



Bayh-Dole Act & University Technology Transfer What's it mean to me?

Prior to 1980, inventions developed under federal funding were owned by the US Government. Under this model, only approximately 5% of nearly 28,000 inventions were commercialized, all through non-exclusive licenses. In 1980, legislation was passed enabling universities receiving federal grant funding to retain title to inventions developed during a government funded research program. This new law, the Bayh-Dole Act, in concert with the Federal Technology Transfer Act of 1986, formed the basis for modern technology transfer from universities to the private sector.

The Bayh-Dole Act was designed to produce greater commercial outcomes from federal funding. In addition to retaining title (ownership) to inventions, the Act allowed universities to license patents **exclusively**. The federal government retains none of the licensing revenue; the greater good is derived from US economic stimulation through innovation and the introduction of new goods and services, resulting in wealth creation and subsequent tax revenue. For more information on Bayh-Dole's public benefit and economic development impact, see <http://b-d30.org/>

Under Bayh-Dole, universities have certain obligations to the federal government. These are outlined below and are fulfilled by university technology transfer offices.

Obligations on federally funded inventions

- Various reporting requirements to the federal government, including electing title to invention.
- The issued patent must provide notice of government support and rights.
- The government retains for its own use a non-exclusive paid-up license to the patent.
- The grant recipient (i.e. university) must give licensing preference to a US based small businesses capable of developing and manufacturing the invention.
- The university may not assign the ownership of the invention to third parties.
- A portion of the revenue from licensing a patent must be shared with the individual inventor(s). Any remaining revenue must go to support the licensing function, scientific research and/or education at the university.
- The government may invoke rights under certain circumstances if the technology is not being utilized or adequately available to the public.

What's this got to do with me?

While arguments continue to be waged regarding inventor rights and whether or not legislation such as Bayh-Dole should be changed, historical evidence demonstrates the economic vitality of these laws. Since the inception of these laws, more than 8,000 companies have formed based on university research. In 2011 alone, nearly 600 new products were introduced to the marketplace, and over 600 start-up companies were created. And, while prior to Bayh-Dole, no drugs were developed from federally sponsored research, since enactment over 150 new drugs and vaccines have been created. The Bayh-Dole Act has been considered as one of the most successful laws passed and other countries have emulated this approach to university technology transfer. Today, inventors get to participate as partners with the university in the technology transfer process and whenever commercial success occurs, university inventors receive a substantial portion of the proceeds as personal income and a portion to support their research. This win/win proposition is an essential element of Tech Launch Arizona's interaction with UA inventors.