

FLORIDA ATLANTIC UNIVERSITY
DIVISION OF RESEARCH
OFFICE OF TECHNOLOGY DEVELOPMENT



The Innovator Handbook

A guide to intellectual property and technology transfer for faculty, staff and students

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This guide was created by the Office of Technology Development at Florida Atlantic University and is based in part on similar handbooks created by Massachusetts Institute of Technology, Harvard University, and North Carolina State University. It has been updated and modified to reflect the specific policies and procedures of Florida Atlantic University.

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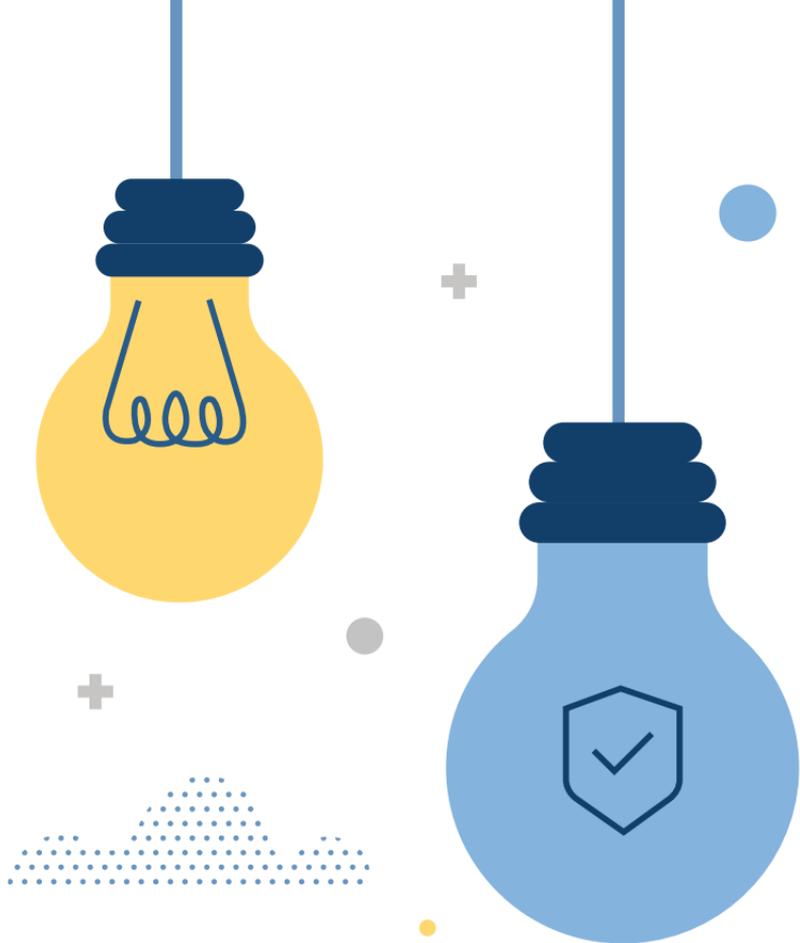
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Introduction

Florida Atlantic University (FAU) is a place where research and development of innovative ideas is strongly encouraged. Faculty, staff and students have access to a wide variety of opportunities and resources to foster unique collaborations and explore entrepreneurial endeavors. This network of support is intended to set you up for success as a researcher, no matter where your ideas take you.

The Office of Technology Development (OTD) manages intellectual property created by faculty, staff and students at FAU. The mission of the office is to obtain legal protection for intellectual property arising from FAU innovations (e.g. patents, copyrights, trademarks), and to commercialize those innovations through license agreements with existing companies or startups to create products and services that benefit the public.



The Innovator Handbook outlines the essential elements of technology development at FAU. This guide is organized to answer the most common questions OTD typically fields from faculty, staff and students. It is designed to provide a broad overview of the technology development process and the services available for researchers.

FAU's policies and procedures related to technology development may be revised from time to time. Individuals are responsible for knowing and following FAU's policies on intellectual property, conflicts of interest and related matters. The FAU website is the best source for current information on these matters. Additional information may be obtained by contacting OTD at techdevelop@fau.edu.



Technology Transfer Overview

What is technology transfer?

Technology transfer is the movement of knowledge and discoveries to the public. It can occur through publications, educated students entering the workforce, exchanges at conferences and relationships with industry. For the purposes of this guide, however, technology transfer refers to the formal licensing of intellectual property from universities and other non-profit institutions to third parties.

What is intellectual property?

Intellectual property (IP) refers to innovative creations of the mind such as inventions, literary and artistic works, symbols, names, images and designs. IP is protected through patents, copyrights, trademarks and trade secrets.

What is the Office of Technology Development?

The Office of Technology Development (OTD) manages intellectual property created by FAU faculty, staff and students. It provides impartial consultation on various legal protection and commercialization strategies for innovations, and collaborates with outside legal counsel and consultants to offer additional resources. The office also works closely with the Office of Sponsored Programs to structure the commercial provisions of sponsored research agreements.

What resources does OTD offer researchers?

OTD provides a variety of valuable services for FAU researchers, including:

- Evaluation of new intellectual property
- Securing patent, copyright and trademark protection
- Developing marketing and commercialization strategies
- Negotiating options, licenses and related agreements
- Assisting faculty, staff and student startup companies
- Providing outreach and education services

Why would a researcher want to participate in the technology transfer process?

The reasons are unique to each researcher and may include:

- Making a positive impact on society
- Feeling a sense of personal fulfillment
- Achieving recognition and financial rewards
- Generating additional lab or departmental funding
- Meeting the obligations of a research contract
- Attracting research sponsors
- Creating educational opportunities for students
- Linking students to future job opportunities

How do I work with the Office of Technology Development?

You are encouraged to contact OTD during your early research activities to understand the options available to leverage the commercial potential of your innovation. OTD staff are trained to assist you with questions related to marketability, funding sources, commercial partners, patenting and other protection methods, new startup considerations, FAU policies and procedures and more.



Technology Transfer Process

How is technology transferred?

Technology is typically transferred through an agreement in which FAU grants to a third party a license to use FAU's intellectual property rights in a defined innovation, sometimes for a particular field of use and/or region of the world. The licensee (the third party licensing the innovation) may be an established company or a new business startup. Licenses typically include terms that require the licensee to meet certain performance requirements and to make payments to FAU. These payments are shared with the researchers and also distributed to colleges and departments to provide support for further research, education and participation in the technology transfer process.

What are the typical steps in the technology transfer process?

The following are the steps in FAU's technology transfer process. These steps can vary in sequence and often occur simultaneously:

1. Research

Observations and experiments during research activities often lead to the development of intellectual property such as patentable inventions or copyrightable works. Often multiple researchers — including students, post-docs and research staff — contribute to the creation of an innovation and are joint inventors or authors.

2. Disclosure

A written notice of the development of intellectual property — either an invention disclosure or a works disclosure — is submitted to OTD and starts the technology transfer process. The disclosure is a confidential document that fully describes all aspects of the innovation, including critical solutions it provides and competitive advantages it possesses.

3. Protection

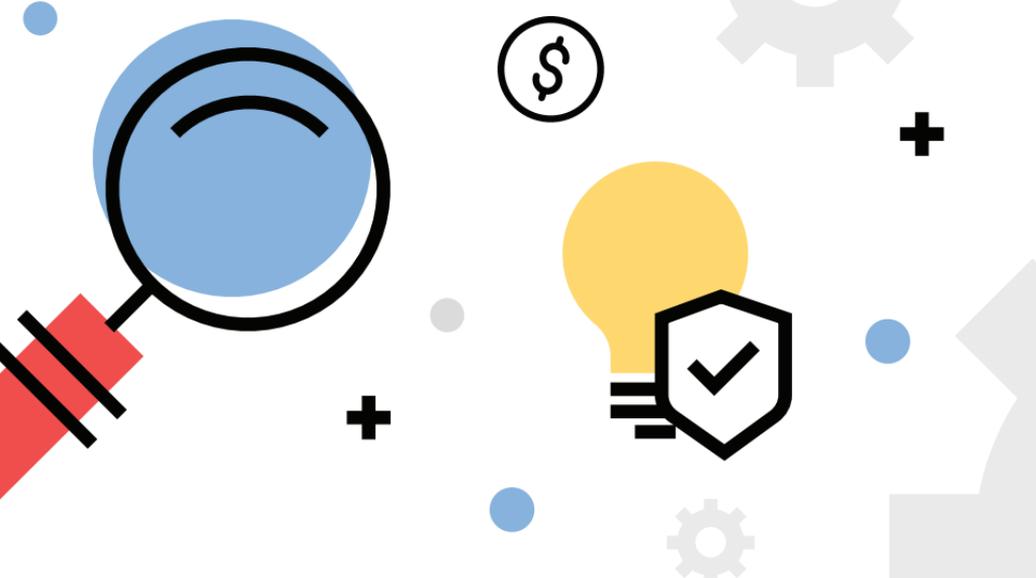
OTD determines an appropriate method of legal protection for the innovation and evaluates the likelihood of success of securing such protection. If a patent application is filed, it may take several years and tens of thousands of dollars to obtain an issued patent. Other common forms of intellectual property protection include copyrights and trademarks. Unique biological materials and software can often be successfully licensed without formal intellectual property protection.

4. Assessment

OTD assesses the commercial potential of the innovation based generally on the need in the marketplace, competition and potential costs and revenues to a commercializing entity. This assessment guides the licensing strategy.

5. Marketing

OTD is committed to broadly marketing all innovations to appropriate companies that may be interested in commercialization. With the researchers' input, OTD creates a marketing overview of the innovation, identifies potential licensees that have the expertise, resources and business networks to bring the innovation to market, and contacts those companies to generate interest and gauge commercial potential.



6. Licensing

To choose the best licensee, OTD evaluates which company is in the best position to develop the innovation and bring it to market. To assess the commitment of potential licensees, OTD asks companies to provide a business plan with details about how they intend to develop and market the innovation. This plan should make the case that the company and its leadership are the best choice for commercializing the innovation.

7. Commercialization

Most university innovations are very early stage and require further research and development efforts. The licensee typically makes significant business investments of time and funding to commercialize the product or service. These steps may include regulatory approvals, sales and marketing, technical support and training, and other activities. The licensee will be expected to meet commercialization milestones described in the license.

8. Royalties

Royalties received by the university from licensees are distributed semi-annually to individual researchers, departments and colleges. All researchers will receive their individual share of royalties as outlined in the [FAU Intellectual Property Policy](#).

9. Reinvestment

Royalties that are shared throughout the university collectively foster the creation of the next generation of research and innovation at FAU.



How long does the technology transfer process take?

The process of protecting an innovation and finding the right licensing partner may take months — or even years — to complete. The amount of time will depend on the development stage of the innovation, the market for the innovation, competing innovations, the amount of work needed to bring the innovation to market, and the resources and willingness of the licensee and the researchers.

How can I help with the technology transfer process?

Researchers can assist with the technology transfer process in several ways:

- Contact OTD when you believe you have research with potential commercial value
- Complete and submit an intellectual property disclosure to OTD — preferably before publicly disclosing your innovation or submitting a manuscript for publication
- Share companies and contacts with OTD that you believe might be interested in your innovation or who may have already contacted you about your innovation
- Timely respond to requests for information from OTD, outside legal counsel or marketing consultants
- Keep OTD informed of upcoming publications or interactions with companies related to your innovation



Research and Development Considerations

Will I be able to publish the results of my research and still protect the commercial value of my innovation?

Yes, but intellectual property rights are affected by publication, so it is best practice to submit an intellectual property disclosure before publishing any documents that describe the innovation. There are significant differences between the U.S. and other countries as to how publication affects intellectual property protection. Once publicly disclosed (published or presented in some form), an innovation may have limited or no potential for intellectual property protection. Be sure to inform OTD of any past or future presentation, lecture, poster, abstract, description, proposal, dissertation, thesis, publication or other public disclosure of your innovation.

May I use materials or intellectual property from others in my research?

Yes, but it is important to carefully document the date and conditions of use so that a determination can be made if this use may influence the commercial potential of your subsequent research results. If you want

to obtain materials from outside collaborators, an incoming Material Transfer Agreement (MTA) should be completed. Contact the Office of Sponsored Programs for more information on MTAs.

Will I be able to share materials or intellectual property with others to further their research?

Yes, however it is important to document items that will be shared with others and the conditions of use. If you want to send materials to an outside collaborator, an outgoing MTA should be completed. It also may be necessary to complete a Non-Disclosure Agreement (NDA) to protect your research results and/or intellectual property. Contact the Office of Sponsored Programs for more information on MTAs and NDAs.

What rights does a research sponsor have to any innovations associated with my research?

A Sponsored Research Agreement (SRA) will specify the intellectual property rights of the sponsor. FAU generally retains ownership of intellectual property resulting from sponsored research. However, the sponsor may have rights to obtain a license to the intellectual property arising from the research. The sponsor generally will not have contractual rights to innovations that are clearly outside the scope of the sponsored research and were not developed with funds from the agreement. Thus, it is very important to clearly define the scope of work within a SRA. Contact the Office of Sponsored Programs for more information on SRAs.

How do consulting agreements affect innovations associated with my research?

When researchers enter into consulting agreements (for work to be done without use of FAU support), they are deemed to be acting outside the scope of their employment. Therefore, consulting arrangements are not negotiated or formally reviewed by FAU. Researchers who enter into consulting agreements should familiarize themselves with FAU policies relevant to consulting activities. The researcher is expected to ensure that the terms of the consulting arrangement are consistent with FAU policies, including those related to intellectual property and employment responsibilities. OTD is available to provide informal advice on how your consulting agreement relates to FAU intellectual property you have created.



Intellectual Property Disclosure

What is an intellectual property disclosure?

An intellectual property disclosure (also called an invention disclosure for patentable subject matter or a works disclosure for copyrightable subject matter) is a description of your innovation that is provided to OTD. The disclosure should include a detailed description of the innovation and its intended commercial application, all sources of research funding and support and any other information necessary to evaluate the innovation's commercial potential. It is also critical to note the date of any past or upcoming publications or other public disclosures describing the innovation. To initiate the disclosure process, email the appropriate disclosure form to OTD at techdevelop@fau.edu. You will be contacted by OTD shortly after your submission is received to discuss the innovation and its commercial potential.

Why should I submit an intellectual property disclosure?

Disclosing your innovation is vital to the protection of a valuable intellectual asset. With proper safeguarding, your innovation can be developed to its fullest capacity. If this step is not taken, it is unlikely that the innovation will be commercialized and be able to provide its maximum benefit to society. In addition to initializing commercialization, disclosure is required for innovations arising from federal or private-sponsor funding.

How do I know if my innovation is eligible for legal protection?

You are encouraged to submit a disclosure for all innovations you feel may solve a significant problem or have significant value. If you are unsure if your innovation is protectable, contact OTD to discuss it in more detail.

When should I complete an intellectual property disclosure?

Contact OTD when you believe you have an innovation with commercial potential, and well before publicly disclosing the details of the innovation or publishing a manuscript. Once an innovation has been disclosed through a publication, presentation, poster, or other discussion with non-FAU participants, the possibility of legal protection may be significantly limited. OTD recognizes that publishing and other public disclosures are important to researchers, and when addressed at an early stage intellectual property can be protected while these activities remain unhindered.

Should I disclose research tools?

Typically research tools are materials such as antibodies, vectors, plasmids, cell lines, mice, and other materials used as “tools” in the research process. Research tools do not necessarily require legal protection in order to be licensed to commercial entities. However, some research tools may need to be patented in order for a company to be willing to invest in commercial development. If you have research tools that you believe to be valuable, OTD will work with you to develop an appropriate protection and commercialization strategy.

How do I submit an intellectual property disclosure?

Download and complete either an invention disclosure form or a works disclosure form and email it to techdevelop@fau.edu. If you have additional questions, contact OTD.



Ownership of Intellectual Property

Who owns the innovations I create?

Ownership depends upon the circumstances under which the innovation was created. Considerations include:

- The source of the funds or resources used to create the innovation
- The employment status of the researchers at the time the innovation was developed
- The terms of any agreement related to the creation of the innovation

As a general rule, FAU owns innovations that are created in the field or discipline in which the researcher is engaged by the university or made with the use of university support. When in doubt, it is best to contact OTD for advice.

Where can I find FAU's policy on ownership of innovations?

Ownership of innovations is addressed in the [FAU Intellectual Property Policy](#). If you have additional questions about innovation ownership, contact OTD.

Who owns innovations created while I am consulting?

The ownership of innovations created while consulting for an outside company depends on the terms of your consulting agreement with the company. It is important to clearly define the scope of work within a consulting agreement to minimize any issues with ownership of innovations created through FAU research. If you have questions, OTD is available for informal advice.

Should I list non-FAU researchers on my disclosure?

All researchers involved in the creation of an innovation should be included in your disclosure, even if they are not affiliated with FAU. OTD, in consultation with outside legal counsel, will determine the rights of such people and institutions. It is important to discuss all outside relationships with OTD to understand the implications for any innovations created.

Can a student contribute to an innovation?

Yes, many students contribute to the creation of innovations at FAU under a wide variety of circumstances. Typically, a student will own his or her rights to an innovation unless it was created by the student in a capacity as university personnel (graduate student, postdoc, research assistant, etc.) and/or the student used more than incidental university support.

Does the federal government have rights in the innovations I create?

If an innovation was created in the process of research funded by the federal government, the government may retain certain rights in the innovation. These rights are codified in the Bayh-Dole Act of 1980 (35 USC §200-212). The act allows universities and other non-profit institutions to have ownership rights to innovations resulting from federally-funded research, provided certain obligations are met. These obligations include making efforts to protect (when appropriate) and commercialize the innovations, submitting progress reports to the funding agency, substantial manufacture of any resulting products in the U.S. and sharing any resulting revenues with the researchers. The Bayh-Dole Act is credited with stimulating interest in technology transfer activities and generating increasing research, technology commercialization, educational opportunities and economic development.



Intellectual Property Assessment

How does OTD assess intellectual property disclosures?

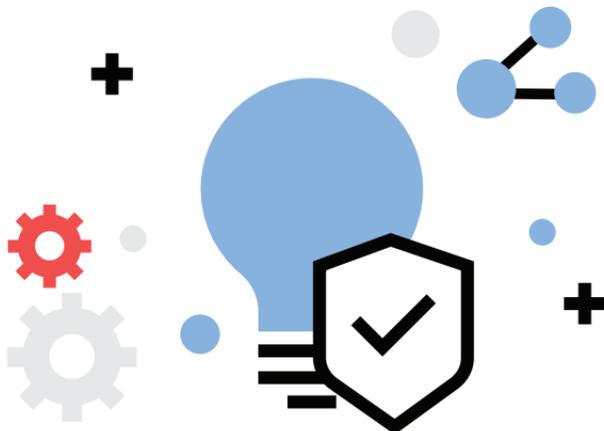
OTD, along with outside marketing consultants, examines every disclosure to determine:

- The novelty of the innovation
- Competing innovations
- Protectability and marketability of potential products or services
- Relationship to related intellectual property
- Size and growth potential of the relevant market
- Amount of time and money required for further development

This assessment may also include consideration of whether the innovation can serve as the basis for a new startup company.

Is an innovation ever assigned to the researchers who created it?

If OTD decides not to pursue legal protection and commercialization of an innovation, FAU may assign (transfer ownership) to the researchers. Assignment of innovations funded by U.S. government sources may require the relevant government agency's prior approval. Upon assignment, the researchers are responsible for payment of all legal fees and other development expenses.



Patents and Other Legal Protection

What is a patent?

A patent is a legal document that establishes certain rights in an invention, including limited rights to exclude others from making, using, selling, or importing the invention. A patent has two major components — a technical description of the invention and how to practice it (the specification), and the legal definition of the invention (the claims).

What types of subject matter can be patented?

Patentable subject matter includes processes, machines, compositions of matter, articles of manufacture and in certain cases computer programs and methods.

What is the United States Patent and Trademark Office (USPTO)?

The USPTO is the federal agency, organized under the Department of Commerce, that administers patents on behalf of the U.S. government. The USPTO employs patent examiners skilled in all scientific and technical fields to evaluate patent applications. The USPTO also issues federal trademark registrations.

What is the definition of an inventor on a patent and who determines this?

Under U.S. law, an inventor is a person who takes part in the conception of the ideas contained in the claims of a patent application. Thus,

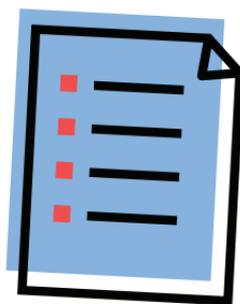
inventorship may change as the claims are changed during prosecution of the patent application. An employer or person who furnishes money to build or practice an invention is not an inventor. Inventorship is a legal issue and may require an intricate legal determination by the patent practitioner prosecuting the application.

Who is responsible for patenting?

OTD contracts with outside legal counsel for patent protection, thus assuring access to patent law practitioners in diverse scientific and technical areas. Inventors work with their assigned practitioner in drafting the patent application and corresponding with the relevant patent office in which the application is filed. OTD is responsible for the selection and oversight of outside legal counsel.

What is the patenting process?

Patent applications are generally drafted by a patent attorney or patent agent. The practitioner assigned to your application will ask you questions about the invention as he or she drafts the claims. When the application is finalized, you will have an opportunity to review the application before it is filed. At the time of filing, you will be asked to sign an inventor declaration and an assignment under which you assign your rights in the patent to FAU.



It takes anywhere from 12 to 24 months from the date of filing for a patent examiner from the USPTO to respond to an application. The response will either approve the application or reject it in the form of an Office Action. An application may receive an Office Action if the patent examiner argues that the application's claims are not patentable over the "prior art" (any patents or other documents that were publicly disclosed before the subject application was filed).

To overcome the examiner's argument, the patent practitioner assigned to your application may file a written response to the Office Action amending the application's claims and/or arguing why the patent examiner's position is incorrect. This process is referred to as patent prosecution. During the prosecution process, your input is often needed to understand the technical aspects of the invention and/or the

prior art cited against the application. Once the application is resolved, the patent examiner issues a Notice of Allowance that states that the USPTO has agreed to issue a patent.

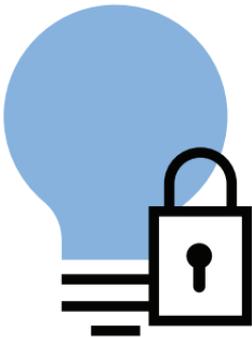


What is the difference between a provisional patent application and a non-provisional (or utility) patent application?

A provisional patent application is a legal tool that can be used to preserve patent rights while temporarily reducing costs and providing extra time to prepare a non-provisional (utility) application. When filed with the USPTO, it establishes the effective filing date (priority date) of a patent application. The provisional application has a term of only one year, and is not examined by the USPTO. At the end of that time period, the applicant must elect to either abandon the application or convert it to a non-provisional patent application in order to maintain the benefit of the provisional application's filing date.

Are patent applications confidential?

The USPTO keeps non-provisional patent applications confidential until they are published, approximately 18 months after the initial filing date. After that time, both the application and the USPTO's prosecution materials related to the application are publicly available. Provisional applications are not published.



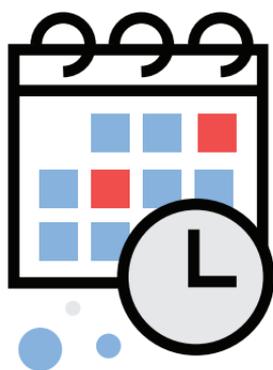
How is a foreign patent application filed?

Foreign patent protection is subject to the laws of each individual country, but the process is similar to the patent system in the U.S. If you are interested in pursuing patent protection for an invention outside of the U.S., OTD will usually direct outside legal counsel to file a Patent Cooperation Treaty (PCT) application. The Patent Cooperation Treaty is an international patent law treaty

that provides a unified procedure for filing patent applications to protect inventions in each of its member countries. Most countries are members of the Patent Cooperation Treaty and accept PCT patent applications. A PCT application is generally filed one year after the corresponding U.S. application (either provisional or non-provisional) has been submitted. The PCT application must later be filed in the national patent office of any country in which the applicant wishes to seek patent protection, generally within 30 months of the earliest claimed filing date.

What is gained by filing an application under the PCT?

A PCT application provides two advantages. First, it delays the need to file costly foreign applications for 30 months, giving an applicant the opportunity to further develop, evaluate and/or market the invention for licensing. Second, the international preliminary examination often allows an applicant to simplify the patent prosecution process by having a single examiner speak to the patentability of the claims, which can save significant costs in prosecuting foreign patent applications. Another important international treaty called the Paris Convention permits a patent application filed in a second country (or a PCT application) to claim the benefit of the filing date of an application filed in a first country, provided that the subsequent application is filed in within one year of the filing date of the first application.



What is the timeline of the patenting process?

Currently, the average U.S. non-provisional patent application remains pending for about two years, though inventors in the biotech and computer fields should plan on a longer waiting period. Once a patent is issued, it is enforceable for 20 years from the initial filing date of the application that resulted in the patent, assuming that the required maintenance fees are paid.

Why does FAU protect some intellectual property through patenting?

Potential commercialization partners (licensees) often require patent protection to protect the commercial partner's often sizable investment required to bring the invention to market. Due to high costs and

a limited budget, patent applications are not possible for all FAU inventions. OTD carefully reviews the commercial potential for an invention before investing in the patent process. However, because the need for commencing a patent filing usually precedes finding a licensee, OTD looks for creative and cost-effective ways to seek early protection for as many promising inventions as possible.

Who decides if a patent application will be filed for an invention?

OTD and the inventor(s) discuss all of the relevant factors in deciding whether to file a patent application. Ultimately, OTD makes the final decision as to the patent strategy for a particular invention.

What does it cost to file for and obtain a patent?

A provisional patent application may cost between \$1,000 and \$5,000 to file, depending on the number and complexity of claims drafted. Filing a non-provisional U.S. patent application may cost between \$10,000 and \$15,000. To obtain an issued patent may require an additional \$10,000 to \$15,000 for patent prosecution. Filing and obtaining issued patents in other countries may cost \$20,000 or more per country. Also, once a patent is issued in the U.S. or in foreign countries, certain fees are required in order to maintain the patent.



What if I create a patentable invention with someone from another institution or company?

Generally, the invention is jointly owned by FAU and the other institution or company. Each inventor will assign his or her rights to their employer. OTD will work with the other entity to determine a management plan for the invention. If the other entity is a university or research institution, the parties will execute an Inter-Institutional Agreement (IIA) that designates which party will take the lead in protecting and commercializing the invention and determines each party's share of expenses incurred and revenue received. If the invention is jointly owned with a company, OTD will work with the company to determine the appropriate patenting and licensing strategy.

Will FAU initiate or continue patenting activity without an identified licensee?

FAU often accepts the risk of filing a patent application before a licensee has been identified. Once a license agreement is executed, the licensee generally assumes responsibility for any patent expenses. In certain cases, OTD will decline further patent prosecution after a reasonable amount of time (usually a number of years) has been spent attempting to identify a licensee without success.

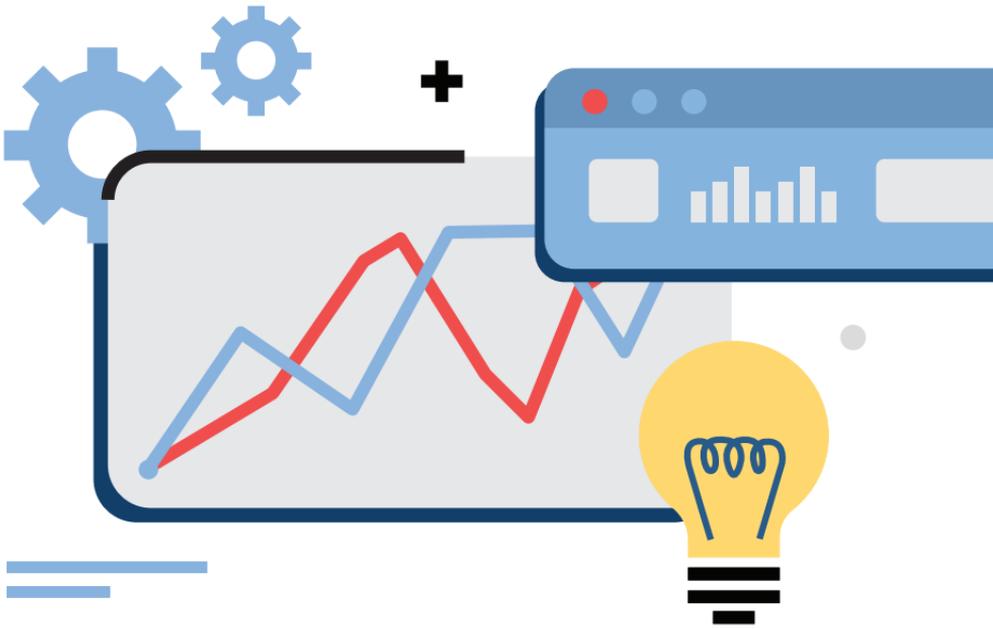
What is a copyright and how is it useful?

Copyright is a form of protection provided by law to authors of "original works of authorship." This includes literary, dramatic, musical, artistic, and certain other intellectual works as well as computer software. This protection is available to both published and unpublished works. The U.S. Copyright Act generally gives the owner of a copyright the exclusive right to conduct and authorize various acts, including reproduction, public performance and making derivative works. OTD can file a copyright registration with the U.S. Copyright Office, but it is only necessary in certain cases. Copyright protection is automatically secured when an original work of authorship is fixed into a tangible medium of expression such as a book, painting, song, video, or software code. The benefits of registering a copyright are that it creates a public record of ownership and allows the owner to sue for copyright infringement and collect statutory damages.

What is a trademark and how is it useful?

A trademark or service mark includes any word, name, symbol, device, or combination thereof, that is used in commerce to identify and distinguish the source of goods or services of one manufacturer or seller from another. OTD can file a trademark or service mark registration with the USPTO, but it is only necessary in certain cases. Trademarks and service marks become protected as soon as they are used in commerce. The benefit of registering a trademark or service mark is that it creates a legal presumption that the registrant is entitled to use the trademark throughout the U.S. for the goods or services for which the trademark or service mark is registered.





Considerations for a Startup Company

What is a startup and why would I chose to create one?

A startup is a new company formed to commercialize intellectual property. Forming a startup is an alternative to licensing your innovation to an established company. OTD can help you analyze the relevant factors to determine whether this is the most appropriate path to commercialize your innovation, including:

- The potential of the innovation to provide a solid platform for multiple markets or product opportunities
- The competitive environment
- Likelihood of interest from existing companies in licensing the innovation
- Availability of venture capital, together with interest, capabilities and track record of likely investors
- Level of commitment of the researcher(s) to the commercialization process
- The presence of a true business champion for both the innovation and the new venture
- The management team of the proposed startup



What role does a researcher usually play in a startup?

FAU researchers typically serve as consultants, advisors or in some other technical or scientific capacity. Rarely do researchers choose to leave FAU and work for the startup full time. In many cases, the researcher's role is suggested by the startup investors and management team, who identify the best fit based on the researcher's expertise and interests. As the company matures and additional investment is required, the researcher's role may change.

How much of my time and effort will forming a startup take?

Starting a company requires a considerable amount of time and effort. Until the startup team is identified and engaged, the researcher will need to champion the formation effort. After the team is in place, additional effort is required for investor discussions, formal responsibilities within the company, and university processes such as conflict of interest reviews.

Where can I find information on how to license my innovation to a startup?

Licensing innovations to startups is addressed in the [FAU Startup Guide](#). If you have additional questions about startups, contact OTD.



Marketing to Find a Licensee

How does OTD market my innovation?

OTD uses a variety of resources and strategies to market innovations. In-depth market research assists in identifying market trends, competing technologies, and potential licensees. Posting innovations on the OTD webpage and other media channels gives innovations more exposure. Attending conferences and events generates interest among industry contacts.

How are most licensees found?

In many cases, licensees are contacts already known by you or your colleagues. These contacts are acquired through sources such as research, consulting, and alumni. Licensees are also identified through relationships cultivated by OTD. The office works to broaden these relationships through contacts obtained from market research inquiries and industry events.

How long does it take to find a potential licensee?

It can take months or even years to identify a licensee, depending on the attractiveness of the innovation, its stage of development, competition, and the size of the market. Most university innovations tend to be in the early stages of development and require substantial commercialization investment, which makes it difficult to immediately attract a licensee.

Can my innovation have more than one licensee?

Yes, an innovation can be licensed to multiple licensees, either non-exclusively to several companies or exclusively to several companies, each only for a unique field of use (application) or territory.

How can I assist in marketing my innovation?

Your active involvement in the technology transfer process can dramatically improve the chances of matching your innovation with a licensee. Your research and consulting relationships are often helpful in identifying potential licensees. Once a potential licensee is identified, you are the best person to describe the details of your innovation and promote its advantages. The most successful technology transfer results are obtained when the researcher and OTD work together as a team to market and promote the innovation.



License Agreements

What is a license agreement?

A license agreement is a legal document that describes the rights and responsibilities related to the use and exploitation of intellectual property. FAU license agreements usually stipulate that the licensee must diligently seek to bring the FAU intellectual property into commercial use for the public good. The agreement also seeks to provide a reasonable financial return to FAU.

How is a licensee selected?

A licensee is chosen based on its ability to commercialize an innovation for the benefit of the public. Sometimes an established company with experience developing related products in similar markets is the best choice. In other cases, the focus and dedication of a startup company is a better option.



What can I expect to gain if my innovation is licensed?

Per the FAU Intellectual Property Policy, a share of the financial return from a license is provided to the researcher(s) who created the innovation. In addition, researchers enjoy the satisfaction of knowing their innovations are being commercialized for the benefit of the public. New and enhanced relationships with industry are another outcome that can enhance your teaching, research and consulting.

What is the relationship between a researcher and a licensee, and how much of my time will it require?

Most licensees need some active assistance by the researcher to facilitate their commercialization efforts. This can range from infrequent, informal contact to a more formal consulting relationship. Working with a startup can require substantially more time, depending on your role at the company and your continuing role within FAU. Your participation with a startup is governed by FAU conflict of interest policies.

NDA

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What other types of agreements are used in the technology transfer process?

Additional agreements that are sometimes utilized during the technology transfer process include:

- Non-Disclosure Agreements (NDAs) are often used to protect the confidentiality of an innovation during evaluation by potential licensees. NDAs also protect proprietary information of third parties that FAU researchers need to review in order to conduct research or evaluate research opportunities. The Office of Sponsored Programs enters into NDAs for FAU proprietary information shared with someone outside of FAU.
- Material Transfer Agreements (MTAs), used for incoming and outgoing materials at FAU, are administered by the Office of Sponsored Programs. These agreements describe the terms under which FAU researchers and outside researchers may share materials, typically for research or evaluation purposes. Intellectual property rights can be endangered if materials are used without a proper MTA.
- Inter-Institutional Agreements (IIAs) describe the terms under which two or more institutions (e.g., two universities) will collaborate to assess, protect, market, license and share in the revenues received from licensing jointly-owned intellectual property.
- Sponsored Research Agreements (SRAs) describe the terms under which sponsors provide research support to FAU. These are negotiated by the Office of Sponsored Programs.
- Option agreements, or option clauses within SRAs, describe the conditions under which FAU preserves the opportunity for a third party to negotiate a license for intellectual property. Option agreements are entered into with potential licensees wishing to evaluate the technology prior to entering into a full license agreement; option clauses are often provided in agreements with corporate research sponsors at FAU.

Commercialization

What activities occur during commercialization?

Most licensees continue to develop an innovation to enhance its functionality, reduce risk, prove reliability and satisfy the market requirements for adoption by customers. This can involve additional testing, prototyping for manufacturability, durability and integrity, and further development to improve performance and other characteristics. Documentation for training, installation and marketing is often created during this phase. Benchmarking tests are often required to demonstrate the advantages of the innovation and to position it in the market.

What is my role during commercialization?

Your role can vary depending on your interest and involvement, the interest of the licensee in utilizing your services for various assignments, and any sponsored research related to the license or any other agreements.

What revenues are generated for FAU if commercialization is successful?

Most licenses have licensing fees that can be very modest (for startups or situations in which the value of the license is deemed to warrant a modest license fee) or can reach hundreds of thousands of dollars. Royalties on the eventual sales of the licensed products or services can generate similar or greater revenues, although this can take years to occur. Equity, if included in a license, can yield similar returns, but only if a successful equity liquidation event (public equity offering or a sale of the company) occurs. Most licenses do not yield substantial revenues. A recent study of licenses at U.S. universities demonstrated that only 1% of all licenses yield over \$1 million. However, the rewards of an innovation reaching the market are often more significant than the financial considerations alone.

What will happen to my innovation if a licensee's commercialization efforts are unsuccessful?

Licenses typically include performance milestones that, if unmet, can result in termination of the license. This allows for subsequent licensing to another company. However, time delays and other considerations can sometimes hinder this re-licensing.





Navigating Conflicts of Interest

How does FAU define a conflict of interest?

A conflict of interest depends on the situation and not on the character or actions of the individual. FAU is concerned with whether or not an employee can separate university research from company research, provide unbiased and appropriate guidance and support to students, maintain academic integrity in research and education and adhere to government mandated policies.

What kinds of issues concern conflict of interest reviewers?

Examples include the appropriate and objective use of research, the treatment and roles of students, supervision of individuals working at both FAU and a licensee company and conflict of commitment (i.e., your ability to meet your FAU obligations).



What are examples of a conflict of commitment?

A conflict of commitment may exist if duties, assignments or responsibilities associated with an intellectual property license or outside business arrangement have a negative impact on your ability to meet commitments associated with your FAU employment or exceed the amount of time available to you for these activities.

How does FAU manage conflicts of interest?

It is the responsibility of the employee to disclose and document any outside arrangements that constitute disclosable situations or interests as described in FAU conflict of interest policies. The best approach is to fully disclose your situation to your supervisor and discuss the implications for your job responsibilities. Contact the Department of Human Resources for a full explanation of FAU's policies and procedures for managing conflicts of interest.



Revenue Distribution

How are license revenues distributed at FAU?

Per the [FAU Intellectual Property Policy](#), revenues from license fees, royalties and equity — minus any unreimbursed expenses — are shared with researchers, colleges, departments and the FAU Research Corporation. If you have additional questions about license revenues, contact OTD.

What if I receive equity from a licensee?

If a researcher has received or will receive equity directly from a licensee of an innovation, FAU policy states that the researcher will not receive any of the equity received by FAU in connection with that license. Equity includes stock, stock options or stock warrants.

What are the tax implications of any revenues I receive from FAU?

License revenues paid to researchers are generally taxable and are reported as Form 1099 income. Consult a tax advisor for specific advice.

How are license revenues distributed if multiple researchers contributed to the innovation?

The share of royalties allocated to researchers is divided equally unless all researchers agree in writing to another distribution formula of their collective choice.

How is equity from a license distributed?

Equity received under a license agreement is distributed to researchers that are not receiving equity directly from the licensee, in accordance with the same policy that governs the distribution of cash revenues. The prescribed shares are issued by the company to these researchers in the researchers' names.

Notes



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