MEMORANDUM

To: All Faculty

From: Michael J. Dougher, Vice President for Research, UNM
      Chaouki Abdallah, Provost, Executive Vice President for Academic Affairs, UNM
      Richard S. Larson, Executive Vice Chancellor, Vice Chancellor for Research, UNM HSC
      Paul B. Roth, Chancellor for Health Sciences, CEO, UNM Health System, Dean, UNM SOM

Cc: Robert G. Frank, President, UNM
    David W. Harris, Executive Vice President, UNM
    Elizabeth Kuuttila, CEO and Chief Economic Development Officer, STC

Date: August 12, 2014

Re: Corporate IP Research Program

The world of corporate-sponsored research is changing. Several universities have adopted new ways of working with corporate sponsors, including the University of Minnesota’s Innovation Partnerships (MN-IP) Create. After careful consideration, we have decided to adopt a similar model at the University of New Mexico. This will not change how we handle federal or state-sponsored research, or how we currently work with STC.UNM to commercialize the intellectual property arising from that government-sponsored research. It will, however, provide new options for faculty/inventors, and offer corporate sponsors a choice when doing business with UNM.

In order to encourage corporate funding of University research activities, and consistent with the terms of the Intellectual Property Policy, Faculty Handbook E-70, the Office of Research has determined that a for-profit corporate sponsor may elect to pre-negotiate the terms of an exclusive license for intellectual property generated by UNM creators pursuant to a sponsored research agreement. This program will be known as the Corporate IP Research Program (the “CIPR Program”), and the terms of that Program are set forth in Exhibit 1.

Accordingly, it is the policy of the UNM Main Campus and the UNM Health Sciences Center that all employees (including faculty, staff, and students) who are creators as defined in Policy E-70 and who develop intellectual property pursuant to CIPR-sponsored research agreement, will work with the sponsor to disclose, protect, and commercialize such intellectual property and share in royalties as provided below.

1.1. Disclosures and Patent Applications. When UNM IP results from work under a CIPR agreement, then the Principal Investigator shall be responsible for ensuring disclosure of the intellectual property directly to the sponsor, with a copy of any documentation to the Office of Research. Such disclosures shall be made as soon as possible and at least within two months of creation. The Principal Investigator shall also cooperate with the sponsor’s legal representatives to file and protect such UNM IP.
1.2. **Royalties.** Royalties received by the University from commercialization (excluding upfront administrative fee) of UNM IP by the sponsor shall be divided as follows: Forty percent (40%) to be divided equally (unless otherwise unanimously agreed to and represented on the submitted invention disclosure form) among the creators; Sixty percent (60%) to be invested and administered by the Office of Research.

This new program, and implementation of these procedures, will not require any changes to the Faculty Handbook or to the MOA between the University and S TC.UNM.
EXHIBIT 1: CORPORATE IP RESEARCH PROGRAM TERMS

The following options for establishing intellectual property (IP) rights are available to for-profit entities interested in sponsoring research at the university. Option A was created to remove uncertainty and financial concerns that surround industry-funded research projects in a university setting.

OPTION A

Pre-pay 10% of sponsored research agreement (or $25,000 whichever is greater)\(^2\) as an administrative fee for exclusive, worldwide rights to all inventions arising from the research project, with the following pre-set terms:

- Sponsor manages all patenting activities and pays all costs associated with patent prosecution (collaborating with the university on patent claims).
- Sponsor pays 1% royalties on net sales when annual sales using IP exceed $10 million.
- No cap on royalties unless the invention improves on as pre-existing product/processes (cap of $5 million).
- No annual minimums or other technology commercialization fees.
- No time limits or milestones.\(^5\)
- Sponsor is free to sublicense/cross license.
- University-owned background IP is not included, but requests for exceptions will be considered.
- Sponsor retains rights, free of charge, to use data arising from the research project.

OPTION B

- Standard sponsored research agreement.
- No upfront fees.
- No pre-set royalties.
- Sponsor and university, through STC.UNM its technology transfer office, negotiate a royalty-bearing license once the IP is developed.

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\(^1\) Option A is not available for research awards or sub-awards/subcontracts from government, non-profit, or other types of non-commercial sponsors, consortia agreements or awards for public service or testing.

\(^2\) This fee is calculated based on the entire project budget including standard university overhead fees that must be paid at the full federal research F&A rate.

\(^3\) The fee is applied based on funds obligated in the agreement. If the sponsor pays the $25,000 because the initial obligation of funds is <$250,000, they will not be charged the 10% on future obligations until after the $250,000 threshold in obligated funds is reached.

\(^4\) The fee is due within 30 days of billing. Failure to pay will result in the conversion from Option A to Option B.

\(^5\) If federal funding is used in part to develop the IP, the license will be subject to other terms such as performance milestones required to satisfy federal Bayh-Dole obligations.