

Commercializing UC Berkeley Intellectual Property: *Overview & Alternatives*

Michael Cohen
UC Berkeley Office of
IP & Industry Research Alliances (IPIRA)
mcohen@berkeley.edu
510-643-7201



Agenda: *15 min / General to Specific+Examples*

1. Commercializing (~5 minutes)
 - Goals: broad & expeditious commercialization
 - Challenge: investment risk
 - Strategy: transfer and catalyze

2. Licensing (~5 minutes)
 - Process: market-driven
 - Alternatives
 - DR ETD specifics & examples

3. Summary (~5 minutes)
 - Questions
 - Follow-up

Commercializing: *Goals*

Establish relationships & agreements that encourage the broad & expeditious commercialization of technology developed by UCB in order to:

- Benefit society
- Strengthen research & education at the University
- Reward the inventors for their ingenuity*

* Depending on the circumstances, inventor rewards can vary and for example range from licensing income, to attribution and recognition, to the personal satisfaction of developing technology that has been successfully commercialized.

Commercialization: *Challenge*



Commercialization: *Challenge*

❑ Unknowns

- Technology: efficacy, scalability, cost-competitiveness
- Market: barriers-to-entry, regulatory, size, profitability

❑ Effort

- Resources: capital, people, equipment
- Skills: R&D, manufacturing, marketing, selling

❑ Decision

- Cost of capital, hurdle rate
- Return on Investment (ROI)



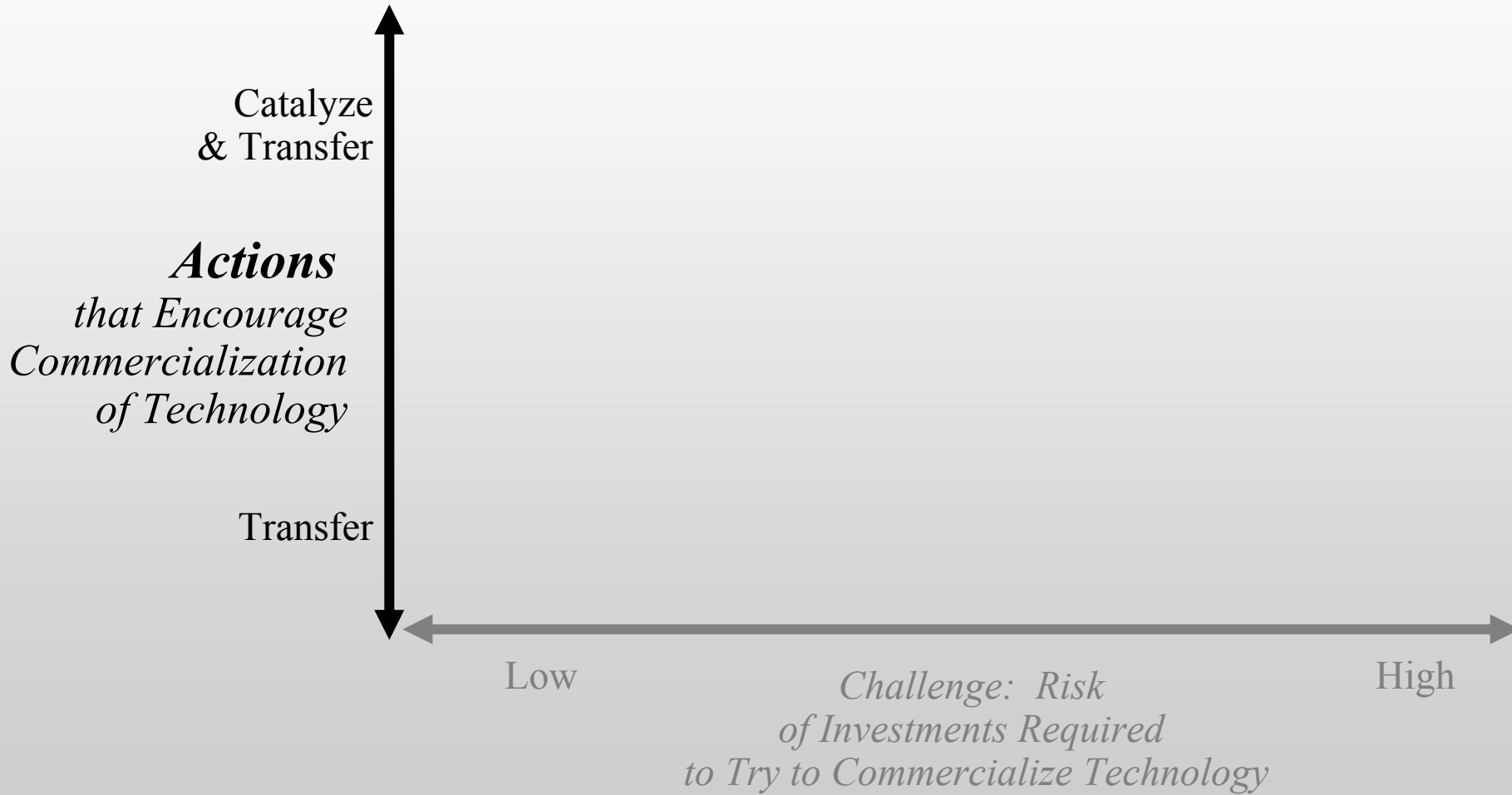
Low

Risk

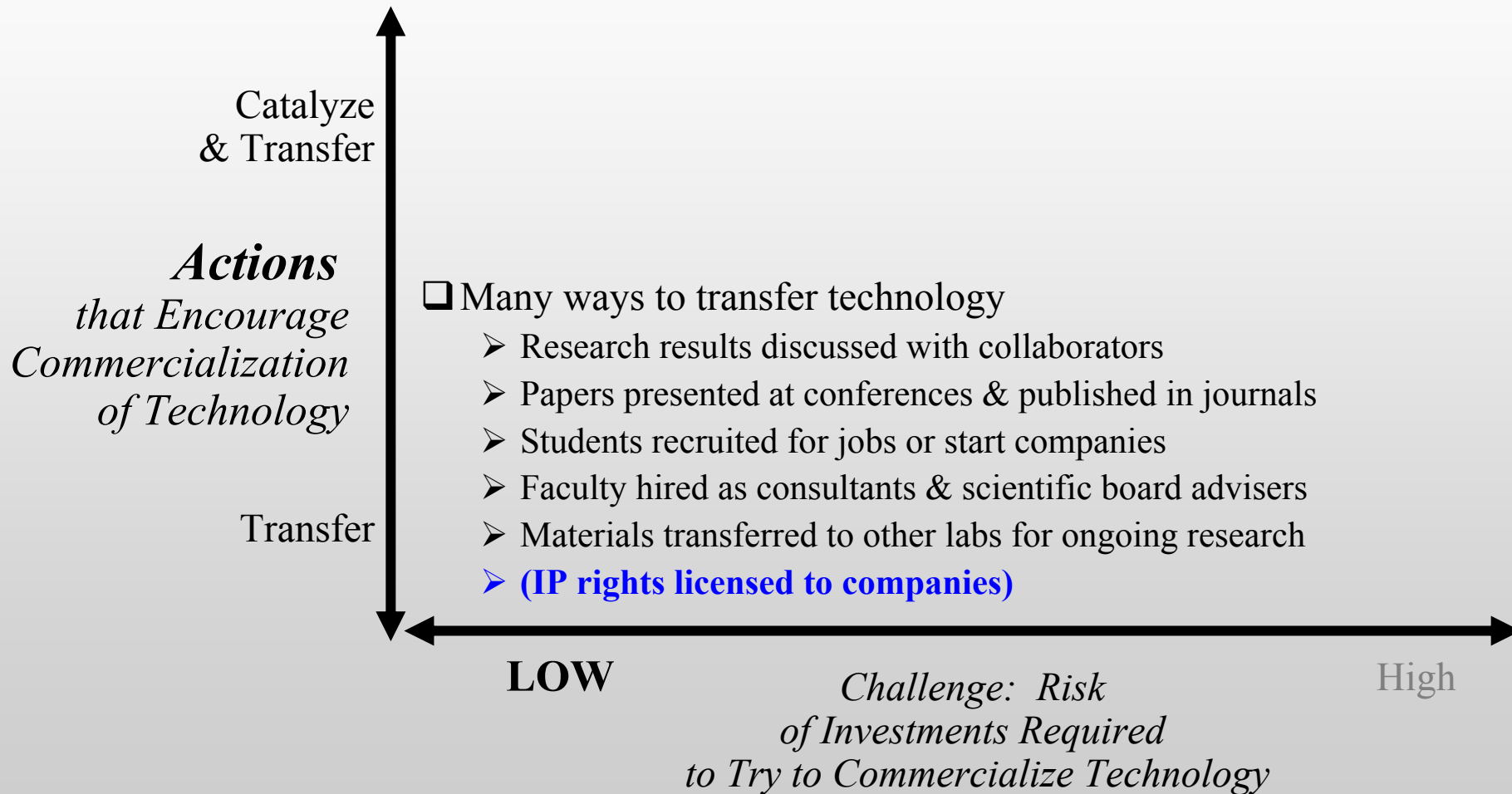
High

*of Investments Required
to Try to Commercialize Technology*

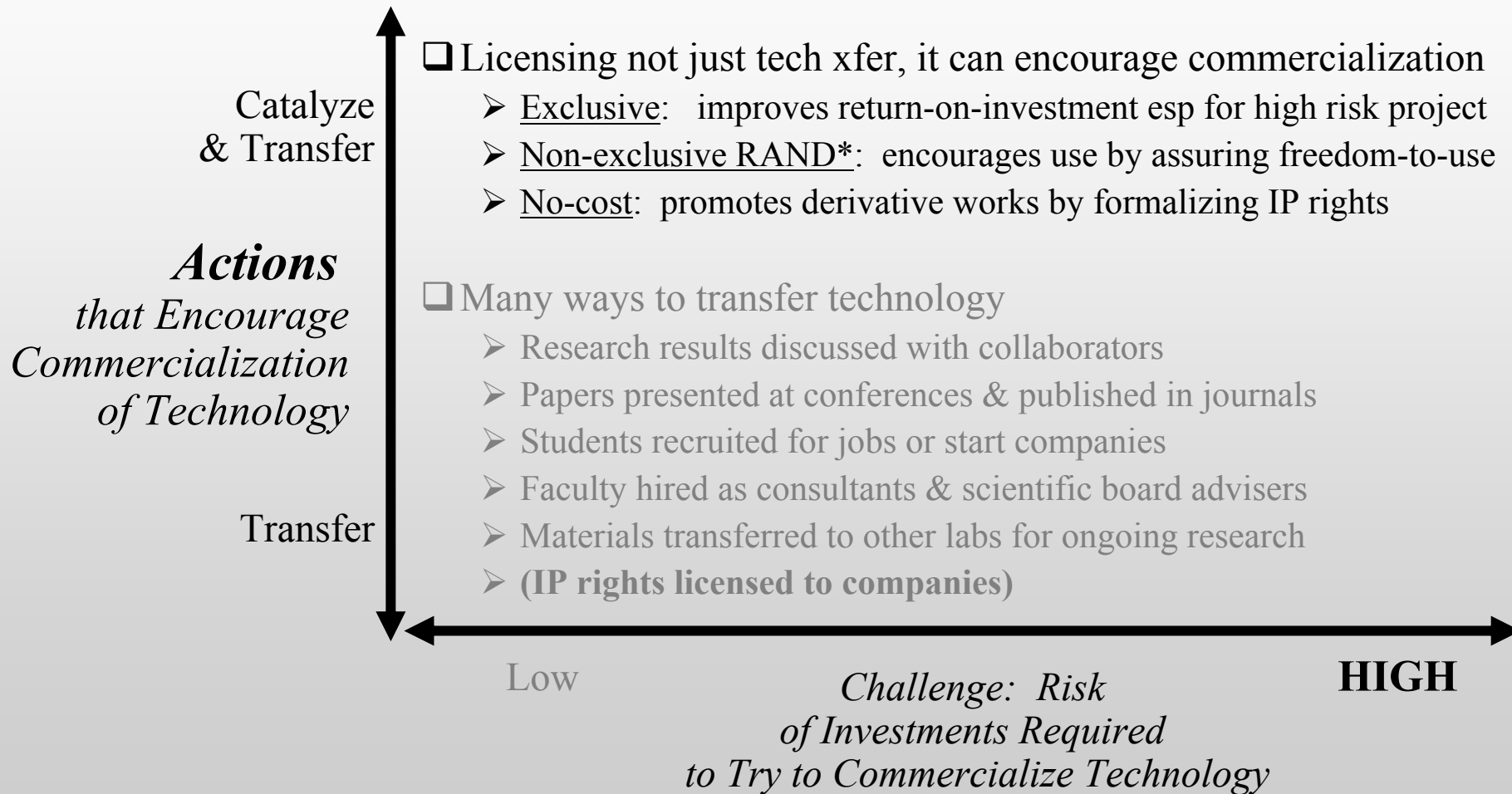
Commercialization: *Strategy*



Commercialization: *Strategy - Transfer*

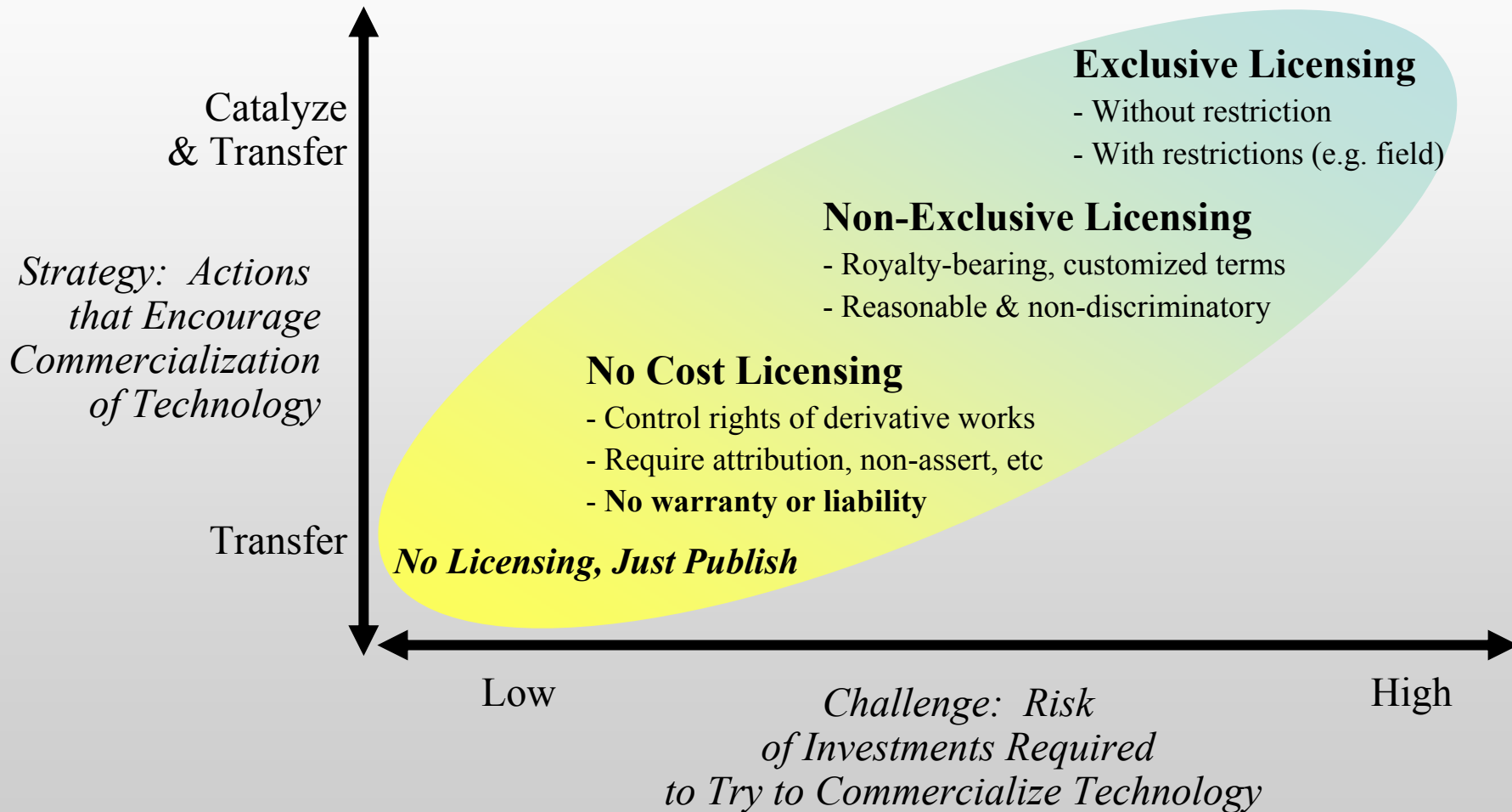


Commercialization: *Strategy - Catalyze*

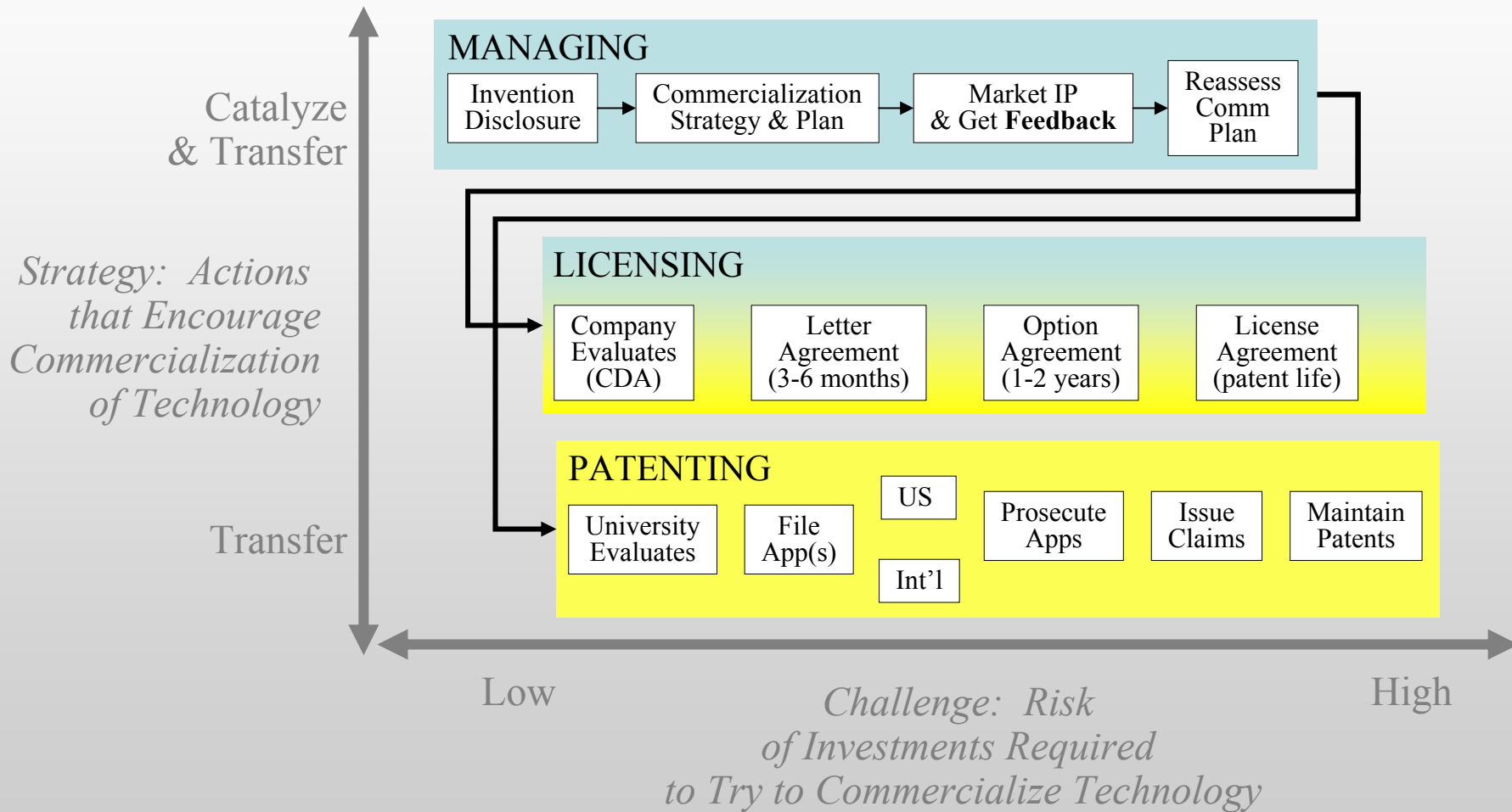


* Reasonable and non-discriminatory terms

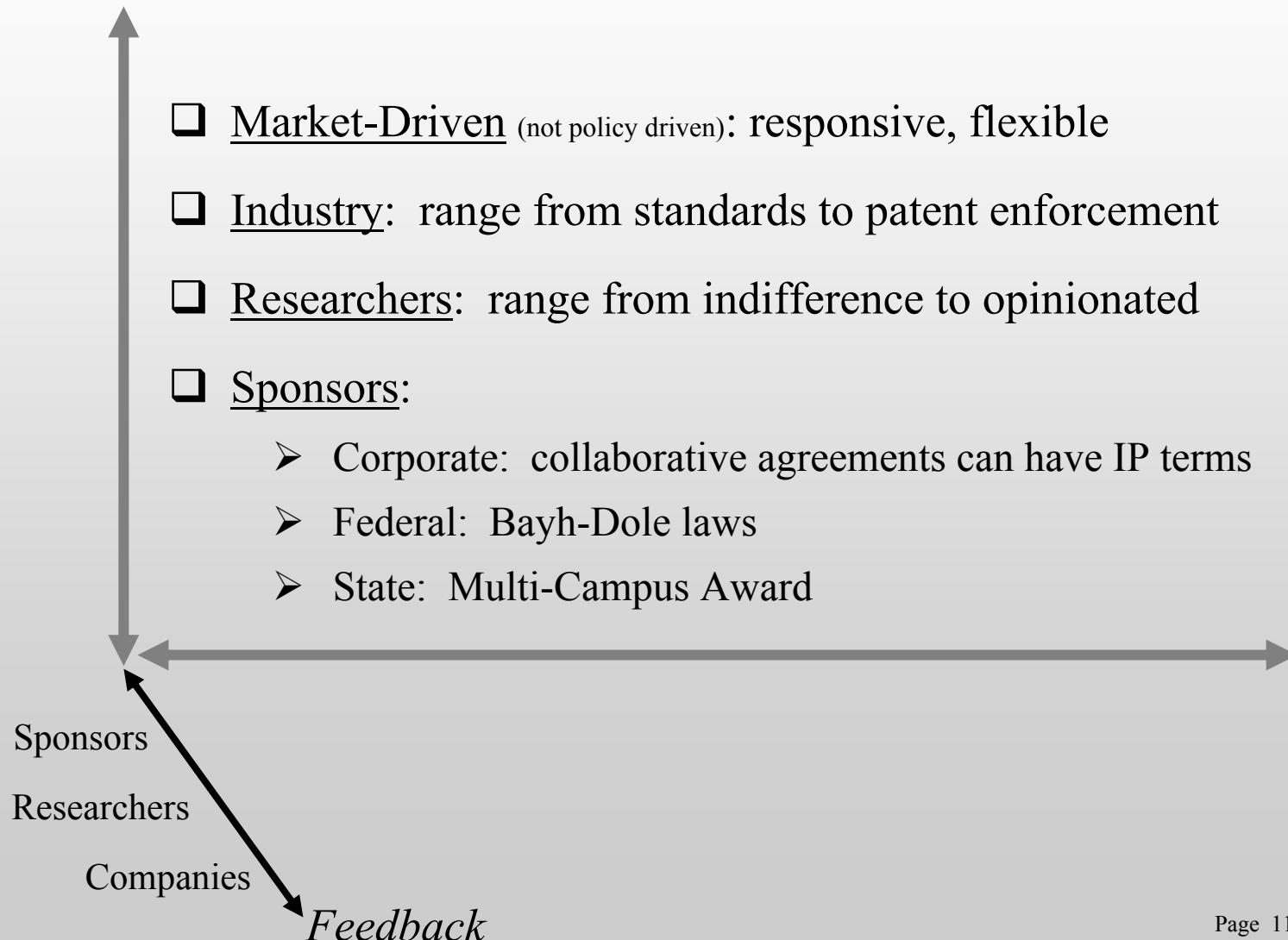
Licensing: *Alternatives*



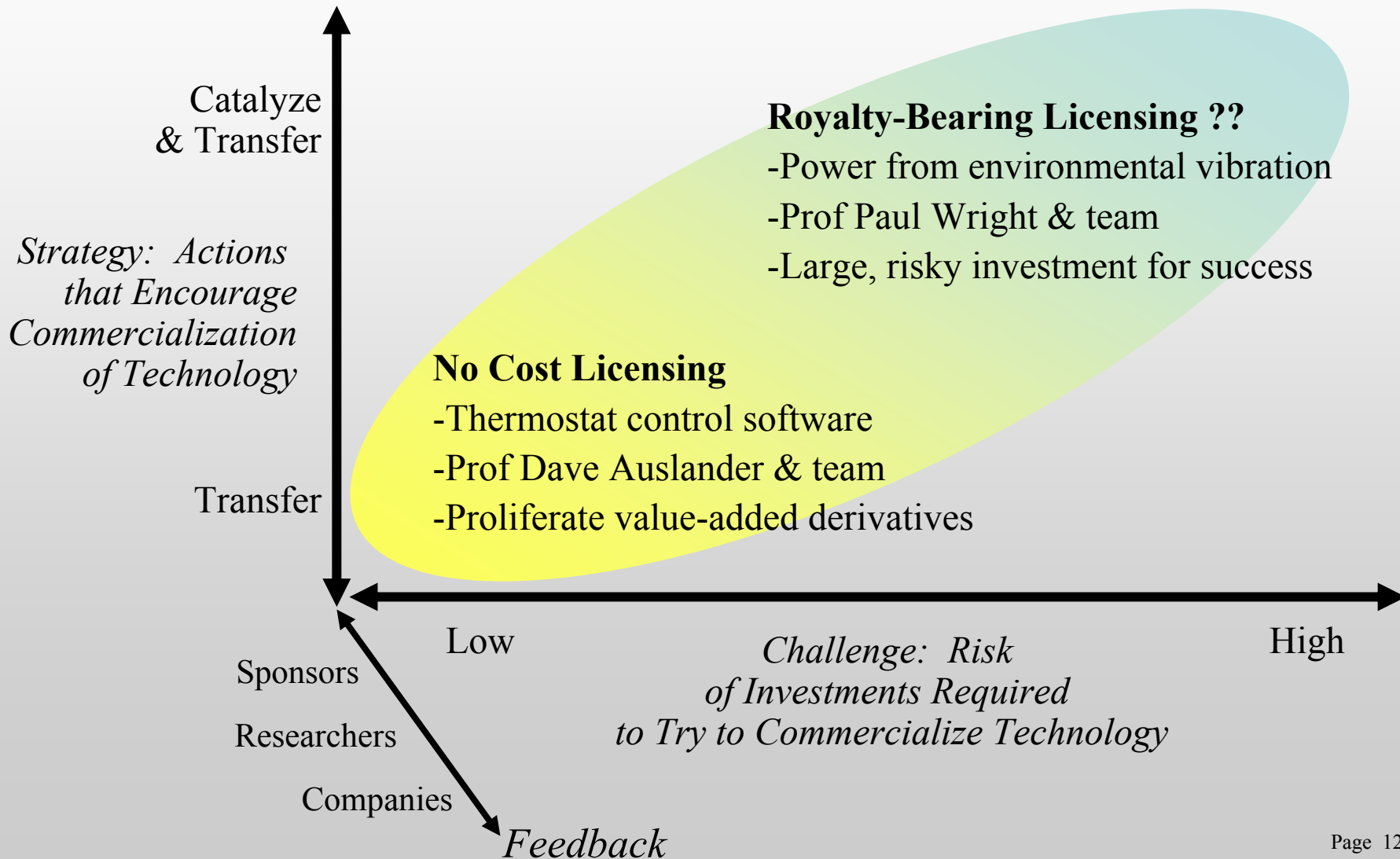
Licensing: *Process - Overview*



Licensing: *Process - Feedback*



Licensing: *DR ETD - Examples*



Licensing: *IP Marketing Works*

From: <rcondotta@nxtra.com>
To: <mcohen@berkeley.edu>
Subject: Programmable Communicating Thermostat Control Software
Date: Mon, 29 May 2006 01:46:36 -0400

Dear Michael,

I came across the following information a short while ago:

TECHNOLOGY/BUSINESS OPPORTUNITY

Non-Confidential Disclosure

Programmable Communicating Thermostat Control Software

(UCB Case No.: B06-133)

The .pdf file properties do not indicate the date of issuance for the document, so I'm not sure if the opportunity is still active. Nevertheless, I'd like very much to learn more about this opportunity, as we are in the process of completing our design of a communicating thermostat. It would be important in this stage of our development to explore existing software in order to shorten further development times and to reduce the time by which the product is readied for market.

If you could please provide me with more details and or an outline of the software features and associated costs/royalty figures, I would certainly be appreciated.

Thanking you in advance,

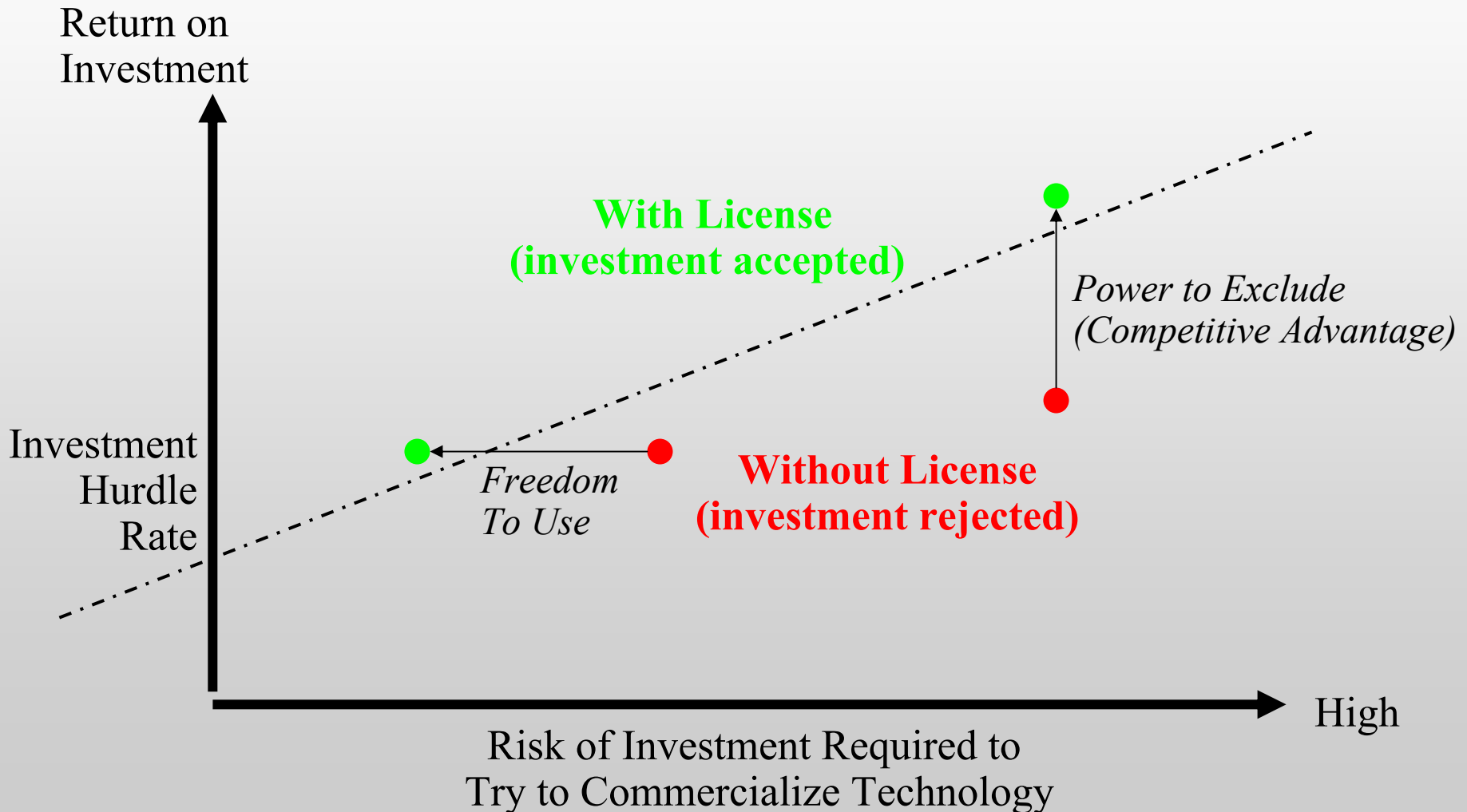
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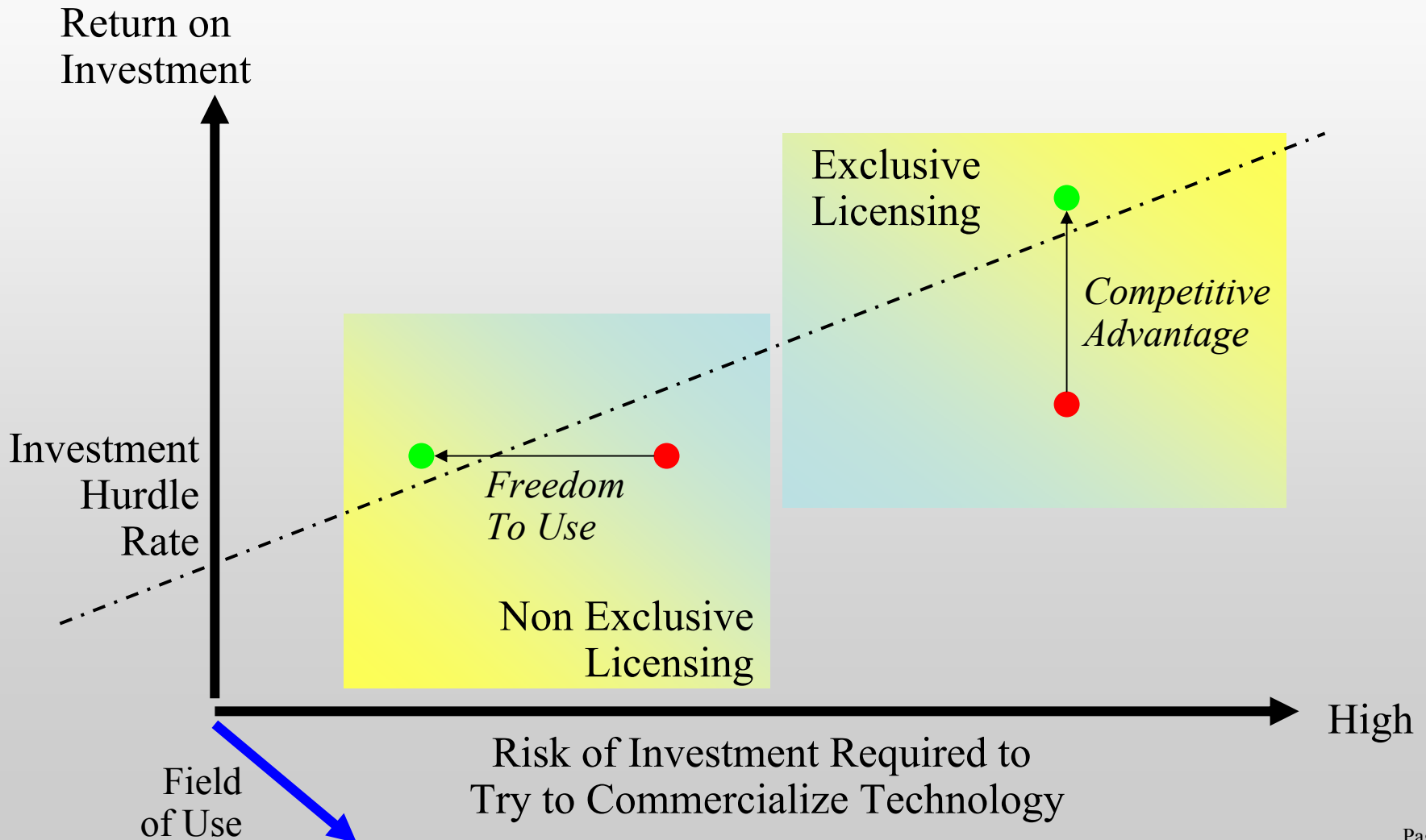
Summary: *Commercializing IP from UCB*

- ❑ Summary: Goal-Challenge-Strategy-License-Feedback-Deal
- ❑ Follow-up:
 - <http://ipira.berkeley.edu>
 - mcohen@berkeley.edu
- ❑ Q & A
- ❑ Action items
- ❑ Backup slides...

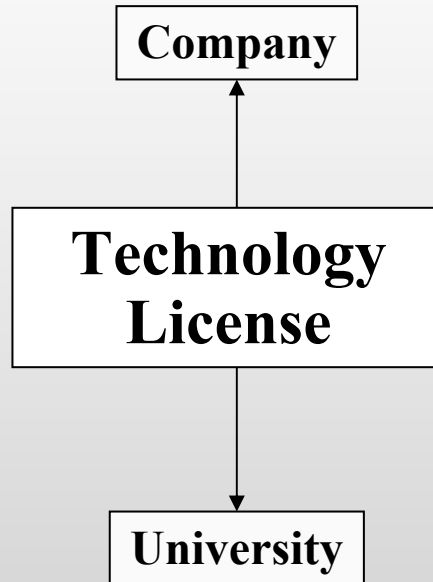
Overview: *When to License*



Overview: *How to License*

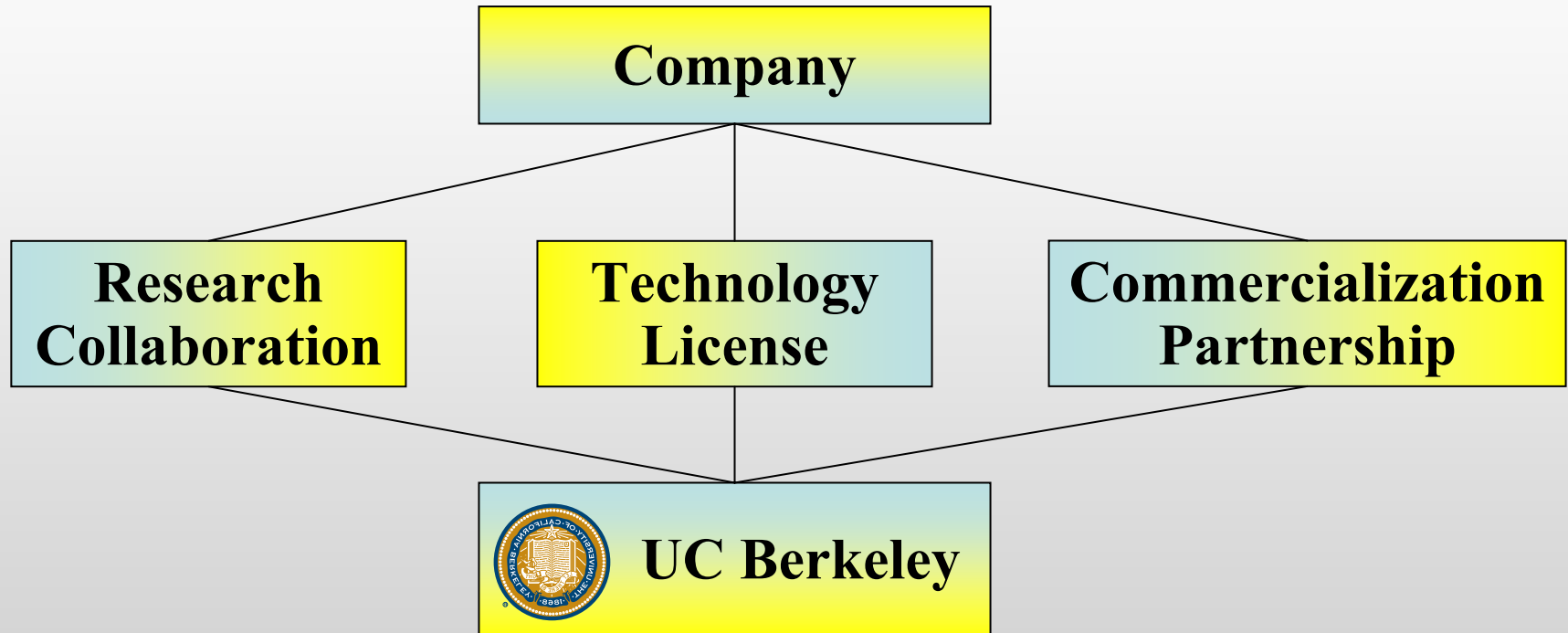


Overview: *Traditional Licensing Philosophy*



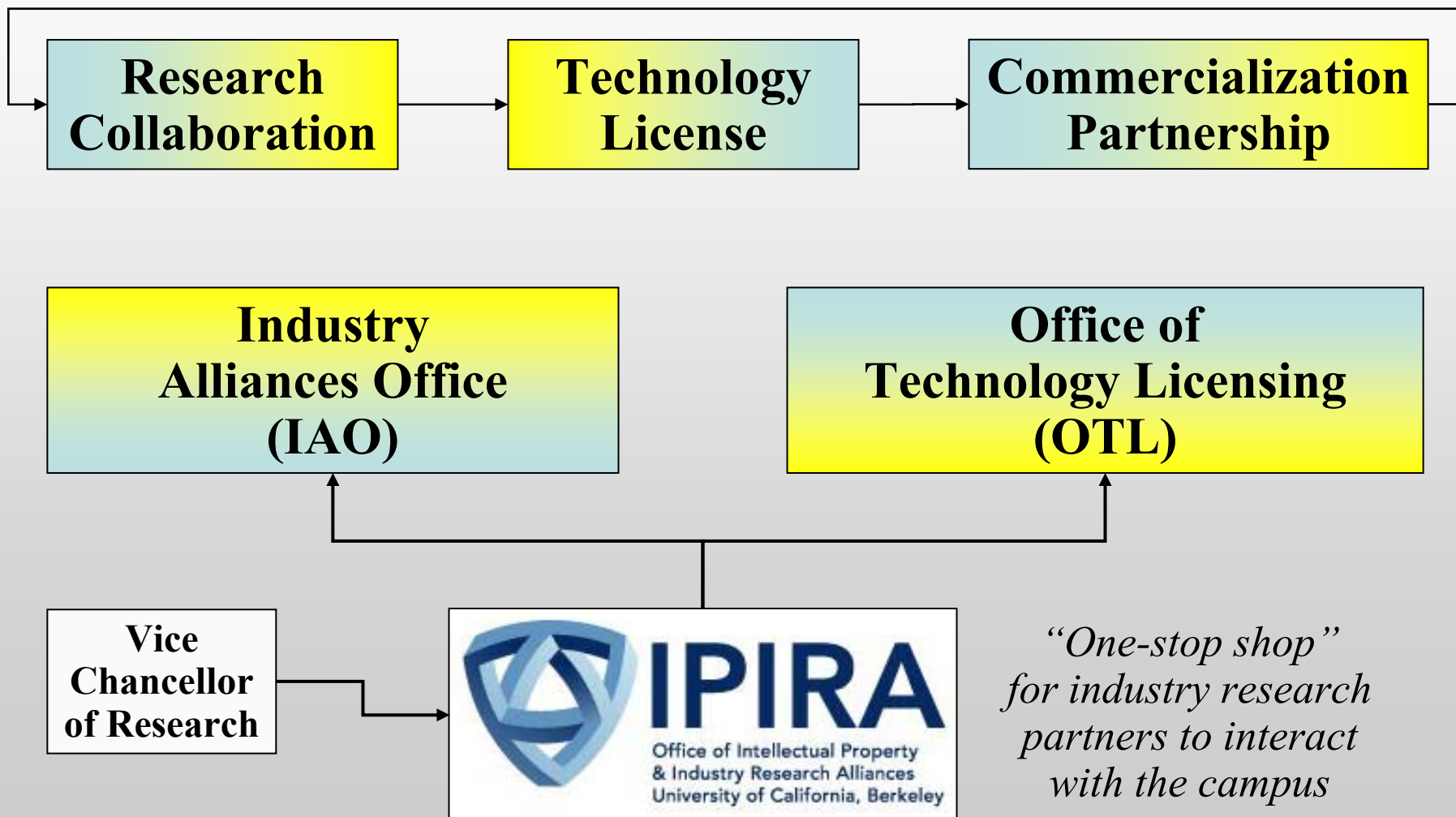
*Commercialization is a **transaction***

Overview: *Berkeley Licensing Philosophy*

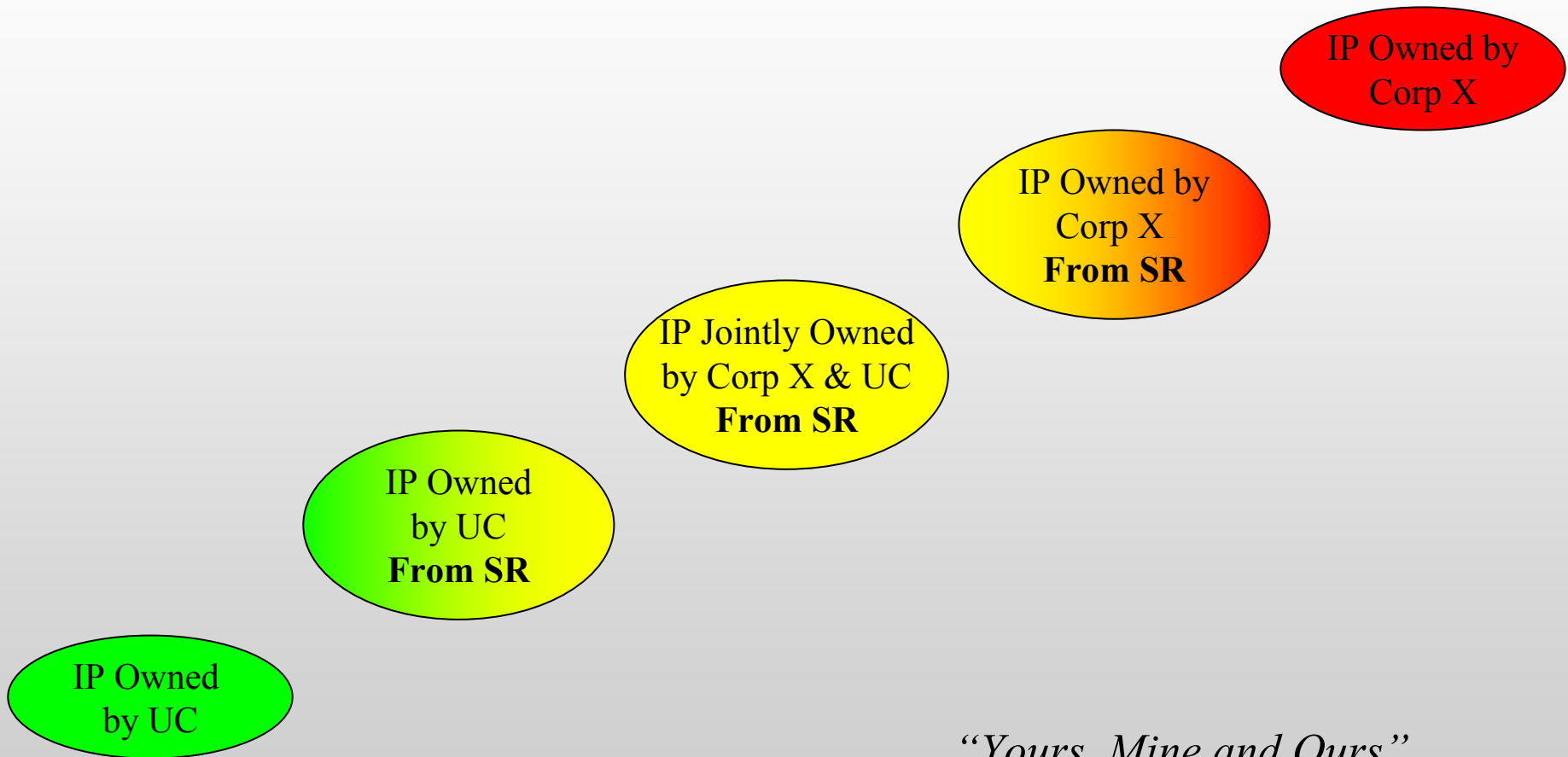


*Commercialization is often/best achieved through multifaceted **relationships**, not a single transaction*

Overview: *Offices*



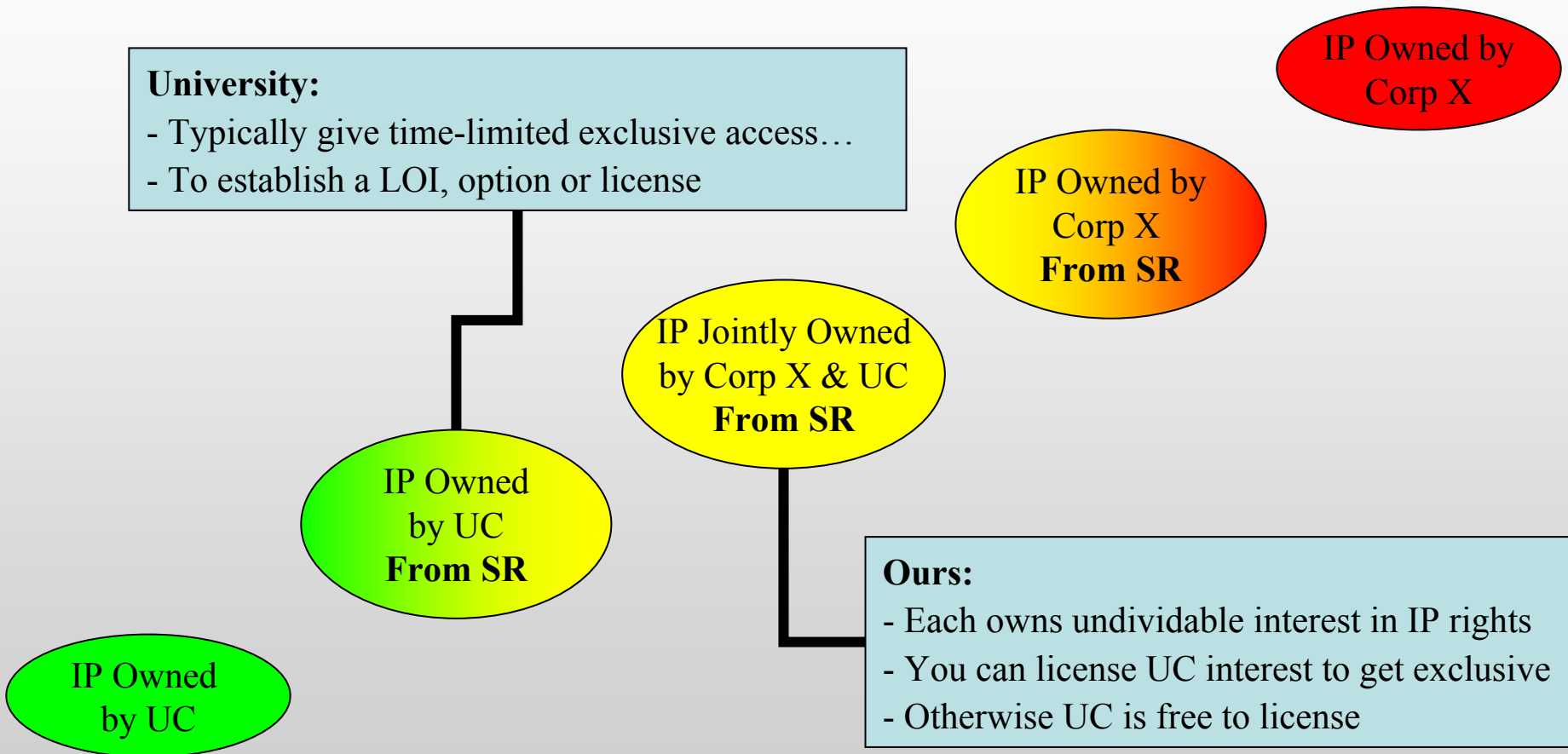
Research: *Continuum of IP Ownership*



Research: *Integrating Research & Licensing*

University:

- Typically give time-limited exclusive access...
- To establish a LOI, option or license

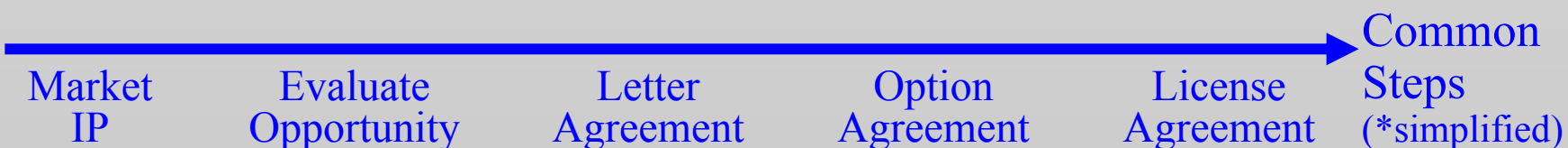


Ours:

- Each owns undividable interest in IP rights
- You can license UC interest to get exclusive
- Otherwise UC is free to license

Licensing: *Common Steps**

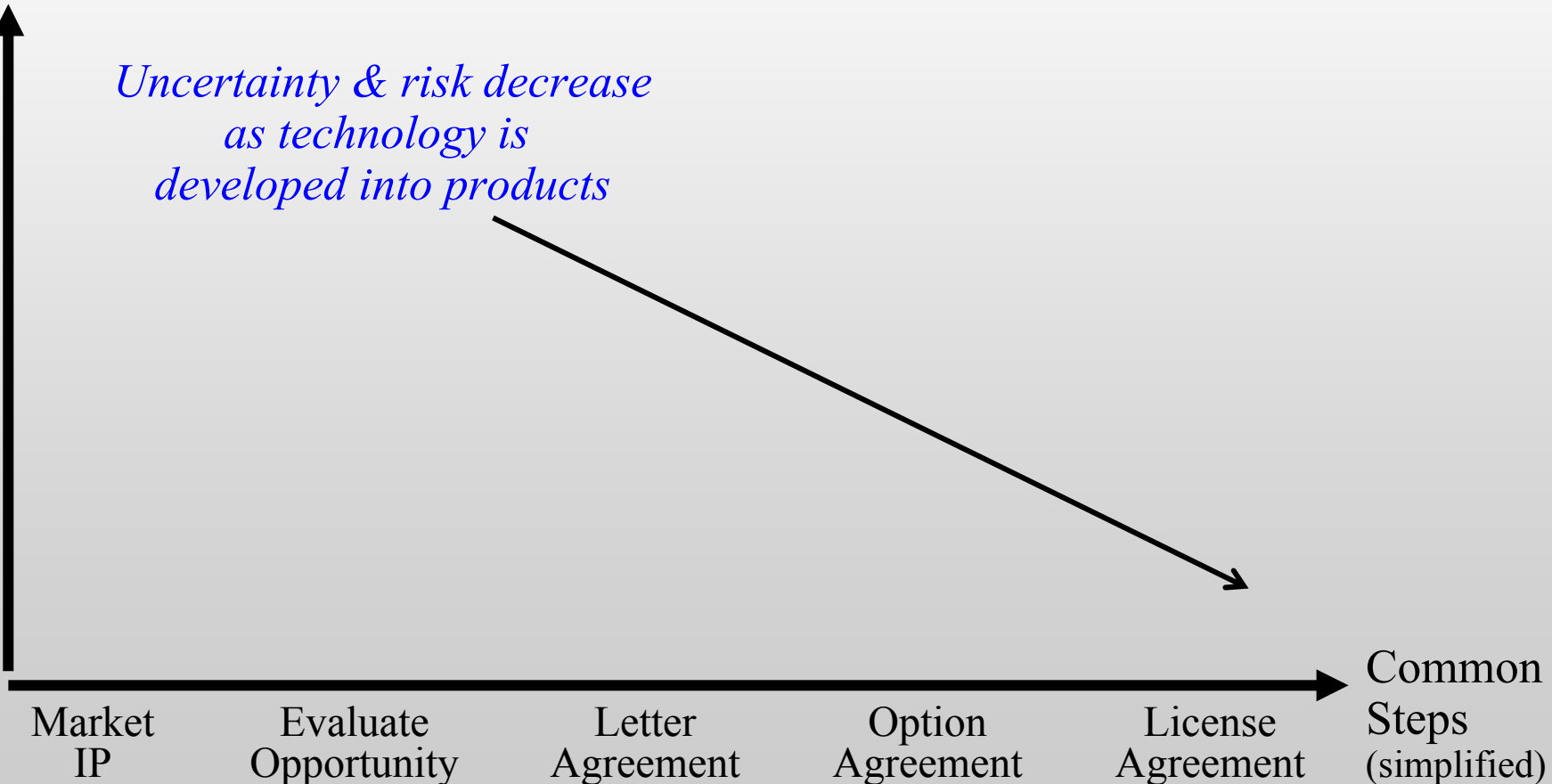
- ❑ Objectives: commercialize IP broadly, quickly, beneficially
- ❑ Challenges
 - Manage uncertainty & risk of commercial success
 - Understand & reconcile different perspectives (corps, inventors, univ)
- ❑ Approach
 - Entrepreneurial (flexible, creative)
 - Principled (win-win)
 - Transparent (no conflicts of interests)
- ❑ Process: **Incremental**



Licensing: *Managing Uncertainty & Risk*

Uncertainty
& Risk

*Uncertainty & risk decrease
as technology is
developed into products*



Licensing: *Commitments*

Partner
Commitment

*Commitment
incrementally increases as
uncertainty & risk decrease*

- *Issue Fee (& equity)*
- *Earned Royalties*
- *Min Annual Royalties*
- *Indemnification*
- *+ below*

- *Annual Fee*
- *Diligence Terms*
- *+ below*

- *Comm Plan*
- *Patent Costs*
- *+ below*

- *Confidential Agreement*

Common
Steps
(simplified)

Market
IP

Evaluate
Opportunity

Letter
Agreement

Option
Agreement

License
Agreement

Licensing: *Complexity*

Relationship
Complexity

*Complexity
incrementally increases as
commitments increase
& risks decrease*

- *30-Page Doc*
- *Patent Life is Term*
- *If no extraordinary issues, then can be completed in 30-90 days*

- *10-Page Doc*
- *1-2 Year Term*
- *If no extraordinary issues, then can be completed in 30-60 days*

- *2-Page Doc*
- *3-6 Month Term*
- *If no extraordinary issues, then can be completed within 30 days*

- *1-Page Doc*

Common
Steps
(simplified)

Market
IP

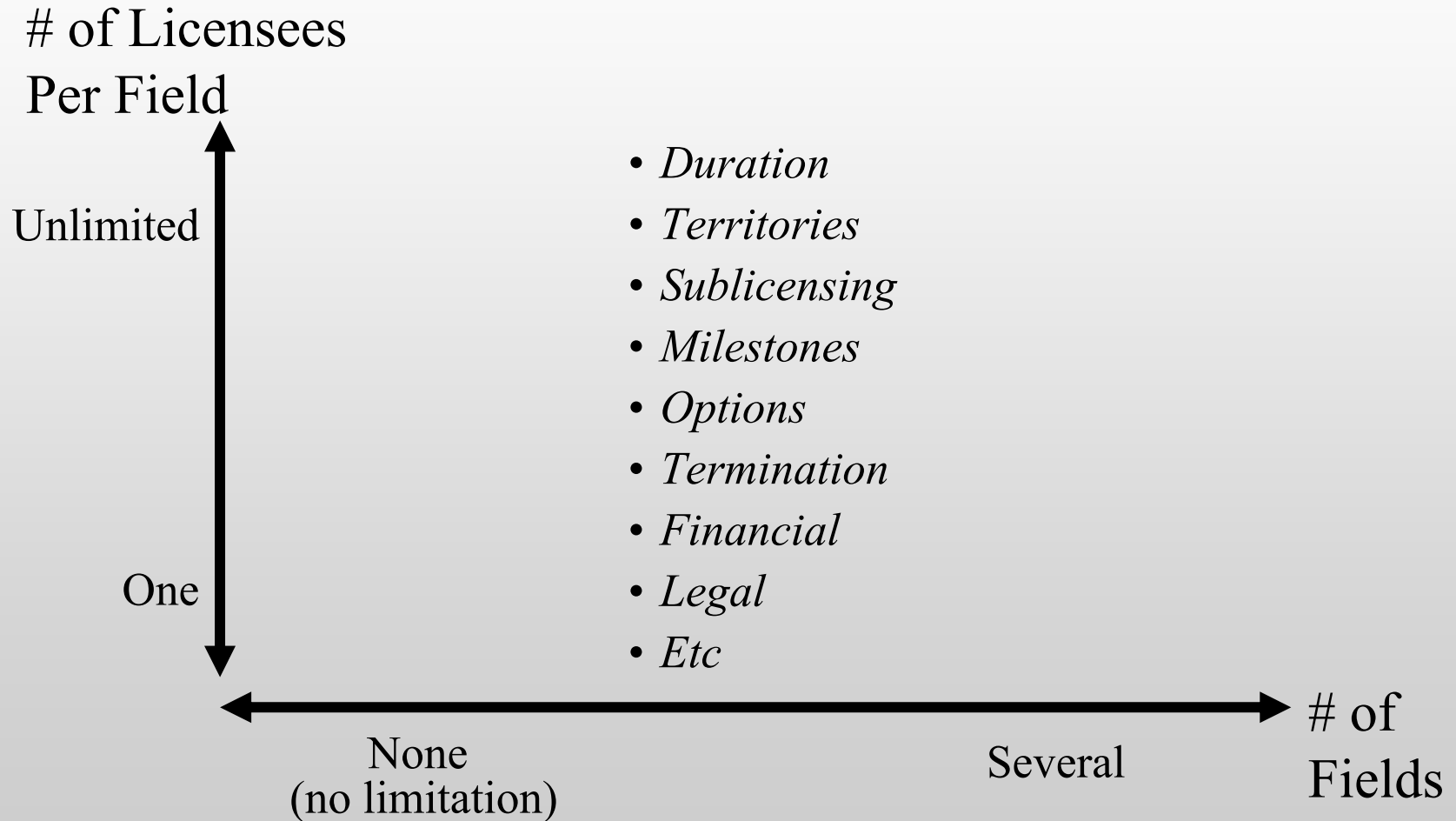
Evaluate
Opportunity

Letter
Agreement

Option
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License
Agreement

Licensing: *Structure Dimensions**



* Simplified model