

The University/Industry Connection

License Agreements, Negotiating and How It All Started: The Bayh-Dole Act

MATTO Workshop for Licensing Officers

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The Bayh-Dole Act

- The Genesis of University to Industry Technology Transfer
 - Adopted in 1980
 - To Stimulate Innovation
 - Pub. L. 96-517; Dec. 12, 1980; 35 U.S.C. §§200-212
- Applies to Patents Resulting from Federally Funded Research at Non-Profit Organizations and Small Businesses

Bayh-Dole Objectives

- Promote Use and Development of Federally Funded Inventions
- Encourage Creation and Growth of Small Businesses
- Promote U.S. Manufacturing
- Promote and Protect Government Rights in Federally Funded Inventions

Why?

□ Pre-1980

- Patents from Federally Funded Research Owned by Government
- Exclusive Licenses Were Not Allowed

□ 1979 Audit Showed

- Approximately 28,000 Patents Held By Govt
- Fewer than 5% Were Developed
- "Discoveries were lying there, gathering dust."
(Senator Bayh)

Success!

- You All Have Jobs In An Expanding Field!

- For statistics and success stories see:
 - www.autm.net
 - www.cogr.edu
 - www.ncura.edu

How It Works

- Federal Government Funds Research
- University Identifies Patentable Results (Subject Invention)
 - Researcher Disclosures
- University May Elect Ownership of Patent
 - If Yes: University Owns Subject to Government Retained Rights to Practice for Government Purposes
 - If No: University Required to Waive Rights Back To Government

How It Works

- University Identifies Licensee
 - Preference for Small Business
- University Allowed to Grant Exclusive License
 - Not Always—Used to be Limited Term Exclusive (1986)
 - Certain License Requirements
- Royalties
 - Must be Used for Scientific Research or Education
 - Must be Shared with the Inventors

The Details

- 37 CFR Part 401
 - Specifically, 37 CFR Part 401.14

- University Must Have Written Policies and Agreements With Researchers Enabling University Compliance with Reporting Requirements to Federal Agencies
 - Detailed Invention Disclosures
 - Covers “Subject Inventions”

The Details

- ❑ Subject Inventions Must Be Reported to the Agency Within 2 Months of Disclosure to University
- ❑ University Must Elect or Refrain from Electing Title Within 2 Years of Disclosure To Agency
- ❑ If Title Elected, Must File Non-Provisional Patent Within 1 Year of Electing Title
 - Foreign Filings Within 10 Months of Non-Provisional Filing

The Details

- Confirmatory License Delivered to Govt: “nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the US the subject invention throughout the world”
- University to Notify Govt if University Discontinues Prosecution or Maintenance of Patent *in any country*
 - Within 30 days before expiration of time period

The Details

- University to Submit Periodic Reports to Govt on Technology Utilization and Licensing
- Preference for U.S. Industry
 - Exclusive licenses only
 - Products embodying the subject invention or produced through use of the subject invention for sale in the U.S. must be manufactured substantially in the U.S.
- Preference for Small Business Licensees
- March-In Rights

The Details

- Subject Inventions Can Not Be Assigned Without Approval of Funding Agency
 - This includes assignments to Inventors!
- Royalty Sharing Required
 - Royalties to be shared with inventor
 - After reimbursement of costs and expenses: remainder spent entirely on scientific research and education

More Information

- ▣ Excellent Presentation at 2004 NCURA Annual Meeting, see:
“Bayh-Dole Overview and Reporting Requirements,” Marjorie Forster, University of Maryland, Baltimore, NCURA Annual Meeting, November, 2004, Washington, D.C.
 - www.ncura.edu/data/conferences/46/presentations/t_4_13.pdf

Thank you.

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