

# IP Considerations of startup formation at the UC and UCSC

Jeff Jackson  
Director IP Management  
UC Santa Cruz

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# IP Generally

- IP = anything created by creativity + effort
  - Inventions, written works, art, recipes, customer lists
- Difficult/risky to create, easy to copy/exploit
- So legal/property based structures put in place so that IP creator can control who gets to make/use/sell/copy
  - Or IP creator's employer (US)
  - Patent, copyright, trade secret, trademark
  - Right to stop others (or not) from making/using/selling/copying IP

# University IP Ownership

- Type of subject matter: patented/patentable inventions, nonpatented software, tangible research products
  - NOT Scholarly/aesthetic works or teaching materials
  - [Patent Policy](#), [Policy on Copyright Ownership](#), [Business and Finance Bulletin G-40](#), [University Patent Acknowledgement](#) *ad nauseum*
- University IP ownership flows from:
  - Funding: university has a grant, gift, other contract to do the research
  - Facilities: university resources that are not available to the public
    - Mass spectrometers
    - Not general purpose computers, WiFi, offices, dorms, etc
  - Employment: are you employed by the university? Is the invention related to your job?
    - Grad students on stipends are employees
- UC requires disclosure of all employee inventions to IATC
  - Disclosure does not automatically confer ownership
  - IATC can document no university ownership
- [Guidance for Students](#)
- Faculty/staff/GSR's should contact [IATC](#)
- If University owns it, even inventors/authors need a license from University to commercialize it
  - No need for a license if continuing in academic research
  - Can commercialize software within the university

# Tech Transfer Goals

- Meeting contractual obligations to research funders
  - Government, Philanthropic, Corporate
  - These groups care a lot about what happens to IP from research they funded
- Avoiding private benefit – IP rights can't be funneled to individuals or companies
- Meeting contractual obligations to IP licensees
- Widest adoption of university technologies
- Help IP creator meet personal goals

## TT goals in relation to startups (examples)

- Contractual obligations: 35% of all licensing revenue (patents) shared with inventors
  - Totally unrestricted money, rest goes to funding research
  - Copyrighted software only can be a different rate
- Avoiding Private Benefit: Need to charge a fair market rate for the license
  - Option agreement/fee for startups
  - Open source licenses generally do not result in private benefit
- Contractual obligations to IP licensees: Need to be careful that we don't exclusively license the same tech to multiple entities
- Widest Adoption of IP: Company that we license to needs to be able to advance the technology
  - What if an established company wants to license?
  - If inventor is involved with startup, that's an advantage
- Inventor goals: relationships with incubators/accelerators

## Talk to IATC early

- IP: simple mistakes early → big complications later
- Once IP is unrestricted, can't bring it back
  - Publication prior to patent filing restricts patent rights
- Unrestricted IP (public domain or permissive open source) means anyone gets to use it
  - Anyone includes AAPL, FB, MSFT, AMZN, GOOGL, etc.
- Non-open source dual license
  - Source is available to all, no charge to academics/nonprofits
  - Still can license commercial rights under a proprietary license

# UC guidance for open source contributions

- [OSS Workgroup](#) 2017-2018
- OSS [Chart](#) and [Companion](#)
  - Chart provides recommendations for internal use and external distribution of software licensed under the indicated OS licenses
- Work with your campus licensing/tech transfer office (TTO)
- Chart is for contributions to existing OS projects
  - Green means that TTO should feel comfortable signing off on that license/use combination
  - Yellow or red means that TTO should take a close look at the situation
- Focus is on the “External Distribution OSS Otherwise Modified” column
  - Modifications > Bug Fixes

## Explicit patent grants

- UC doesn't like explicit grants of patent rights in OS licenses
- 10 campuses, 2 National labs, single legal entity
- Each entity can only license IP managed by that entity
  - If explicit patent grant is read as granting all patent rights by that legal entity, individual IP officer (or VCR, or Chancellor) can't sign off
  - Can't tell if there's a patent at SD, BK, SB that might be implicated
  - That patent might be exclusively licensed to a company
- Prefer implicit patent grant, or grant language that limits to whatever I'm authorized to license
- If there is a UCSC patent on the software that we know about, UCSC will grant an explicit right to use *\*that\** patented process (limited to use with the OS licensed software) and keeps others implicit