

## **UCLA Health / DGSOM**

### **Frequently Asked Questions Doc for Faculty Innovators**

#### **1. Who owns the inventions and discoveries that I create?**

All inventions and discoveries conceived or developed at UCLA are assigned to the University of California Regents via the University of California's Patent Policy and Patent Acknowledgement ("Patent Acknowledgement"), which is signed by employees upon commencement of employment with UCLA. Ownership of inventions made as a result of research funded by the U.S. Government is also impacted by certain provisions of the Bayh-Dole Act, as further detailed below.

##### **A. UC Regents' Patent Acknowledgement**

Any person who (i) accepts employment with UCLA, or (ii) uses UCLA research facilities (e.g., visiting scientists or other non-UCLA employees), or (iii) receives gift, grant, or contract research funds through UCLA and/or the UC Regents, is required to sign the University of California Oath of Allegiance, Patent Policy, and Patent Acknowledgment (see <http://ucnet.universityofcalifornia.edu/forms/pdf/upay-585.pdf>), which signature is typically requested by the applicable Human Resources Department upon hire.

- The Patent Acknowledgment obligates all such persons to assign to the UC Regents all inventions conceived or developed:
  - within the course and scope of such employment while employed by UCLA (except those resulting from permissible consulting activities without the use of UCLA research facilities);
  - during the course of using such UCLA research facilities; and/or
  - through any connection with the use of any gift, grant, or contract funds received.
- In addition, the Patent Acknowledgement requires such persons to promptly report and disclose the conception and/or reduction to practice of ALL potentially patentable inventions to UCLA's authorized licensing office, i.e., UCLA's Technology Development Group (see <http://tdg.ucla.edu/submit-invention-report>).

##### **B. Federally Funded Research**

In the case of inventions and discoveries arising from federally funded research, the Bayh-Dole Act allows universities and other non-profit institutions to retain ownership of such inventions, provided certain obligations are met.

- These obligations include granting the government a license to practice the invention, making efforts to protect and commercialize the discoveries, submitting progress reports to the funding agency, giving preference to small businesses that demonstrate sufficient capability, and sharing any resulting royalties with the inventors.
- If the university does not elect to retain title, then control of the invention passes to the Federal agency and, if the agency waives its right to take title to the invention, the agency may allow the inventors to retain title to their inventions.

#### **2. Can I share information and details about my research at public events, such as national conferences, conventions, academic board meetings, symposiums, and cocktail parties?**

Yes, you can speak publicly about your work, however -- timing and limiting the scope of information shared is crucial.

- Since the ability to obtain patent rights on an invention may be negatively impacted by publications and other public disclosures made prior to a patent application filing, it is important to submit an Invention Report to UCLA's Technology Development Group (see <http://tdg.ucla.edu/submit-invention-report>) well before (at least 1 month, when possible) any such publication or other disclosure.
- This prior disclosure will enable TDG to have the opportunity to file a patent application on the invention, to the extent desirable. Such disclosures can include presentations, lectures, posters, abstracts, thesis defenses, and publications either online or in print. Research proposal submissions are generally not considered public disclosures (however, please be sure to check whether the proposal will become publically available should the grant be awarded).

### **3. I think I've created an invention. What is the first step?**

File an Invention Report through UCLA's Technology Development Group (<http://tdg.ucla.edu/submit-invention-report>).

- Any person who (i) accepts employment with UCLA, or (ii) uses UCLA research facilities (e.g., visiting scientists or other non-UCLA employees), or (iii) receives gift, grant, or contract research funds through UCLA and/or the UC Regents, is required to promptly report and fully disclose the conception and/or reduction to practice of potentially patentable inventions to the University authorized licensing office (UCLA TDG's Invention Report template is available at <http://tdg.ucla.edu/submit-invention-report>).
  - Note that such persons are obligated to disclose to the licensing office ALL inventions and discoveries, including those made in the course of outside professional activities, e.g., consulting.
- The Invention Report is a confidential document that requests a full description of your invention, including how to make and use it, and any supporting experimental data that you have generated.
  - Submitting an Invention Report should occur well before (at least one month, when possible) presenting the discovery through publications, abstracts, poster sessions, conferences, press releases, or other communications.
  - Presentation or publication of an invention in any form before filing for patent protection may restrict or eliminate the ability to obtain a patent, particularly outside of the United States.
  - Timely reporting your invention is also crucial to enable UCLA to meet its obligations assumed under legal contractual obligations with regard to intellectual property and is vital to the protection of a valuable intellectual property asset. With proper safeguarding, your invention can be developed to its fullest capacity.

UCLA's TDG greatly appreciates your efforts in making such disclosures as it will help TDG further its mission of creating economic value to support UCLA's scholarly and educational missions and the State of California.

### **4. What happens after I disclose my invention to UCLA's Technology Development Group (TDG)? How does UCLA TDG decide whether to file a patent application?**

Upon receipt of an Invention Report from an inventor, UCLA TDG promptly reviews the details provided with respect to the invention to assess whether it is patentable and, if so, its potential to result in a commercial success and/or a societal benefit.

UCLA TDG's decision as to whether to pursue patent protection for a disclosed technology is very case specific and largely depends on whether the costs that will be incurred during the patenting process will improve the technology's commercial potential such that the expenditures are justified. Whether to maintain or discontinue

patent filings is also an ongoing analysis performed by UCLA TDG, as the ongoing costs can be prohibitive and not be justified in view the above analysis. Please note UCLA TDG does not adhere to a quota as to how many, or what percentage, of the disclosures it pursues filings for, nor when deciding whether international filings should be pursued.

Here is how the process generally works:

The Invention Report will be assigned to a licensing officer who will promptly review it (typically within 2-4 weeks) to determine whether to pursue patenting of such invention. Licensing officers at TDG generally have an advanced degree, have experience in commercialization and science, and are assigned to specific tracks. Several factors influence TDG's determination of whether to pursue patenting of an invention, including by way of example:

- The potential for the Invention to fulfill an unmet need in the market,
- The feedback we receive from potential licensees,
- The breadth and strength of the patent we believe we may be able to secure,
- How your research may progress over the subsequent year,
- Your plans and funding for continued work in this area, and
- The impact and benefit the Invention will have on society.

## **5. What is a patent and what are patent claims?**

A patent is a set of exclusive rights granted by a government to an inventor (or assignee) for a limited period of time in exchange for a detailed public disclosure of such invention. Importantly, a patent allows the owner to exclude others from using the claimed invention – it does not necessarily extend the right for the owner to practice and commercialize such invention, as it is possible third parties may also own proprietary rights that block the commercialization of such owner's invention.

- The procedure and requirements for pursuing and obtaining a patent on an invention vary between countries according to their laws and international agreements.
- The U.S. Patent and Trademark Office (USPTO) is the government body responsible for examining and issuing patents in the United States.
- Patent claims define, through the use of technical terms, the scope of subject matter sought to be protected (and if such granted, obtained) in the pursuit of a patent.
- The claims are found near the end of the patent and serve to provide notice to others as to what the patent owner can exclude others from making, using or selling.

## **6. How do patents apply in the area of digital health?**

There are specific considerations that apply to the pursuit of intellectual property protection on software products, including by way of example computer and phone apps.

- Recent U.S. Supreme Court rulings have limited an inventor's ability to patent their software. However, software can still be protected by copyright and successfully licensed to commercial entities.
- Further, software combined with hardware (e.g., a sensor) increases the chances that the software can be patented.
- UCLA's Technology Development Group has a specialized licensing officer assigned to digital health – please

contact UCLA TDG with any questions.

## 7. How are inventors compensated by the UC Regents and what is the “University Waterfall”?

Per UC/UCLA policy, inventors receive a percentage (which varies depending on which policy applies) of the revenues UCLA receives from licensing fees, royalties and equity attributed to their invention – this is often referred to as the “inventor share.”

The UC Regents is currently working under two patent policies as reflected by the chart below. While the Current (1997) Policy is in effect, some long term UC employees can choose whether to have their inventions administered under either the Old (1963/85) Policy or the Current Policy.

- For inventions disclosed on or after October 1, 1997, the invention disclosure date and the inventor hire date will determine which policy is applicable.
- If an invention is disclosed on or after October 1, 1997, but the inventor was hired before April 16, 1990, the inventor can choose (provided such decision is irrevocable) between the two policies.
- If an invention is disclosed on or after October 1, 1997 and the inventor was hired after April 16, 1990, the invention will be administered under the Current Policy.

	Old (1963/85) policy	Current (1997) policy
Research share	None	15% of net income as defined under the Current Policy
Inventor Share	50% of net income as defined under the Old Policy	35% of net income as defined under the Current Policy
Net income	Total income, less 15%, less direct case expenses for each invention	Total income, less direct case expenses for each invention
General pool	15% of total income + 50% of net income	50% of net income

### **Definitions:**

**Net Income:** The definition change of “net income” is crucial to understanding the differences in the policies. In the old policy, 15% is taken off the top as a general pool “administrative fee.” Expenses are then deducted from the remaining 85%, with the balance divided equally between the inventor and general pool. In the current policy, only expenses are taken out before dividing the inventor shares three ways - between inventor, research share, and general pool. *Please note Net Income must also take into account prior to applying the foregoing waterfall any distributions required in view of third party obligations, if applicable, e.g., invention is jointly owned with another institution, the inventors are employed by another entity (e.g., Howard Hughes Medical Institute) or have dual appointments (e.g., Veterans Affairs).*

**Total Income:** All income received from royalties, fees and equity cashouts.

**Research Share:** Designated for research-related purposes at the inventor's campus and allocated based on plans developed at each campus. The research share only exists under the Current Policy.

**General Pool:** This income accrues to individual campuses based upon income for all inventions made by inventors at that location. The Pool is used to cover: (1) Program costs - unreimbursed direct expenses of patenting and licensing inventions, costs of operating technology transfer program; (2) General Fund Share - the University

General Fund supports activities and programs across the UC System; and (3) Any residual income above program costs - Chancellor or DOE Laboratory Director discretionary use in accordance with UC policy and law.

For additional information, see <http://www.ucop.edu/innovation-alliances-services/staff/financial-administration/inventor-share-policy.html>.

Please note: The above summary is not a binding legal analysis – whether and to what extent an inventor will have rights to share in Net Income will ultimately reside with the facts and policies that apply to such inventor.

## **8. Can I license my own technology? What are the restrictions that apply?**

Yes, faculty inventors can license the technology they create into a startup company they found. That said, there are a few caveats.

- If an inventor wishes to enter a short term stand-still agreement or Letter of Intent for either 3 month or 6 months duration prior to company formation TDG has an Express Letter of Intent (LOI).
- This Express LOI can be signed by the inventor as long as there are no changes to the template form.
  - If the inventor wishes to add a term sheet or customize the LOI, then they would need to form a company.
  - Next, please note the faculty member is not permitted to negotiate the terms of the license or an option – there would need to be a “representative” for the company, which could be a (non-UC employee) business lead or an attorney.
  - Also, the company need not execute a license immediately if it is not in the position to commence commercialization of the invention.
    - For example, the company may request to enter into a Letter of Intent or Option Agreement if the company has yet to receive investment.
    - ***Please note it is a misconception that UCLA inventors are able to license their inventions at a “reduced rate.”***
    - TDG attempts to make the licensing process feasible for startup companies by back loading the consideration received and also by letting companies start with LOIs, convert to longer term option agreements and then when ready, enter a license agreement.
    - The license agreements are back loaded but still have an upfront cash payment and often equity in the company and then other fees as the technology develops and royalties on the ultimate sale of a licensed product.
    - The company is expected to pay for patent expenses incurred during the term of an option or license agreement.

## **9. What about the data resulting from my research? Who owns it? Can I transfer, license or otherwise commercially exploit it?**

It is highly likely ownership resides with The Regents and it cannot be transferred, licensed or exploited without first obtaining specific permission by the appropriate authorities on campus. While a quick answer to this question would be ideal, it depends upon too many details to go into here. Please check in with UCLA’s Technology Development Group and they can help direct you to the correct authority, which may include the Chief Information Officer for UCLA Health Sciences.

**10. What if UCLA's Technology Development Group decides to not pursue, or to discontinue pursuit of, a patent on my invention? Are they able to release ownership of the invention to me?**

Under certain limited circumstances, it may be possible for the inventors to obtain a release from The Regents. University of California's Patent Policy states:

"In the absence of overriding obligations to outside sponsors of research, the University may release patent rights to the inventor in those circumstances when:

- (1) the University elects not to file a patent application and the inventor is prepared to do so, or
- (2) the equity of the situation clearly indicates such release should be given,

provided in either case that no further research or development to develop that invention will be conducted involving University support or facilities, and provided further that a shop right is granted to the University."

Please note release of inventions are rarely granted as there are several interests that UCLA must take into consideration before doing so. For instance, if the creation of the invention involved federal funding, the invention must first be released to the applicable federal agency and then the inventor must request title from the federal agency. UCLA may also be prohibited from releasing the invention if it has contractual obligations to third parties in relation to such invention, e.g., if the inventors received any financial support or materials from commercial entities or nonprofit foundations. Further, often an invention was created by several researchers, each of whom may have different opinions as to whether and how to commercialize the invention.

Upon request from an inventor, UCLA's TDG will review the facts and make a decision on whether such release will be granted. If TDG denies such request, the inventors may seek review of such decision by a committee that has been established to address such matters.

**11. What if I make an invention outside of the course of my employment? Do I own it?**

While it is possible for an invention to fall outside of the scope of a UCLA employee's obligations under the UC's Patent Policy and Acknowledgement, the invention must be disclosed to, and such determination must be made after consultation with, UCLA's Technology Development Group.

UCLA employees who engage in consulting, or in summer or incidental employment, outside UCLA are advised to consider any proposed agreements with industry carefully to ensure that no conflict exists with the University of California's Patent Policy and Patent Acknowledgment. Importantly, UCLA employees must disclose all inventions made during their employment with UCLA to UCLA's Technology Development Group, regardless of whether the researchers believe the invention was made entirely outside of the scope of his or her employment. See the following link for more details: <http://tdg.ucla.edu/sites/default/files/consulting-agrt-9-01-09-final.pdf>

In addition, while it may be possible for the title to an invention to reside with the inventor if it was developed entirely on his or her own time without using campus equipment, supplies, facilities, or confidential information, it remains a fact based decision based on several factors. For example, even if the invention was made entirely outside and independent of an employee's research on campus, ownership of the invention will reside with The Regents if the invention relates to the actual or anticipated research of the inventor or results from any work performed by the inventor for UCLA.

## **12. How else can UCLA's Technology Development Group assist me in the development of my ideas and technologies?**

In addition to the management of your technology, TDG is also principally responsible for supporting your efforts to secure funding for sponsored research with for-profit entities, as well as the receipt and transfer of research materials (including tangible items, software, data sets, etc.) to collaborators at both for-profit and non-profit entities.

- This is a good way to strengthen your patent application and obtain commercial feedback on the strengths and weakness of the technology.
- We can also help to protect your proprietary information in early discussions, meetings, or presentations with for-profit entities on these topics through the execution of a nondisclosure agreement.

As you consider further work related both to this technology and any additional areas of research please do not hesitate to reach out to our office if we can be of any assistance whatsoever, no matter the stage in the process.

Each campus department has an assigned Industry Contract Officer that can be found here - <http://tdg.ucla.edu/departments-assignments>.