Penn State’s Approach to Intellectual Property from Company Sponsored Research

Penn State significantly changed its approach to managing intellectual property resulting from industry-sponsored research effective July 1, 2012. Please note that these changes do not apply to research sponsored by federal funding agencies, the Commonwealth of Pennsylvania or federal flow-through (federal government funding flowing through a company and subcontracted to Penn State). Penn State must follow federal law (the Bayh-Dole Act) when research is funded by federal funding agencies. Again, this ONLY applies to research funded solely by industry dollars.

A company sponsoring research has the option to request ownership of Intellectual Property (IP) resulting from a sponsored project. Principal investigators from Penn State are now an integral part in the process to determine if this request shall be granted. If all Penn State researchers involved in the project agree to release the IP, then the IP terms of the agreement will be such that any new IP generated will be the property of the sponsoring company.

If Penn State researchers do not agree to transfer ownership of the IP resulting from the project to the company sponsor, representatives from the Office of Sponsored Programs (OSP) or the Office of Technology Management (OTM) will contact the researchers to discuss the situation and propose appropriate IP terms for the research agreement.

Penn State researchers need to be aware that there are situations when it is not appropriate to transfer the ownership of IP to a company sponsor. For example, it would not be appropriate to transfer ownership when it would jeopardize the ability to obtain subsequent funding from other sources vital to the core research of the researcher’s lab. The Electronic Internal Approval Form (eIAF) and the Participant Intellectual Property Agreement (PIPA) forms are very effective in helping to identify those situations that require more discussion or a different approach.

Ownership of IP does not automatically transfer from the Penn State Research Foundation (PSRF) to the company sponsor. A process has been developed for assigning ownership of the IP to a company sponsor. A critical part of this process is to clearly identify and document the IP being assigned.

Step 1: The Principal Investigator (PI) prepares an Invention Disclosure to identify and describe the IP developed and to identify the researcher(s) who contributed to the development of the IP. If patent protection is sought in the future, a patent attorney will determine if these researchers are also inventors.

Step 2: The PI forwards the Invention Disclosure to their College Research Office for the College’s records.

Step 3: The College Research Office forwards the Invention Disclosure to OTM where it is assigned to a Technology Licensing Officer (TLO).

Step 4: OTM forwards the Invention Disclosure to the Sponsor and inquires if the Sponsor wants to take ownership of the IP identified in the Invention Disclosure.

Step 5: If the Sponsor decides to take ownership of the IP identified in the Invention Disclosure, a standard Assignment Agreement developed specifically for this purpose is executed on behalf of PSRF and forwarded to the Sponsor.

Since each of these steps can be performed electronically, the entire process can be completed quickly.
In general, Penn State researchers should not expect to benefit financially even if the research project is successful once the company sponsor takes ownership to the resulting IP. However, Penn State’s standard research agreement does include a bonanza clause stating that if the company sponsor is exceptionally successful using the IP created at Penn State, the company agrees to share its financial benefit with Penn State and subsequently all inventors in proportion to their contributions.

Even after Penn State transfers ownership of IP to the company sponsor, Penn State researchers will likely be named as inventors on patent applications filed by the company sponsor. Inventors have an on-going obligation to assist in the patenting process (i.e., signing documents as appropriate). Company sponsors cannot expect Penn State inventors to commit an inordinate amount of time supporting the company’s patenting process without compensation. Penn State recommends that company sponsors consider entering into consulting agreements with Penn State inventors if the company wants a significant commitment of time in support of the patenting process.

Penn State retains the right to use the IP for non-commercial research and educational purposes even after Penn State transfers ownership of IP to company sponsors. However, researchers should be aware that it is unlikely that the IP transferred to the company sponsor can be used as a basis for research sponsored by other companies.

If Penn State background IP will be required to practice the new IP created by the industry-sponsored research project, Penn State must identify this background IP and its availability for licensing to the company sponsor before the research begins so that the company sponsor can make a well informed decision. The Penn State researchers are essential to identifying necessary Penn State background IP during the eIAC process.

Additional Resource:

OTM has developed “An Inventor’s Guide to Technology Transfer at Penn State University” to answer the most common questions we typically field from our research community and provide a broad overview of the tech transfer process and services available for researchers. (http://www.research.psu.edu/patents/education-and-training)

Contact OSP at 814-865-1372 or osp@psu.edu or OTM at 814-865-6277 or otminfo@psu.edu if you have questions or wish to discuss this approach in further detail.