University of Iowa Intellectual Property Policy: development of a proposed amendment to the policy's revenue distribution formula

Justification: In 2005, the revenue distribution formula in the UI Intellectual Property Policy was modified. Some of these changes had little direct impact on university inventors and creators (colleges were for the first time included in the distribution formula; the President’s office would receive a share of revenue from windfall licenses), but the most significant change was a direct benefit to inventors and creators: the first $100K of revenue under each individual license would be distributed solely to inventors and creators. Colleges, departments, VPR research funds, and UIRF would not share in revenue under any license until that license yielded over $100K of revenue.

This modification was inspired by one event—the multi-million dollar revenue generated by the licensing of UI’s patents on the CMV promoter. These patents were first licensed in 1994, and by 2004 the invention was generating over $10 million a year in revenue. Because patents have a finite lifespan, the 2005 policy change was enacted to inspire faculty to disclose the next UI blockbuster patent. Unfortunately the policy was unsuccessful in its aim: no new blockbuster has emerged. Instead UIRF has funded its operations through reserves of the CMV money, and the organization retains little to none of the revenue from the new licenses it inks each year.

With no change in operations, UIRF’s reserves would have been depleted in the next couple of years, but with a 1/3 reduction in the organization’s staff that took place in July, UIRF has extended its runway through 2023. UIRF is working closely with the VPR and the rest of the university to develop a long-term plan for supporting technology transfer efforts at UI, and this proposal is part of that strategy.

Proposal development: The Intellectual Property Policy Committee, chaired by the Vice President for Research, began addressing a needed change to the revenue distribution formula in September, 2017. Over the course of recurring meetings, and revised based on feedback from the following groups, the committee arrived at the proposal approved by the Faculty Council on November 13.

- Research Council
- Graduate Council
- Staff Council
- Associate Deans of Research Advisory Group to the VPR
- Direct outreach to Associate Deans of Research from “inventive” schools
- Faculty Senate Executive Committee and Faculty Senate Policies and Compensation Committee
- E-mail outreach to all UI inventors from the past 2 ½ years, including invitations to two open forums to discuss the changes
- Direct outreach to UIRF “top 30” inventors (defined broadly: most prolific, most engaged, etc.)
- CCOM DEOs from research-intensive departments
- Council of Deans
Proposal: The most significant change to the existing IP Policy and the one that affects UI inventors and creators directly is the elimination of the $100K threshold in the distribution formula. This change would not be retroactive: it would apply only to disclosures submitted after the policy amendment took effect.

While this proposed change to the distribution formula will not fix UIRF’s imminent funding crisis (the proposed change would apply to new disclosures only, and it can take years for a new disclosure to generate revenue), it does position UIRF to support itself in the long term so that in the future the University is not left facing a difficult challenge of how to fund its technology transfer efforts.

Two other changes to the distribution formula have less of an impact on inventors and creators directly, but these changes are designed to provide incentives for departments, centers, and schools to support their researchers’ involvement in commercialization activities.

- One was requested by several faculty members during the feedback sessions described above. Inventors and creators will be able to identify which university unit—a primary department, center, institute, or other similar administrative unit—served as the origin of the technology and should receive the “department” share of revenue.
- A second allows departments or colleges to provide funds specifically for patenting and commercializing certain technologies in exchange for a greater share of future revenue. Such funds are likely to become more important as UIRF’s ability to fund such activities decreases over the next few years.