U-M Tech Transfer

Robin L. Rasor
Director of Licensing
robinlr@umich.edu
UM Tech Transfer Mission

To generate benefits for the University, our community, and society through the transfer of University innovations
Tech Transfer Organization

➤ Licensing Function
  Disclosure, Protections, Agreements, COI

➤ New Business Development
  Business Formation Consultants, link to resources

➤ Legal Assistance
  OGC resources for patenting, agreements, litigation

➤ Business Support
  Marketing, Data support, Revenue Disbursements
U-M Tech Transfer Startups
U-M Tech Transfer Revenues

![Bar Chart: Equity/Paid-up Royalties and Royalties from 2003 to 2009](chart.png)
### 2008 Tech Transfer Benchmarking

<table>
<thead>
<tr>
<th>Invention Reports</th>
<th>New Patent Apps</th>
<th>Issued Patents</th>
<th>New Agreements</th>
<th>Startups</th>
<th>Annual Revenue $MM</th>
<th>Licensing Staff</th>
<th>Total Staff</th>
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<tbody>
<tr>
<td>MIT</td>
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<td>U Wisc</td>
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<td>Stanford 107</td>
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</table>

*Note: U-M 2008 indicates the number of new agreements reported in 2008, U-M 2009 indicates the number of new agreements reported in 2009.*
University Objectives in a License

➤ Primary Goal: Making the technology available to the public

➤ Milestones are included to verify diligence by licensee toward commercialization

➤ UM desires a fair commercial return; timing and form of the return can be tailored appropriately

➤ Licensee must pay associated patent costs and costs of doing business (e.g., liability insurance, enforcing patents, etc.)
Role of the Inventor

- They are all different; they may want:
  - Additional research funding
  - $$$
  - Consulting
  - Glory
  - Benefit the public
- Some are hands-off; some are engaged
- Some are entrepreneurial
  - Form their own companies
  - Take leave of absences
- All get a share in the revenues
Things We Argue About the Most

➤ Surprisingly, it isn’t necessarily financial terms. Often a lot of time is spent on:
  ➤ Diligence Milestones
  ➤ Scope of Field to be Licensed
  ➤ Improvements
  ➤ Certain legal language associated with reps/warranties, insurance, patent control and enforcement
How does the University obtain value in a license?

- Upfront payments (cash, stock, research support, past patent costs)
- Reimbursement of ongoing patent costs
- Milestone payments
- Annual minimum royalties
- Sublicense income sharing
- Earned royalties
Mix of Medicine v Engineering

Medicine
- Disclosures typically by disease state
- Devices, therapeutics, diagnostics, with some more basic
- Somewhat easier to define market, use, and potential licensee
- Often higher value

Engineering/Physical Sciences
- Disclosures often incremental improvements in technology, processes
- Need to be combined with other technologies
- Rarely a single product
- Somewhat harder to identify market, licensee
Pros and Cons of Patent Sales from Univ. Perspective

Pros:
Stop paying patent expenses
No more worries re: prosecution/enforcement/liability issues
Unload patents in difficult markets

Cons:
How to value the patent?
Loss of control
Will product be developed? What if others want access to patent/research?
Will inventor/students still be involved in product development?
What happens if buyer sues one of University’s partners? (in particular, what if they sue another university?)
Extras
U-M Tech Transfer Results

![Graph showing U-M Tech Transfer Results from 2003 to 2009. The graph includes bars for Invention Reports/ Patents and a line graph for Agreements. The bars show a steady decrease in Invention Reports/ Patents, while the line graph shows an initial increase followed by a decline in Agreements.](image-url)