



# An Inventor's Guide:

Technology Transfer at LSU Health Sciences Center - New Orleans

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## A MESSAGE FROM THE DIRECTOR

The 'An Inventor's Guide: Technology Transfer at LSU Health Sciences Center' outlines the essential elements of technology transfer and commercialization on our campus.

Organized by the Office of Technology Management, this guide is intended to serve as a quick reference providing a broad overview of the commercialization process and the services available for LSU Health Sciences Center's research community.

While the Guide will be updated periodically to include revised LSU Health Sciences Center policies and procedures, any published policy shall supersede material contained in this guide.

I encourage you to contact our office with any questions you might have. OTM staff will meet with you individually or in a group, to discuss any of the topics covered in this guide. We offer presentations to research/department groups on Technology Transfer Basics, an Intellectual Property Primer, or other advanced topics in which you might have an interest.

Patrick E. Reed, MS  
Director, Office of Technology Management



## TABLE OF CONTENTS

TECHNOLOGY TRANSFER OVERVIEW .....	4
THE COMMERCIALIZATION PROCESS .....	6
ASSESSMENT OF A TECHNOLOGY DISCLOSURE.....	8
RESEARCH CONSIDERATIONS .....	10
OWNERSHIP OF INTELLECTUAL PROPERTY .....	11
PATENTS AND OTHER INTELLECTUAL PROPERTY PROTECTION.....	13
LICENSE AGREEMENTS .....	15
FACULTY INVENTOR STARTUP COMPANIES.....	16
MATERIAL TRANSFER AND NONDISCLOSURE AGREEMENTS .....	17
CONFLICT OF INTEREST .....	19
LICENSING REVENUE DISTRIBUTION .....	20
USEFUL LINKS .....	22

# TECHNOLOGY TRANSFER OVERVIEW

## What is technology transfer?

Technology transfer is the process of transferring skills, knowledge, technologies, methods of manufacture, samples of manufacture, and facilities to others to guarantee that scientific and technological developments are accessible to a wider range of users for further development. Succinctly, it is the dissemination of knowledge to the general public. This transfer commonly occurs through publications in peer-reviewed journals, presentations at conferences, students entering the workforce, relationships with industry collaborators, and commercial licensing.

## What is the Bayh-Dole Act?

The Bayh–Dole Act, or Patent and Trademark Law Amendments Act, is United States legislation dealing with intellectual property arising from federal government-funded research. Adopted in 1980, Bayh-Dole is codified in 35 USC § 200-212, and implemented by 37 CFR 401. Among other things, it gives US universities, small businesses, and non-profits control of their inventions and other intellectual property that result from such funding. The Act, sponsored by two senators, Birch Bayh of Indiana and Bob Dole of Kansas, was enacted by Congress on December 12, 1980. In exchange for the rights granted the recipients of federal government-funded research, the Bayh-Dole Act requires the recipients to seek appropriate protection for discoveries, use reasonable efforts to commercialize the resulting technologies, give preference to small US business when marketing these technologies, provide the funding agency with progress reports, and share licensing revenue with the inventors. The Bayh-Dole Act applies only to patentable inventions; it does not apply to copyrightable works (except when those works might also be protected by a patent).

Additional information about the Act can be found on the Council of Governmental Relations' (COGR) website at <http://cogr.edu/viewDoc.cfm?DocID=151745>.

## What is the Office of Technology Management?

Under the Vice Chancellor for Academic Affairs, the Office of Technology Management (OTM) is primarily tasked with facilitating the research enterprise. OTM accomplishes this by managing and protecting LSU Health Sciences Center's intellectual property (IP); enabling the commercialization of this IP through various contractual mechanisms; protecting the interests of the university's investigators; ensuring compliance with government regulations and contractual obligations; and assisting in the development of long-term industry relationships.

As a public university, LSU Health Sciences Center – New Orleans has a responsibility to make certain its research results are available for the benefit of the general public. Entering into commercial arrangements for the further development of a technology is often the only way by which the university is able to accomplish this. University technologies are usually early-stage, requiring substantial

investment in their further development before they can be disseminated to the market. Most companies will not normally commit the resources to further develop a technology without an agreement assuring that it will receive commercial benefit from its investment should further development be successful. This is the primary rationale behind OTM's licensing activities.

💡 **Why would an investigator want to participate in the technology transfer process?**

You participate in the technology transfer process every day. Technology is transferred through publications, seminars, graduating students, collaborating with your colleagues at other institutions, etc. A better question might be, *"Why would I want to participate in the technology disclosure and commercialization process?"*

Though the Bayh-Dole Act and LSU's IP policy provide the opportunity for financial rewards to be realized by individual inventors, many investigators participate in the commercialization process for a variety of reasons, including:

- Attracting sponsored research
- Fulfilling an obligation under an existing research contract
- Making a positive societal impact
- Creating education opportunities for students and linking them with potential employers
- Achieving professional recognition




## THE COMMERCIALIZATION PROCESS

### 💡 How do I start the process?

Investigators should contact the Office of Technology Management (OTM) prior to or during the discovery process to ensure awareness of the options available and any “early on” steps that may be taken to maximize protection of your technology. In any event, investigators should disclose their technology to OTM prior to making an enabling public disclosure (i.e., peer-reviewed journal article, presenting at a conference, discussing the details of your research with a potential sponsor, etc.).

Once a discovery occurs, investigators can start the process of commercialization by completing the Technology Disclosure Form and submitting it to OTM. The Technology Disclosure Form may be found at <http://www.lsuhscc.edu/administration/academic/otm/Forms.aspx>.


**LSU Health New Orleans**  
 HEALTH SCIENCES CENTER  
 Office of Technology Management  
**TECHNOLOGY DISCLOSURE FORM**

Received: \_\_\_\_\_  
ID: \_\_\_\_\_

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**TITLE:** Areas for text entry automatically expand and wrap to accommodate the text entered.

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**INVENTORS:** Inventors should include only those persons who contributed to the ideas underlying the technology. Please make your best effort to include all inventors (non-LSUHSC inventors should also be included). If OTM proceeds with filing a patent application, patent counsel will separately investigate and make a legal determination of inventorship in accordance with patent law. Additional and non-LSUHSC inventors may be listed on page 5.

The “Contribution %” field is optional. You are encouraged but not required to complete it. If the “Contribution %” field is completed, then your signature below indicates that the inventors’ share of royalties resulting from this invention will be irrevocably allocated accordingly (unless LSUHSC’s patent counsel determines that the individuals named as inventors must be changed, in which case the present percentage allocation will be annulled, and a new allocation shall then be determined). The “Contribution %” **must be agreed to by all inventors**. If inventors never reach agreement on the contribution percentages, then royalties will be allocated as provided in LSU’s [Bylaws](#) and [PM-64](#). Do not complete the “Contribution %” field if there are any non-LSU inventors.

Name: Click here to enter text.	Title: Choose an item.	Citizenship: Click here to enter text.
LSUHSC Address: Click here to enter text.		
Department: Choose an item.		Contribution %: Click here to enter text.
Work Phone: Click here to enter text.	Work Email: Click here to enter text.	Other Email: Click here to enter text.

### 💡 How do I know I’m ready to start the process?

For patentable subject matter, two things signify the completion of an invention- **conception** and **reduction to practice**.

Conception requires the formulation, in the inventor's mind, of a complete way of solving some problem. A general approach, or identification of a problem, is not enough. A rough rule of thumb is that conception is complete when no more than routine skill in the art is needed to complete the invention. If inventive or creative effort is still required to work out the method of solving a problem, then conception is not complete. In fact, evidence of further experimentation or research can act as evidence against completion of conception.

There are two examples of “reduction to practice-” actual and constructive. Actual reduction to practice is much as the name suggests. It represents the physical construction of an invented object, or a physical carrying out of an actual process in a method invention. Unless the utility, or usefulness, of an invented product is self-evident, a successful reduction to practice must include the establishment of a practical use for the invented material.

Constructive reduction to practice is perhaps the simplest to understand of the possible points where an invention is created. An invention is constructively reduced to practice when a formal application disclosing the invention is filed with the Patent and Trademark Office. An invention does not have to be built (“actually reduced to practice”) to suffice; it is enough if the enabling disclosure allows one skilled in the art to build the claimed invention. It is important to realize that a provisional patent application is a constructive reduction to practice only if it contains adequate disclosure that would support a nonprovisional utility application.

*A written description of an invention should be made as soon as possible after its conception, witnessed and dated, as dates of conception and reduction to practice may be necessary to establish priority of invention. An actual reduction to practice can be extremely useful to establish priority, as well as assist in attracting industry interest.*

#### **How can I help the commercialization process?**

- Keep well-documented research results in a laboratory notebook.
- Include a detailed, enabling description of the technology in the Technology Disclosure Form.
- To avoid jeopardizing potential patent rights, contact OTM or the Office of Research Services to secure a nondisclosure agreement with a third party prior to holding an “enabling” discussion.
- Be mindful of any upcoming publications or conference presentations (i.e., public disclosures) so that OTM can review the disclosure and determine what action to take, if any.
- Studies have shown that a large percentage of all licenses are executed with a company known to one or more of the inventors. Your contacts may be extremely useful.
- Be as responsive as possible to outside patent counsel requests. While we strive to make efficient use of your time, the commercialization and patenting process will require significant participation on your part. In addition to keeping costs as low as possible, timeliness will help ensure the best possible patent application is prepared and filed with the Patent Office.

#### **Who negotiates the terms of a license?**

The staff of OTM is responsible for the negotiation of the rights in and to the university’s IP. We strive to be as transparent as possible during this process and will work diligently to keep you and the other inventors informed on the status and content of negotiations.

Only authorized signatories of the university may sign and execute agreements on behalf of LSU Health Sciences Center.

## ASSESSMENT OF A TECHNOLOGY DISCLOSURE

### How do you assess the merits of my disclosure?

The Office of Technology Management has a limited budget and must be selective about the technologies in which it decides to invest. A review of technology disclosures revolves around two main concepts- **patentability** and **commercialization potential**.

Patentability, while not completely objective, is easier to determine than is commercialization potential. OTM will conduct a prior art search, consult with its patent attorneys, and speak with the inventors about how their invention is unique from the prior art identified. It's important to note that while an invention may be found to be patentable, the actual scope of what is claimed may be narrow. A narrow claim scope has less value than one that is broader.

Commercialization potential is the more subjective determination. Will the market be interested in this invention? What is the likely sales volume? Is this a disruptive technology or only an incremental improvement to what already exists? Is the market crowded in the field of the invention? What is the likelihood that industry will adopt the technology? Are the costs of that adoption high? The staff of OTM along with the inventors will work through these questions to determine the commercialization potential of the technology that is disclosed. Outside service providers may also be consulted to assist in this determination.

The best technologies are those that are both patentable and have a high commercialization potential.

### What is a prior art search?

Prior art is the total body of knowledge that teaches or anticipates the invention, or otherwise relates directly to the invention, as it existed prior to your conception of the invention. It includes patents, publications, physical embodiments, and visual presentations.

As part of the assessment process, you are asked to perform a preliminary prior art search and provide your findings on the disclosure form you submit to OTM. We will perform our own prior art search during our assessment.

### Why do you ask the inventor(s) to perform a prior art search?

As the inventor, you know your invention better than anyone else. It is an excellent idea to perform prior art searches before and during your research project.



💡 **Does OTM *only* file a patent when a licensee has been identified?**

Through our assessment of the technology, OTM and the inventors together discuss the relevant factors in deciding whether to file a patent application. Patentability, commercialization potential, and resource availability contribute to OTM's final decision.

It can be difficult to identify a potential licensee. OTM will not abandon a technology simply because a potential licensee has not been identified.



## RESEARCH CONSIDERATIONS

The Office of Technology Management works closely with the Office of Research Services to develop flexible solutions to leverage intellectual property for research funding while balancing the need to protect such intellectual property and preserve rights to enable future opportunities.

### **Does participating in the commercialization process affect an investigator's ability to publish?**

OTM will never intentionally impede an investigator's ability to publish. It is important to understand, however, that patent rights are affected by public disclosure. There are significant differences between the United States and other countries on how publications and other public disclosures affect one's ability to seek patent protection. If properly informed of any past or pending publications, dissertations, research proposals, web postings, poster presentations, abstracts, and other publications, OTM will be able to effectively assist the investigator in preserving potential IP rights without any need to delay publication.

### **Why don't we just "give" the sponsor the intellectual property in the research contract?**

Through this would appear to be an expedient means of transferring technology, there are reasons why this is not done:

- IRS Revenue Procedure 2007-47 constrains the university from providing the sponsor of research access to the resulting intellectual property on more favorable terms than it would to a non-sponsor.
- The Bayh-Dole Act prescribes the efforts a university electing to retain title to intellectual property resulting from research at least partially supported by federal funds.
- Most importantly, LSU Health Sciences Center wants to guarantee the preservation of an investigator's future research endeavors with the IP she creates and that any licensee must demonstrate a reasonable effort to commercialize the technology. Ultimately, we must maintain some level of control in order to make certain that the inventor is able to continue work on the invention and that the technology is provided for public benefit.

## OWNERSHIP OF INTELLECTUAL PROPERTY\*

Activities of the university's faculty, staff, and students regularly result in intellectual property, the development of which was aided in whole or in part through the use of the university's resources.

### 💡 Who owns the intellectual property I create?

Patentable Inventions:

Under LSU's Bylaws and Regulations, and as a condition of your employment, ownership of patentable inventions is retained by LSU when the invention is either conceived or first reduced to practice, in whole or in part, during activities that are:

- Carried on by, or under the direction of, LSU personnel, regardless of when or where conception or reduction to practice occurs; or
- Supported by funds under the control of LSU; or
- Conceived, created, designed, developed, or conducted with the use of LSU facilities, equipment, or supplies.

Copyrightable Works:

Under LSU's Bylaws and Regulations, and as a condition of your employment, ownership of copyrightable works is retained by LSU when the development of the work occurred during an activity that is supported by LSU, in whole or in part. These copyrightable works include any original works of authorship, software, digital media, course material, and databases.

### 💡 Are there any exceptions to the assignment requirement?

Patentable Inventions:

The following shall NOT be considered an LSU Invention: an invention or discovery that is wholly conceived and wholly first actually reduced to practice during activities that satisfy each of the following four conditions:

- The activities occur during the personal, off-duty time of all involved LSU personnel; and
- The activities are not supported by funds under the control of LSU; and
- The activities are not performed with the use of LSU facilities, equipment, or supplies; and
- The activities are unrelated to any current or past field or area of expertise, responsibility, or employment of any involved LSU personnel.

### Copyrightable Works:

LSU releases to the respective author(s) all of LSU's interest in any copyright to a book, article, lecture, thesis, dissertation, other literary work, work of art, Course Material (as defined in the LSU Bylaws and Regulations), or musical composition that would otherwise be an LSU Work; except that LSU's interest shall not be so released: (i) if LSU publishes the work itself; or (ii) if LSU publishes or produces a derivative work based on that work, where the derivative work is an audio, video, or digital production, or broadcast, including by way of example video recordings of lectures, other recordings of lectures, distance learning activities or other course-related activities; or (iii) if LSU is required to deliver the work to a third party under a research contract or other contract between LSU and the third party. This release of certain rights to the author(s) does not apply to LSU Software or LSU Databases.

The release of Course Materials only applies to the extent that an author or co-author himself or herself uses those materials in the bona fide teaching or instruction of a regularly scheduled course for credit at LSU.

### **What about intellectual property I create while I am consulting?**

PM-11\*\* is very specific regarding the ownership of intellectual property created during consulting activities. Unless the intellectual property created meets all four criteria of the exception for patentable inventions described above, the intellectual property shall be considered to be owned by LSU.



*\*Information may be found in the LSU Bylaws and Regulations, Part II, Chapter VII, Intellectual Property*

**\*\*PM-11, V(A)(3)(h)**

## PATENTS AND OTHER INTELLECTUAL PROPERTY PROTECTION

### What is a patent?



A patent is a grant authorized by the Constitution and issued by the US Patents & Trademark Office (USPTO), giving the patent owner the right to exclude others from making, using, or selling an invention within the United States for a limited time period. It is an agreement between an inventor and the government- the inventor teaches the public the best way to accomplish the invention and the government grants the inventor the right to exclude others from practicing his invention for anything but purely research purposes. This disclosure to the public stimulates further research and development.

It is important to remember that a patent does not give the patent owner the right to practice the invention, only the right to exclude others from practicing it. It could be that you would need to obtain rights to some other party's patent in order to practice your invention.

### What is a provisional patent application?

A provisional patent application is a faster, less expensive application used to establish a priority date with the USPTO. It is a way of postponing the cost and effort of preparing and filing a nonprovisional or utility application (i.e., a "full" patent application), while the invention is being evaluated to determine whether it would be prudent to proceed with a more rigorous filing. After filing a provisional patent application, the applicant has one year in which to file a nonprovisional application. It should be remembered that the provisional application will only establish a valid priority date if the claims of the later filed nonprovisional application are supported by the earlier filed provisional application. If a nonprovisional is not filed within 12 months, the provisional will lapse. In that case, the provisional application is not published nor is it made available to the public by the USPTO.

### What is a Patent Cooperation Treaty (PCT) application?

A PCT application provides a streamlined filing procedure in which an applicant may delay seeking statutory protection in individual countries (aka, jurisdictions), for up to 30 months from the priority date. Essentially, a PCT application is a placeholder for filing foreign patent applications in specific countries.

### Why is a PCT application important?

While filing and securing a nonprovisional US patent application may cost between \$7,500 and \$15,000, other countries usually cost significantly more. The reasons for this include the cost of translation, using foreign counsel, and the need to address different patent laws in foreign countries.

### What is a copyright?



A copyright is a property right that protects you against others copying any of your “original works of authorship fixed in any tangible medium of expression.” These can include literary works; computer programs; musical, pictorial, and graphical works; audiovisual works; and architectural works. A copyright does not protect an idea, but only your specific expression of that idea.

A copyright is an automatic right. While you can register a copyrighted work, it is not necessary to do so. To represent the fact that you intend for LSU Health Sciences Center to enforce your copyright, conspicuously place the following statement on your published work:

**Copyright [year you first publish the work]  
Board of Supervisors of Louisiana State University and Agricultural and Mechanical College,  
through its LSU Health Sciences Center – New Orleans  
ALL RIGHTS RESERVED**

A copyright entitles the owner to do the following:

- Reproduce the work in copies
- Prepare derivative works based upon the work
- Distribute copies of the work to the public by sale or other transfer of ownership, or by rental, lease, or lending
- Perform the work publicly
- Display the work publicly
- Perform the work publicly by means of a digital audio transmission

### What is know-how?

Know-how is knowledge of how to do something, or a faculty or skill for a particular thing. While, at times, know-how may not be commonly known, and may be kept as a trade secret, most of LSU Health Sciences Center’s know-how is widely disseminated through training of students, publications in peer-reviewed journals, and conference proceedings. OTM will not normally enter into an agreement that grants exclusive rights to know-how.

### Where can I learn more about intellectual property?

In addition to on-campus seminars provided by the staff of OTM and the OTM website, the USPTO ([www.uspto.gov](http://www.uspto.gov)) and Bitlaw ([www.bitlaw.com](http://www.bitlaw.com)) are excellent resources.

## LICENSE AGREEMENTS

### What is a license agreement?

A license agreement is a contract that grants a company permission to use an invention for commercial purposes, subject to certain terms and conditions including payment of a licensing fee, running royalties, and minimum royalties; restriction on the use of the university's name; indemnity provisions; insurance requirements; university disclaimer of warranties; etc. The terms of the agreement will be commercially reasonable and negotiated. The fees included in a license agreement are based on the estimated value of the invention. OTM is the only party permitted to negotiate with a potential licensee.

### Where can I find an example of an LSU Health Sciences Center license agreement?

Template license agreements may be found on the LSU System Office website at <http://www.lsusystem.edu/index.php/system-office/technology-transfer/> under "Staff Resources."

It is encouraged that you notify OTM before sending a potential licensee a template license agreement.

### What happens after a license agreement has been signed by both parties?

After execution of a license agreement, regular contact is maintained with the licensee and their performance, as well as adherence to the provisions of the license agreement, is monitored by OTM. In many cases, the licensee may fund further research at LSU Health Sciences Center to help in the development of the technology and may also retain the inventor as a consultant. Revenue received from the licensee, including any benefit derived from equity, is distributed in accordance with LSU's Bylaws and Regulations. During the term of a license, it is not uncommon for circumstances to change requiring an amendment to the agreement to take into account new situations.

### What is an Limited Right of Exclusive Negotiation agreement?

A Limited Right of Exclusive Negotiation (LREN) agreement is an agreement that grants a company, for consideration (financial or otherwise), an exclusive right for a limited period of time to evaluate the technology and/or negotiate a license on agreed upon terms and conditions.

## FACULTY INVENTOR STARTUP COMPANIES

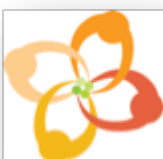
LSU Health Sciences Center actively encourages entrepreneurship and the involvement of its faculty in startup companies if they so choose and when it's appropriate.

### **What resources are available to someone interested in starting a company?**

The Office of Technology Management is happy to provide advice on how you should approach establishing your new company. While OTM must ensure that the transaction with your company is arms-length, we can provide direction and point you to valuable resources.

Additionally, the New Orleans BioInnovation Center (NOBIC) has various resources, including incubation facilities, an SBIR assistance program, and topic appropriate seminars, to assist our faculty interested in starting a company.

### **What is the New Orleans BioInnovation Center (NOBIC)?**



The New Orleans BioInnovation Center, part of a new wave of advancements in Louisiana, is at the forefront of today's biotechnology surge. As a cornerstone of Louisiana's commitment to nurturing biotechnology within the state, the Center is a technology business incubator that aims to stimulate bioscience entrepreneurship in the New Orleans area.

Located in the heart of the New Orleans Medical Corridor, NOBIC's mission is to assist biotechnology-related companies in commercializing bio related technologies in Louisiana. The facility serves as a catalyst for launching a biotechnology industry in New Orleans. NOBIC caters to a broad scope of companies, ranging from pre-startups and startups to maturing and expanding businesses.

### **Are there any special conflict of interest issues to consider when licensing to a faculty startup?**

Any time the university enters into a contract with an employee's private enterprise, there is the potential for conflicts of interest to arise. Luckily, conflicts of interest aren't bad things- they simply need to be managed.

As part of the licensing process and to help identify potential conflicts of interest, OTM will require a capitalization table from the company, a PM-67 form review and approval by the LSU System Office, and verification that an updated PM-11 form has been submitted. In certain circumstances, the execution of a license agreement may be delayed until a conflict of interest management plan is drafted and approved by the Office of Research Services' Conflict of Interest Committee.



## MATERIAL TRANSFER AND NONDISCLOSURE AGREEMENTS

### 💡 Why are nondisclosure agreements necessary?

A nondisclosure agreement (aka, confidentiality agreement) is necessary before any proprietary information is disclosed by one party to another. Without this agreement, the party to whom the information is disclosed is free to use and transmit the information to others. The agreement also protects the technology from an enabling public disclosure that could preclude OTM from obtaining a patent. Any information being passed on to another party must be identified as proprietary and any information conveyed orally should be confirmed in writing, once again identified as “Proprietary” or “Confidential.” You should contact OTM before disclosing any proprietary information to any non-LSU party.

### 💡 What constitutes an enabling public disclosure?

Any disclosure that teaches someone “of ordinary skill in the art” how to duplicate or practice the invention may be considered an enabling public disclosure. Public disclosure is not confined to publications in technical journals or books. Posting to a website, a poster session, slides, presentations and a defense of a dissertation that is open to the public may all preclude all or portions of your invention from being patentable.

### 💡 How do I arrange for a nondisclosure agreement to be executed?

If your disclosure of information is for the purpose of assessing a potential licensee’s interest in your technology, OTM will arrange for an agreement to be submitted to the interested parties. For all other purposes, the Office of Research Services should be sent the request and OTM will assist them in their review and negotiations.

### 💡 Can I sign a nondisclosure agreement on behalf of LSU Health Sciences Center?

No. Only an authorized signatory of the university may bind the institution in a legal document.

### 💡 Where can I find an example of a nondisclosure agreement?

<http://www.lsuhscc.edu/administration/academic/otm/Forms.aspx>

### 💡 What is a Material Transfer Agreement (MTA)?

An MTA is an agreement that provides that any materials being made available by one party to another are being made available in support of scientific work only and not for commercial use. OTM and the Office of Research Services handle the processing and negotiation of these agreements.

💡 **Do all transfers of material out of LSU Health Sciences Center require an MTA?**

No. Only materials in which LSU Health Sciences Center or third party intellectual property is involved require an executed MTA prior to shipment. Materials that do not involve intellectual property may still be subject to other regulatory approvals prior to shipment.

💡 **What is the Uniform Biological Material Transfer Agreement (UBMTA)?**

On March 8, 1995, the National Institutes of Health — on behalf of the Public Health Service and the Centers for Disease Control — published the final version of the Uniform Biological Material Transfer Agreement (UBMTA) and a Simple Letter Agreement for the Transfer of Non-Proprietary Biological Material. For institutions that have signed the UBMTA Master Agreement, materials can be transferred under the terms of the UBMTA upon execution of an Implementing Letter for the particular transfer.

A list of signatory institutions of the UBMTA may be found here:

[http://www.autm.net/AM/Template.cfm?Section=Technology\\_Transfer\\_Resources&Template=/CM/ContentDisplay.cfm&ContentID=8374](http://www.autm.net/AM/Template.cfm?Section=Technology_Transfer_Resources&Template=/CM/ContentDisplay.cfm&ContentID=8374)

Materials sent between signatory institutions require much less, if no, negotiation.



## CONFLICT OF INTEREST

### What is a conflict of interest?

“Conflict” can be defined as “any outside activity or financial interest that interferes with the full and faithful performance of the employee’s responsibilities or obligations to the institution. The term “conflict of interest” refers to situations in which financial or other personal considerations may directly and significantly affect, or have the appearance of directly and significantly affecting, a faculty member’s or staff member’s judgment in exercising any university duty or responsibility or in the conducting or reporting of research. The bias that such conflicts may conceivably impart can adversely affect many university activities, including decisions about the supervision or evaluation of students; collection, analysis, and interpretation of data; sharing of results; choice of protocol; use of statistical methods; and restrictions on publication.

### What are considered conflicts of interest?

You would be considered to have a conflict of interest when you, or any member of your immediate family:

- 1) Has a significant financial interest in an activity that involves your responsibility as a university employee; or
- 2) Has a significant financial interest in a business that transacts business with the university; or
- 3) Has a significant financial interest in an entity that competes or may compete with the university for sponsored activities.

In addition, it would be considered a conflict of interest if, without university approval, you conducted research in the field of your university responsibilities externally and in competition with the university when that research is within the scope of your university employment.

### What about involvement in a startup company?

There is always the potential for a conflict of interest to arise when you’re involved with a startup company, but these conflicts can usually be managed. For more information, see the previous section titled, “Faculty Inventor Startup Companies.”

## LICENSING REVENUE DISTRIBUTION

### 💡 How is license revenue distributed?

Prior to any distribution of revenue received from a licensee (i.e., Distributable Royalties), LSU Health Sciences Center may deduct the amount spent on attorney and legal fees associated with the IP licensed. In most circumstances, OTM will be reimbursed for these expenses separately and will not be required to withhold distributions.



LSU Health Sciences Center allocates Distributable Royalties as follows\*:

- 40% of all Distributable Royalties shall be paid to the respective inventors within thirty days of receipt, unless a different schedule is otherwise agreed in writing by LSU Health Sciences Center and any inventor.
- 15% of all Distributable Royalties shall be allocated to the inventors' department(s).
- 10% of all Distributable Royalties shall be allocated to the Office of the President.
- 35% of all Distributable Royalties shall be allocated to the Chancellor's Office

\*PM-64

### 💡 Is equity considered licensing revenue?

Pursuant to Part II, Chapter VII, Section 7-3(e)(1) equity is distributed in the same fashion as other forms of licensing revenue.

### 💡 How is the inventor's portion of royalties distributed if there are multiple inventors?

Ultimately, the inventors must mutually agree on a percentage based on relative contribution of each named inventor. There is a section on the Technology Disclosure Form to indicate what these percentages are.

### 💡 Can the percentage contribution change?

Occasionally, adjustments to the previously agreed upon contribution will need to be made. In such a case, a written request reflecting the new contribution with each inventor's signature should be sent to OTM.

 **Does an inventor still receive royalty distributions if she is no longer working at LSU Health Sciences Center?**

Yes. It is important for any inventor who leaves LSU Health Sciences Center, or changes addresses for any other reason, to contact OTM with updated contact information.

 **Are royalty distributions that I receive taxable?**

Yes. LSU Health Sciences Center withholds taxes from the royalty checks it distributes to current employees. It does not deduct any withholding tax from royalty distributions to former employees, but does send a Form 1099. You should check with your tax preparer on how any income you may receive is treated for tax purposes.

## USEFUL LINKS

[Office of Technology Management](#)

[ORS Training Series](#)

[LSU Health Sciences Center Faculty Interests Database](#)

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“To invent, you need a good imagination and a pile of junk.”  
— Thomas A. Edison

“We have to continually be jumping off cliffs and developing our wings on the way down.”  
— Kurt Vonnegut

“The very existence of flamethrowers proves that sometime, somewhere, someone said to themselves, 'You know, I want to set those people over there on fire, but I'm just not close enough to get the job done.'”  
— George Carlin

