1. **Call to Order**

Chair Astley called the meeting to order at 3:30 p.m.

2. **Approval of the Minutes from April 29, 2014**

Storti requested to be put on the record as being opposed to the Outside Work Form that was agreed-upon by the committee. Storti will provide Astley language to add to the April 29th minutes.

The minutes from April 29, 2014 were not approved due to lack of quorum.

3. **Introductions**

Members introduced themselves to the committee.

4. **Pre-packaged IP Clauses for Sponsored Research [Exhibits A, B, C]**

Per Reinhall (Chair of Mechanical Engineering), Santosh Devasia (Associate Dean of Research and Graduate Studies College of Engineering) and Fiona Wills (Center for Commercialization) were present to discuss proposed pre-packaged IP clauses for sponsored research.

Wills explained the reason for the changes are due to lengthy negotiations of intellectual property (IP) terms in sponsored research agreements (SRA) which are a barrier for companies seeking to sponsor research at UW. There has been a push, especially from the College on Engineering, for providing potential corporate sponsors a research agreement with a pre-defined, up-front license fee that is a percentage of the total research expenditure. This agreement would provide the sponsor with an exclusive or non-exclusive license to any IP that is developed under the SRA. Wills clarified that at the time the SRA is executed it may be that no IP has been developed, and therefore, no inventors can be identified. Moreover, in the majority of such situations no IP will ever be developed under the SRA, and therefore, no inventors will ever be identified. The funds the UW receives under this sort of arrangement would constitute “licensing revenue” under current royalty distribution policy. However, the policy does address the circumstance where there are no inventors.
The proposed policy change is to provide guidance on how these funds should be distributed:

- The “inventor” portion would be directed to a budget under the control of the PI which would be spent on other research-related projects in the lab of the PI. This is the best use of the funds since it follows the spirit of the UW policy where all other units that receive distributions of licensing revenue use the proceeds for research-related activity.
- The PI’s department and associated college/school would receive the portion allocated under current policy.
- The Royalty Research Fund would be allocated the portion designated to the Office of the Provost under current policy.

If IP is generated from the SRA and the company sells products any royalties on sales received by UW would be shared with the identified inventors pursuant to the standard royalty distribution formula.

Wills presented proposed language change for APS 59.04:

*Notwithstanding the foregoing, in appropriate circumstances, the University may enter into a sponsored research agreement (SRA) with a corporate sponsor where the sponsor is to pay an up-front licensing fee in exchange for pre-negotiated, standard University intellectual property terms. Where, as of the date of the SRA, no existing University intellectual property can be reasonably associated with such SRA, then the inventors/authors share of such licensing fee will be allocated to a budget under the control of that PI for future research projects in that PI’s laboratory.*

Wills explained how the Washington Innovation Advantage would work with outside companies. Through this initiative UW would offer three different licensing options:

- Option to Negotiate License
- Non-Exclusive License
- Exclusive License

Wills presented the following chart explaining the description, costs and highlights of each option:

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
<th>Cost</th>
<th>Highlights</th>
</tr>
</thead>
</table>
| 1) Option to Negotiate License | Exclusive first option to negotiate a commercial license to Project IP on commercially reasonable terms. | No upfront fee. License fees are negotiated after the IP has been disclosed. Sponsor also pays all costs related to patent filing and maintenance. | • Exclusive first right to negotiate  
• No upfront fee  
• No pre-negotiated license terms |
| 2) Non-Exclusive License¹      | Non-exclusive, commercial license to Project IP without right to sublicense. No diligence terms or required reporting. | 5% of the total project cost, or $7500, whichever is greater. | • Known cost  
• Predefined terms  
• IP certainty  
• No diligence terms  
• No required reporting |
| 3) Exclusive License²          | Exclusive license to Project IP with right to sublicense.                    | 10% of the total project cost, or $15,000, | • Known cost  
• Predefined financial |

¹ Principal Investigator (PI) and UW must affirmatively opt-in.
Wills explained the different options are expected to simplify project agreements and reduce the time to complete agreements, create financial certainty in the cost of acquiring IP, and eliminate complex IP licensing negotiations.

Concern was raised about pressures on assistant and associate professors to agree to contracts in order to bring in money to their units, as well as promotion and tenure considerations. Wills explained that faculty members have several options to choose from to best fit their situation. A comment was raised that these agreements will attract projects to UW that students can work on.

Members discussed how agreements would impact principle investigators (PIs) and co-PIs. The agreement only applies to PIs and chairs. Discussion ensued about the definition of PIs and who it applies to. A suggestion was made that the contract should indicate the PI has informed all their co-PIs about the agreement that was signed with the outside company. Another suggestion was made to collect all the PI signatures together into an attachment on the ECG1 form. Members discussed outstanding concerns related to these contracts, such as the potential for faculty feeling coerced into signing agreements, distribution of licensing revenue, and reduced incentives for student innovation.

Members discussed timelines and next steps. At this time Wills is just requesting feedback on the options and will be presenting this proposal to IPMAC the first week of June. A suggestion was made to request feedback from the Faculty Council on Research. Astley commented that she will forward this to Jack Lee (Chair of the Faculty Senate) and Kate O’Neil (Vice Chair of the Faculty Senate). A suggestion was raised to invite Lee and O’Neil to the IPMAC meeting to review this proposal.

5. Adjourn

The meeting was adjourned by Chair Astley at 5:00 p.m.

Minutes by Grayson Court, Faculty Council Support Analyst, gcourt@uw.edu

Present: Faculty: Astley (Chair), O’Neil, Storti Ex-Officio: McNerney Invited Guest: Per Reinhall (Chair of Mechanical Engineering) and Santosh Devasia (Associate Dean of Research and Graduate Studies College of Engineering)

Absent: Faculty: Jacoby, Rubel, Shen, Teredesai President’s Designee: Holt Ex-Officio: Miller, Gerrard
Background Information

- The sometimes lengthy negotiation of intellectual property (IP) terms in sponsored research agreements (SRA) has been flagged as a barrier for companies seeking to sponsor research at the University of Washington.
- The College on Engineering is a strong advocate for providing potential corporate sponsors a research agreement with a pre-defined, up-front license fee that is a percentage of the total research expenditure.
- This agreement would provide the sponsor with an exclusive or non-exclusive license to any IP that is developed under the SRA.
- At the time the SRA is executed, it may be that no IP has been developed, and therefore, no inventors can be identified. Moreover, in the majority of such situations, no IP will ever be developed under the SRA, and therefore, no inventors will ever be identified.
- The funds the UW receives under this sort of arrangement would constitute “licensing revenue” under current royalty distribution policy.
- However, that policy does address the circumstance where, as would be the case here, there are no inventors.
- The proposed policy change is to provide guidance on how these funds should be distributed.
  - The “inventor” portion would be directed to a budget under the control of the PI which would be spent on other research-related projects in the lab of the PI. This is the best use of the funds since it follows the spirit of the UW policy where all other units that receive distributions of licensing revenue use the proceeds for research-related activity.
  - The PI’s department and associated college/school would receive the portion allocated under current policy.
  - Similarly, the Royalty Research Fund would be allocated the portion designated to the Office of the Provost under current policy.
- If IP is generated from the SRA and the company sells products, any royalties on sales received by UW would be shared with the then identified inventors pursuant to the standard royalty distribution formula.

Proposed Change to APS 59.04

Notwithstanding the foregoing, in appropriate circumstances, the University may enter into a sponsored research agreement (SRA) with a corporate sponsor where the sponsor is to pay an up-front licensing fee in exchange for pre-negotiated, standard University intellectual property terms. Where, as of the date of the SRA, no existing University intellectual property can be reasonably associated with such SRA, then the inventors/authors share of such licensing fee will be allocated to a budget under the control of that PI for future research projects in that PI’s laboratory.
ACKNOWLEDGEMENT AND AGREEMENT
RE: DISTRIBUTION OF UPFRONT LICENSING FEE

Background

In appropriate circumstances, the University of Washington may offer industry research sponsors standardized intellectual property (IP) terms in exchange for an upfront licensing fee. These terms are only offered where the principal investigator (PI) and his or her department are in agreement that such an arrangement is appropriate to the specific project to be sponsored. In addition to the upfront licensing fee, which is due upon execution of the sponsored research agreement (SRA), the SRA may also provide for royalties, which are due, normally, when related sales reach a set threshold dollar amount.

Under University policy, inventors/authors, their departments, the associated college/school, and the Provost’s Office are entitled to receive a portion of net License Revenue received by the University if IP resulting from a sponsored research project is commercialized. In the circumstances outlined below, UW policy allows for the inventors/authors share of any upfront licensing fee to be allocated to the PI’s laboratory.

Where, upon execution of the SRA, there is no University intellectual property that can be reasonably associated with the project, there will be no inventor or author to whom the inventors/authors share of the upfront fee could be distributed. In such cases, University policy permits the University to distribute the inventors/authors share of those upfront fees to the laboratory of the PI specified in the SRA.

The inventors/authors share of any royalties agreed to under the SRA are distributed to inventors or authors in accordance with standard University distribution policy under Administrative Policy Statement (APS) 59.4(5)(a)(2).

Acknowledgement and Agreement

Sponsored Research Agreement eGC-1 # ____________________________
Sponsor Name ____________________________
Project Title ____________________________

The undersigned principal investigator and department chair hereby acknowledge and agree that the inventors/authors share of the upfront licensing fee to be paid under the above-identified sponsored research agreement (SRA) shall be distributed to the undersigned principal investigator’s laboratory in accordance with University of Washington Administrative Policy Statement (APS) 59.4(5)(a)(2). We further acknowledge and agree that we understand the foregoing distribution could result in a significant reduction or elimination of the inventors/authors share of any net License Revenue that might otherwise derive from intellectual property developed under the SRA.

As a best practice, the undersigned principal investigator should ensure that all UW participants in the SRA project are informed of the foregoing distribution and how it might impact their share of any net License Revenue.

Acknowledged and Agreed as of ______________________________, 20__.

________________________________________________________________________
Signature of Principal Investigator

________________________________________________________________________
Signature of Department Chair

________________________________________________________________________
Print/Type Name

________________________________________________________________________
Print/Type Name

________________________________________________________________________
Department and Title

________________________________________________________________________
Department and Title

The Washington Innovation Advantage

Through The Washington Innovation Advantage, the University of Washington now offers companies a convenient program to provide clearly-defined options for licensing intellectual property generated as part of a company-sponsored project. Industry sponsors can now elect financial terms upfront for either non-exclusive or exclusive commercial licenses to Project IP. These financial terms will become part of the sponsored project agreement.¹

These options are expected to –

- Simplify project agreements and reduce the time to complete agreements
- Create financial certainty in the cost of acquiring IP
- Eliminate complex IP licensing negotiations

The Washington Innovation Advantage increases transparency in IP terms and reduces barriers to industry research engagements with the UW. In most cases, industry sponsors will be able to select from the following licensing options:

<table>
<thead>
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• Predefined terms  
• IP certainty  
• No diligence terms  
• No required reporting |
| 3) Exclusive License² | Exclusive license to Project IP with right to sublicense. 10% of the total project cost, or $15,000, whichever is greater, plus 1% royalty on net sales exceeding $20M. Sponsor also pays all costs related to patent filing and maintenance. | 10% of the total project cost, or $15,000, whichever is greater, plus 1% royalty on net sales exceeding $20M. Sponsor also pays all costs related to patent filing and maintenance. | • Known cost  
• Predefined financial terms  
• IP certainty  
• Diligence terms |

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¹ Project IP means all IP created within the scope of the efforts on the sponsored project, whether conceived or developed solely by UW or jointly by UW and the sponsor. IP created outside the sponsored research agreement, whether before, after, or with separate funding, is not included in Project IP.

² Principal Investigator (PI) and UW must affirmatively opt-in.