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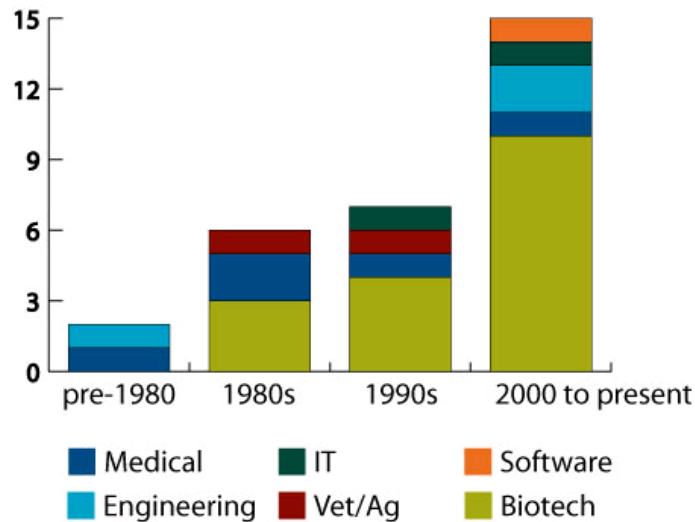
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UC Davis Start-up Companies

Fifteen regionally-based start-up companies have originated at UC Davis since 2000, accounting for half of all the start-ups founded in the past thirty years:



Source: M. Kenney, Human and Community Development, UC Davis.

More are continually in development, encouraged by the receptive culture at UC Davis and supported by the range of programs available at UC Davis InnovationAccess and the UC Davis [Center for Entrepreneurship](#).

SELECT UC DAVIS STARTUPS

Advanced Luminescence. Inc

New mercury-free lighting technologies as alternatives to conventional lighting fixtures

Airmid, Inc.

Novel potassium ion channel blockers as safer and more effective medicines for a variety of autoimmune diseases
www.airmid.com

Arête Therapeutics. Inc.

Anti-inflammatory/anti-hypertensive drug
www.aretetherapeutics.com

Efficient Drivetrains. Inc.

Developing continuously variable transmissions and hybrid vehicles

www.efficientdrivetrains.com

Glycometrix, Inc.

Diagnostic markers for ovarian cancer

www.glycometrix.com

Hill Engineering, LLC

Advanced aeronautical engineering for aircraft

www.hill-engineering.com

High Merit Thermoelectrics

Thermoelectric (TE) device manufacturing company

www.highmerit.com

HyPhase Energy

Fuel cell technology using Catalyst Enhancing Polymers™ (CEP™) that will reduce costs, improve durability and increase performance of fuel cells

www.hyphaseenergy.com

Immunotox, Inc.

Neurological disorder therapeutic

Madison Avenue Management Company

NMR testing of wine in situ

Mesolytics, Inc.

Portable handheld medical diagnostic device using nanowire technology for point-of-care market

www.mesolytics.com

Mutant-Logic, Inc.

Software for semiconductor design

www.mutantlogic.com

mxPlay, Inc.

Dynamic surround sound

Onconex Corp.

Genomic approaches to drug target discovery using mouse models

Pediatric Biosciences, Inc.

Diagnostic and therapeutic treatment for autism

www.pediatricbioscience.com

Q1 NanoSystems Corporation

Nanotubes for efficient photovoltaic solar applications

www.q1nano.com

SialoGen Therapeutics, Inc.

Developing novel therapeutics that target the inhibition of enzymes responsible for synthesis of specific glycoproteins found on the surface of malignant cancer cells.

Stratovan, Inc.

3-D imaging software for medical and other data analysis and imaging applications

www.stratovan.com

Synapsense, Inc.

Wireless sensor network technologies

www.synapsense.com



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Policies

- . [Guidelines on University-Industry Relations](#)
<http://www.ucop.edu/ott/genresources/unindrel.html>

PATENTING POLICIES

- . [University of California Patent Policy](#)
http://www.ucop.edu/ott/genresources/pat-pol_97.html

TECHNOLOGY LICENSING POLICIES

- . [University Licensing Guidelines](#)
<http://patron.ucop.edu/ottmemos/docs/ott00-05.html>
- . [Plan for Carrying Out Licensing Decision Reviews](#)
<http://research.ucdavis.edu/documentDisplay.cfm?id=123.pdf>
- . [Policy on Accepting Equity When Licensing University Technology](#) (also available in [PDF](#))
<http://www.ucop.edu/ott/genresources/equi-pol.html>
- . [Business & Finance Bulletin G-44 on Accepting Equity](#)
<http://www.ucop.edu/ucophome/policies/bfb/g44.html>

CONFLICTS OF INTEREST AND COMMITMENT IN LICENSING

- . [Managing Potential Conflicts of Interest in Licensing Under the California Political Reform Act](#)
<http://patron.ucop.edu/ottmemos/docs/ott01-02.html>
- . [Guidelines on Managing Potential Conflicts of Interest in Licensing](#)
<http://patron.ucop.edu/ottmemos/docs/ott01-02b.html>
- . [What Inventors Need to Know About Conflicts of Interest in Licensing](#)
<http://www.ucop.edu/ucophome/policies/bfb/g44c.pdf>

CONSULTING WITH INDUSTRY AND GOVERNMENT - GUIDANCE

- . [Guidance for Faculty and Other Academic Employees on Issues Related to Intellectual Property and Consulting](#)
<http://www.ucop.edu/ott/pdf/consult.pdf>

COPYRIGHT POLICIES

[UC Copyright Policies and Information](#)

<http://www.ucop.edu/copyright/policies.html>

[Copyright \(PPM 250-01\)](#)

<http://manuals.ucdavis.edu/ppm/250/250-01.htm>

[Copyright Registration \(PPM 250-02\)](#)

<http://manuals.ucdavis.edu/ppm/250/250-02.htm>

[Use of Copyrighted Materials\(PPM 250-03\)](#)

<http://manuals.ucdavis.edu/ppm/250/250-03.htm>

[Distribution of Copyright Protected Materials Produced under
University Auspices \(PPM 250-04\)](#)

<http://manuals.ucdavis.edu/ppm/250/250-04.htm>

[Digital Millenium Copyright Act\(PPM 250-05\)](#)

<http://manuals.ucdavis.edu/ppm/250/250-05.htm>

[Sales of Instructional Materials\(PPM 210-80\)](#)

<http://manuals.ucdavis.edu/ppm/210/210-80.htm>

[Electronic Communications Policy \(PPM 310-16\)](#)

<http://manuals.ucdavis.edu/ppm/310/310-16.htm>

[Guidelines for Multimedia Productions of University Programs
and Activities \(PPM 310-45\)](#)

<http://manuals.ucdavis.edu/ppm/310/310-45.htm>



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Using Copyrighted Works Developed at the University of California

UC Davis InnovationAccess provides expert guidance in copyright matters primarily to UC Davis employees.

Copyright in works produced by faculty in the course of their employment at UC Davis – articles, books, etc – are typically held by the individual author, not by UC Davis or the University of California.

Inventions embodied in software are often best protected by copyright, not patents. Because copyright is based on authorship, and because software is often developed by multiple authors, copyright ownership of software developed in the course of research at UC Davis can be quite complex, including faculty, current and past graduate students, undergraduates, and staff. Only in the case of staff authorship does UC Davis exert copyright ownership in software. As a result, if you are interested in licensing software rights as part of a patent license agreement, we will ask for the following:

- Complete list of software files to which you would like copyright license
- For each software file, complete information on all authors who contributed to the file We will use this information to work with you to determine the best way for you to gain copyright license to use the software works. In some cases, it may be easier and simpler for a patent licensee to re-create the software functionality from scratch than to pursue a copyright license to the software as developed at UC Davis – particularly when the copyright situation involves multiple authors and when the software as developed is insufficiently mature and/or scalable for industrial applications.

If you are interested in using works copyrighted by the University of California, we can help you determine whether the work is managed by the Regents of the University of California (the whole UC system) or by UC Davis (our campus). Depending on the answer to that question your best point of contact will be at the system-wide Oakland office or at UC Davis, and we can provide that introduction.

Visit the [Policies](#) section to directly review UC copyright policies. Also visit our [Web Resources](#) for sources of information on more general legal copyright issues.

DIGITAL MILLENNIUM COPYRIGHT ACT

In addition, UC Davis InnovationAccess provides support to the campus regarding the [Digital Millennium Copyright Act \(DMCA\)](#).



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Faculty Roadmap for a Start-up Company

This version of the Faculty Roadmap for a Start-Up Company is directed to the situation where a full-time Academic Senate faculty member (the Professor) of the University of California, Davis (UC Davis, or University), who is not at the Medical School or the School of Veterinary Medicine, makes an invention (the Invention) at UC Davis and participates in the formation of a start-up company (the New Company) which in-licenses, or seeks to in-license, the Invention from UC Davis (it is intended that subsequent versions of the Roadmap will cover other categories of researchers). Steps/considerations in this situation include the following:



The Faculty Roadmap contains many links to other sites at UC Davis, the UC Office of the President, and outside the UC system. For a complete index of these links, please [click here](#).

For further information about the information contained herein, or for questions or comments, please contact Meg Arnold, Director of Business Development & Entrepreneurship at UC Davis InnovationAccess, at mearnold@ucdavis.edu or 530 757 3448.

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I. Research Plan and Funding

The Professor develops a research plan and obtains funding through the University. Funding Sources include the following:

A. PUBLIC FUNDING

Public funding through federal and state government agencies, available through the grant process, is by far the largest source of support for research programs at UC Davis and other leading research institutions.

Because of the breadth of public funding sources, and faculty's familiarity with public funding, this document will not explore the subject in detail. However, for more information, please visit [Sponsored Programs](#) or [Interdisciplinary Research Support](#).

B. PRIVATE SECTOR FUNDING

Funding from industry sponsors is increasingly important to research universities, as competition for public funding sources increases. Private sector funds are available from both for-profit entities and private foundations.

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C. PUBLIC/PRIVATE PARTNERSHIP FUNDING

Certain funding sources that seek to foster university/industry collaborations are particularly appropriate for University research arrangements involving outside companies, e.g., the [Small Business Technology Transfer Program](#) at the federal level (STTR) and the [Discovery Grant Program](#) at the California State level.

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II. Invention

The Professor makes an Invention at the University. Under the [University Patent Policy](#) ("Patent Policy"), in general, the University owns the Invention; this is subject to certain exceptions, e.g., "Permissive Consulting." See [Step V.B: Consulting Guidance](#). Considerations include the following:

A. DISCLOSURE OF INVENTION TO UNIVERSITY

The Professor discloses the Invention to the University, as required by the Patent Policy, by submission of a Record of Invention (ROI) ([DOC](#) | [PDF](#) | [RTF](#)) to UC Davis InnovationAccess.

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B. PATENT FILING BY UNIVERSITY

The University files a patent application for the Invention, if the University determines it is appropriate to do so, following the University's assessment of patentability and licensability of the Invention. The patent filing may take place before or after marketing/licensing of the Invention by the University. See [Step III: Licensing](#).

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C. RELEASE OF INVENTION RIGHTS BY UNIVERSITY

In certain circumstances, in accordance with the Patent Policy, the University may release patent rights for the Invention to a federal sponsor or to the Professor.

If the University decides not to pursue patent protection for an invention, the University may in certain circumstances agree to release the invention to the federal government, if federally funded, or directly to the inventor. (See [UC Patent Policy](#), item B.) If an invention is released by the University to the federal government funding agency, the inventor can request release of the invention from the agency. However, if an invention is released by either route to the inventor, any further development of the invention by the inventor will need to be done off-campus without use of University resources. Further inventions by the researcher, whether improvements of the released invention or otherwise, must be disclosed to the University and are subject to the duty to assign to

the University.



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III. Licensing

The University markets the Invention as appropriate. If warranted in view of all relevant considerations (including requirements of funding agreements and applicable law, marketing results, and ability of the New Company to commercialize the Invention), the University may [license the Invention](#) to the New Company. Considerations include the following:

A. CONFLICT OF INTEREST IN LICENSING

The Professor's role in license negotiation is subject to [Licensing Decision Review](#), Form TT-100, the [Inventor / Author Statement Concerning Involvement in Licensing Decisions](#) ([DOC](#) | [PDF](#) | [RTF](#)), may be required.

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B. UNIVERSITY RECEIPT OF EQUITY IN NEW COMPANY

The University [equity policies](#) apply if the University receives equity in consideration of licensing the Invention to the New Company.

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C. INVENTOR SHARE OF ROYALTIES

The Professor receives a share of the net royalties and fees from licensing, in accordance with the Patent Policy. Equity received by the University in consideration of licensing the invention is also shared with inventors using the same formula for royalty sharing.

The Professor receives a [share](#) of the net royalties and fees from licensing, in accordance with the [Patent Policy](#).

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IV. Starting a New Company

The Professor starts, or assists in starting, the New Company.

Considerations include the following:

A. UC SERVICES FOR STARTING NEW COMPANY

Within the Office of Research, UC Davis InnovationAccess provide services in the area of starting companies and can assist the Professor with the various considerations involved in start-up of the New Company.

The decision to start a company is fundamentally outside the scope of any faculty member's employment with the University of California, but this decision by a faculty member can significantly impact the mission of the University in supporting technology transfer and regional economic development. UC Davis provides a range of support services to faculty, researchers, and staff interested in becoming entrepreneurs, or in increasing their involvement with the private sector more generally. These services are available to faculty members through the [UC Davis InnovationAccess](#) unit within the [Office of Research](#); the University's interest in offering these services is rooted primarily in the economic development strategy contained in UC Davis' [Vision 2020](#) strategic plan.

Entrepreneurial faculty members will be provided by UC Davis InnovationAccess with a single point of contact within the group who will work with them in managing their specific set of activities. This individual will be the primary liaison with UC Davis InnovationAccess and will be responsible for ensuring that faculty entrepreneurs receive appropriate support.

B. CONSIDERATIONS IN FORMING NEW COMPANY

Considerations in start-up of the New Company include business plan development, financing (government funding, venture capital funding, angel funding, and other private funding), employee personnel/human resources, site location, facilities, product development/marketing, outside advisors (e.g., legal, intellectual property, financial) and in-licensing of technology (see [Step III: Licensing](#)).

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V. University Procedures Concerning Faculty Role in Starting New Company

Certain University reporting and compliance procedures and guidelines apply to starting of the New Company by the Professor. Considerations include the following:

A. CONFLICT OF COMMITMENT REPORTING

If the Professor has a role/interest in the Company, the University [Conflict of Commitment Policy](#) applies, as do UC Davis-specific guidelines for [Reporting on Outside Professional Activities](#).

1. Compliance categories include Categories I, II and III. Category I activities, which include management or employment positions with the New Company, require written pre-approval of the Dean/Chair plus annual reporting. Category II activities, which include consulting and Board of Director positions, require annual reporting. The [Summary of Conflict of Commitment and Outside Activities](#) describes Categories I, II, and III.
2. Ownership by the Professor of the New Company stock is subject to the requirements of the Conflict of Commitment Policy, but there is no fixed limit on the amount of stock that can be held.
3. If the Professor's role/interest in the New Company leads to involvement of University students in the New Company, this is subject to pre-approval (but not annual reporting) under the Conflict of Commitment Policy. See the [Summary of Conflict of Commitment and Outside Activities](#), where the last row describes the involvement of students.

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B. CONSULTING GUIDANCE

1. If the Professor's role in the New Company includes consulting, e.g., as a member of the Scientific Advisory Board or Board of Directors in the New Company, or other consulting capacity, the University [Guidance for Faculty and Other Academic Employees on Issues Related to Intellectual Property and Consulting](#) ("Consulting Guidance Document") applies.
2. The [Consulting Guidance Document](#) (which applies to faculty and other academic employees) addresses various

aspects of consultancies, including allowable days, use of University resources, confidentiality and the acceptance of confidential information, appropriate terms for consulting agreements and IP issues in consulting agreements.

3. The New Company can own inventions which are made by the Professor in the course of the consulting activity if the activity qualifies as "Permissible Consulting." Permissible Consulting requires all of the following: (a) the activity is within the Professor's permitted number of consultancy days (48 for fiscal year appointment, 39 if nine month appointment); (b) the activity does not involve use of facilities/resources/funding at the University; (c) the activity does not result in obligations to the University; and (d) the invention results from consulting activity which is beyond the "scope of employment" of the Professor at the University (the activity is not beyond the scope of employment if it is a "direct extension" of the Professor's University research project or if it "has a close and umbilical connection which cannot be severed with the University work"). Inventions made in the course of Permissible Consulting remain subject to the duty of disclosure under the [Patent Policy](#).
4. There is no fixed limit on consultancy fees that the Professor may receive (note that this statement is not applicable under Medical School/Veterinary School policies).

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VI. New Company Funding of Research at UC Davis

A. FUNDING MECHANISMS

If the Professor obtains funding from the New Company for the Professor's research at the University, this can lead to additional research and Inventions, which will begin anew the process described in this Roadmap. Various funding mechanisms are available.

In some circumstances, it will be appropriate and desirable for a faculty member's company to fund, or to continue to fund, research at the faculty member's lab at UC Davis.

B. CONFLICT OF INTEREST

California State law places additional reporting obligations on University employees who have principal responsibility for a research project, if their project is to be funded or supported, in whole or in part, from a nongovernmental entity.

To comply with this requirement, the State of California has developed Form 700-U ([DOC](#) | [RTF](#)), which is required to be reviewed, and any potential conflict of interests managed or eliminated, by the University Conflict of Interest Committee, before such research support can be accepted on behalf of the University. Additional information regarding this requirement is available at the [Conflict of Interest website](#).

The same Form is also required to be completed by the Professor, and reviewed by the University Conflict of Interest Committee, upon any change in the Professor's role/interest in the New Company, as well as upon completion of the funded project.

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For inquiries or suggestions for this web site email [Technology Transfer](mailto:TechnologyTransfer)

Guidelines on University-Industry Relations

Note: The following *Guidelines on University-Industry Relations* were issued by UC President David Pierpont Gardner on May 17th, 1989 and constitute University policy.

University of California Office of the President
May 1989

INTRODUCTION

These Guidelines, which supersede the Interim Guidelines on University-Industry Relations, dated November 3, 1982, are issued in response to a growing recognition of the importance and complexity of relations between the University of California and private industry. University-industry collaborations can result in benefits to both parties, if there is a clear understanding of fundamental University policies and procedures and of the complementary but differing goals of the University and private industry.

The Guidelines are designed primarily to assist faculty in their relations with industry. They summarize relevant University policies and seek to clarify relationships and obligations between the University of California and private industry. They address issues that arise for faculty and academic researchers in particular. Some of the policies, however, such as the University Copyright and Patent Policies and Regulation 4, also apply to staff and non-faculty academic employees. For these employees, further policies bearing on University-industry relationships can be found in the Executive Program Personnel Policies, the Management and Professional Program Personnel Policies, and in Business and Finance Bulletins. (See also Compendium of Specialized University Policies Guidelines and Regulations Related to Conflict of Interest.)

In general, faculty members are encouraged to engage in appropriate outside professional relationships with private industry. Such outside activities can provide the individual faculty member with experience and knowledge valuable to teaching and research and also help students gain valuable educational opportunities and experiences. Such activities also facilitate the transfer of technology to improve the well-being and productivity of society and offer research opportunities through which the faculty member can make a contribution to knowledge.

They also can constitute suitable public service. Individual faculty members have the responsibility for assuring that such outside professional relationships do not interfere with their obligations to the University in teaching, research, and public service.

The premise that underlies these Guidelines is that first consideration must be given to the University's mission of teaching, research, and public service. In pursuing relationships with industry, the University must keep the public trust and maintain institutional independence and integrity to permit faculty and students to pursue learning and research freely.

The University's long history of cooperation with industry in the support of research, instruction, and public service reflects the University's land-grant origins. University-industry relations consist of a variety of activities, including:

- Direct funding of research costs through contracts and grants.
- Formal licensing to industry of University-owned patents and technology.

- Gifts and endowments (including endowed chairs) designated for colleges, schools, departments, or individuals.
- University-industry exchange programs and student internships.
- Specialized programs designed by the University for continuing education and training of professionals, primarily through University Extension.
- Participation of industry representatives on campus and Universitywide advisory groups.
- Cooperative research projects, some of which include government participation and the use of specialized facilities.
- Use of unique University facilities on a fee-for-service basis.
- Research and development facilities of industries housed on University property (industrial parks).
- Activities of Cooperative Extension.
- Faculty consulting.
- Research activities of the Agricultural Experiment Station and its affiliated field stations.

In recent years there has been heightened interest and activity in University-industry relationships. Federal patent and tax laws have changed to facilitate and encourage University-industry collaboration and technology transfer. The Department of Energy National Laboratories are under a Federal mandate to facilitate technology transfer. Moreover, legislators increasingly see such cooperation as a way of enhancing national research and development efforts and of helping to make the State and the nation more competitive.

For those individuals and groups of faculty and the private sector who want to embark on cooperative efforts, the means for doing so are readily available. The University is exploring innovative organizational approaches to assure support of worthy research and education that provide significant contributions to the body of scholarship and knowledge, that are responsive to industry interests, and that advance the public's interest in these productive relationships.

GUIDELINES

1. Open Academic Environment

All University research, including research sponsored by industry, is governed by the tradition of the free exchange of ideas and timely dissemination of research results. The University is committed to an open teaching and research environment in which ideas can be exchanged freely among faculty and students in the classroom, in the laboratory, at informal meetings, and elsewhere in the University. Such an environment contributes to the progress of teaching and research in all disciplines.

Reasonable steps should be taken to insure that commercial pressures do not impede faculty communication with their colleagues or their students about the progress of their research or their findings. Indicators of possible problems include the disruption of the informal exchange of research findings and products, the lessening of collegiality, and the rise of competitive and adversarial relations among faculty.

Guideline: The Administration and the Academic responsible for assuring that an open environment exists throughout the University. It is the responsibility of the campus administration, departmental faculty, and the Academic Senate to establish appropriate norms and to assure the existence of an open environment.

2. Freedom to Publish

Freedom to publish and disseminate results is a major criterion of the appropriateness of any research project. University policy precludes assigning to extramural sources the right to keep or make final decisions about what may be published. A sponsor may seek a short delay, however, in order to comment upon and to review publications for disclosure of its proprietary data or for potentially patentable inventions. Such a delay in publication should normally be no more than 60 to 90 days. Chancellors, and Vice Presidents, in their areas of responsibility, may make exceptions to this policy under a few limited conditions. This is outlined in full

in the Contract and Grant Manual.³ If any doubt remains concerning an exception, the Chancellor may resolve it by further referring the matter to the Office of the President.

The freedom to publish is not an obligation to publish. Under the Faculty Code of Conduct, a faculty member "...accepts the obligation to exercise critical self-discipline and judgment in using, extending, and transmitting knowledge..."³ The exercise of this self-discipline and Judgment, not external factors, should determine the content and timing of publication.

Guideline: Freedom to publish is fundamental to the University and is a major criterion of the appropriateness of a research project.

3. *Outside Professional Activities*

Faculty are encouraged to engage in appropriate outside professional activities. Each year faculty must submit an annual report on outside professional activities to the department chair. This information is included in the faculty member's record and evaluated in the academic review process.⁴

It is the responsibility of each faculty member to assure that such outside activities do not interfere with obligations to the University in teaching, research, and public service; and that no portion of time due the University is devoted to private purposes. Provisions of outside consulting agreements must not limit a faculty member's ability to carry out ongoing obligations under University policies such as the Patent Policy.⁵

Guideline: Faculty are encouraged to engage in appropriate outside professional activities. Responsibility rests with each faculty member to assure that such activities do not interfere with the performance of University duties.

4. *The Obligation to Avoid Conflict of Interest*

University employees must avoid conflict of interest. A conflict of interest is a situation in which an employee has the opportunity to influence a University decision that could lead to financial or other personal advantage, or that involves other conflicting official obligations. The California Political Reform Act of 1974 prohibits any University employee from making or participating in the making of a University decision from which personal financial gain is foreseeable. Exempted from the Act are decisions on the selection of teaching and other program materials and some decisions about research.⁶ The Universitywide Statement on Conflicts of Interest gives some examples of conflict-of-interest situations. It goes on to say, however:

"It has long been recognized that the only truly effective safeguard against conflicts of interest situations is the integrity of the faculty and staff. A codification of the complex ethical questions involved, even if possible, would be unduly restrictive. At the same time, even the most alert and conscientious person may at times be in doubt concerning the propriety of certain actions or relationships. Whenever such doubt arises, the University expects the individual involved to consult with the Office of the Chancellor, or the Chancellor's designated representative, before making a decision."⁷

Guideline: Faculty may not engage in any activity that places them in a conflict of interest between their official University activities and any other interests or obligations.

5. *Disclosure Responsibilities*

Principal Investigators who have a financial interest in any non-governmental sponsor proposing to fund their research must disclose that interest. The written statement of disclosure must be reviewed and approved independently and substantively by local campus committees on the basis of specific criteria in the University's disclosure policy and guidelines before funding for the research can be approved.^{8,9} This report is required by both University policy and State law. A project completion statement is also filed. Such statements of disclosure are open to public inspection. As noted in Guideline 3, faculty must also submit to the department chair after-the-fact annual reports on outside professional activities.¹⁰

Guideline: Principal Investigators who have a financial interest (such as equity,

directorship, or consultant relationship) in any non-governmental sponsor proposing to fund their research must disclose this interest prior to acceptance of funding.

6. *Responsibility to Students*

University regulations protect the academic freedom of students, and responsibility for adherence to these principles rests with the faculty. Students who have reasons to believe they are in situations which violate those principles are advised to seek the advice of the Department Chair or campus ombudsperson. The Academic Senate's Divisional Graduate Councils and the Universitywide Coordinating Committee on Graduate Affairs are also responsible for making sure that closer University-industry relations do not create strains in the professor-student relationship.

Students must be able to choose research topics for educational reasons without being overly influenced by the need to advance investigations of direct interest to a particular firm; they must be protected against the premature transmittal of research results; and they must be advised objectively on career choices.

The Faculty Code of Conduct states:

"As teachers, professors encourage the free pursuit of learning in their students. They hold before them the best scholarly and ethical standards of their discipline. Professors demonstrate respect for students as individuals, and adhere to their proper roles as intellectual guides and counselors. Professors make every reasonable effort to foster honest academic conduct and to assure that their evaluations of students reflect each student's true merit. They respect the confidential nature of the relationship between professor and student. They avoid any exploitation, harassment, or discriminatory treatment of students. They acknowledge significant academic or scholarly assistance from them. They protect their academic freedom." (AAUP Statement, 1966; Revised, 1987)/11

Guideline: Faculty members must not allow any outside professional activities or interests to adversely affect their responsibilities to students as teachers, mentors, or supervisors of research.

7. *Patent Policy*

All University employees must disclose all potentially patentable inventions conceived or developed while employed by the University and must assign all those inventions that occur in the course and scope of their employment to the University. Whether inventions are or are not patentable is a matter of Federal patent law. Whether the University will prosecute any specific patent is a determination to be made by the UC Patent, Trademark, and Copyright Office.

While all patentable inventions must be disclosed, inventions resulting from permissible consulting activities without use of University funds or facilities need not be assigned to the University. Consulting agreements should be reviewed carefully, however, to make sure they do not conflict with obligations under University patent and other relevant policies.

The University of California Patent Policy/12 seeks to assure balance among several objectives: 1) facilitating prompt and effective development of useful inventions; 2) preventing the inappropriate use of public funds for private gain; 3) maintaining good relations with industry to make the best use of opportunities for education and research funding; and 4) obtaining appropriate revenues for the University from the licensing of patents. For these purposes, the University Patent Policy provides for: 1) mandatory disclosure to the University of potentially patentable inventions by employees or those who otherwise use facilities or research funds of the University; 2) assignment of patent rights to inventions developed in the course of University employment, or with use of University research facilities, 'or University funds; 3) sharing of royalties with inventors; and 4) transferring of technology to industry for the public benefit.

Although the primary purpose of University research is not commercially applicable discoveries or inventions, the University recognizes the need to encourage the practical application of the results of research for the public benefit. Thus, the University maintains an active program for identifying and patenting potentially useful inventions and for licensing them to firms which have the capability of

developing, manufacturing, and marketing them.

Guideline: All University employees and others who use University funds or facilities must sign patent agreements and must adhere to the university of California Patent Policy.

8. *University Practice on Licensing the Use of Technology Resulting from Research*

The major purposes of licensing to industry the use of technology resulting from University research are: 1) to provide a mechanism for transferring, disclosing, and disseminating the results of University research to the public for the public benefit; and 2) to meet obligations to research sponsors. Licensing also provides a financial return to support further research and education.

Terms and conditions for licensing agreements should consider the nature of the technology, the stage of development of the invention, the effect on the research endeavor in question, the public benefit, and the marketplace. Agreements are negotiated on a case by case basis. If a company needs time to evaluate a research result, an option agreement may be negotiated to allow a limited time for a review for licensing purposes. The University will grant the right of first refusal to the sponsor for an exclusive or nonexclusive license, based on the level of sponsor support. Any license of a patentable invention must at least provide for diligent development by the licensee and, in most cases, for the payment of royalties. Reproduction of copyrightable expressions may be separately licensed. Agreements, options, non-exclusive licenses, and exclusive licenses must not interfere with the principle of open dissemination of research results.

Guideline: university practice permits the licensing of technology resulting from its research as long as the university retains the right to disseminate the results publicly. The principle of the right of open dissemination of research results must not be compromised.

9. *Copyright Policy*

In keeping with academic tradition, University Copyright Policy/13 provides that ownership of copyrights to scholarly or aesthetic works that are prepared through independent academic effort and not as part of a directed University assignment generally reside with the author (unless the work in question was commissioned by the University, or the work was created under extramural support). Such scholarly or aesthetic works include, but are not limited to, books, articles, lectures, and computer software resulting from independent academic study; or artistic works such as novels, videotapes, and musical compositions. Otherwise, all rights in copyright arising from University employment or the use of University resources belong to the University. Title to the copyrightable material that is developed under a contract or grant from a commercial sponsor normally belongs to the University. In limited cases, where the purpose of the agreement is to develop a copyrightable work for the sponsor's publication, the copyright may be assigned to the sponsor, but only if there is a provision surrendering this right to the University after a reasonable interval of time, in the event the extramural fund source has not published within that time.¹⁴ Each campus has a designated official who is able to answer questions about applicability of the Copyright Policy.

Guideline: All University employees and others who use University funds or facilities must adhere to the University Copyright Policy.

10. *Tangible Research Products*

Tangible research products include a wide range of tangible property resulting from the conduct of research, as distinct from copyrightable expressions and patentable inventions. Tangible research products may confer a public benefit through commercial licensing and may include biological materials, such as cell lines and plasmids; chemical compounds; electrical schematic diagrams; mechanical design drawings; and more abstract products such as detailed descriptions or compilations of laboratory procedures, analytical methods, or other such "know-how." The University's Intellectual Property Advisory Council is developing a written policy on tangible research products.

In the event that research results are to be licensed, the University prefers that they be patented or copyrighted when possible. When this is not practical, licensing of

tangible research products consistent with these Guidelines is permissible. When the University licenses tangible research products', it is willing to restrict commercial availability of such materials, but such agreements must permit the University to retain the discretion to publish any results of research at any time and to disseminate the tangible materials for educational and research purposes. Such publication and dissemination rights are essential to an academic institution of education and research.

Licensing of tangible research products must have the written concurrence of the involved researchers and the approval of the appropriate Chancellor, laboratory Director, or Vice President. All such licenses must follow standard University policy and procedures for contracts. Chancellors are further responsible for monitoring the effects of such arrangements on the openness of academic exchange.

Guideline: The University will permit the licensing of tangible research products as long as no inappropriate restrictions are placed on publication or dissemination of research results and materials.

11. *Use of University Facilities*

University facilities are to be used for activities appropriate to the University's mission. Regulation 4, Special Services to Individuals and Organizations, which governs the use of research facilities, establishes guidelines limiting research to activities which are appropriate to the University. In a limited number of instances within the scope of Regulation 4, the University does permit the use of unique or very specialized University facilities by outside parties, both industry and government agencies, on a fee-for-use basis.

Regulation 4 states:

"University participation in tests and investigations shall be limited to activities which lead to the extension of knowledge or to increased effectiveness in teaching. Routine tasks of a commonplace type will not be undertaken.

University laboratories, bureaus and facilities are not to be used for tests, studies, or investigations of purely commercial character, such as mineral assays, determination of properties of materials, the performance efficiencies of machines, analyses of soils, water, insecticides, fertilizers, feeds, fuels, and other materials, statistical calculations, etc., except when it is shown conclusively that satisfactory facilities for such services do not exist elsewhere. Those requiring such tests or services should apply to business firms or to...public agencies..."/15

Guideline: University facilities and resources should be devoted to activities that support teaching and research and that lead to the advancement of knowledge. They should not be used for routine tasks of a commercial character. Unique or special facilities may be made available to outside users on-a fee-for-use basis.

12. *Recovering Costs from Research Sponsors: Gift/Grant Distinctions*

In accepting contracts and grants from extramural sources, the University expects to recover full direct and indirect costs of the activity. This is a protection against the use of public funds for private gain. In the case of nonprofit and Federally sponsored research, the University may agree to share some costs, usually in the form of contributed effort. In the case of grants from independent philanthropic foundations, the University does occasionally waive indirect costs as a form of cost sharing. The University views cost recovery in the case of gifts differently. With a gift, the donor does not impose contractual obligations and funds are awarded irrevocably. The criteria that distinguish gifts from grants are provided in the University Policy on Review of Gifts/Grants for Research./16. Contracts with commercial entities should provide for full direct and indirect cost recovery.

Guideline: The proper distinction between gifts and grants, with the different obligations in each case, is important to the integrity of the University's sponsored research program.

13. *Organizational Arrangements*

Innovative organizational approaches for promoting University-industry relations and funding University research, if compatible with University policy, should be

considered. Campuses are entering into various combinations of arrangements including those with government funding, with multiple corporate sponsors, with a single company, and with other campuses and universities.

Primarily because of its need to be even handed in its support of faculty members and in its openness to competing commercial enterprises, the University has not arranged for investment in firms whose products derive from University research, when the principal purpose is to promote faculty inventions. If the University were to be an equity participant in the work of one or more faculty members, it could be seen as favoring those faculty members, and could be in conflict with the University's role to support scholarship and allocate institutional resources in an even-handed manner. Moreover, this kind of relationship with certain companies could preclude or inhibit research sponsorship by other competing companies.

Guideline: In general, it is not appropriate for the University to invest directly in enterprises when such investment is tied to the commercial development of new ideas created or advanced through University research.

FOOTNOTES

Policies and Documents Pertaining to University Relations with Industry.

1. Compendium of Specialized University Policies, Guidelines and Regulations Related to Conflict of Interest, and Finance Bulletin G-39 (April 15, 1986).
2. Publication Policy and Guidelines on Rights to Results of Extramural Projects or Programs, Contract and Grant Manual, Chapter 1 (1989).
3. University Policy on Faculty Conduct and Administration of Discipline (June 14, 1974), including the Faculty Code of Conduct, (Revised by The Regents on May 15, 1987; issued by the President on January 19, 1988; and issued with technical changes by Senior Vice President Frazer on August 26, 1988).
4. Policy on Outside Professional Activities of Faculty Members (April 13, 1979) and Guidelines for Reporting Outside Professional Activities, (August 6, 1979), Academic Personnel Manual, Section 025.
5. Standing Order of The Regents of the University of California 103.1(b), Special-Provisions Concerning Officers, Faculty Members, and Employees of the University, Service Obligations.
6. Compendium of Specialized University Policies, Guidelines and Regulations Related to Conflict of Interest, Business and Finance Bulletin G-39 (April 15, 1986).
7. Statement of Conflicts of Interest, Office of the President (September 19, 1967; issued on October 5, 1967 and October 12, 1967).
8. Policy on Disclosure of Financial Interest in Private Sponsors of Research, Office of the President (April 26, 1984).
9. Guidelines for Disclosure and Review of Principal Investigators' Financial Interest in Private Sponsors of Research, Office of the President (April 27, 1984).
10. Policy on Outside Professional Activities of Faculty Members (April 13, 1979) and Guidelines for Reporting Outside Professional Activities, (August 6, 1979), Personnel Manual, Section 025.
11. University Policy on Faculty Conduct and Administration of Discipline (June 14, 1974), including the Faculty Code of Conduct, (Revised by The Regents on May 15, 1987; issued by the President on January 19, 1988; and issued with technical changes by Senior Vice President Frazer on August 26, 1988).
12. University of California Patent Policy (November 18, 1985).
13. University Copyright Policy (August 1, 1975).
14. Publication Policy and Guidelines on Rights to Results of Extramural Projects or Programs, Contract and Grant Manual, Chapter 1 (1989).
15. Regulation 4, Special Services to Individuals and Organizations, Academic Personnel Manual, Section 020 (June 23, 1958).
16. Review of Gifts/Grants for Research, Office of the President (July 8, 1980).

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UC Patent Policy - 1997

Effective October 1, 1997

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OFFICE OF THE PRESIDENT

CHANCELLORS
 LABORATORY DIRECTORS

September 4, 1997

Dear Colleagues:

The enclosed University of California Patent Policy will be effective October 1, 1997. This policy supersedes the November 18, 1985 policy, and rescinds the April 16, 1990 revision to that policy (a one-page Summary of Changes is provided). Inventions reported on or after October 1, 1997 will be subject to the new policy. Inventions reported before the effective date will be governed by the November 18, 1985 policy. Also enclosed is a "Patent Acknowledgment" to be signed by all new employees as of October 1st. This form replaces the "Patent Agreement."

The purpose of the new policy is to simplify and restructure the formula for distributing royalty income from inventions, and to establish a new campus and Laboratory research allocation. This policy is the result of extensive review and discussion within the University community. Additional information regarding implementation of the new policy will be published in the near future by the Office of Technology Transfer.

The enclosed policy applies to all employees and others specified within the policy, except individuals in the following collective bargaining units: Research Support Professional, Technical, and Police. Until collective bargaining agreements have been ratified by both parties in these units, affected employees will remain subject to the requirements of the April 16, 1990 Patent Policy.

Sincerely,

Richard C. Atkinson
 President

[Enclosures](#)

cc:

Members, President's Cabinet
 Academic Council Chair Weiss
 Members, Technology Transfer
 Advisory Committee
 Academic Vice Chancellors

Administrative Vice Chancellors
 Research Vice Chancellors
 Executive Director Feuerborn
 Special Assistant Gardner
 Principal Officers of the Regents

PREAMBLE

It is the intent of the President of the University of California, in administering intellectual property rights for the public benefit, to encourage and assist members of the faculty, staff, and others associated with the University in the use of the patent system with respect to their discoveries and inventions in a manner that is equitable to all parties involved.

The University recognizes the need for and desirability of encouraging the broad utilization of the results of University research, not only by scholars but also in practical application for the general public benefit, and acknowledges the importance of the patent system in bringing innovative research findings to practical application.

Within the University, innovative research findings often give rise to patentable inventions as fortuitous by-products, even though the research was conducted for the primary purpose of gaining new knowledge.

The following University of California Patent Policy is adopted to encourage the practical application of University research for the broad public benefit; to appraise and determine relative rights and equities of all parties concerned; to facilitate patent applications, licensing, and the equitable distribution of royalties, if any; to assist in obtaining funds for research; to provide for the use of invention-related income for the further support of research and education; and to provide a uniform procedure in patent matters when the University has a right or equity.

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STATEMENT OF POLICY

A. An agreement to assign inventions and patents to the University, except those resulting from permissible consulting activities without use of University facilities, shall be mandatory for all employees, for persons not employed by the University but who use University research facilities, and for those who receive gift, grant, or contract funds through the University. Such an agreement may be in the form of an acknowledgment of obligation to assign. Exemptions from such agreements to assign may be authorized in those circumstances when the mission of the University is better served by such action, provided that overriding obligations to other parties are met and such exemptions are not inconsistent with other University policies.

B. Those individuals who have so agreed to assign inventions and patents shall promptly report and fully disclose the conception and/or reduction to practice of potentially patentable inventions to the Office of Technology Transfer or authorized licensing office. They shall execute such declarations, assignments, or other documents as may be necessary in the course of invention evaluation, patent prosecution, or protection of patent or analogous property rights, to assure that title in such inventions shall be held by the University or by such other parties designated by the University as may be appropriate under the circumstances. Such circumstances would include, but not be limited to, those situations when there are overriding patent obligations of the University arising from gifts, grants, contracts, or other agreements with outside organizations. In the absence of overriding obligations to outside sponsors of research, the University may release patent rights to the inventor in those circumstances when:

- (1) the University elects not to file a patent application and the inventor is prepared to do so, or
- (2) the equity of the situation clearly indicates such release should be given, provided in either case that no further research or development to develop that invention will be conducted involving University support or facilities, and provided further that a shop right is granted to the University.

C. Subject to restrictions arising from overriding obligations of the University pursuant to gifts, grants, contracts, or other agreements with outside organizations, the University agrees, following said assignment of inventions and patent rights, to pay annually to the named inventor(s), or to the inventor(s)' heirs, successors, or assigns, 35% of the net royalties and fees per invention received by the University. An additional 15% of net royalties and fees per invention shall be allocated for research-related purposes on the inventor's campus or Laboratory. Net royalties are defined as gross royalties and fees, less the costs of patenting, protecting, and preserving patent and related property rights, maintaining patents, the licensing of patent and related

property rights, and such other costs, taxes, or reimbursements as may be necessary or required by law. Inventor shares paid to University employees pursuant to this paragraph represent an employee benefit.

When there are two or more inventors, each inventor shall share equally in the inventor's share of royalties, unless all inventors previously have agreed in writing to a different distribution of such share.

Distribution of the inventor's share of royalties shall be made annually in November from the amount received during the previous fiscal year ending June 30th, except as provided for in Section II.D. below. In the event of any litigation, actual or imminent, or any other action to protect patent rights, the University may withhold distribution and impound royalties until resolution of the matter.

D. The DOE Laboratories may establish separate royalty distribution formulas, subject to approval by the President. Distribution of the inventor's share of DOE Laboratory royalties shall be made annually in February from the amount received during the previous fiscal year ending September 30th. All other elements of this policy shall continue to apply.

E. Equity received by the University in licensing transactions, whether in the form of stock or any other instrument conveying ownership interest in a corporation, shall be distributed in accordance with the Policy on Accepting Equity When Licensing University Technology.

F. In the disposition of any net income accruing to the University from patents, first consideration shall be given to the support of research.

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PATENT RESPONSIBILITIES AND ADMINISTRATION

A. Pursuant to Regents' Standing Order 100.4(mm), the President has responsibility for all matters relating to patents in which the University of California is in any way concerned. This policy is an exercise of that responsibility, and the President may make changes to any part of this policy from time to time, including the percentage of net royalties paid to inventors.

B. The President is advised on such matters by the Technology Transfer Advisory Committee (TTAC), which is chaired by the Senior Vice President--Business and Finance. The membership of TTAC includes the Provost and Senior Vice President--Academic Affairs, the Director of the Office of Technology Transfer, and representatives from the campuses, DOE Laboratories, Academic Senate, the Division of Agriculture and Natural Resources and the Office of the General Counsel. TTAC is responsible for:

1. reviewing and proposing University policy on intellectual property matters including patents, copyrights, trademarks, and tangible research products;
2. reviewing the administration of intellectual property operations to ensure consistent application of policy and effective progress toward program objectives; and
3. advising the President on related matters as requested.

C. The Senior Vice President--Business and Finance is responsible for implementation of this Policy, including the following:

1. Evaluating inventions and discoveries for patentability, as well as scientific merit and practical application, and requesting the filing and prosecution of patent applications.
2. Evaluating the patent or analogous property rights or equities held by the University in an invention, and negotiating agreements with cooperating organizations, if any, with respect to such rights or equities.
3. Negotiating licenses and license option agreements with other parties concerning patent and or analogous property rights held by the University.

4. Directing and arranging for the collection and appropriate distribution of royalties and fees.
5. Assisting University officers in negotiating agreements with cooperating organizations concerning prospective rights to patentable inventions or discoveries made as a result of research carried out under gifts, grants, contracts, or other agreements to be funded in whole or in part by such cooperating organizations, and negotiating with Federal agencies regarding the disposition of patent rights.
6. Approving exemptions from the agreement to assign inventions and patents to the University as required by Section II.A. above.
7. Approving exceptions to University policy on intellectual property matters including patents, copyrights, trademarks, and tangible research products.

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Last updated: November 15, 2006



V. UNIVERSITY PROCEDURES CONCERNING FACULTY ROLE IN STARTING NEW COMPANY

Certain University reporting and compliance procedures and guidelines apply to starting of the New Company by the Professor. Considerations include the following:

A. CONFLICT OF COMMITMENT REPORTING

If the Professor has a role/interest in the Company, the University [Conflict of Commitment Policy](#) applies, as do UC Davis-specific guidelines for [Reporting on Outside Professional Activities](#).

1. Compliance categories include Categories I, II and III. Category I activities, which include management or employment positions with the New Company, require written pre-approval of the Dean/Chair plus annual reporting. Category II activities, which include consulting and Board of Director positions, require annual reporting. The [Summary of Conflict of Commitment and Outside Activities](#) describes Categories I, II, and III.
2. Ownership by the Professor of the New Company stock is subject to the requirements of the Conflict of Commitment Policy, but there is no fixed limit on the amount of stock that can be held.
3. If the Professor's role/interest in the New Company leads to involvement of University students in the New Company, this is subject to pre-approval (but not annual reporting) under the Conflict of Commitment Policy. See the [Summary of Conflict of Commitment and Outside Activities](#), where the last row describes the involvement of students.

[\[+\] Show Details](#)

In joining the University, faculty accept as their own the University's responsibilities to advance and communicate knowledge. For purposes of advancement and promotion, the performance of faculty members in fulfilling their University obligations is evaluated by grouping their activities into four interrelated categories: teaching, research and creative work activity, professional competence and activity, and University or University-related public service.

Whether professional or non-professional, compensated or uncompensated, an outside activity that interferes with successful performance of the faculty member's University obligations represents a conflict of commitment.

In order to address real or perceived conflicts of commitment, the University has developed a [Conflict of Commitment Policy](#), which provides mechanisms to ensure that activities outside the University do not interfere with faculty obligations.

Time Limits on Outside Activities

Faculty members are limited in the amount of time, per fiscal year, that can be spent on outside activities. The time limit differs based on whether the faculty is on an academic-year or fiscal-year appointment.

- Full-time faculty on an academic-year appointment normally may engage in compensated outside activities for up to 39 days from the start of the fall term through the completion of the spring term. During the summer months, academic-year faculty have no constraints on the number of days of compensated outside activity in which they may engage.
- Full-time faculty on a fiscal-year appointment normally may engage in compensated outside activities for up to 48 days during the months of active service.
- For part-time faculty on both academic- and fiscal-year appointments, the applicable time limit is prorated based on their percentage appointment at the University.

For further information, see [Is There a Time Limit for the Amount of Time That a Faculty Member May Spend on Outside Activities?](#) See also [Section 025-6b](#), beginning on the bottom of page 5, of the Conflict of Commitment Policy .

Categories of Outside Activities

Compensated outside professional activities differ in terms of their potential to raise conflict of commitment issues. To clarify the differences, the University has developed three categories of activities, each of which has different requirements for prior approval, inclusion in the time limit, and annual reporting.

Category I activities are likely on their face to raise issues of conflict of commitment. These activities include, for example: assuming a managerial position in a for-profit or not-for-profit; administering a grant outside the University that would ordinarily be conducted under the auspices of the University; establishing a relationship as a salaried employee outside the University; and involving a student in an outside compensated activity.

Category II activities are unlikely to raise issues of conflict of commitment and are ordinarily accepted as regularly performed compensated outside professional activities. These activities include, for example: serving on a board of directors; providing consulting services; providing expert testimony in legislative or judicial proceedings; providing a workshop for industry; and engaging in additional compensated University teaching activities.

Category III activities are integral to all disciplines and ordinarily do not present issues of conflict of commitment. They are accepted as part of the faculty member's scholarly and creative work, even when the activities result in financial gain. These activities include, for example: serving on a federal, state, or local government agency, committee, panel, or commission; acting in an editorial capacity for a professional journal; reviewing journal manuscripts, book manuscripts, or grant or contract proposals; attending and presenting talks at scholarly colloquia and conferences; and developing scholarly communications in the form of books or journal articles, movies, television productions, and similar works.

These categories are described fully in Section 025-6c, beginning on the bottom of page 6, of the [Conflict of Commitment Policy](#), and in the [Summary of Conflict of Commitment and Outside Activities](#).

Procedures for Reporting Outside Activities

All Category I outside activities require prior written approval from the Chancellor or his designee, usually a faculty member's Department Chair. A form for such approvals is available in Appendix B of the [Conflict of Commitment Policy](#).

Both Category I and II outside activities are included in each faculty member's time limit for each fiscal year, and both require annual reporting to the Chancellor or his designee at the end of each fiscal year (June 30), listing the nature and extent of Category I and II compensated outside professional activities conducted during that academic or fiscal year, depending on the faculty member's appointment. In addition, faculty with academic-year appointments must report Category I and II activities for summer months during which they earn additional University compensation. A form for such reporting is available in Appendix C of the [Conflict of Commitment Policy](#).

Category III activities do not require reporting or prior written approval.

The UC Davis Academic Personnel Manual provides a summary of reporting responsibilities for conflicts of commitment at the faculty, Chair, Dean, and Vice Provost (Academic Personnel) levels.

Involvement of Students

Part-time involvement of students in an outside professional activity of a faculty member may provide educational benefits to the student. Before involving a student in an outside professional activity, however, the faculty member must obtain prior written approval from the Chancellor's designee, following discussion with the Department Chair and the student. For further information, see Section 025-50 of the [Conflict of Commitment Policy](#), or the last row of the [Summary of Conflict of Commitment and Outside Activities](#).

B. CONSULTING GUIDANCE

1. If the Professor's role in the New Company includes consulting, e.g., as a member of the Scientific Advisory Board or Board of Directors in the New Company, or other consulting capacity, the University [Guidance for Faculty and Other Academic Employees on Issues Related to Intellectual Property and Consulting](#) ("Consulting Guidance Document") applies.
2. The [Consulting Guidance Document](#) (which applies to faculty and other academic employees) addresses various aspects of consultancies, including allowable days, use of University resources, confidentiality and the acceptance of confidential information, appropriate terms for consulting agreements and IP issues in consulting agreements.
3. The New Company can own inventions which are made by the Professor in the course of the consulting activity if the activity qualifies as "Permissible Consulting." Permissible Consulting requires all of the following: (a) the activity is within the Professor's permitted number of consultancy days (48 for fiscal year appointment, 39 if nine month appointment); (b) the activity does not involve use of facilities/resources/funding at the University; (c) the activity does not result in obligations to the University; and (d) the invention results from consulting activity which is beyond the "scope of employment" of the Professor at the University (the activity is not beyond the scope of employment if it is a "direct

extension" of the Professor's University research project or if it "has a close and umbilical connection which cannot be severed with the University work"). Inventions made in the course of Permissible Consulting remain subject to the duty of disclosure under the [Patent Policy](#).

4. There is no fixed limit on consultancy fees that the Professor may receive (note that this statement is not applicable under Medical School/Veterinary School policies).

[\[+\] Show Details](#)

Faculty participate in outside activities that contribute to the profession, to the community, and to the University's public service mission. Engagement with the outside community is a component of the academic enterprise and is one way in which faculty and academic staff maintain contact with research directions and priorities that exist in the private sector. Consultancies with outside companies are one form of such engagement.

The outside company can own inventions made by the faculty consultant in the course of the consulting activity if the activity qualifies as "Permissible Consulting". Full-time faculty members may engage in Permissible Consulting up to the time limit based on their appointment (48 for fiscal year appointment, 39 if nine month appointment). Academic-year faculty members may consult full-time during the summer months in which there is no other salary compensation from the University. Receiving research funding for work on sponsored projects is considered compensation from the University. The University does not set a cap on compensation from outside personal consulting arrangements, except as specified under a health sciences compensation plan. For more information, see the [Conflict of Commitment Policy](#) and the [Guidance for Faculty and Other Academic Employees on Issues Related to Intellectual Property and Consulting](#) (Consulting Guidance Document). The Consulting Guidance Document sets out guidance for faculty involved in consulting activities.

In general, there are three requirements for Permissible Consulting:

1. The activity does not make use of University time or research facilities and/or any University resources, including gift, grant, or contract funds administered through the University.
2. The activity does not incur any University obligations to other parties.
3. The activity is outside the consultant's University employment obligations ("scope of employment").

Whether consulting activity qualifies as Permissible Consulting is a University-based decision supported by the application of above criteria to the particular facts and equities of the situation.

Determining whether consulting activity is within or outside the faculty member's scope of employment is best done with reference to the individual's specific consulting project. The consulting agreement should have a scope of work that will likely be specific to the business interests of the company. This scope of work can be brought to the attention of the Department Chair who can work with the faculty member to assess the degree of overlap with the areas of research, teaching and publications of the faculty member at the University. If the Chair determines that the work under the consulting agreement is beyond the scope of the consultant's employment with the University, and is otherwise permissible consulting, a letter communicating that can be written by the Chair to UC Davis InnovationAccess. If and when an invention is developed under the consulting agreement, the faculty inventor should do the following: file a Record of Invention with UC Davis InnovationAccess; attach the Department Chair's letter to the Record of Invention; state affirmatively in a cover letter that no University resources were used; and request in the cover letter the right to assign the invention to the company for which the faculty member is consulting. Upon review, if the University agrees, a letter will be provided to the faculty inventor confirming that the inventor is free to assign the invention to the company for which the faculty member is consulting. The subject invention should not be disclosed to the company prior to a University determination of invention ownership.

As noted above, consultants should have an agreement in place that clearly defines the scope and financial terms of the consulting activity. This is a personal agreement between the consultant and outside entity for which the consultant is personally responsible and to which the University is not a party. It is the responsibility of the consultant to ensure that the consulting agreement does not conflict with the consultant's University obligations, including the obligation to disclose and assign inventions to the University. If there are questions, the services of a personal outside attorney should be sought by the consultant.

There are a number of important issues that arise, or can arise, under consulting agreements. Many of these issues are addressed in the [Consulting Guidance Document](#), which should be carefully reviewed before entering a consulting agreement. The issues can give rise to personal liability on the part of the consultant, and need to be carefully considered and addressed. Ideally the consultant should obtain legal advice from a personal outside attorney before entering a consulting agreement, for purposes of reviewing issues under the consulting agreement, ensuring that the consultant's personal interests are protected, and ensuring that the terms of the consulting agreement do not conflict with the consultant's employment obligations to the University. As explained in the Consulting Guidance Document, issues under consulting agreements include the following:

- Ownership and assignment of invention rights.
- Compromising future research funding.
- Acceptance of confidential information.
- Liability.

- California State Law Provision.
- Allowable consulting days.
- Amount of compensation.
- Conflicts of interest.
- Reporting consulting activities.

As discussed in the first section of this page, Step V.A: Conflict of Commitment Reporting, Academic employees are required to submit annual reports to the University on outside professional consulting activities.

As discussed in [Step VI: New Company Funding of Research at UC Davis](#), a principal investigator at the University must disclose whether or not there has been any consulting activity with a company in advance of receipt of funding from the company for research in the principal investigator's University lab.

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University of California
Office of the President

MEMO

**Operating
Guidance**

No. 00-05
December 1, 2000

Office of Technology Transfer

**PATENT COORDINATORS
CONTRACT AND GRANT OFFICERS
VICE CHANCELLORS- RESEARCH/ADMINISTRATION**

Subject: University Licensing Guidelines

Licensing University inventions provides a mechanism to encourage the practical application of University research results for broad public benefit; address the needs of sponsors of University research; build research partnerships with industry to enhance the research and educational experience of researchers and students; and generate royalty income for the further support of research and education. Licensing professionals within the University are charged to pursue these objectives in licensing University inventions. The enclosed University Licensing Guidelines are hereby issued in support of their work.

The issuance of University Licensing Guidelines is intended to support a greater understanding of the objectives, practices, and issues involved in the operation of the University licensing program. It is hoped that the Guidelines will be useful in educational programs and general communications with University faculty and inventors, the general public, legislators, and other parties interested in the University's licensing operations, as well as in the University Technology Transfer program. The Guidelines will also be helpful in supporting a fundamental level of systemwide programmatic consistency across the University licensing operation and may be useful as an introductory orientation tool for new University licensing staff. Finally, the Guidelines may assist in the independent substantive review of University licensing decisions pursuant to the State of California Political Reform Act of 1974 or under University conflicts-of-interest policies.

These University Licensing Guidelines have undergone review and comment by licensing managers and officers within the systemwide Office of Technology Transfer (OTT), the Office of General Counsel, campus and Laboratory-based licensing offices, and an Office of the President working group including representatives from OTT licensing groups, the Campus Liaison Group, and the Academic Affairs Office of Research Policy. Finally, the Guidelines were presented to University Patent Coordinators and the Technology Transfer Advisory Committee (TTAC) for their consideration; and discussed before the systemwide Conflicts-of-Interest Coordinators.

The Guidelines will be included as an Appendix in the next revision of University Business and Finance Bulletin G-40, "University of California Patent Program," and may be updated from time to time.

Please refer questions to:

technology.transfer@ucop.edu

Sincerely,

<signature>

Alan B. Bennett
Executive Director
Research Administration
and Technology Transfer

[Attachment: University Licensing Guidelines \(October 1, 2001\)](#)

cc:

Senior Vice President Mullinix
OTT Associate Directors
Conflicts-of-Interest Coordinators



Send comments to: technology.transfer@ucop.edu

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