IP Considerations of startup formation at the UC and UCSC

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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

• 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