



THE OHIO STATE UNIVERSITY

Building Industry Collaborations
A-Priori IP Rights Transfer in Research

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2018 ASEE-ERC Meeting



A-Priori IP Rights

Any non-refundable, fixed upfront, or fixed delayed fees (including related option fees), such as technology access fees (**TAF**),...

paid by a sponsor of **sponsored research**, in addition to the research project funding,...

that entitles the sponsor to rights in **intellectual property** arising under university's performance of such **sponsored research** project.



Why Adopt the TAF Model?

The obvious...data driven (internal facing)

PSU: FY2000 – FY2007

- 197 IPDRs, 92 from industry sponsored research. 30 licenses via 18 agreements. 6 inventions via 4 licenses generated \$92,380.

OSU Center for Automotive Research

- FY1992 – FY2011. 52 IPDRs from industry sponsored research. IP protection costs of \$201,935. Licensing income of \$7,000.
- One experiment...a-priori rights fees of \$759,020 from 8 projects sponsored by 2 customers.

The not so obvious...relationship philosophy (external facing)

Companies are always at risk (and managing risk) when investing in their business. No risk, no upside. Without sharing in the risk, partners have little to no leverage to share in potential upside. Partners who do not share in the risk may, however, price their engagement as a function of the knowledge, skill, and track record that they bring to the table.

The really obvious...

The TAF model ameliorates industry concern and leads to enhanced U-I engagements across the continuum



Ok, But How Do I Control the Price...

The Triple Constraint (or Iron Triangle)

Three key attributes of any project that must be reconciled to be successful:
Scope, Schedule, and Cost



- One side of the triangle cannot be altered without altering the other two.
- The corporate sponsor cares about all 3 elements, which must be in balance.
However, for the balance to satisfy both parties in a partnership, the sponsor gets to decide only two. The university should claim the cost attribute.



The Color of Money

- Controlling the price point by leveraging IP access and the Triple Constraint enables 'full cost reimbursement' as the basis for the 'traditional' IP model
- The TAF model serves to eliminate IDC margin leakage by creating multiple wins for both parties
- **The obvious...**TAF is royalty income.
- **The not so obvious...**for the partner, TAF is the 'cost to not have to negotiate for the IP;' it is not the prospective value of prospective IP. Think of it as business income. This opens new vistas with regard to how to collect and use these funds.
- **What this money looks like at OSU...**
- Over the past 5 years, OSU has deployed the TAF model experimentally on 47 projects across 26 companies. Total TAF income was \$1MM; an average of \$21.3k per project. The trend line for calendar 18' is >\$600k.
- Partners choose the 'traditional' model about 75% of the time. Industrial research volume is increasing.



Possible Actions

- Ask for the historic data, but ‘sell’ internal consideration of the TAF Model on the philosophy of risk/reward. Advocate for acknowledging your partner’s high risk position and taking a portfolio of up-front, assured profit.
- Make sure that your IP philosophy is considered an integral component within your university’s ‘industry facing’ identity and philosophy.
- Build faculty incentive into your TAF model considerations. Return a healthy fraction of TAF back to the team that delivers value to the partner.
- Propose the TAF model as an alternative hypothesis and seek buy-in to run a limited experiment. Success breeds adoption.
- Remind Technology Commercialization that they work for you, not the other way around.



Thought Provoking Questions

- Have you adopted a TAF IP access model for your industrial partners? If not, why not? If so, what key challenges do you face?
- “I can’t” versus “I won’t.” Can you change the conversation from impediment driven to change driven?