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PATENT BRANCH, OSC

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Dear Norm:

Over the last six months, we have spent a good deal of time discussing alot of ideas about University Technology Transfer. I have now been able to organize some of these thoughts so that a formalized proposal can be written. Thus, I would like to take this opportunity to informally notify you that a joint proposal from Case-Western Reserve University and University Patents, Inc. will be forthcoming to the NIH in January.

The proposed project (entitled: " University Technology Transfer Alternatives Project--UTTAP") will be composed of three distinct but vitally interrelated programs. These programs will be: a) the technology transfer program (TTP); b) the awareness program (AP); and c) the evaluation and assessment program (EAP). Each of these programs are presently being developed and each will have its own set of objectives, scope, time frame, budget and personnel. These programs will then be integrated into a single project by a steering committee, composed of university faculty and administrators, private business representatives and Government agency personnel, in an attempt to accomplish a primary goal--to provide the academic community with a complete service which will address the university's immediate need for an effective technology transfer mechanism (directed primarily to the health care area). The programs will, I believe, simultaneously stimulate faculty awareness, dispel misconceptions about the patent system and undertake a thorough evaluation and assessment of transfer techniques which can be used by universities to disseminate their technology.

The structure of the UTTAP has resulted from my observation that the academic community on the whole has

demonstrated a basic inability to bring the results of their investigations to commercial utilization. Unfortunately, the health care area can be looked at as a prime example of this situation. For example, in fiscal 1975, the National Institutes of Health alone spent over 1.1 billion dollars on research projects. Yet the number of ideas and important discoveries flowing from these projects that will be utilized by the public for improved health care, will not in any measure, reflect this huge expenditure. It is not as if invention or technological advancement doesn't exist within the basic (academic) research--it does, if only as a by-product of the research. Rather, the problem seems to me to center around two basic issues:

a) The academic investigator's lack of understanding of the patent system; his inability to discern basic innovation in his own research and his misconceptions concerning technology transfer and its relationship to the academic world; and

b) The academic institution's insufficient economic resources to capitalize on innovation, even if it is identified; as well as the institution's inexperience in how to accomplish technology transfer, particularly on an international scale. Thus, in my opinion, any program that is to be truly effective over the long haul, must go beyond mere patent awareness. The program must provide the university with the necessary resources to protect innovation and the expertise necessary to effectuate the most expeditious and equitable delivery of the technology to the marketplace. Therefore, the UTTAP has been conceived to address both the awareness and transfer aspects of the problem through the TTP and AP.

In order to address the many issues involved in the problem areas of awareness, service and evaluation, the three programs will be characterized as follows:

The Technology Transfer Program

1. The TTP portion of the UTTAP will consist of six phases of operation. Universities will be offered three alternative ways in which they can participate in the TTP. Selected universities will be relieved of patent filing and prosecution costs and experienced personnel needed to conduct a total patent program (including a total licensing effort) will be provided. Alternatively, other universities will be able to participate, no matter what their present degree of patent/licensing sophistication, in less than a complete TTP.

2. University Patents, Inc. will assume total responsibility for the functioning of the TTP. Mr. L. W. Miles, President of UPI, will direct the TTP.

3. TTP's six phases of operation will be as follows:

- a) Phase 1 -- University analysis and research direction evaluation;
- b) Phase 2 -- Awareness;
- c) Phase 3 -- Monitoring and consultation;
- d) Phase 4 -- Invention evaluation and protection;
- e) Phase 5 -- Technology transfer; and
- f) Phase 6 -- License Administration.

4. TTP's three alternative participation plans will be:

- a) Complete patent management (Phases 1-6); or
- b) Selected portfolio management (Phases 4-6); or
- c) License management (Phases 5-6).

5. TTP, throughout all six phases of operation, will attempt to address a variety of "alternatives" in order to identify these mechanisms which work best with regard to universities. These alternatives include (a) different protection mechanisms (e.g., patent application, defensive publication, technology review agreements with industry) and (b) different transfer modes (e.g., traditional or patent licensing, venture capital support, and nontraditional or know-how licensing).

6. One of the indispensable components of the TTP will be the campus representative, who will be provided for every university in the project operating under the complete patent management program. He will provide local, on-site counseling (awareness), follow-up and will participate in technology transfer functions.

The Awareness Program

1. The AP will be designed for implementation as part of the TTP and revised, if necessary, based upon the results of Phases 1 and 2 of the TTP. The AP will be offered to the university faculty and staff in order to acquaint (or reacquaint)

them with the merits of the patent system and the nonobtrusive position it can assume in the functioning of the university and progression of academic investigation. In addition, a specially designed seminar course on the patent system and technology transfer will be designed and made available to universities and Government agencies for presentation to their student body and/or employees. Further, an informative faculty handbook and administrative handbook will be developed which identifies the correct procedures to follow with regard to invention identification, patenting and licensing.

2. The implementation of the awareness program will be broken into two parts:

- a) Instructional material development--this will be accomplished by the nine man steering committee made up of UPI representatives, university administrators and faculty, and Government agency representatives;
- b) Seminar presentation--implementation of this part of the program will be handled by UPI during Phase 2 of the TTP.

3. The Director of Research at CWRU, Dr. A. C. Moore, will direct the AP.

Evaluation and Assessment Program

1. The EAP will attempt to analyze, evaluate and report upon the successes and failures of the AP and TTP portions of the UTTAP. It is hoped that the evaluation program can provide a quantitative picture of alternative transfer techniques which would then be helpful in assessing the most effective procedures for the handling and transfer of future university developed technologies.

2. The design of the various evaluation instruments which will be used in the project's evaluation will be carried out by the Department of Operations Research, School of Management, Case Western Reserve University.

3. The Chairman of the Department of Operations Research at CWRU, Dr. B. V. Dean, will direct the EAP.

One of the most important considerations of the UTTAP is the determination of the project's scope. The scope will depend upon the number of participating universities in the sample which enroll under one of the three TTP options

(complete patent management, selected portfolio management, or license management). The sample must be large enough so that the evaluation program can adequately assess the UTTAP's impact, yet manageable so that the TTP effort can be complete in every detail. Therefore, for the purposes of the TTP, support will be requested to establish four to six complete patent management schools and two to four selected portfolio management schools.

UPI's present clients are organized in two basic clusters, a western cluster (University of Arizona, Arizona State University, University of New Mexico and the University of Colorado) and a mid-west cluster (University of Illinois, IITRI, University of Chicago, and Case Western Reserve University). For the purposes of the UTTAP, it would make sense if the project's participating universities would be located on the east coast. This would then provide activity centers over a wide range of geographical locations and thereby provide the EAP effort with an ideal situation for their evaluation and assessment task. During the later stages of the UTTAP (third year) another cluster would be formed in the southeast. This cluster would be made up of a similar number of complete patent management universities and selected portfolio management universities.

Funding for the UTTAP will be requested for a five year period, so that the full impact of the TTP and AP can be adequately assessed. The funding request will be broken down into three segments, so that activities in all three programs (TTP, AP and EAP) can be individually addressed. Initial estimates indicate that the level of funds needed to run the UTTAP program as described, would be approximately: a) AP--\$24,000.00; b) EAP--\$180,000.00 and c) TTP--\$50,000.00 per complete patent management university per year and \$21,500.00 per selected portfolio management university per year.

UPI is willing to share costs with the N.I.H. in order to initiate the UTTAP. This cost sharing will take the following three directions:

1. During the project period, UPI will assume all the expenses involved in Phase V (Technology Transfer) of the TTP. This would include all the expenses involved in licensing and foreign filing;

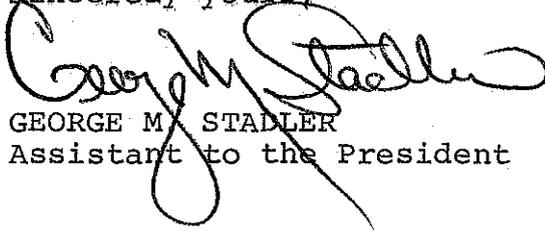
2. A significant percentage (e.g., 25%) of all royalties that UPI would be entitled to collect as a result of successful licensing, which results from any of the UTTAP participating universities, will be placed in escrow and used to support further research activities at the participating university;

3. UPI is willing to support the same number of complete Patent Management Schools for an equal amount of time as the N.I.H. supports during the project period. For example, if the project runs the full five years, UPI would support the same schools at the same level of activity for an additional five years, at the option of the schools involved.

Hopefully, these comments will provide some insight into what the finished UTTAP proposal will look like and what its objectives will be.

Have a nice Holiday Season and Happy New Year!

Sincerely yours,



GEORGE M. STADLER
Assistant to the President

GMS:sb