Summary

The goal of the new approach to the management of intellectual property ("IP") in industry-sponsored research agreements is to give Penn State researchers and their industry counterparts the opportunity to work together and to engage in more open innovation.

To achieve this Penn State must create an IP environment with as little impediment to the free exchange of ideas as possible. The new rules of engagement for industry-sponsored research provide our researchers and negotiators the flexibility to work however we need to with our industry sponsors to get the job done.

Our mission is to protect Penn State intellectual property, identify its commercial potential, and stimulate economic development through the transfer of Penn State technologies to the marketplace.

Intellectual Property at Penn State

An overview of our approach to IP with our Industry Partners

Access this brochure and other information regarding Penn State’s Office of Technology Management (OTM), our services, and much more information on the patenting process and support network available to help commercialize opportunities at:

http://www.research.psu.edu/offices/otm

Office of Technology Management
113 Technology Center Building
University Park, PA 16802
Phone: 814-865-6227
email: otm@psu.edu
Why did we change our approach?

We took a look at the outcomes of industry sponsored research over a 7 year period and determined that the procedures we had in place were not benefitting the University and, in fact, may even have been hindering research opportunities. With this in mind, we set out to change the very core of how we interact with our industry partners by:

- Removing IP as a hurdle in negotiating research agreements
- Reducing negotiation times
- Engaging and empowering our researchers in this process

Do you (the sponsor) automatically own everything?

No...ownership is not automatic. It is a process. We are empowering our researchers. They have to be onboard with the decision.

- 75% of the time our researchers will agree to release the IP
- Of the other 25%, after some initial questions, 50% of the time the researchers will agree to release the IP.

Background IP

We identify if there is any relevant background IP right upfront so the sponsor can make informed decisions. If there is a need, we can then negotiate an agreement. No surprises!

What is the “Bonanza Clause”?

The principle is simple. If the sponsor is exceptionally successful, then we ask that they share in some of that success. The threshold is set at $20 Million in the contract but can vary depending on the product and market segment for which it is sold. This approach has been well received because it enables our sponsors to utilize 100% of the revenues earned in the early years of development for the continued growth of the company. It is not until later and ONLY if a major threshold of revenue is met that Penn State receives any royalty payments.

Key IP language in Sponsored Research Agreements:

- Sponsor has the right to take ownership of IP.
- University reserves the right to file a provisional patent application to protect Intellectual Property in circumstances where University has an expedited need to publish or present results.
- University will promptly disclose IP to Sponsor in writing.
- Sponsor has ninety (90) days from the receipt of the disclosure to request University to assign ownership to Sponsor.
- In consideration for assigning ownership, Sponsor shall reimburse University for any patent protection costs incurred.
- The Sponsor agrees to pay the University a 1% royalty on the net sales of products or processes utilizing IP when annual sales of such products or processes exceed $20 million.
- University retains the right to use IP for non-commercial research and educational purposes.
- In the event University background IP is required to practice IP, University will negotiate an option or license to the extent such rights are available.