



BULLETIN

> BIOLOGICAL MATERIALS - COMMERCIAL LICENSING AND ACADEMIC TRANSFER

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Biological Materials: Source of Significant Value

→ Has your lab recently...

- ♦ developed a new cell line?
- ♦ cloned an elusive low expression gene?
- ♦ developed the perfect cell line to study signaling in a difficult epithelial carcinoma cell?
- ♦ developed a high affinity, high specificity antibody?
- ♦ created that perfect transgenic mouse model?
- ♦ developed a cDNA library from a fashionable new cell type or tissue?

→ If so, you are active in the area we call biological materials.

Many companies are willing to pay for the use of these biological materials. There are several reasons these materials may be valuable to the company.

First and foremost, in the case of materials that can be duplicated, it is often less expensive for the company to purchase materials from somebody else rather than develop and duplicate the work of others from the literature. A non-exhaustive list of examples fitting this scenario includes the following: antibodies (poly- and monoclonal), transgenic animal models, stable derivative cell lines, and collections of reagents, assay components and cDNA constructs. Often these materials are not patent protected and can be duplicated, but they always cost the company significant research expense.

Second, the efforts to replicate the exact attributes of biological materials can be hit-and-miss; the extensive know-how developed in your laboratory over years of work is not generally available in the literature or other readily accessible sources. Consequently, it is usually less expensive and less cumbersome for the company to license biological materials with known properties so they can get right to work on product development.

Third, a company may not possess the core intellectual or physical infrastructure to develop the desired biological materials. Research universities sometimes possess unique capabilities for innovation and biological materials development that many smaller research-oriented companies lack, and in some cases, larger pharmaceutical companies lack.

The value created by elimination of duplicated work can be shared among the company and the researcher. In these instances, the materials can be transferred under a limited use license agreement in exchange for a one-time cash payment, research support, or sometimes a royalty stream from products utilizing the materials. Researchers need to be cognizant of the value these materials have and utilize the resources and services of the Technology Transfer Office to work on their behalf to claim their fair share of that value.

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Mistakes to Avoid in Biological Material Transfer

- ♦ Sending materials to companies or other researchers without a Materials Transfer Agreement
This action can open the floodgates for unauthorized transfer of materials to other sources, essentially eliminating the ability of the University to control who gets the materials and how much they must pay for them. Please consider that your cell line may be a critical drug discovery tool and be quite valuable to a pharmaceutical company but only if others do not freely provide the materials that were developed in your lab.
- ♦ Negotiating terms on your own behalf
TTO staff are proficient at determining the fair value of biological materials, especially because they have the proper information resources and experience to make such assessments. The value lies in what a company is willing to pay for them, not what it cost to produce or what it is worth to the lab who created them. The information upon which value is determined comes from bargaining and negotiation. If a company is given a low figure before technology transfer begins negotiating, the bargaining leverage is severely compromised.
- ♦ Giving materials recipients access or rights to future intellectual property or biological materials
Any transfer of materials or information with an outside entity should be looked at by technology transfer professionals to ensure protection of intellectual property. There are historical instances in university technology transfer where companies have obtained valuable biological materials, far below intrinsic value, and then obtained a commitment from the providing lab to give the company all future intellectual property coming from that lab. Be aware of IP that is committed in the future.
- ♦ Signing your own agreement
Signature authority for transfer of biological materials lies with the duly constituted officer of the University, and in this case signature authority resides in the Technology Transfer Office. Consequently, faculty signing an agreement to transfer materials belonging to the University does not constitute a valid legal contract.

Academic biomaterials distribution

The role of the Technology Transfer Office is to facilitate open access to tangible research materials for academic researchers while protecting the commercial value of these materials. The NIH mandates that research institutions share these materials, in a manner that promotes scholarly activity, through the Uniform Biological Materials Transfer Agreement.

Benefit to researchers

Revenues generated from the licensing of biological materials are distributed in accordance with the University's royalty distribution formula specified in the University's IP policy. In addition, companies are often interested in exploring a more engaged relationship with researchers from whom they license biological materials. This allows industry partners to become more intimate with the research of a particular lab. This can lead to a variety of mutually beneficial arrangements, sometimes a precursor to sponsored research and consulting relationships.

To learn more about TTO processes: <http://www.cu.edu/techtransfer/about/bulletins.html>

To download disclosure forms: <http://www.cu.edu/techtransfer/disclose/>

For more info or to submit a disclosure, email ttocontact@cu.edu