Manual of Knowledge Valorization

fostering commercial investment in the development of inventions and discoveries flowing from the research at

Eindhoven University of Technology

TU/e Innovation Lab
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Note: This booklet is based on the Massachusetts Institute of Technology’s “Inventor’s Guide to Technology Transfer”, with adaptations for TU/e Innovation Lab. We are very grateful to them for their kind permission to use their excellent material and to the Massachusetts Institute of Technology for permission to use its copyright.
Technology transfer

**What is technology transfer?**
Technology transfer is the movement of knowledge and discoveries to the general public. It can occur through publications, educated students entering the workforce, exchanges at conferences, and relationships with industry.

For the purposes of this guide, however, technology transfer refers to the formal licensing of technology and intellectual property to third parties (including spin-offs), under the guidance of professionals employed by universities, research foundations and businesses, in departments focused on these activities.

**What is TU/e Innovation Lab?**
TU/e Innovation Lab is the Eindhoven University of Technology (TU/e) department composed of specialists in research support and business development (intellectual property, technology transfer and business incubation), all of whom are widely experienced in transferring technologies across a broad array of fields, including the physical sciences, life sciences and information technology. As business developers we are responsible for managing inventions from the TU/e.

**Why would a researcher want to participate in the technology transfer process?**
The reasons are unique to each researcher and may include:
- Making a positive impact on society.
- Feeling a sense of personal fulfillment.
- Achieving recognition and financial reward.
- Generating additional faculty/department/center funding.
- Meeting the obligations of a research contract.
- Attracting research sponsors.
- Creating educational opportunities for students.
- Linking students to future job opportunities.

**How is technology transferred?**
Technology is typically transferred through an agreement in which the TU/e grants to a third party a license to use TU/e’s intellectual property rights in the defined technology, sometimes for a particular field of use and/or region of the world. Such a grant may be exclusive or non-exclusive. The licensee (the third party licensing the technology) may be an established company or a new spin-off or start-up. Licenses include terms that require the licensee to meet certain performance requirements and to make financial payments to TU/e. These payments are shared with the inventors¹ and also distributed to Faculties to provide support for further research, education and participation in the technology transfer process.

**The technology transfer process**

**How do I work with TU/e Innovation Lab?**
We encourage you to contact TU/e Innovation Lab during your discovery process to ensure you are aware of the options that will best leverage the commercial potential of your research. TU/e Innovation Lab staff members are trained to assist you with questions related to marketability, funding sources,

¹ Throughout this manual, unless specifically described otherwise, the term inventor includes individuals listed on a patent as well as contributors who have shared in creating the value of intellectual property that is not patented.
commercial partners, patenting and other protection methods, new business spin-off considerations, TU/e policies and procedures, and much more.

**What are the typical steps in the process?**

The process of technology transfer is summarized in the steps and diagram that follow. Note that these steps can vary in sequence and often occur simultaneously.

1. **Research**
   Observations and experiments during research activities often lead to discoveries and inventions. An invention is any useful process, machine, composition of matter, or any new or useful improvement of the same. Often, multiple researchers – including trainees and research staff – may have contributed to an invention.

2. **Invention Disclosure**
   With this written notice of invention, TU/e Innovation Lab begins the formal technology transfer process. The Invention Disclosure is a confidential document, and should fully describe the new aspects of your invention, including its advantages and benefits. The Invention Disclosure can be found on the website.

3. **Assessment**
   The period in which TU/e Innovation Lab reviews the Invention Disclosure, conduct patent searches (if applicable), and analyzes the market and competitive technologies to determine the invention’s commercialization potential. The assessment process will guide our strategy on whether to focus on licensing to an existing company (exclusively or non-exclusively, different fields of use) or creating a new business spin-off.

4. **Intellectual Property (IP) protection (if appropriate, necessary, or warranted)**
   The process in which protection for an invention is pursued to encourage third party interest in commercialization. Patent protection, a common legal protection method, begins with the filing of a (provisional) patent application. Once a patent application has been filed, it will require several years and tens of thousands of euro’s to obtain an issued patent. Other commonly used forms of IP protection include copyright and trademark.
5. Marketing
With your involvement, TU/e Innovation Lab will identify candidate companies (potential licensees) that have the expertise, resources, and business networks to bring the technology to the market. This may involve partnering with an existing company or creating a spin-off. Your active involvement can dramatically enhance this process.

6. Form a spin-off
If creation of new business spin-off has been chosen as the optimal commercialization path, TU/e Innovation Lab will work to assist the founders in planning, creating and finding funding for the spin-off.

7. Existing business relationship
If the invention will best be commercialized by one or more existing companies, TU/e Innovation Lab seek potential licensees and work to identify mutual interests, goals and plans to fully commercialize this technology.

8. Licensing
A license agreement is a contract between the TU/e and a third party in which TU/e rights to a technology are licensed (without relinquishing ownership) for financial and other benefits. A license agreement is used with both a new spin-off business and an established company. An option agreement is sometimes used to enable a third party to evaluate the technology and its market potential for a limited time before licensing.

9. Commercialization
The licensee company continues the advancement of the technology and makes other business investments to develop and commercialize the product or service. This step may entail further development, regulatory approvals, sales and marketing, support, training, and other activities.

10. Revenue
Revenues (e.g. royalties, shares, etc.) received by TU/e from licensees are distributed equally to the inventors, Faculties and TU/e patent fund to fund additional education, research and technology transfer.

How long does the tech transfer process take?
The process of protecting the technology and finding the right licensing partner may take months (or even years) to complete. The amount of time will depend on the development stage of the technology, the market for the technology, competing technologies, the amount of work needed to bring a new concept to market-ready status, and the resources and willingness of the licensees and the inventors.

How can I help in this process?
- Contact TU/e Innovation Lab at +31 40 247 4822 or the IP officer (found at the bottom of the Invention Disclosure) when you believe you have a scientific or technical observation with potential commercial or research value. The IP officer will involve the appropriate Technology Transfer (TT) officer.
- Complete and submit the Invention Disclosure in sufficient time to file a (provisional) patent application before publicly disclosing your technology or publishing a manuscript, preferably before submitting the manuscript for publication.
- To avoid risking your patent rights and possibly hindering the opportunity to market your invention, contact TU/e Innovation Lab before holding any discussions with people outside the TU/e community; if a patent application has not yet been filed, we will give you a Non-Disclosure Agreement for the party to sign before you describe your invention to them.
On the Invention Disclosure, include companies and contacts you believe might be interested in your IP or who may have already contacted you about your invention. Studies have shown that over 70% of all licenses are executed with commercial entities known by the inventor, so your contacts can be extremely useful.

- Respond to TU/e Innovation Lab and outside patent counsel requests. While some aspects of the patent and licensing process will require significant participation on your part, we will strive to make efficient use of your valuable time.
- Keep the TT officer informed of upcoming publications or interactions with companies related to your IP.

Research Considerations

**Will I be able to publish the results of my research and still protect the commercial value of my intellectual property?**
Once publicly disclosed (published or presented in some form), an invention may have restricted or minimal potential for patent protection. Since patent rights are affected by these activities, it is best to submit an Invention Disclosure (discussed in next section) well before any public communication or disclosure of the invention.
Be sure to inform the TT officer assigned to you of any imminent or prior presentation, lecture, poster, abstract, website description, research proposal submission, dissertation/master’s thesis, publication, or other public presentation of the invention.

**May I use material or IP from others in my research?**
Yes, but it is important to document carefully the date and conditions of use so that we can determine if this use may influence the commercialization potential of your subsequent research results. The use of IP from others should explicitly be mentioned on any Invention Disclosure.

**Will I be able to share material, research tools or IP with others to further their research?**
Yes. However it is imperative to document items that are to be shared with others and the conditions of use. If you wish to send materials to an outside collaborator it is necessary to have a Non-Disclosure Agreement completed to protect your research results or IP. Contact the TU/e Innovation Lab representative at +31 40 247 4822 to assist you.

**What rights does a research subsidizer (sponsor) have to any discoveries associated with my research?**
A sponsored research agreement should specify the IP rights of the sponsor. TU/e retains ownership of the patent rights and other IP resulting from sponsored research. However, the sponsor may have rights to obtain (a license to) the IP arising from the research. Often, sponsored research contracts allow the sponsor a limited time to negotiate a license for any patent or IP rights developed as the result of the research. Even so, the sponsor generally will not have contractual rights to discoveries that are clearly outside of the scope of the research (and which do not use funds from the research agreement). Therefore, it is important to define the scope of work within a research agreement.
Sponsored research agreements are handled by the Research Support Office of TU/e Innovation Lab that works closely with the managing directors of the Faculties on financial and IP issues in sponsored research agreements. If you have questions about sponsored research, please contact the TU/e Innovation lab representative at +31 40 247 5626.

**What about consulting?**
When researchers enter into consulting agreements (for work to be done without use of TU/e facilities), they are deemed to be acting outside of the scope of their employment. Therefore, consulting arrangements are not negotiated by TU/e nor formally reviewed by TU/e Innovation Lab. Researchers who enter into consulting agreements should familiarize themselves with TU/e policies relevant to consulting activities. The researcher is expected to ensure that the terms of the consulting arrangement are consistent with TU/e policies, including those related to IP ownership, employment responsibilities and use of IP. TU/e Innovation Lab is available to provide informal advice on how your consulting agreement relates to TU/e IP you have created.

Invention Disclosures

What is an Invention Disclosure?
An Invention Disclosure is a description of your invention or development that is provided to TU/e Innovation Lab. The disclosure should also list all sponsors of the research and should include any other information necessary to begin pursuing protection and commercialization activities. It is critical that you note the date of any upcoming publication or other public disclosure describing the invention. To initiate the process, email the Invention Disclosure to our office. This document will be treated as “TU/e Confidential”. You will usually be contacted by the assigned TT officer shortly after your submission of the disclosure to discuss the invention and its potential commercial applications.

Why should I submit an Invention Disclosure?
When you disclose your invention to TU/e Innovation Lab, it starts a process that could lead to the commercialization of your technology. On the part of TU/e Innovation Lab, this may involve beginning the legal protection process and working to identify outside development partners. If government funds were used for your research, you are required to file a prompt disclosure, which will be reported to the sponsoring agency. Similar requirements may exist for other sponsored projects.

How do I know if my discovery is an invention? Should I be submitting an Invention Disclosure?
You are encouraged to submit an Invention Disclosure for all developments that you feel may solve a significant problem and/or have significant value. If you are in doubt, contact TU/e Innovation Lab to discuss the potential invention. We can also advise on alternatives to licensing.

When should I complete an Invention Disclosure?
You should complete an Invention Disclosure whenever you feel you have discovered something unique with possible commercial value. This should be done well before presenting the discovery through publications, poster sessions, conferences, press releases, or other communications. Once publicly disclosed (i.e., published or presented in some form to non-TU/e employees), an invention may have minimal to none potential for patent protection.

Should I disclose research tools?
Typically, research tools are materials such as prototypes, protocols, formulas and software, and other materials used as “tools” in the research process. Research tools do not necessarily need to be protected by patents in order to be licensed to commercial third parties and generate revenue for your laboratory. Other research tools (such as new separation processes) may need to be patented in order that a company will invest in the engineering development to make the process broadly useful. If you have research tools that you believe to be valuable, TU/e Innovation Lab will work with you to develop the appropriate protection, licensing and distribution strategy. We will also help you in distributing research materials at
zero or minimal charge to other academic collaborators while preserving the materials’ commercial potential.

**How do I submit an Invention Disclosure?**

You can download a disclosure form and simple instructions from our website (https://www.tue.nl/uploads/media/TUe_Invention_Disclosure_Form_v2012-3.doc). Invention Disclosures are assigned weekly to a TT officer. If you have any questions, call TU/e Innovation Lab at + 31 40 247 4822 or email us at innovationlab@tue.nl.

**Ownership of IP**

**What is “IP”?**

IP is an invention and/or material that may be protected under the patent, trademark and/or copyright laws.

**Who owns what I create?**

Ownership depends upon the employment status of the creators of the invention and their use of TU/e facilities. Considerations include:

- What is the source of the funds or resources used to produce the invention?
- What was the employment status of the creators at the time the IP was made?
- What are the terms of any agreement related to the creation of the IP?

As a general rule, TU/e owns inventions made by its employees while working under a grant or contract to TU/e or using TU/e resources. When in doubt, it is best to contact TU/e Innovation Lab for advice.

**Where can I find TU/e’s policy on ownership of inventions?**

The policy is stated in the Collective Labour Agreement Dutch Universities which can be located on the VSNU website (www.vsnu.nl/workstudy/universities-as-employers.htm).

**Who owns rights to discoveries made while I am consulting?**

The ownership of inventions made while consulting for an outside company depends on the terms of your consulting contract with the company. It is important to clearly define the scope of work within consulting contracts to minimize any issues with inventions from TU/e research. If you have questions, TU/e Innovation Lab is available for informal advice.

**Should I list visiting scientists on my Invention Disclosure?**

All contributors to the ideas leading to a discovery should be mentioned in your disclosure, even if they are not TU/e employees. TU/e Innovation Lab, along with legal counsel, will determine the rights of such persons and institutions. It is prudent to discuss with TU/e Innovation Lab all working relationships (preferably before they begin) to understand the implications for any subsequent inventions.

**Can a student contribute to an invention?**

Yes, a student can even be the sole contributor or inventor. The policy for ownership of an invention developed with or by a student is the same as for any other member of TU/e. It depends on 1) whether the invention was created by a student in a capacity as a TU/e employee, 2) whether the invention was created using TU/e resources, and (3) whether the invention was created under a contract or grant to TU/e.
Assessment of an Invention Disclosure

**How does TU/e Innovation Lab assess Invention Disclosures?**
The TT officer, often with the help of inventors and/or a literature search specialist examine each Invention Disclosure to review the novelty of the invention, competing technologies, protect ability and marketability of potential products or services, relationship to related intellectual property, size and growth potential of the relevant market, amount of time and money required for further development, preexisting rights associated with the IP, and potential competition from other products/technologies. This assessment may also include consideration of whether the IP can be the basis for a new business spin-off.

**If my conviction is that all IP should be licensed non-exclusively to all potential users for the public good, will TU/e Innovation Lab honor my request?**
The TT officer will work with you to develop the appropriate commercialization strategy for your invention. Some technologies lend themselves to non-exclusive licensing (licensing to multiple third parties), while others will only reach the commercial marketplace, and therefore the public, if they are licensed on an exclusive basis. We will try to accommodate inventors’ commercialization wishes consistent with the objectives of co-inventors and consistent with obligations to sponsors or other third parties.

**How do we decide whether to commercialize with a traditional or an “open source” license for software?**
Generally, TU/e Innovation Lab supports those TU/e software developers who choose to essentially give their programs away through open source mechanisms, provided TU/e retains the right to distribute the program freely and that “open sourcing” is consistent with obligations to third parties, such as sponsors. However, since there are many different varieties of “open sourcing,” it is recommended that you contact TU/e Innovation Lab to obtain advice on appropriate notices to put on your open-sourced software.

**Is an invention ever reassigned to an inventor?**
If TU/e Innovation Lab decides not to pursue patent protection and/or chooses not to actively market the invention, TU/e may, upon request by the inventor(s), reassign (transfer ownership) to the inventor(s). Reassignment of inventions funded from sponsors may require the sponsors’ prior approval. Among the key factors in TU/e deciding to reassign are whether additional TU/e resources or private resources could best improve marketability and whether all inventors agree with the reassignment plan. Upon reassignment, the inventor(s) are responsible for payment of prior patent costs and all further development, patenting and marketing expenses. TU/e may also require you to share with TU/e some of any revenue you derive from the commercialization of the invention. If additional TU/e resources are used to further develop the invention, TU/e may reassert ownership interest in the invention.

**Patents and other legal protection**

**What is a patent?**
A patent gives the holder the right to exclude others from making, using, selling, offering to sell, and importing any patented invention. Note, however, that a patent does not provide the holder any affirmative right to practice a technology, since it may fall under a broader patent owned by others; instead, your patent only provides the right to exclude others from practicing it. Patent claims are the legal definition of an inventor’s protectable invention.

**What type of subject matter can be patented?**
Patentable subject matter includes processes, machines, compositions of matter, articles, some computer programs, and methods (including methods of making compositions, methods of making articles, and even methods of performing business).

**Can someone patent a naturally occurring substance?**
Not in its natural state. However, a natural substance that has never before been isolated or known may be patentable in some instances, but only in its isolated form (since the isolated form had never been known before). A variation of a naturally occurring substance may be patentable if an inventor is able to demonstrate substantial non-obvious modifications that offer significant advantages in using the variant.

**What is the United States Patent and Trademark Office (PTO)/European Patent Office (EPO)?**
The PTO is the US federal agency, organized under the Department of Commerce, which administers patents on behalf of the US government. The PTO employs patent examiners skilled in all technical fields in order to appraise patent applications. The PTO also issues federal trademark registrations.
The EPO is the European counterpart of PTO, offering a uniform application procedure which enables inventors to seek patent protection in up to 40 European countries.

**What is the definition of an inventor on a patent and who determines this?**
An inventor is a person who takes part in the conception of the ideas in the patent claims of a patent application. Thus, inventorship of a patent application may change as the patent claims are changed during prosecution of the application. An employer or person who furnishes money to build or practice an invention is not an inventor. Inventorship may require an intricate legal determination by the patent attorney prosecuting the application.

**Who is responsible for patenting?**
TU/e Innovation Lab contracts with inside and/or outside patent counsel for patent protection, thus assuring access to patent specialists in diverse technology areas. Inventors work with the patent counsel in drafting the patent applications and responses to patent offices in the countries in which patents are filed.

**What is the patenting process?**
Patent applications are generally drafted by a patent attorney or patent agent. The patent attorney/agent generally will ask you to review an application before it is filed and will also ask you questions about inventorship of the application claims. At the time an application is filed, the patent attorney will ask the inventor(s) to sign an Inventor’s Declaration and an Assignment under which the inventor(s) assigns his or her rights in the patent to TU/e.
In about one year, depending on the technology, the patent attorney will receive written notice from the PTO/EPO as to whether the application and its claims have been accepted as patentable in the form as filed. More often than not, the PTO/EPO rejects the application because either certain formalities need to be cleared up, or the claims are not patentable over the “prior art” (anything that workers in the field have made or publicly disclosed in the past). The letter sent by the PTO/EPO is referred to as an Office Action or Official Action. If the application is rejected, the patent attorney must file a written response, usually within three to six months. Generally the attorney may amend the claims and/or point out why the PTO’s/EPO’s position is incorrect. This procedure is referred to as patent prosecution. Often it will take two PTO/EPO Official Actions and two responses by the patent attorney (and sometimes more) before the application is resolved. The resolution can take the form of a PTO/EPO notice that the application is allowable; in other words, the PTO/EPO agrees to issue a patent. During the prosecution process, input from the inventor(s) is often needed to confirm the patent attorney’s understanding of the
technical aspects of the invention and/or the prior art cited against the application. The PTO/EPO holds
patent applications confidential until published by the PTO/EPO, 18 months after initial filing. The time
between the initial filing of the patent application and the issuance of the patent is the “patent pending”
period.

Is there such a thing as a provisional patent?
No. However, there is a provisional patent application, which is described below.

What is the difference between a provisional patent application and a regular (or “utility”) patent ap-
plication?
In certain circumstances, provisional patent applications can provide a tool for preserving patent rights
while temporarily reducing costs and perhaps providing extra time to prepare a regular application. This
occurs because the application is not examined during the year in which it is pending and claims are not
required. A regular application must be filed within one year of the provisional filing in order to receive
the benefit of the provisional application’s early filing date. However, since an applicant only receives the
benefit of the earlier filing date for material that is adequately described and enabled in the provisional
application, we may still need you to work with a patent attorney even when an application is filed as a
provisional.

What’s different about foreign patent protection?
Foreign patent protection is subject to the laws of each individual country, although in a general sense
the process works much the same as it does in the Netherlands. In the Netherlands and most foreign
countries, however, an inventor will lose any patent rights if he or she publicly discloses the invention
prior to filing of the first (or “priority”) application in one country.

Is there such a thing as an international patent?
Although an international patent does not exist, an international agreement known as the Patent Coo-
operation Treaty (PCT) provides a streamlined filing procedure for most industrialized nations. A PCT appli-
cation is generally filed one year after the corresponding initial application (either provisional or regular)
has been submitted. The PCT application must later be filed in the national patent office of any country
in which the applicant wishes to seek patent protection, generally within 30 months of the earliest
claimed filing date.

What is gained by filing an application under the PCT?
The PCT application provides two advantages. First, it delays the need to file costly foreign applications
until the 30-month date, often after an applicant has the opportunity to further develop, evaluate
and/or market the invention for licensing. Second, the international preliminary examination often al-
lows an applicant to simplify the patent prosecution process by having a single examiner speak to the
patentability of the claims, which can save significant costs in prosecuting foreign patent applications.
Another important international treaty called the Paris Convention permits a patent application filed in a
second country (or a PCT application) to claim the benefit of the filing date of an application filed in a
first country, provided that a so-called “convention applications” is filed in foreign countries (or as a PCT)
within one year of the first filing date of the initial application.

What is the timeline of the patenting process and resulting protection?
Currently, the average utility patent application is pending for about three years, though inventors in the
biotech and computer fields should plan on a longer waiting period. Once a patent is issued, it is en-
forceable for 20 years from the initial filing of the application that resulted in the patent, assuming that mandated maintenance fees are paid.

Why does TU/e protect some intellectual property through patenting?
Potential commercialization partners (licensees) often require patent protection to protect the commercial partner’s often sizable investment required to bring the technology to market. Due to their expense, patent applications are not possible for all TU/e intellectual property. We carefully review the commercial potential for an invention before investing in the patent process. However, because the need for commencing a patent filing usually precedes finding a licensee, we look for creative and cost-effective ways to seek early protection for as many promising inventions as possible.

Who decides what gets protected?
TU/e Innovation Lab and the inventor(s) together discuss relevant factors in deciding whether to file a patent application. Ultimately, TU/e Innovation Lab makes the final decision as to whether to file.

What does it cost to file for and obtain a patent?
Filing a regular patent application may cost between €10,000 and €20,000. An additional similar amount may be required for patent prosecution. Also, once a patent is issued in the Netherlands or in foreign countries, certain maintenance fees are required to keep the patent alive.

What if I created the invention with someone from another institution or company?
Generally, the invention will be jointly owned between TU/e and the other institution or company. Each inventor will assign his or her rights to their employer. TU/e Innovation Lab will work with the other institution to decide on management of the invention. Usually, if the other institution is a university or research institution, we will make an “inter-institutional” agreement that provides for one of the institutions to take the lead in protecting and licensing the invention, sharing of expenses associated with the patenting process and allocating any licensing revenues.

Will TU/e initiate or continue patenting activity without an identified licensee?
Often TU/e accepts the risk of filing a patent application before a licensee has been identified. After TU/e’s rights have been licensed to a licensee, the licensee generally assumes the patenting expenses. At times we must decline further patent prosecution after a reasonable period (often two or three years) of attempting to identify a licensee.

What is a copyright and how is it useful?
Copyright is a form of protection provided by the laws of the Netherlands and other countries to the authors of “original works of authorship”. This includes literary, dramatic, musical, artistic, and certain other intellectual works as well as computer software. This protection is available to both published and unpublished works. The Copyright Act generally gives the owner of copyright the exclusive right to conduct and authorize various acts including reproduction, public performance and making derivative works. Copyright protection is automatically secured when a work is fixed into a tangible medium such as a book, software code, video, etc. In some instances, TU/e registers copyrights, but generally not until a commercial product is ready for manufacture.

How do I represent a proper TU/e copyright notice?
Although copyrightable works do not require a copyright notice, we do recommend that you use one. For works owned by TU/e, use the following notice: “© 201x Eindhoven University of Technology. All rights reserved”.
How can I learn more about TU/e copyright policies?
We recommend that you begin by reviewing general material at [www.en.wikipedia.org/wiki/copyright](http://www.en.wikipedia.org/wiki/copyright).
If you have additional questions, please contact TU/e Innovation Lab.

What is a trademark or service mark and how is it useful?
A trademark includes any word, name, symbol, device, or combination, that is used in commerce to identify and distinguish the goods of one manufacturer or seller from those manufactured or sold by others, and also to indicate the source of the goods. In short, a trademark is a brand name. A service mark is any word, name, symbol, device, or combination that is used, or intended to be used, in commerce to identify and distinguish the services of one provider from those of others, and to indicate the source of the services.

Considerations for a spin-off company

What is a spin-off and why choose to create one?
A spin-off is a new business entity formed to commercialize one or more related intellectual properties. Forming a spin-off business is an alternative to licensing the IP to an established business. A few key factors when considering a spin-off company are:
- Development risk (often large companies in established industries are unwilling to take the risk for unproven technology).
- Development costs versus investment return (can the investors in the spin-off obtain their needed rates of return?).
- Potential for multiple products or services from the same technology (few companies survive on one product alone).
- Sufficiently large competitive advantage and target market.
- Potential revenues sufficient to sustain and grow a company.
TU/e Innovation Lab can help evaluate these and other factors.

Who decides whether to form a spin-off?
The choice to establish a new company for commercializing intellectual property is a joint decision made by TU/e Innovation Lab and the inventors. If a new business spin-off is chosen as the preferred commercialization path, the Business Incubation (BI) officer can assist you and the other founders in meeting investors, consultants, and entrepreneurs and accessing other resources for advice at TU/e to help you in founding the company. Then, the TT officer will negotiate with a representative of the company (who should not be an employee of TU/e, to avoid conflict of interest), to grant a license to the new company. Also, it is wise for inventors to have agreements regarding their roles with the spin-off reviewed by their own counsel to ensure that all personal ramifications (including taxation and liabilities) are clearly understood.
This matter is further elaborated on in the TU/e regulation for participation of employees in spin-offs.

Marketing to find a licensee

How does TU/e Innovation Lab market my inventions?
TT officers use many sources and strategies to identify potential licensees and market inventions. Sometimes existing relationships of the inventors, TU/e Innovation Lab and other researchers are useful in marketing an invention. Market research can also assist in identifying prospective licensees. In addition,
we also examine other complementary technologies and agreements to assist our efforts. Faculty publications and presentations are often excellent marketing tools as well.

**How are most licensees found?**
Studies have shown that 70% of licensees were known to the inventors. Thus research and consulting relationships are often a valuable source for licensees. Licensees are also identified through existing relationships of TU/e Innovation Lab staff. We attempt to broaden these relationships through contacts obtained from personal networking and from website inquiries, market research, industry events and the cultivation of existing licensing relationships.

**How long does it take to find a potential licensee?**
It can take months and sometimes years to locate a potential licensee, depending on the attractiveness of the invention and the size and stage of development of the market. Most TU/e inventions tend to be in the early stage in the development cycle and thus require substantial commercialization investment, making it difficult to attract a licensee.

**How can I assist in marketing my invention?**
Your active involvement can dramatically improve the chances of matching an invention to an outside company. Your research and consulting relationships are often helpful in both identifying potential licensees and technology champions within companies. Once interested companies are identified, the inventor is the best person to describe the details of the invention and its technical advantages. The most successful technology transfer results are obtained when the inventor and the TT officer work together as a team to market and promote use of the technology.

**Can there be more than one licensee?**
Yes, an invention can be licensed to multiple licensees, either non-exclusively to several companies or exclusively to several companies, each only for a unique field-of-use (application) or geography.

**License agreements**

**What is a license?**
A license is a permission granted by the owner of intellectual property that allows another party to act under all or some of the owner’s rights, usually under a written license agreement.

**What is a license agreement?**
License agreements are typically in writing and describe the rights and responsibilities related to the use and exploitation of intellectual property. TU/e license agreements usually stipulate that the licensee must diligently seek to bring the TU/e IP into commercial use for the public good. The agreement also seeks to provide a reasonable return to TU/e.

**How is a business chosen to be a licensee?**
A licensee is chosen based on its ability to commercialize the technology for the benefit of the general public. Sometimes an established business with experience in similar technologies and markets is the best choice. In other cases, the focus and intensity of a spin-off company is a better option. Typically, TU/e does not have multiple potential licensees bidding on an invention.

**What can I expect to gain if my IP is licensed?**
Per TU/e policy, a share of any financial return from a license is provided to the inventor(s). For more information, see “Regulations patents and inventions TU/e”. In addition, inventors enjoy the satisfaction of knowing their inventions are being deployed for the benefit of the general public. New and enhanced relationships with businesses are another outcome that can augment one’s teaching, research and consulting.

**What is the relationship between an inventor and a licensee, and how much of my time will it require?**
Most licensees need some active assistance by the inventor to facilitate their commercialization efforts. This can range from infrequent, informal contacts to a more formal consulting relationship. Working with a new business spin-off can require substantially more time, depending on your role in or with the company and your continuing role within TU/e. Your participation with a spin-off is governed by TU/e conflict of interest policies.

**What other types of agreements and considerations apply to tech transfer?**
- **Non-Disclosure Agreements** (NDA’s) are often used to protect the confidentiality of an invention during evaluation by potential licensees. NDA’s also protect proprietary information of third parties that TU/e researchers need to review in order to conduct research or evaluate research opportunities. TU/e Innovation Lab can help in drafting NDA’s for TU/e proprietary information shared with someone outside of TU/e. NDA’s may not be signed by individual researchers and typically need to be signed by the managing director of a Faculty.
- **Material Transfer Agreements** (MTAs) are sometimes used for incoming and outgoing materials at TU/e. These agreements describe the terms under which TU/e researchers and outside researchers may share materials, typically for research or evaluation purposes. Intellectual property rights can be endangered if materials are used without a proper MTA.
- **Option Agreements**, or **Option Clauses** within research agreements, describe the conditions under which TU/e preserves the opportunity for a third party to negotiate a license for intellectual property. Option clauses are often provided in a Sponsored Research Agreement to corporate research sponsors at TU/e; option agreements are entered into with potential licensees wishing to evaluate the technology prior to entering into a full license agreement.
- **Research Agreements** describe the terms under which sponsors provide research support to TU/e. TU/e Innovation Lab can provide legal support for such agreements.

**Commercialization**

**What activities occur during commercialization?**
Most licensees continue to develop an invention to enhance the technology, reduce risk, prove reliability, and satisfy the market requirements for adoption by customers. This can involve additional testing, prototyping for manufacturability, durability and integrity, and further development to improve performance and other characteristics. Documentation for training, installation and marketing is often created during this phase. Benchmarking tests are often required to demonstrate the product/service advantages and to position the product in the market.

**What is my role during commercialization?**
Your role can vary depending on your interest and involvement, the interest of the licensee in utilizing your services for various assignments, and any sponsored research related to the license or any personal agreements.

**What revenues are generated for TU/e if commercialization is successful?**
Most licenses have licensing fees that can be very modest (for spin-offs or situations in which the value of the license is deemed to warrant a modest license fee) or can reach hundreds of thousands of dollars. Royalties on the eventual sales of the licensed products can generate similar or greater revenues, although this can take years to occur. Equity, if included in a license, can yield similar returns, but only if a successful equity liquidation event (public equity offering or a sale of the company) occurs. Most licenses do not yield substantial revenues. A recent study of licenses at U.S. universities demonstrated that only 1% of all licenses yield over $1 million. However, the rewards of an invention reaching the market are often more significant than the financial considerations alone.

**What will happen to my invention if the spin-off company or licensee is unsuccessful? Can the invention be licensed to another entity?**
Licenses typically include performance milestones that, if unmet, can result in termination. This allows for subsequent licensing to another business. However, time delays and other considerations can hinder this re-licensing.

**Navigating conflict of interest**

*How does TU/e define a conflict of interest?*
A conflict of interest can occur when a TU/e employee, through a relationship with an outside organization, is in a position to:
- Influence TU/e’s business, research or other areas that may lead to direct or indirect personal financial gain,
- Adversely impact or influence his or her research or teaching responsibilities, or
- Provide improper advantage to others, to the disadvantage of TU/e.

*When should I seek guidance on conflict of interest?*
Whenever a question or uncertainty arises, you should seek guidance from the managing director of your Faculty and/or TU/e Innovation Lab for license-related issues. There are two times in particular when guidance is required: when research proposals are submitted to external sponsors and when a license, option or MTA is being considered for a company in which the Faculty member has an equity or management interest. Certain government contracts and grants have conflict of interest reporting requirements. TU/e Innovation Lab can provide you with guidance in these instances.

*What kinds of issues concern conflict of interest reviewers?*
Examples include the appropriate and objective use of research, the treatment and roles of students, supervision of individuals working at both TU/e and a licensee company, and conflict of commitment (i.e. your ability to meet your TU/e obligations).

*What are examples of a conflict of commitment?*
A conflict of commitment may exist if duties, assignments or responsibilities associated with a technology license or outside business arrangement have a negative impact on your ability to meet commitments associated with your TU/e employment or exceed the amount of time available to you for these activities. The best approach is to fully disclose your situation to your group head and discuss the implications for your job responsibilities.

*How does TU/e manage conflicts of interest?*
TU/e Innovation Lab can advise you on conflict of interest issues related to IP issues and research. It is the responsibility of the researcher or Faculty member to disclose and document any outside arrangements that constitute disclosable situations or interests as described in TU/e conflict of interest policies.

**Revenue contributions**

*How are license revenues distributed?*

TU/e Innovation Lab is responsible for managing the expenses and revenues associated with technology agreements. Per TU/e policy, revenues from license fees, royalties and equity (minus any unreimbursed patenting expenses and possible other expenses) are (equally) shared with the inventor(s), the Faculty and TU/e (see “Regulations patents and inventions TU/e”). For purposes of revenue distribution, “inventors” are defined as named inventors on patents or authors of copyrighted materials.

*What if I receive equity from a company?*

If an inventor has received or will receive equity directly from a licensee of technology, TU/e policy states that the inventor will not receive any of the equity received by TU/e in connection with that license. Equity includes stock and/or stock option or stock warrants.

*What are the tax implications of any revenues I receive from TU/e?*

License revenues paid to inventors are generally taxable and are reported as income. Consult a tax advisor for specific advice.

*How are inventor revenues distributed if there are multiple inventors and/or multiple inventions in a license?*

The “inventors’ share” of royalties is divided equally among all inventors unless all inventors agree in writing to another distribution formula of their collective choice.

*How is equity from a license distributed?*

The equity that TU/e receives under a license agreement is distributed to inventors that are not receiving equity directly from the licensee, in accordance with the same policy that governs the distribution of cash royalties. The prescribed shares are issued by the company to these inventors as certificates on shares in the inventors’ names.

**Reinvestments & Relationships**

Every year, TU/e Innovation Lab, working with our TU/e inventors and licensees:

- Receives over 40 invention disclosures
- Negotiates approximately 20 new option and license agreements
- Assists in forming 5-10 start-ups

The revenues received are shared with inventors, among TU/e Faculties and the TU/e patent fund. Revenues going to TU/e entities are reinvested in additional research and education, thus fostering the creation of the next generation of research, researchers and entrepreneurs.

Our new technology transferred to industry enhances industrial competitiveness, brings new products and therapies to the public, and further creates economic development and new jobs through our spin-off companies.
In addition, the creation and deepening of company relationships through these activities support TU/e’s missions. They result in additional research projects, broader educational opportunities and collaborative investments, and an enhanced ability to create, retain and share valuable resources that contribute to our mission.