



University
of Glasgow

Funding Your IP Portfolio

Dr Kevin Cullen

Director of Research & Enterprise

University of Glasgow

- **AUTM Board**
- **Praxis Committee**
- **UNICO Board**

With thanks to

- John Cairns, IP Manager, University of Glasgow.

Funding IP Portfolios

- **Why invest in University IP?**
- **Funding an IP portfolio**
- **Sources of finance**

Why invest in University IP?

- **Monopoly rights**
 - Strengthens negotiation position with potential customers, partners
- **Credibility**
 - Increases investor/company confidence in your research
 - Increases probability of further funding
 - Govt agencies – improves prospects of grants
 - Matches public sector targets
- **Increases University portfolio value**
- **Potential for commercial returns**

Things to Consider about your IP

Your Global IP strategy

- What can we afford?
- UK, Europe, US, Japan, rest of world?
- Scope of commercial “attractiveness” v affordable level of protection
- Difficult to achieve this balance on a University budget

Things to Consider about your IP

➤ Resources

- Patent attorneys
- Legal advisors
- In house resource
- All cost \$\$ - these need to be carefully managed and controlled

Things to Consider about your IP

- Defending IP
 - Who pays? Who can afford to pay?
 - Again, University budgets are not intended for this level of risk

Things to Consider about your IP

- Leveraging an IP portfolio
 - “feel the weight”
 - Clusters of technology rather than one single project

IP tactics

- **Fundamental v supporting IP?**
 - **Broad core concept or incremental supporting developments?**
 - **Defensibility?**

IP tactics

- **IP as a weapon**
 - **Monitor and block competitor patents – increases their value and likelihood of competitor trying to acquire these rights**
 - **Means of giving YOUR university a competitive advantage over others**

Sources of Funding for IP Portfolio

- IP is the lifeblood of Tech Transfer
- IP is an expensive commodity
- We need to be clever to maximise the value of our IP portfolio without breaking the bank.

The Key Things to Think About

1. How much IP are you going to want to protect?
2. How much IP can you afford to protect?
3. If $1 > 2$, then where else can you get the money from?
4. Are there ways of doing it without money?

The Key Things to Think About

1. How much IP are you going to want to protect?
 - How many disclosures per annum?
 - Quality of those disclosures?
 - Decision processes for deciding on protection?
 - Who has ultimate control?

The Key Things to Think About

2. How much IP can you afford to protect?

- do you have a budget?
- who controls that budget?
- do you have timescales for decisions on funding protection?
- do you have a profile of future costs of current portfolio?
- how do you decide to 'exit'?

The Key Things to Think About

3. If $1 > 2$, then where else can you get the money from?

If the budget is tight and you have good quality disclosures coming in can you:

- get Government Funding?
- will the academic pay?
- will the academic's department pay?
- will a company pay?

....looking at these in turn

Government Funding for IP (UK scene)

- Government has been very keen on the Knowledge Economy
- Has funded 'commercialisation' activities
 - University Challenge Fund (University controlled funds)
 - Proof of Concept Fund (competitive bidding)
 - SMART schemes (require a company to be created)
 - individual grants from EDA (needs very strong case)

Will the Academic Pay?

1. This can be a double-edge sword
2. Shows the commitment of the researcher, but
3. Puts you in a 'weak' position with the researcher
 - who may ask for assignment instead
 - who could reasonably ask for a special deal

To make the budget stretch, consider sharing cost with academic

Will the Academic's Department Pay?

1. Potentially a 'triple-edged sword'
2. All the issues of the previous slide PLUS
3. There are sure to be committees involved somewhere...which makes it a very slow process.

Will a Company Pay?

- **Most common after Government Funding in most cases**
- **Company might be prepared to cover IP costs**
 - while exploring the potential of the technology
 - in return for an option on the IP
 - as part of a research contract

The Key Things to Think About

4. Are there ways of doing it without money?

Yes there are:

A. keep the IP confidential

- This is usually an issue for Universities and research Institutions.
- Requires rigorous control of communications
- Requires rigorous use of NDAs etc....and a willingness to police these and act.

The Key Things to Think About

4. Are there ways of doing it without money?

yes there are:

B. Use non-patent IP Approaches (will discuss in detail tomorrow)

- appropriate for copyright?
- trademark (not free but cheaper than patents)
- design rights?

All worth considering if you have no budget, but can be completely inappropriate for most technologies.

Remember That the biggest issues TT face are:

- **Inefficient technology transfer**
- **Academic inexperience in intellectual property**
 - Need education and awareness raising
 - Make engaging with process easier
- **Industry unwilling to support early stage technology**
 - Too risky
- **“Valley of death” between Research & Development**
 - University’s fund a project only to find no industrial interest
- **High R&D cost and “burn rate”**

Our own experience in Glasgow

- 1. We apply all of the thinking described above**
- 2. Our patent budget (from the University) is only £100kpa (CP 260k)**
- 3. Our patent expenditure is typically £250kpa**
 - therefore, we have to make up the balance**
 - For 2006/07 Government Grants contribute £12k**
 - For 2006/07 Company contributions ca £103, 023**
- 4. We also manage to keep our costs down by.....**

Our own experience in Glasgow

We also manage to keep our costs down by.....

- having a rigorous assessment of disclosures**
 - IP due diligence**
 - commercial assessment**
-must be a strong position and strong case.**

Our own experience in Glasgow

We also manage to keep our costs down by.....

- having institutional decision-making processes
 - involving academics/Deans etc...ensures we don't waste money in areas that the University does not want to support

Our own experience in Glasgow

We also manage to keep our costs down by.....

- **having regular and rigorous reviews of the portfolio**
 - **Each payment milestone requires a case to be made**
 - **This case should always indicate interest from a potential customer**
 - **External funding for the IP makes the case easier**
 - **It is very, very easy to waste money on IP going nowhere...keep an eye on it.**

In Conclusion

Funding the IP Portfolio:

- depends on having a decent portfolio to fund
- can be very costly but good processes (and a great IP Manager) can keep the cost to a minimum

In Conclusion

It is possible to get others to fund your IP

- **make sure you know the Government schemes**
- **tap into company funds whenever you can**
- **ask the academics if it is absolutely necessary**

In Conclusion

It is possible to keep costs very low

- confidentiality is good, but difficult
- Non-patent IP can be cheap, but often inappropriate.

Thank you for Listening

X.XXXXXXX@XXXXXXXXXXXX.XXX.XX.XX