

TECHNOLOGY TRANSFER OFFICE

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Spring 2001 Newsletter

A Newsletter of the University of California, San Diego Technology Transfer and Intellectual Property Services.

From the Director . . .

Breaking New Ground

FY2000 was another record year for the Technology Transfer Program at UCSD. Continuing a four-year trend, our office received a record number of over 200 new invention and copyright disclosures in fiscal year 2000, which ended June 30th. The office also executed over **400** agreements that allow the private industry sector to evaluate and utilize intellectual property developed at UCSD, another record number. We continue to leverage our valuable intellectual property to enhance the research and teaching experience of our faculty and students and to help promote and diversify our regional economy by encouraging new businesses (see later) and supporting the existing companies.

Building . . .

As the office of Technology Transfer and Intellectual Property Services (TechTips) gets busier, I am grateful that the university is continuing to provide the infrastructure support for the office to take on the increasing workload.

At the end of fiscal year 2000, TechTips had tripled the number of outgoing Material Transfer Agreements and Inter-Institutional Agreements completed in fiscal year 1999. The number of completed Confidentiality Agreements more than doubled last fiscal year. The numbers of patents currently earning income and the office's revenues have both nearly doubled since the last campus office report in June 1999.

To accomplish all these, we have been busy recruiting. Please join me in welcoming the following new members to the TechTips team: **David Odelson** (Ph.D.) and **Jane Moores** (Ph.D.), Senior Licensing Officers; **Alexa Falkenstein** (BS, JD), Special Assistant to the Director; **Rachel Merrill** (BS, JD) Intellectual Property Disclosure Assistant; **Neal Atkinson** (BS) Marketing Assistant; **Laura Wolszon** (Ph.D.), Licensing Officer, **Dana Bemis**, License Assistant; and **Clifford Lindsay**, Administrative Assistant.

Additionally, we are currently recruiting to fill two new Licensing Officer positions to help with the management of our increasing Engineering and Physical Science invention portfolio, and a Senior Licensing Officer in the Life and Biomedical Sciences area.

and Reaching Out . . .

Although we enjoy the convenient parking and the ease of arranging meetings with company representatives here at the Torrey Pines Center North, we feel some of us need to be closer to our faculty inventors on the main campus so that we can provide better services. With this goal in mind, we are looking forward to structuring arrangements with all the science and technology schools on campus to locate some of our Licensing Officers more proximal to their researchers. With the new buildings coming up for the Whitaker Institute of Bioengineering and the California

Institute of Telecommunication and Information Technology and also the support of Engineering Dean Robert Conn, TechTips will be assigning a dedicated person, physically located on the Engineering campus to serve the researchers associated with the Institutes and the Jacob School of Engineering on all intellectual property matters. Larry Brand (Ph.D.), one of our Senior Licensing Officers, will also be moving to an office in Pacific Hall in May to be closer to the researchers in the Division of Biology and the Division of Physical Sciences. We look forward to potentially making similar arrangements with the School of Medicine, School of Biological Sciences, and School of Natural Sciences.

Alan S. Paau, MBA, PhD

Director

Disclosing a New Innovation

Making a disclosure of new innovation to TechTips is a relatively easy process. You can download the disclosure form (one for inventions and a different one for copyright materials) directly from <http://invent.ucsd.edu>, the TechTips Web site, send us an email or simply call us to send you an electronic or a hard copy. While preparing the form, please feel free to append the disclosure form with any manuscripts, meeting abstracts, grant proposals, and/or the latest data (text, tables, figures in any medium) so we may appreciate the quality of your new innovation as much as possible. Once the form is completed and returned to us (except for the signature page, you can do this all electronically or by a hard copy), what happens next appears to be a mystery to many UCSD researchers. Technology licensing and transfer is a complicated process and many researchers feel lost once they disclose their innovations to us. I hope the following briefing will help to demystify the process.

After a disclosure is received by TechTips, it sets off a chain of activities at the offices and interactions with the discloser and other administrative units on campus and beyond.

Firstly, the TechTips Disclosure Management Group will assign the disclosure a "case number" or a "docket number" with designations indicating that the intellectual property (i) originates from work at the San Diego campus; (ii) whether it discloses an "invention" or a "copyright" material; (iii) the fiscal year the disclosure is made; and (iv) a serial number indicating the timing of the disclosure received by TechTips. A typical docket number for a San Diego copyright disclosure will appear as SDCYY-XXX with "SD" signifying "San Diego campus", the "C" signifying it is for a "copyright" material, "YY" indicating the fiscal year the disclosure is made (e.g. 99 for 1999; 01 for 2001), and "XXX" the serial number indicating the sequence of disclosure received by this office. If the disclosure is for an invention (e.g. a new idea of doing things or a new composition matter etc.) and not a copyright material, the designation "C" following SD will be omitted. Since the office manages thousands of disclosure records through the years, providing a specific case number or docket number along with any of your correspondence or communication with us always helps us to be on the same page with you and saves time.

The Disclosure Management Group will then research the disclosure on issues related to (i) whether the work leading to the development of the intellectual property was/is sponsored by a third party and to determine from the sponsor agreement whether the sponsor has any pre-negotiated "sponsor rights" that the university is obliged to fulfill; (ii) inventorship and authorship to determine whether the intellectual property should be solely owned by the Regents of the University of California or jointly owned with a third party due to "co-inventorship" or co-authorship resulting from collaboration activities; (iii) proper assignment of the intellectual property to rightful owner(s); (iv) the necessity to negotiate with any joint owner(s) of the intellectual property for a proper management agreement most often in the form of either an Interinstitutional Agreement or a Royalty-sharing Agreement; and/or (v) any potential patent bar date triggered by a publication, public disclosure or commercial sale that may make patenting an invention no longer possible. These activities are the equivalent of a background check for the disclosed work and may take time that is not fully under the control of TechTips. For example, we often have to

contact the payroll office to ascertain a UCSD researcher's employment status at the University for the relevant time period, or contact the Office of Contract and Grant Administration to obtain a copy of the research contract to confirm the funding source and to review any obligations that the University may have to a sponsor. If an Interinstitutional Agreement is necessary, negotiation with the other party owner also may take considerable time.

Once most of the background information is available, the disclosure is reviewed by the Director or an Assistant Director of TechTips. It is then assigned to one of the Licensing Officers or Senior Licensing Officers to be included in his/her portfolio of cases under his/her management based on a match of the disclosure subject matter and the officer's technical expertise, business experience and if any, prior interactions with the researchers. From this point on, the licensing officer will be the key contact for the researcher(s) of the particular disclosure case and is responsible for providing advice, seeking input, and keeping the researcher(s) updated on the strategy and progress of our intellectual property protection, marketing, and licensing efforts. Any time you have new data or technical development, a new potential licensee contact, an approaching publication date or public disclosure event, another potential application, or information on competing technical advances concerning your disclosed innovation, please make sure you let the licensing officer know so we can coordinate our activities as much as possible.

Once a licensing officer is assigned to your disclosure, s/he will be in contact with you to learn more about your innovation. Together, you will design a course of actions relating to the marketing and licensing of the innovation. From time to time, the licensing officer will also make recommendations to the Director concerning the statutory protection the innovation may need based on the perceived market value of the innovation, the approaching statutory bar date or activity, the cost/benefit of the protection, and the likelihood of successful protection. The Director will then make a decision based on the budgetary situation, the past experience on work by the researchers and the licensing officer, the developmental stage of the innovation, and the overall market environment for the innovation.

How Do We Market Innovations?

Unless an innovation has prior contractual obligations to a third party (such as the sponsor of a research agreement or the provider of a material transfer agreement etc.), the first step we take is to broadly announce the availability of the innovation thereby providing equal opportunity access to all businesses. This is done by the use of a non-confidential disclosure (NCD) that sufficiently describes what the innovation may do without providing any proprietary know-how to enable the innovation. The NCD is normally a collaborative work by the licensing officer and the lead researcher of the innovation and will be used to aggressively market to potential industrial partners who may develop it into useful products.

We generally use two marketing approaches, the mass marketing approach and the targeted marketing approach, each of which complements the other. To reach technology seekers broadly, we post the NCD in our searchable Web site under the section Technologies Available for Licensing (http://invent.ucsd.edu/tech_available/techavail.html) so that companies from all over the world can easily browse and search using the Internet. Selected innovations listed on our Web site are also cross-listed in the UC system-wide office Web site as well as several subject-specialized or general technology Internet portal services such as TechEx, University Inventions, Patent Café, UVentures, and Pharmalicensing etc. These cross-listings further help us to reach more potential licensees globally. We also use on-line databases, reference libraries, and SIC for industries to search for selected companies (normally about 20 to 40) that may be interested in the innovation and mail them the NCD. The above activities cast a broad net and constitute our routine mass marketing efforts.

At the more targeted level, we rely on referrals by our own researchers as well as our own experience and contacts in the relevant industry to directly approach individuals in selected companies. Referrals by our researchers are

very valuable sources because they are leaders in their field of research and certainly know very well the practical and often commercial relevance of their work to society. All our licensing officers attend industry conferences routinely and they also have previous professional experience in the high technology industry. The combined efforts of the researchers and our licensing officers will normally generate a list of targeted candidates from which we can solicit interest in developing the innovation into a useful product for the public.

Getting Down to Business with an Interested Company

Once a company contacts us to express an interest in an innovation, we get busier. First of all, we will enter into a Confidential Disclosure Agreement (CDA) with the company so that we can freely discuss the technical details of the innovation and the company's proprietary commercial interest and business intention. You may have noticed that TechTips is an area where access is pretty well secured. It is not that we are anti-social. It is because we are in possession of valuable confidential business information from many potential licensees of our innovations. We do have to make sure the companies' proprietary information is secured.

After a CDA is completed, relevant information will be exchanged between TechTips and the company. To the extent not prohibited by conflict of interest regulations, we like to involve the researchers by using their assistance in the exchange of information with the company and to evaluate the company's ability to develop the innovation in a meaningful manner. It is our experience that the more willing the researchers are to assist TechTips, the higher is the likelihood a license agreement can be reached with the interested company. This courting stage may take several months depending on the company. Our experience is that the bigger the company, the longer it may take due to the layers of review and approval it requires internally.

Once a company has a chance to learn about the details of the innovation, it will decide whether it has a genuine interest in obtaining the legal right to commercially develop the innovation or to simply wish us better luck with another company. If it is the former, we will negotiate with the company to finalize a contract. If it is the latter, we will continue to market the innovation to the public. Often, we can get useful information from the company even if it is no longer interested in the innovation. We may find out that we have been barking up the wrong tree and should be targeting companies in other businesses, there are keen competing innovations in the market place, our innovation may be too embryonic and may require further development, or the innovation is not economically viable as a commercial product, etc. We learn from the information and use it to improve our decision-making in the continued management of the innovation.

When a company desires to obtain the right to commercialize an innovation, there are three contract instruments we routinely use. The company and TechTips may enter into a Letter of Intent or an Option Agreement so that certain rights to license the innovation are reserved for the company for a limited period of time. This allows the company time to further evaluate the innovation or to raise funding (often required by start-up companies) for the purpose of developing the innovation. The company usually pays a small fee plus the costs for the statutory protection of the innovation (e.g. costs for filing and prosecution of a patent application or registering a copyright etc.). The company may desire to enter into a License Agreement with TechTips directly. The license will grant the company certain legal rights to commercialize the innovation. The rights may be exclusive or non-exclusive in nature, for selected (e.g. only for diagnostic use but not for therapeutic use) or all fields of use, and/or for certain or all territory (e.g. for Europe only). The company normally has to pay the university certain fees plus royalties on products it may sell using the innovation. Since no two innovations are identical, there is no routine or formula when it comes to negotiating the terms and conditions of a license. TechTips works with potential licensees in a partnership spirit in that we do not create an artificially high entry barrier by demanding a high up-front license issue fee and we expect reasonable royalties paid only when products developed using our innovations are successfully sold by the licensees. However, we do collect some up-front fees to make sure that our licensees are truly committed to developing our innovations and are willing to pay up front a deposit for the opportunity. The

reasonable royalty rates we collect on products sold usually are within the industry norm based on several surveys and studies by licensing professionals and licensing societies. When we negotiate the fees and royalties with the company, we take into account the stage of development and uniqueness of the innovation, the character of the industry sector, the strength of intellectual property protection for the innovation, the market potential of the products the innovation may bring, the likely profit margin of the products, and the risk (both financial and technical) the company may face in developing the innovation to commercial uses. We like to treat our potential licensees fairly and do not make unreasonable contractual terms and demands from our licensees. For examples of a typical UCSD License Agreement and other agreements that we use routinely, please visit our Web site at http://invent.ucsd.edu/forms_agreements.html.

For more information concerning Disclosure of your innovations, please contact Rachel Merrill at 822-3275 (rmerrill@ucsd.edu) For an update on the status of any of your disclosed innovations, please contact the Licensing Officer assigned to you innovations or any of the service managers. They are listed on our Web site.

A LEAP Forward – The TechTips License and Entrepreneur Assistance Program

Following the mandate of the Bayh-Dole Act to provide preference to small businesses, TechTips offers special assistance to encourage small businesses, including start-up companies, to take advantage of UCSD innovations. The TechTips License and Entrepreneur Assistance Program (LEAP) is designed to provide the necessary assistance to small business entities and entrepreneurial researchers to more easily access and develop UCSD innovations for commercialization. LEAP comprises a series of resource referrals that small businesses and budding entrepreneurs may voluntarily take advantage of to obtain the necessary professional services in both legal, financial and business matters. Many of these service providers are members of UCSD CONNECT and have previous experience on working with TechTips and the university to make the technology transfer and commercialization process efficient and effective. TechTips is confident that trusting small businesses with UCSD innovations will not be wasted and will be better utilized and developed if they have such professional help. We hope LEAP will facilitate our license negotiation process with small and start-up companies, who often have no previous experience in licensing from the university or in the development of business plans, while also developing programs that satisfy the University goal of ensuring our innovations are developed diligently and for the public good.

The LEAP referral programs consists of selected legal, financial, and business consulting and service providers that TechTips, through its previous interactions with them, believes are cognizant of the relevant university policies and regulations governing UC employees. They also understand the broad goals and Mission of our technology transfer activities, appreciate our partnership spirit in establishing a licensor-licensee relationship, and have the ability to provide sound and professional services to our potential licensees and in their best interests. Recognizing that many small and start-up companies have cash flow limitations, many of these service providers are open to arrangements that are results oriented and that returns to the service providers may materialize only if their services result in genuine value and/or cash flow for their small business clients. TechTips is also committed to keeping these service providers current regarding UC policies and regulations and also to monitor the quality of the services they provide so that our (potential) licensees may receive the best value possible. The range of legal, financial, and business services that LEAP service providers may provide includes:

- Legal services for new business start up (including corporation structure consulting and incorporation services);
- Technology valuation and competition analysis;
- Business plan development;
- Contract negotiation and review, including license and consulting agreements;

Interim management and operation services;

- Business development;
- Capital funding representation;
- Product/Market planning;
- Strategic/Tactical planning;
- Project management;
- Traditional and internet marketing/advertising; and
- Vendor relations.

Small businesses and entrepreneurs who are interested in taking advantage of UCSD innovations and obtaining LEAP information should contact either the TechTips Director or the Licensing Officer responsible for the innovation you are interested in.

TechTips Outreach and Professional Activities

TechTips actively participated and was well represented in many professional conferences and trade shows of technology transfer organizations and societies. Director Alan Paa, Senior Licensing Officer Jane Moores, Assistant Director Eric Lund, and Patent Manager Vanessa Tollefson attended the annual meeting of the Licensing Executive Society (LES) this past August in Edinburgh. Dr. Paa also lectured at the 30th Taiwan Society of Cardiology Annual Meeting and at the Taiwan Development Center for Biotechnology on technology transfer and new business development opportunities and experience. Along the trips, he visited and shared his experience in technology transfer and Triton goodwill with similar programs in the Chinese University of Hongkong, Hongkong University of Science and Technology, and Tsinghua University (Beijing, China). Director Paa also spoke at the recent annual meeting of the Scientific Applications International Corporation on intellectual property commercialization and donation issues and activities to its Technology Commercialization business unit and also was a panelist and speaker at the International Symposium on Intellectual Property Policy and Technology Transfer Agreement organized by the Meijo University in Nagoya, Japan. Jane, Eric, Vanessa, Senior Licensing Officer Larry Brand, and Disclosure Manager Julie McPherson, and Dr. Paa also attended two seminars on Technology Valuation organized by the Orange County chapter and the San Diego chapter of LES.

Larry also attended the second Annual Plant Genomics Conference in Boston where he distributed information regarding UCSD plant molecular biology innovations. In the past year, Vanessa coordinated the availability at TechTips a tele-seminar series offered by the law firm of Schwegman, Lundberg, Woessner, & Kluth (Minneapolis, MN) on various Intellectual Property topics and latest court rulings for TechTips and other UCSD staff who were interested in intellectual property issues. Vanessa also spoke at the Los Angeles Intellectual Property Law Association Spring Seminar in Newport Beach on the topic of UCSD technology transfer activities.

Technology Transfer & Entrepreneurship:

New Start-up from SDSC

Caimis, Inc. and Caimis Geo, Inc (www.caimis.com) are two new start-up companies from the San Diego Supercomputer Center. Caimis is based on Internet traffic monitoring and network management tools, while Caimis Geo is based on Internet geographic location tools. The tools were developed by the Cooperative Association for

Internet Data Analysis program team at SDSC and are exclusively licensed to the companies for commercial uses.

Contact: Mr. Daniel Westrick, phone: 858/456-3915, email: westrick@caimis.com

Triton Ticket System goes Global

The Triton Ticket System, an Internet based ticketing system for concerts, shows, sport, and similar events has been licensed to Records.de (www.records.de), a company based in Munich, Germany. The technology was developed by Dr. Bennett Yee of Electrical & Computer Engineering Department. Records.de has obtained exclusive rights to all European countries and successfully demonstrated the ticketing system at a trade show this past August. The Triton Ticket System has also been licensed to NEC (Tokyo, Japan) for commercial use in Asian countries.

Record.de Contact: Mr. Bernd Hartmann, phone: 49.89.820.4704.0, e-mail: bernd.hartmann@records.de

NEC Contact: Mr. Shigehiro Funatsu, phone: 81.3.3798.6388

Surf's Up!

An ocean wave modeling software developed by Dr. William O'Reilly of the Scripps Institution of Oceanography has been licensed to Swell.com, a Huntington Beach, CA firm that provides free surfing forecasts via their website (www.swell.com).

Contact: Mr. Sean Collins, phone: 800/229-7873, email: scollins@surflines.com

Preventing Crop Losses

Inventions of Dr. Martin Yanofsky, in the Biology Department, for the prevention of seed pod shatter in rapeseed (canola) oil producing crops have been licensed to Aventis Crop Science. The technology retains the oil seeds in the pods until all the pods are dried and can be mechanically harvested, thus avoiding losses due to unsynchronized release of the seeds onto the ground. Contact: Mr. Victor Ghysels of Aventis Crop Science, phone: 011.329.235.8420, email: victor.ghysels@aventis.com

Novel Technique for Discovering Antibiotics from Deep Ocean

A novel method for cultivating unusual microbes from the deep ocean sediments was licensed to Nereus Pharmaceuticals from the laboratory of Dr. William Fenical, at the Scripps Institution of Oceanography. These organisms were heretofore almost impossible to culture on a commercial scale. It is thought that the deepest ocean sediments contain antibiotic-producing species that will have not co-evolved with the genetic resistance factors found in terrestrial pathogens. New resistance-free antibiotics are a goal of the research. Contact: Mr. Kobi Sethna, CEO, of Nereus Pharmaceuticals Inc., phone: 858/587-4093, email: ksethna@nereuspharm.com

New Approach to Drought Resistance in Crops

A research and licensing partnership was initiated between the laboratory of Dr. Julian Schroeder, of the Biology Department, and our neighbors in Torrey Pines mesa, Novartis Agricultural Discovery Institute, Inc. (NADII). Dr. Schroeder discovered that water loss in plants is controlled by a molecular-signaling pathway. Application to crops of a drug-like inhibitor of the pathway protects plants from water starvation, and could lead to a revolutionary agrochemical for protecting crops from drought. Contact: Mr. Timothy Torcia, NADII, phone: 858/812-1067, email: timothy.torcia@NADII.novartis.com

Optical Tweezers for Bio-Arrays

A portfolio of four technologies has been licensed to the San Diego start-up company, Genoptix. This portfolio of inventions includes work directed towards field-assisted fluidic assembly of small devices and molecules, microfluidic switching technologies, and the novel design and use of optical tweezers. Founded by Dr. Tina Nova and Dr. Jim O'Connell, Genoptix's company motto is *Advancing Cellular Sciences with Biophotonics*.

Contact: Dr. Tina Nova, phone 858/523-5000, email: www.genoptix.com

Have a Heart

An invention developed by the research groups led by Dr. Kenneth Chien and Dr. Wolfgang Dillmann that provides for a gene target and an approach to treat and prevent congestive heart failure was licensed to Eli Lilly & Co. (Indianapolis, IN). UCSD is collaborating with the company to continue development of this promising technology. Dr. Chien and Dr. Dillmann are both at the Department of Medicine. Contact: Mr. Edward Marple, Senior Business Development Associate of Eli Lilly & Co., phone: 317/276-2000.

This Newsletter is published by the UCSD Technology Transfer and Intellectual Property Services for the UCSD and affiliated technology community. Please forward comments and suggestion to:

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