



Office of the
Vice Provost
for Research
and Advanced
Studies

Office of
Biotechnology

March 2001

Intellectual Property: When, what and who?

Increasingly, sponsors want assurance of intellectual property rights earlier and earlier in the collaborative research process. Below are guidelines to be followed when talking about these issues, such as when to have these discussions, what should be discussed, who should be involved, and how to avoid conflicts.

When is the appropriate time to discuss intellectual property?

Even before the research begins, questions arise about intellectual property, who owns and has access to what and how much it will cost. Agreeing on these terms is critical to a successful project, but the discussions must happen at the appropriate phase.

Proposal. It is not appropriate to discuss intellectual property or licensing terms at the proposal stage. All proposals should remain silent on these issues. At this stage no intellectual property has been developed from the project, but background intellectual property may exist. In addition, it is usually unclear what resources the sponsor is committing to the project. This makes it difficult to determine the value of the sponsor's contribution to the potential intellectual property.

Research Contract. It is appropriate for the Office of Sponsored Programs Administration (OSPA) to discuss the ownership and management of intellectual property during the research contract negotiations. Generally, contracts state that if ISU is the *sole inventor* of the intellectual property, ISU will be the *sole owner* of that intellectual property (usually a patent or copyright); if the sponsor is the *sole inventor* of the intellectual property, the sponsor will be the *sole owner*; and if ISU and the sponsor are *both inventors*, then ISU and the sponsor will *jointly own* the intellectual property. In addition, there is usually language stating who will manage the intellectual property.

Sponsors also will want assurance of their ability to *access* the intellectual property. While in most situations it is not appropriate to agree to specific license terms, such as royalty rates and payment schedules, in a research contract, often broad statements such as, "The sponsor is entitled to a first right to negotiate a royalty-bearing license (option)", are included. It is important to set appropriate deadlines for any options that are offered; otherwise the sponsor could take literally *years* to decide if they want to license the technology and tie-up the research project.

Freedom to operate, or the ability to *utilize* the intellectual property, is another important issue to the sponsor. The sponsor would like assurance that it will not have to license any additional intellectual property (background intellectual property, usually a patent) in order to use the intellectual property that may result from the present research. ISU cannot be responsible for knowing all background intellectual property. The sponsor must perform its own review to discover background intellectual property and negotiate with the third party. However, ISU makes a reasonable effort to identify internal background intellectual property.

License Agreement. After intellectual property has been developed and disclosed to ISURF, discussions can begin between ISURF and third parties to determine the value of the intellectual property, royalty rates, payment schedules, and other licensing terms to facilitate the use of the intellectual property for research or commercialization purposes. ISURF consults with the inventors during this process.

License negotiations are managed by ISURF. If promises about licensing terms are made too early in the process (e.g. at the proposal or contract stage), ISU, ISURF and the inventor(s) may not receive fair value for the technology because it is difficult to determine the value of something that does not yet exist. In addition, commitments made without ISURF's involvement may restrict appropriate use, licensing, further research, and development of the intellectual property.

Avoiding conflicts.

A conflict can occur when the same or similar promises are made to more than one sponsor. In general, it is not appropriate to work with more than one non-federal sponsor on a research project, unless the sponsors are part of a consortium. If you would like to involve more than one sponsor, please alert OSPA and ISURF as soon as possible (preferably at the proposal stage) to avoid any potential conflicts and to stay in good standing with the sponsor(s).

If you have any questions, about this tip sheet or working with industry, please contact:

Lisa Lorenzen
Biotechnology Industrial Liaison
1210 Molecular Biology Building

Phone: (515) 294-0926
Email: llorenze@iastate.edu

Acknowledgement: A special thanks to Matt Clark, Valrey Kettner, Ken Kirkland, and Nita Lovejoy for their assistance in preparing this Tip Sheet.