


**MEMORANDUM**

**TO:** Faculty

**FROM:** Randolph W. Hall, PhD 

**DATE:** March 2, 2017

**SUBJECT:** Commercialization of Technology at USC

The University of Southern California has a long history of research that translates into public benefits. Examples are highlighted at the [USC Featured Innovations page](#) and the [Stevens Center for Innovation brochure](#).

These endeavors typically begin with faculty led research programs, often funded by external sponsors that produce intellectual property that is protected by the university with patents or copyright. However, faculty and students have also completed impactful research that has been adopted outside the university through open source software or standards and by inventions and publications placed in the public domain.

No matter what the pathway, the [Stevens Center for Innovation](#) is fully staffed to support the technology transfer process. Professional employees have been selected in collaboration with Stevens' Faculty Advisory Committee to bring a combination of training in scientific/technology domains, legal processes surrounding intellectual property protection and contracts, and business administration, and to bring a combination of training in industry and academia. Five employees hold PhDs, nine hold JDs and many more have masters degrees.

Faculty are directly supported in developing industry funded research relationships by [Stevens' corporate collaborations group](#) and in the transfer of technology to industry partners by [Stevens' licensing group](#). Each employee represents an assigned set of academic departments or centers based on their particular background. I will add that I was recently elected incoming chair of the University Industry Demonstration Partnership ([UIDP](#)), which includes more than 100 university and industry members who work together to develop best practices for collaborative industry sponsored research, and both I and Stevens' leadership bring our deep experience working with counterparts to commercialization processes.

**Ethical Considerations Arising from Business Relationships**

Technology transfer also sometimes entails the establishment of new businesses that further develop technology created at USC. When such start-up companies include the participation of faculty, students or staff, we must be particularly careful to fulfill the principles of our [Code of Ethics](#), which include prompt and open disclosure of conflicts of interest; [Faculty Handbook](#), which includes unrestricted scholarly dissemination of the results of research and limitation of outside consulting to not more than one day per week; and [Intellectual Property Policy](#), which requires prompt disclosure of potentially patentable inventions to the Stevens Center for Innovation and assignment of all inventions governed by the IP policy to USC. These core

values and expectations complement USC's simultaneous commitment to a culture of innovation and entrepreneurship and ensure USC's continued compliance with federal law for all federally funded inventions and discoveries.

### **What Are Our Specific Obligations?**

**1) Disclose Potential Conflicts of Interest:** All potential conflicts of interest must be disclosed through the diSClose system for review prior to initiating a conflicted relationship. These include the following situations:

- Anticipated financial interests in the conduct or outcomes of research, by virtue of equity/ownership interest or compensation (for example, consulting) (see USC Policy on Conflicts of Interest in Research).
- For healthcare providers, compensation or other financial interests with pharmaceutical and biotechnology companies, and device and medical equipment manufacturers that might influence clinical, purchasing or prescribing decisions (see Relationship with Industry Policy)
- Professional and business relationships that may compete with obligations to the university or harm USC's stature. Examples include acting as an educator or conducting research outside of the university, or conducting university business with a company in which you maintain a financial interest (see USC Policy on Conflicts of Interest in Professional and Business practices).
- Cases where you may be aware of a financial interest of USC as an institution in the outcome of research (see USC Policy on Institutional Conflicts of Interest in Research).

Upon disclosure, the Office of Compliance will determine who is responsible for reviewing the potential conflict. Disclosures by healthcare providers under the Relationships with Industry Policy are automatically routed to the discloser's department for review.

**2) Disclose Inventions:** All inventions and some copyrightable works including software governed by USC policy must be promptly disclosed through Sophia. These obligations include intellectual property created or developed:

- During the course of an individual's responsibilities to USC, including works made for hire;
- Pursuant to a sponsored agreement or pursuant to a written agreement to transfer ownership to USC, or
- Created or developed with significant use of University facilities, funds, or resources.

For federally funded research, the obligation to disclose anything that is conceived or reduced to practice as a result of the funding is not just a matter of USC policy, but also necessary to satisfy law and our obligations to the funding agencies..

Exceptions are provided in the policy for specified types of student work and for faculty authored publications, art works and compositions. To clarify, student work for which they are

compensated by USC or which is subject to the terms of a grant or funding agreement must be disclosed to USC pursuant to USC's IP policy.

Upon disclosure through Sophia, a licensing associate at the Stevens Center will contact the discloser to assess whether the invention is USC owned or not and to discuss the best pathway for commercialization, a decision on whether intellectual property protection will be pursued will be made within 30 days of submission of the complete invention disclosure. A successful license provides for sharing of revenues with inventors.

In most cases, an invention disclosure leads to filing a provisional patent. Stevens will then market the invention over the course of the following year, leading to a decision as to whether to invest additional money to convert the patent. USC annually makes a multi-million dollar investment from its unrestricted funds in unreimbursed patent costs in the hope that they will lead to future commercialized inventions.

### **Stevens Center Investment Programs**

Beyond USC's large investment in staffing and patent costs, Stevens has applied budgetary savings to implement two programs that directly invest in technology commercialization:

- **Technology Advancement Grants:** a program to invest in disclosed, but not yet licensed, inventions to help advance the technology to enable commercialization. This competitive program received more than 30 applications in the most recent cycle.
- **Startup Investment Program:** an ongoing program of university investment in startup companies based on a careful external assessment of a company's viability and ability to advance technology.

Both programs were created through review and advice of the Stevens Faculty Advisory committee. Outside of Stevens, the Ming Hsieh Institute for Research on Engineering-Medicine for Cancer and the Alfred Mann Institute at USC are two programs that have a strong focus on translational research, making major investments in research and development.

### **Leadership Groups**

USC's schools have been very successful at offering educational programs, events, and competitions that advance entrepreneurship and innovation. These activities are described at [incubate.usc.edu](http://incubate.usc.edu). In addition, we support the following leadership groups that meet frequently throughout the year to coordinate activities:

**Innovation and Entrepreneurship:** Includes students, staff and faculty who lead programs (education, funding, technology transfer, mentoring, etc.) focused on innovation and entrepreneurship

**Corporate Research:** Includes staff and faculty who are responsible for enabling and supporting corporate funded research, from centers, schools and central administration.

**Stevens Center Faculty Advisory Committee:** Faculty inventors who guide processes for technology commercialization at USC.

### **Guidance, Support and Advice: Being Sure to Ask the Right Person**

Though staff and faculty lead various types of commercialization programs, they must take care to not exceed their responsibility. **While school staff and administrators should remind inventors and investigators to be mindful of policy, their roles are limited by the following:**

- **Employees and students are not permitted to submit conflict-of-interest disclosures into diSClose on the behalf of others.** Only the person who holds the conflict is knowledgeable about its full scope, and therefore only the conflicted individual may submit their own information.
- After consideration of inventor input, **the Stevens Center is the only USC unit authorized to determine whether an invention is owned by USC and to negotiate a license,** which must be fair, reasonable and consistent. Other staff, faculty and students must refrain from engagement in this negotiation process.
- **Staff should not offer advice on the interpretation of USC policy (including what inventions to disclose and what conflicts to disclose), unless they have been authorized to do so.** USC policies require careful and consistent application.

**If You are Engaged in Research Leading to Commercialization and Technology Transfer, please Do Not Hesitate to Make these Contacts:**

- USC's policies on **conflicts of interest** and the conflict disclosure process should be directed to Benjamin Bell of the Office of Compliance ([bbell@ooc.usc.edu](mailto:bbell@ooc.usc.edu)).
- **IP disclosure process and IP policy** should be directed to Michael Arciero of the Stevens Center for Innovation ([arciero@usc.edu](mailto:arciero@usc.edu)).
- **Industry funded research** should be directed to Vasili Anest of the Stevens Center for Innovation ([anest@usc.edu](mailto:anest@usc.edu))