

# Make-Use Commons: Connecting Research IP and Regional TBED

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Supported by grants from the Ewing Marion Kauffman Foundation and  
the University of Washington College of Engineering

# University Patent Licensing

- Invention -> Patent -> Marketing -> License
- Require disclosure and assignment
- File patent applications
- Advertise for a commercialization partner
- Seek royalty-bearing (usually) exclusive license
- Reserve rights for university use

## A Simple, Reasonable Approach, But

- It doesn't operate as described
- Many inventions not suited to commercial products
- Difficult to find licensees, close deals, get products
- Accumulates unlicensed and moribund portfolio
- 50 to 300 inventions per year
- Only 2 or 3 deals *per decade* may account for most of the financial return
- *It doesn't get any better with more effort*

# Effect of Unlicensed Inventions

- Creates uncertainty in industry, research, and maker communities
  - An exclusive license will exclude further use
  - Unclear what terms will be required
  - Unclear whether university will be good partner
- Responses: avoid, design around, ignore, do not acknowledge, do not show interest

# Ripple Effect

- Related work at other universities
  - Will be blocked by exclusive offered by first U
  - So why develop anything that relies on first U IP?
  - First U won't license non-exclusively just to allow next U work to be licensed
  - Inter-institutional agreements are very difficult
- Fragmentation of rights
  - Difficult to license
  - Uncoordinated, conflicting requirements
  - Royalty-stacking issues

# Result

- Every unlicensed university patent is a barrier
- Everywhere w/out the patent has advantage
- Licensing exclusively is very difficult
- Accumulation is easy but expensive
- Delay in reservation of rights damaging

# Anatomy of Patent License

- Three primary rights: make, use, and sell
- Reservation of rights for licensor's use
  - For any university use?
  - For any non-profit use?
- Result
  - Faculty and students cannot use inventions outside university without permission
  - No one knows extent of reservation until a license is granted

# Make-use Commons

- Reserve make-use rights up front
- Expand reservation to all make-use activity
- Announce the reservation as a public license
- Limit public license to economic region
- Use commons to develop partnerships
- Offer option to sell

# Effect of Make-Use Commons

- Anyone in region can practice without formalities
  - No threat of infringement
  - Can use rather than avoid
  - Can acknowledge, ask for assistance
- Students and faculty can start companies
  - Without having to negotiate with university
  - Can encourage use within economic region
- Companies can collaborate on shared technology
- Other companies wanting access can locate operations in the economic region (or negotiate)

# Income

- Patenting expensive -- \$10K+ per US patent
- Income from Make-Use Commons
  - Register interest (obtain written documentation)
  - Secure option to sell
  - Obtain assistance, updates, research services
  - License fees from out of region licensees
  - Obtain right to sublicense, import
- Licenses to sell may carry additional payments

# Benefits of a Make-Use Commons

- Low overhead to implement
- Technology available immediately
- Takes no special licensing skill
- Removes uncertainties
- Encourages public use
- Allows labs to participate
- Creates regional advantage
- Generates early revenue
- Establishes future potential value

# Make-Use Commons Metrics

- How many *unlicensed* inventions now?
- How many companies using each invention?
  - Registered interest?
  - Obtained option to sell?
  - Exercised option to sell?
  - Contracted for additional services?
  - Out of region licenses
- Revenue from all sources