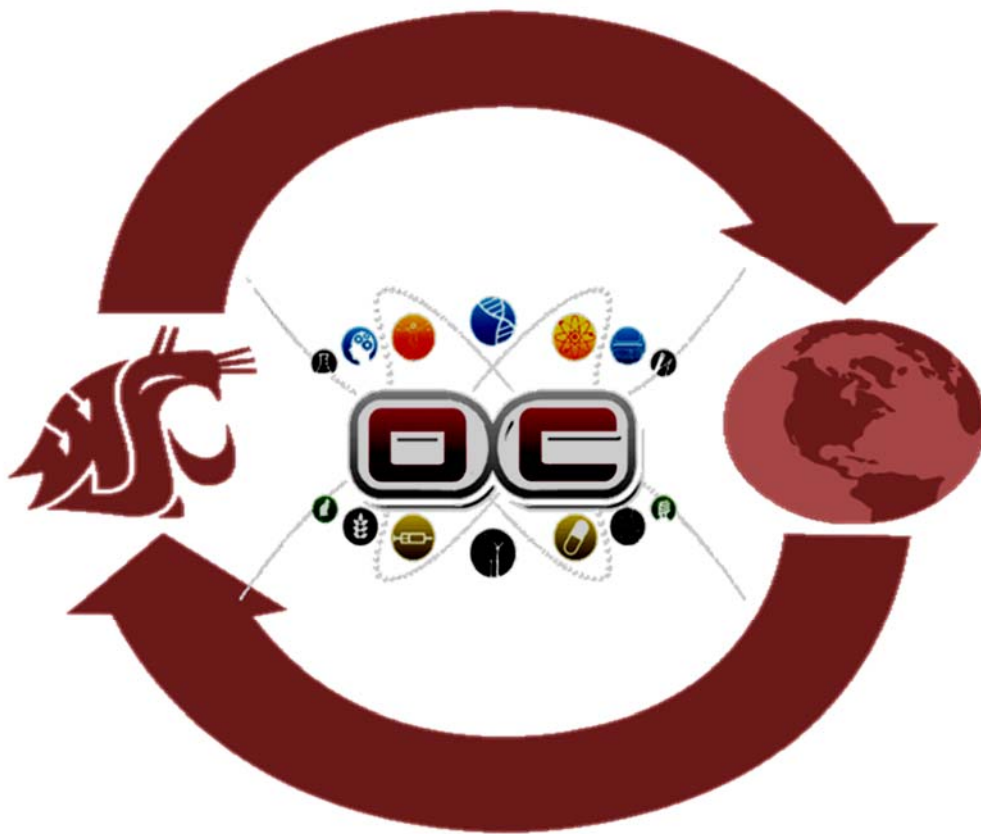




Office of

Commercialization

WASHINGTON STATE UNIVERSITY



Washington State University Office of Commercialization

Inventor's Guide

August, 2014

Introduction

This is a comprehensive guide to the technology commercialization process at Washington State University. It contains essential information needed by researchers and inventors to answer the most common questions on this topic and process. It also provides a broad overview of the services provided by the staff in the Office of Commercialization (OC).

For more information:

OC website, <http://commercialization.wsu.edu/>.

WSU Faculty Manual, SECTION IV: University Policies Affecting Faculty relevant to the commercialization process, http://facsen.wsu.edu/faculty_manual/

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Overview

Commercialization involves the transferring of technological knowledge and discoveries from the university environment to the general marketplace. At WSU, commercialization refers to the process of formally licensing faculty, student, and staff innovations and technology to third parties or starting new technology-based start-up companies to enhance the lives of the global population. Inventors may choose to participate in the technology transfer process for a variety of reasons:

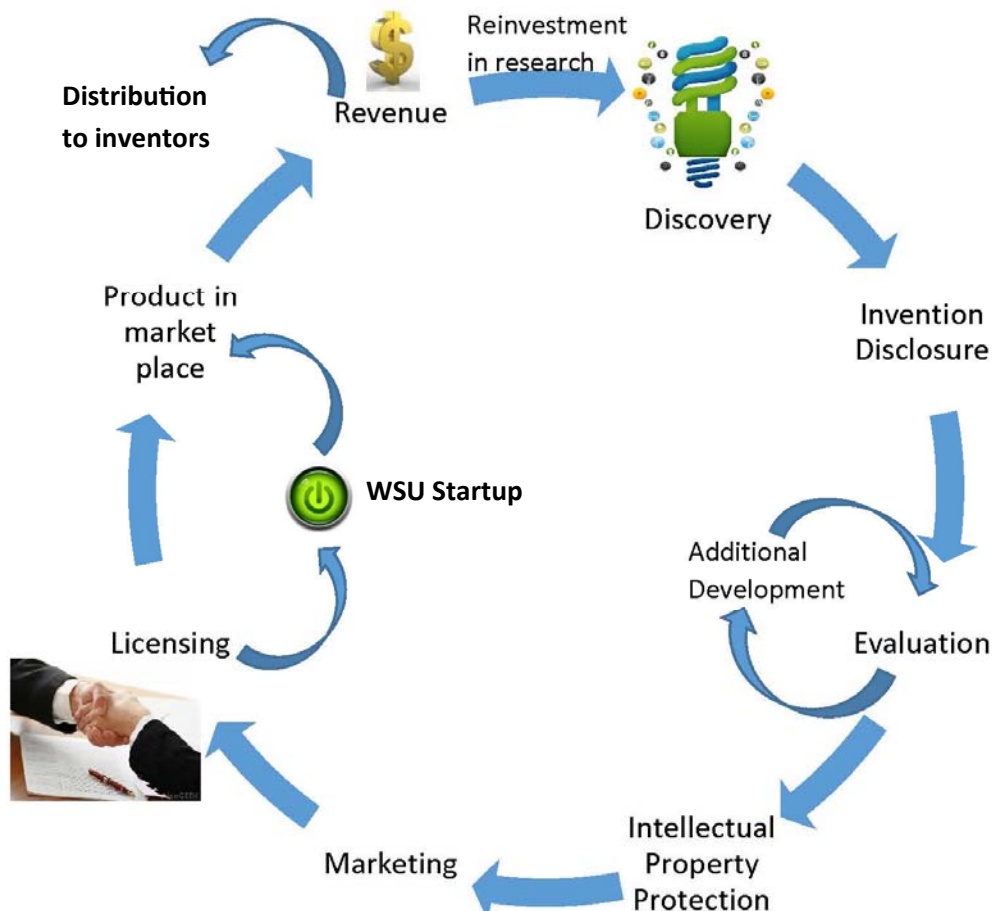
- making a positive impact on society
- personal fulfillment
- recognition or financial reward
- receiving additional lab/ departmental funding
- meeting research sponsor obligations

The WSU Office of Commercialization (OC) is the university's entity that partners with the WSU Office of Economic Development in Seattle and works to guide inventors through the technology commercialization process. The OC has a staff of

specialists in intellectual property management, licensing, business development, and legal expertise. Our specialists are experienced in many areas including but not limited to commercializing energy, human and animal health, agricultural, and information technologies.

There has been a large increase in US commercialization activity after the Bayh-Dole Act (Public Law 96-517) was passed in 1980 to create a uniform patent policy for organization that accepts federal funding. This act allows universities and other institutions ownership rights to discoveries resulting from federally funded research, provided funding obligations are met. The universities must protect and commercialize the discoveries, and submit progress reports to the funding agencies. The act is credited with generating increased research, educational opportunities, and economic development in the US.

You may contact our staff at any point in the process with questions at commercialization@wsu.edu



Disclosure

The first step in the commercialization process is the disclosure of an invention or technology. **We encourage you to contact the OC staff at the earliest stage of your research process (i.e. pre-disclosure) to ensure you are aware of all options to leverage the maximum commercial potential of your technology.** You may want to request an initial consultation with us as soon as possible. All discussions about your research and innovations are always held in the strictest of confidence.

Protecting intellectual property is essential to any commercialization effort. For any innovative idea to be protected, it *must first be disclosed to the OC, in time for a provisional patent to be filed.* This should be done before presenting the discovery in publications, poster sessions, conferences, press releases, or other communications. After the idea is publicly disclosed (i.e., published or presented in some form), an invention may have restricted or minimal potential for patent protection outside of the United States. There are differences between the U.S. and other countries on the impact of early publication and a potential patent. You should also tell the OC staff if you had any prior presentation, lecture, poster, abstract, website description, research proposal, dissertation/master's thesis, publication, or other public event describing the invention.

The Technology Licensing Associate's (TLA) role is to evaluate whether your invention is protectable and, if so, begin to navigate the process of patent, trademark or copyright as necessary.



The WSU IP policy states that the university owns inventions, discoveries, and improvements made as a result of either 1) University employment or 2) through the use of University resources, or 3) Under a grant awarded to WSU. You may review these policies in the

[WSU Faculty Manual.](#)

If government funds were used for your research, WSU is required to file a prompt disclosure to the sponsoring agency. If the research resulting in your invention was sponsored by a company, an invention disclosure is an important first step in fulfilling your obligations to the sponsor. Sponsored research and grant agreements should always specify the intellectual property rights of that sponsor, i.e. the US government (NSF, NIH) maintains non-revocable, non-exclusive rights to use the technology.

The [Invention Disclosure](#) is a written description of your invention or development that is provided to the OC. It also lists:

- all people who contributed to the invention
- sponsors of the research
- all of the information necessary to begin pursuing protection, marketing, and other commercialization activities.

Try to provide as much information in your disclosure as possible and have all inventors sign it. A complete disclosure is entered into the OC database, given a unique database number and assigned to a technology licensing associate for evaluation. The TLA will work with you through the successive commercialization steps.

A completed disclosure form can be returned to the OC by email at commercialization@wsu.edu.

If you want to protect the ability to patent and commercialize your inventions, it is essential to disclose you inventions properly before publishing or publicly presenting on the idea to prevent loss of patent rights.

Characteristics of an Invention

Inventions can be difficult to recognize, but are defined as "the discovery or creation of a new material (either a new manufactured product or composition of matter), a new process, use for an existing material, or improvements of any of these." Computer software may also be classified as an "invention."



US patent law requires an invention meet three criteria to be eligible for patent protection:

1. **Novelty:** The invention must be evidently different from previously available ideas, inventions or products (known as "prior art"). This does not mean that every aspect of an invention needs to be new. For example, new uses of known processes, machines, compositions of matter and materials are patentable. Incremental improvements on previous processes may also be considered in this category.
2. **Usefulness:** For an invention to be patentable, it must have some utility or application, or be an improvement over existing products and/or technologies.
3. **Non-Obviousness:** The invention cannot be obvious to a person of "ordinary skill" in the field. Non-obviousness usually is demonstrated by showing that using the invention yields surprising, unexpected results.

The OC will determine whether a potential invention meets these three criteria. All contributors to the ideas leading to the innovation should be noted in the disclosure, even if they are not university employees. Then the OC staff can determine the rights of all persons and institutions, including students.

Intellectual Property (IP)

Intellectual Property is a legal concept related to the creations of an individual's mind and where certain exclusive rights to that concept are recognized. There are many factors to consider in determining IP, including WSU employment status and use of facilities and how the creation was funded. As a general rule, the university owns inventions made by employees during the scope of their work or when using university resources.

The Office of Commercialization will evaluate whether your innovation is protectable and, if so, navigate the process of patent, trademark or copyright processes with outside legal experts who specialize in this area and are working with the OC. Submitting an invention disclosure does not guarantee any form of protection. The disclosure will be assessed for commercial applicability and a decision made about filing for patent protection. The decision making process for different types of invention is outlined in the flowcharts provided (see Appendices A and B).



There are a number of factors we evaluate to determine if we will pursue a patent. A technology assessment takes into account the following factors, among others:

- **Stage of Development, Development Costs, and Time:** Innovations early in development may need significant resources to reach a viable and valuable point with commercially useful claims.
- **Patentability:** Novelty, obviousness, and whether the discovery is enabled for use by others.
- **Patent Coverage:** The breadth of claim obtainable, as well as nations where the discovery can be protected.
- **Technical Merit:** Whether the technology is groundbreaking or game changing, and its adaptability.

- **Market Breadth and Size:** Whether appropriate for niche/small market or widely useful, and whether it has a high or low market value.

Material Transfer Agreement (MTA)

An MTA is a contract that protects your intellectual property if you **send to or receive materials from** other researchers or entities. Each exchange requires a completion of an MTA. This is the case for any kind of material from cell lines and proteins to chemicals or larger structural materials.



You may use materials or intellectual property from other sources in your research but this must be carefully documented with dates and stipulations of the use. This will determine the ownership and licensing of your technology. If you want to receive materials from outside collaborators, an [incoming Material Transfer Agreement \(MTA\)](#) must be completed.

This form is processed by the Office of Grants and Development (OGRD) and details about this process are available on their website:

<http://www.ogrd.wsu.edu/forms.asp>

Materials and intellectual property may also be shared with others in your research process. The items and conditions stipulated for their use must be documented and an [outgoing Materials Transfer Agreement \(MTA\)](#) must be completed. The OC staff can help you process outgoing MTAs and answer any questions you may have about the specific details of the allowed uses.

To get this process started we require that a short checklist (see Appendix D) be completed by the WSU researcher sending out the materials.

Marketing

A market analysis is conducted after your innovation disclosure to gather information and assess the overall value of the technology. This information comes from a variety of sources: the internet, published literature, and general knowledge of companies participating in the given field of the invention.



The OC uses many strategies to identify potential licensees and for marketing new or existing technologies. The marketing may be done through existing relationships with the inventors, commercial companies they know may be interested in the work, or at industry events. Market research conducted by the TLAs in our office also assists in finding prospective licensees. Faculty publications and presentations are often excellent marketing tools as well.

License agreements describe the rights and legal responsibilities



related to the use and exploitation of the intellectual property under discussion and includes terms of fees, royalties, payments and equity. The

university however always retains the right to continue research and development at its end. It is possible an invention may be licensed to more than one licensee, either exclusively (for different fields of use) or non-exclusively.

Studies have shown that a large majority of the licensees for new technologies are known to the inventor(s) and they are encouraged to play an active role in finding a licensee. Many variables affect the length of time to find an invention licensee: need for the invention, size and demands of the market, and how quickly the technology moves to full market readiness.

Protecting University IP

The process of protecting an invention has many steps and takes time to complete (see timeline below). The earlier you submit your invention disclosure, the faster our office can make a determination and begin the process. Patents in the United States are awarded by the US Patent and Trademark Office, a division of the US Department of Commerce.

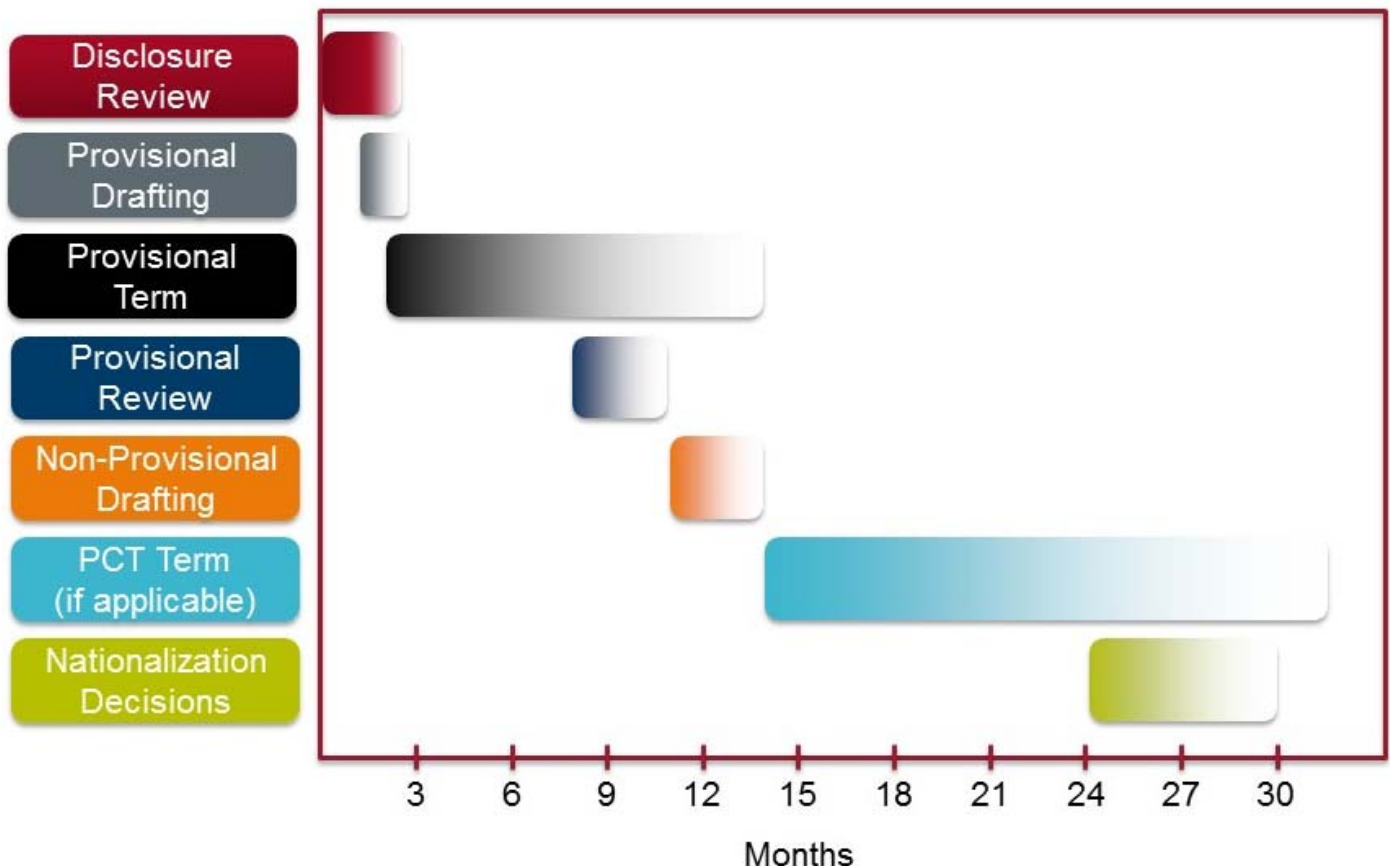
There are several steps to issuing a patent. The process mainly starts by filing a provisional patent application. The provisional application, its timing and content are critical to the entire patent issue process. The provisional application should be filed prior to any public disclosure and should have detailed information of your invention. The date at which the application is filed is called the priority

date and the patent examiner can cite all publications prior to the priority date as Prior Art making the invention “not novel”. Also if the description of the invention is not complete and describes in sufficient detail the claimed invention, the patent examiner may reject it on the basis that it is not “enabling”. Thus filing a provisional applications is an important step and active participation of the inventor is required to help guide the patent attorney to best describe the invention.

There are several IP resources to help understand the patent process in the Resources sections of our web site, including a primer on IP and Patents in the Helpful links and Resources page.

The Technology Licensing and Intellectual Property Management staff in our office can answer questions at greater length about the patent process, costs, and protections afforded with a patent.

Timeline To Patent Filing



Start-Up Company Basics

A start-up business can be formed to commercialize a new intellectual property as an alternative to licensing the IP to a previous established commercial entity. The decision to form a start-up company is usually made by the inventor and with advice from the OC staff. There are multiple factors to consider in exploring this route to commercialization. They can include:

- development risks and costs versus returns
- securing adequate funding and investments (venture capital)
- the potential for several products from the same technology as it can be difficult to survive on a singular product
- a sufficiently large target market or a superior product
- adequate time commitment for company development aside from university duties



The OC staff can furnish you with resources to help guide you in the start-up venture. There are financial and mentoring resources listed in the [Resources section](#) of the OC web site that may be helpful in seeking guidance and monetary support for the start-up.

Conflict of Interest

Conflicts of interest are a predictable and expected result of proper research and commercialization efforts at any University. Most conflicts of interest can be managed by a combination of disclosure, oversight, and attention to the key principles of transparency, separation and independence. WSU will make every reasonable effort to accommodate appropriate private sector relationships that arise from technology transfer, provided these relationships are compatible with WSU policy.

WSU defines Conflict of Interest as “a significant financial interest held by an investigator or research employee and/or specified members of his or her family which could affect the design, conduct or reporting of research and scholarly activities”. This concept is discussed at length in the WSU document [Executive Policy #27](#), revised in September, 2013. This document can be found in the Resources section of our OC website and may be useful when considering beginning a start-up company if you are still affiliated with WSU. A real or perceived conflict of interest exists when a researcher’s significant financial interests could possibly affect the design, conduct or reporting of university conducted research.

The [WSU Office of Research Assurances](#) is responsible for implementing the WSU Conflict of Interest policy and can answer questions about it when uncertainty arises.



**“What conflict of interest?!
I work here in my spare time.”**

License Revenues



The [WSU Faculty Manual](#), section IV, G No. 8. contains the specific information related to how revenues from patent royalties are distributed for both the inventor and the university. Part of that section is excerpted below. More information is available by reading the entire manual sections.

Division of Patent Royalties

All monetary proceeds from commercialization of University-owned inventions are the property of the University or its assignee. The University or its designee will collect and distribute royalties, fees, equity interests, or dividends to inventors and University in accordance with procedures established by the University.

- (1) The University or its designee will deduct the costs of obtaining and maintaining legal protection for each invention to arrive at “adjusted income.”
- (2) The University or its designee will deduct twenty percent (20%) from adjusted income and the remainder will be “net income.” This deduction is directed toward covering the expenses (excluding direct patent expenses) for administering and provides initial funds for patent prosecution for other inventions without obvious commercial partners.

Distribute net income according to the following schedule:

Cumulative Net Income	Inventor	University
1-10,000	100%	0
10,001 – 200,000	50%	50%
Above 200,000	25%	75%

The [WSU Faculty Manual](#), section IV, G No 9. has different distribution rules for Publicly Released Agricultural Research Center (ARC) Plant Varieties.

Seed Propagated Crops

- (1) The University or its designee will deduct the costs of obtaining and maintaining legal protection for each plant variety.
- (2) WSCIA typically collects a two percent (2%) management fee for its services in producing and distributing seeds, and collection and distribution of research fees.
- (3) Seventy percent (70%) of the adjusted income will be distributed to the Agricultural Research Center for enhancement of plant variety programs.
- (4) The remaining thirty percent (30%) of the adjusted income will be distributed:

10% to OC

10% to WSU-ARC

10% to plant breeders

Vegetatively propagated crops

- (1) The University or its designee will deduct the costs of obtaining and maintaining legal protection for each plant variety.
- (2) Fifty percent (50%) of the adjusted income will be distributed to the Agricultural Research Center for enhancement of plant variety programs.
- (3) The remaining fifty percent (50%) will be distributed as follows:

10% to OC

10% to WSU-ARC

30% for breeders

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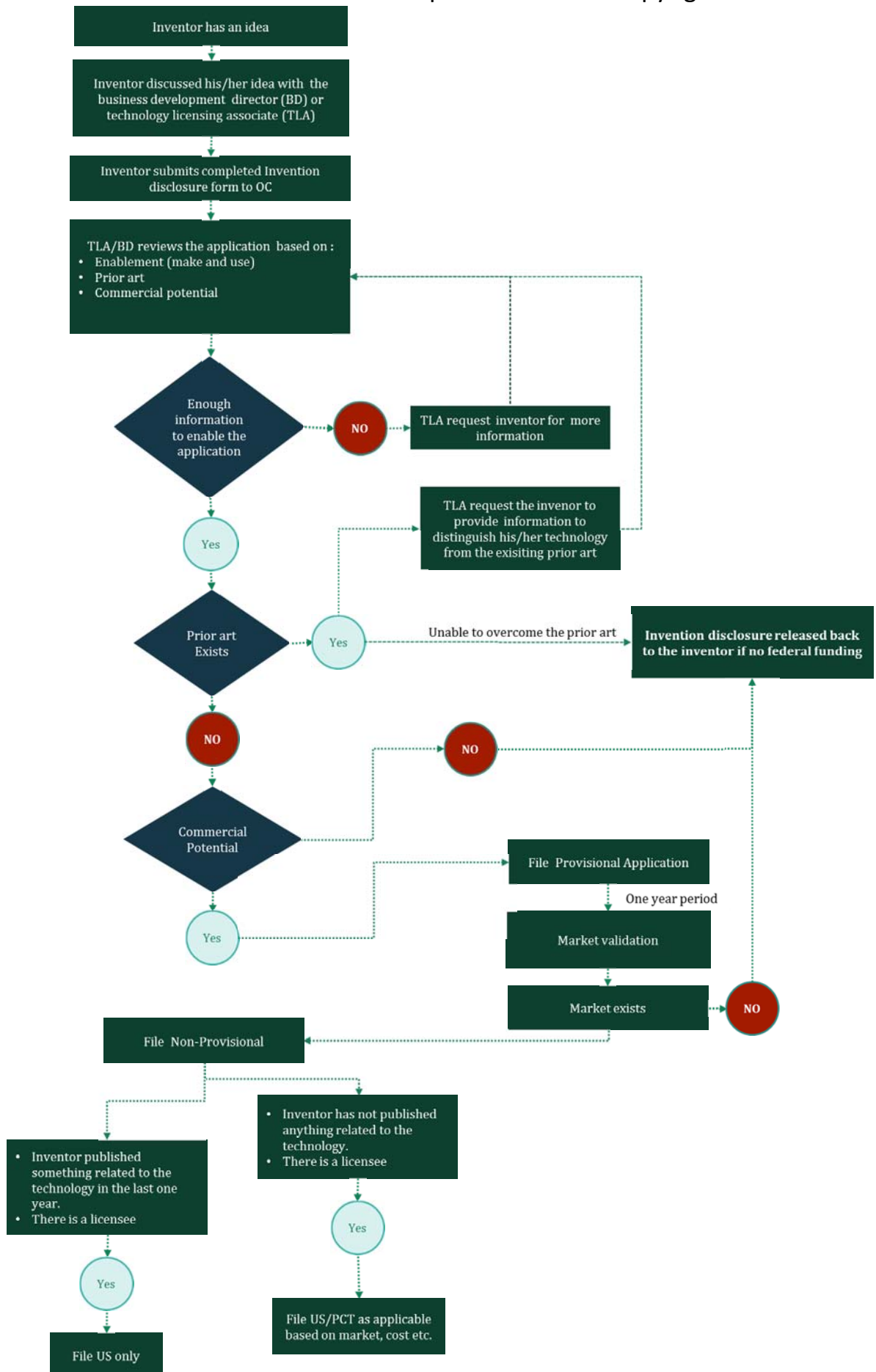
TC Sutton

Information Technology Manager

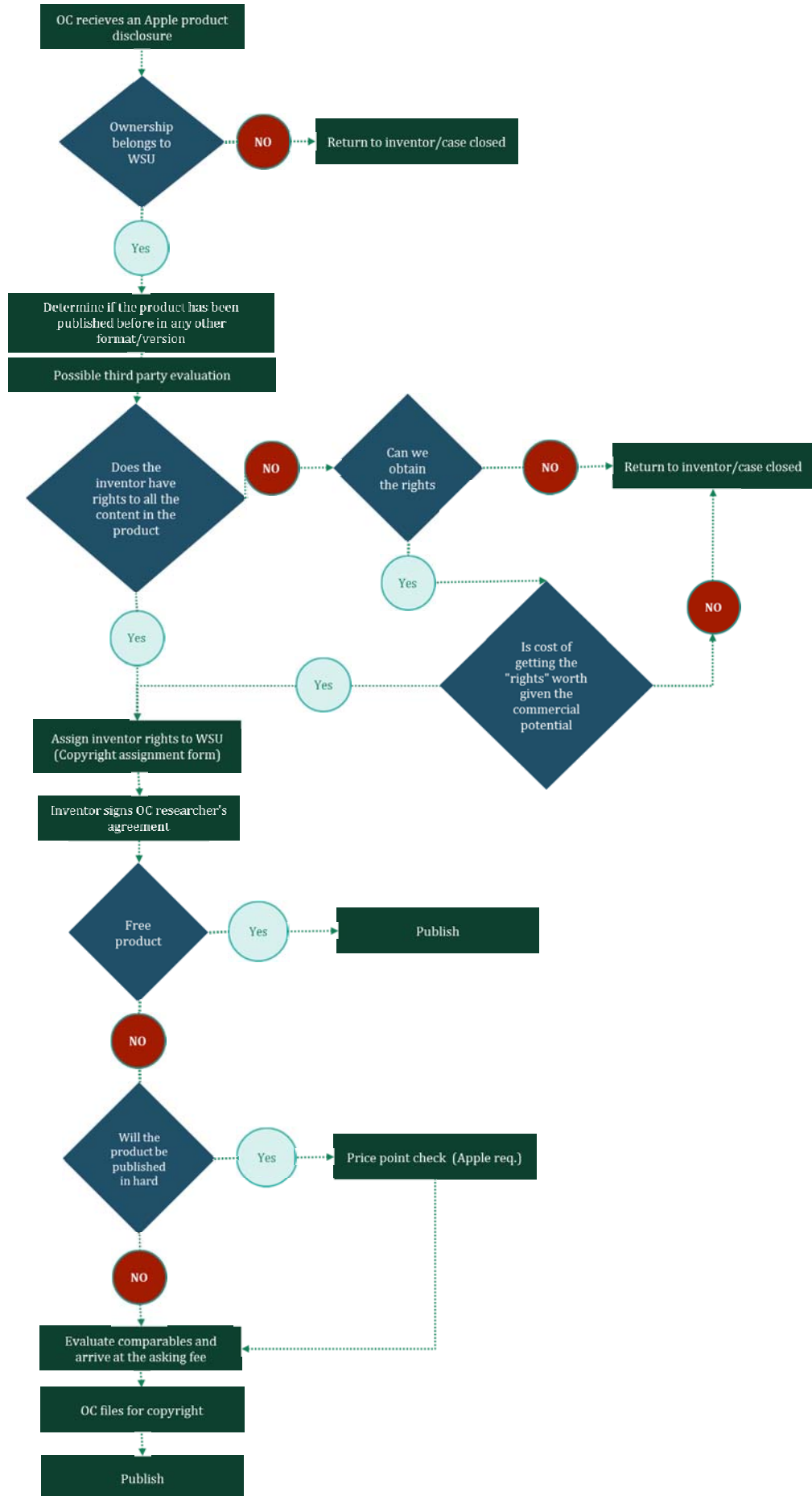
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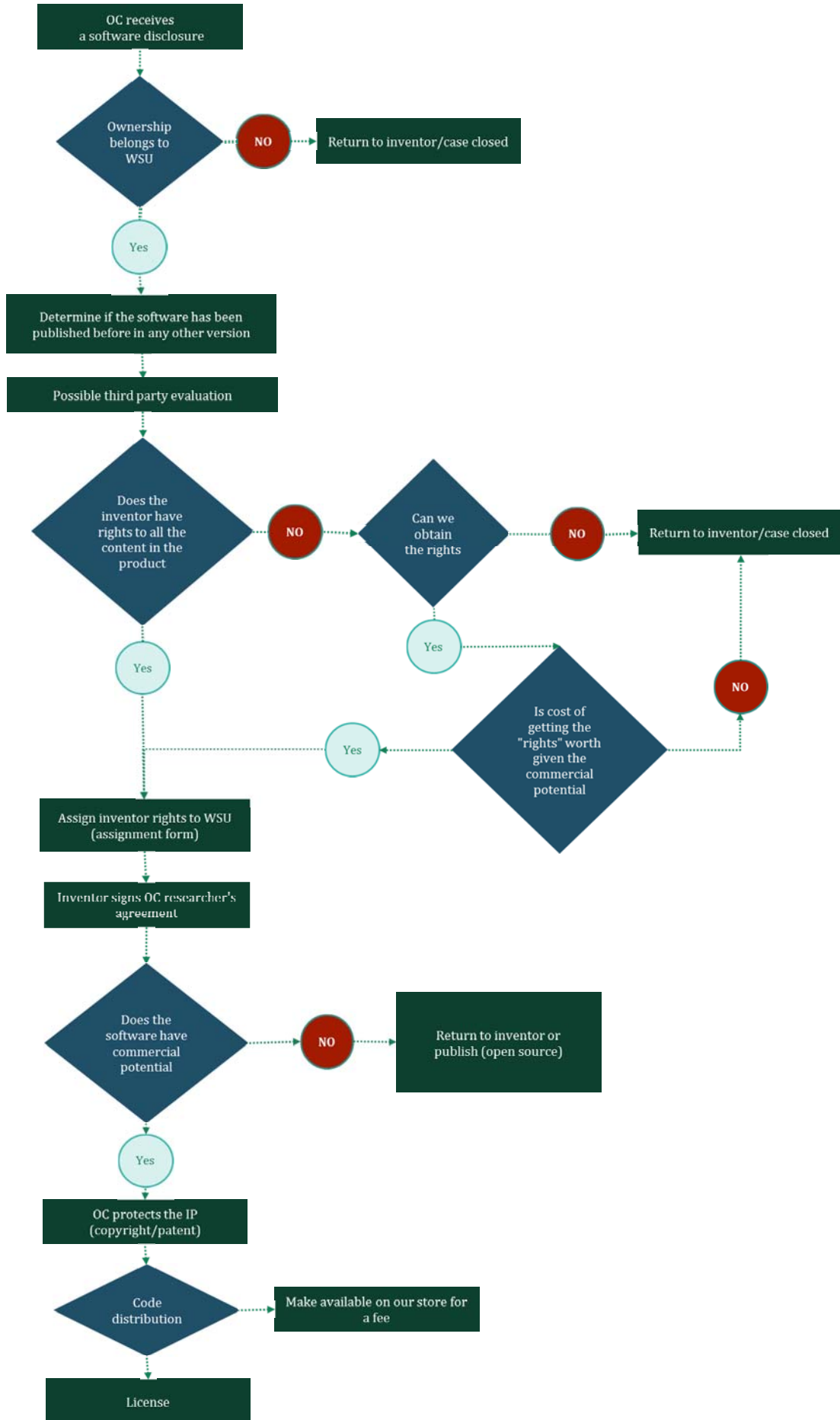
APPENDIX A: Decision Tree for all Inventions except Software and Copyright Materials



APPENDIX B: Decision Tree for Copyright Materials (Apple Apps and iBooks)



APPENDIX C: Decision Tree for Software



APPENDIX D:

Check List For Out-Going Material Transfer Agreement

In order to set up an MTA for outgoing material, WSU Office of Commercialization (OC) needs the following information.

1. Material:

- A). Description (Name/ Designation etc of each of the constructs/material with a one-line description of each)
- B). (i). Is this Material part of any Invention Disclosures previously made to OC? If yes, provide details (Case Number if known, Title, Inventors etc.).
- (ii). Is this transfer being made as part of an existing Research Agreement with the Recipient? If yes, provide details (Grant Number if known, Title etc.).
- C). If the response to question 1B above is “No”, then do you have plans to disclose this material as part of any new invention disclosures that you anticipate submitting to OC in the near future?
- D). Is this material disclosed in any publication? If yes, attach a copy of the publication and/or provide citation for the publication. If not, let us know when/if you plan to publish.
- E). Is the material infectious and if so, are any permits required for the transfer of this material?
2. Purpose of transfer (what would the Recipient be using the material for). If commercial use is intended, include that here.
3. Requesting scientist’s name and contact information (including e-mail and phone number)
4. Authorized Contact information for Recipient’s institution that handles their in-coming MTAs (including e-mail and phone number)