accelerate the development of the technology, which benefits both the licensee and the inventors.

What does all of this technology jargon mean?

**Diligence Milestones:** Central to TDG’s mission is its efforts to ensure the technologies it licenses are developed in a diligent manner. In order to do this effectively, TDG tranches out various milestones between raising initial capital to filing an application with a regulatory agency (e.g., FDA) to getting a product sold in the marketplace, etc. Without a diligence timeline, companies could potentially shelve the technology. By including bright line diligence terms in its license agreements, TDG has the ability to take back technology by terminating the license agreement and to subsequently license it to another entity more able and willing to develop it.

**Equity:** In lieu of some of the fees, and in order to allow start-up companies to invest most of their capital in development, UCLA TDG would otherwise require a licensee to pay in the early years of a license agreement (e.g., upfront fee), in the case of a start-up company TDG may accept a percentage of ownership in such company. While this requires TDG to incur some risk (as the start-up company may not be successful), TDG increases the start-up licensee’s ability to get the technology developed as it is enabled to conserve its cash flow during its early years.

**Patent Prosecution:** This term describes the interactions between the technology owner (here, the UC Regents) and the applicable patent office (in the U.S., known as the U.S. Patent and Trademark Office). The goal when pursuing a patent through the patent office is to capture as much potential product scope as possible without negatively impacting the strength of the patent’s enforceability. UCLA TDG often works in close collaboration with its licensee to determine the appropriate balance between patent scope and enforceability and, above all else, to ensure the resulting patent covers the licensee’s products.

**Royalties:** This term refers to the percentage payment TDG requires the licensee to pay on each product sold. For example, if TDG requires a 2% royalty paid on the net sales of each product sold and the net sales on such product is $100, then the licensee must pay $2 to the UC Regents. The inclusion of an “earned royalty” is fairly standard in patent license agreements as it enables the technology owner’s payment to be directly commensurate with the licensee’s commercial success.