

UNIVERSITY OF CALIFORNIA

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**CHANCELLORS  
LABORATORY DIRECTORS**

Dear Colleagues:

In December 1999, the Administrative Task Force to Review University Policies Pertaining to Outside Activities, Conflict of Commitment, Conflict of Interest and Related Issues released the second part of its two-part report. That report included a recommendation that the University require inventors to disclose any financial interest in potential licensees of their University inventions and that the University provide guidance to inventors and licensing staff about managing positive financial interests.

University experience with transferring research results to the private sector has shown that inventors are often the best source of marketing leads for potential licensees of their inventions. In addition, UC licensing staff and potential licensees sometimes rely on inventors and authors of copyrightable works to provide technical details about their research results and to become involved in determining a company's interest in a license. Yet under California law (the California Political Reform Act of 1974 and its regulations), UC inventors and authors normally must not participate in or attempt to influence University decisions involved in the licensing process, including the selection of licensees, when they have a financial interest in a potential licensee.

The Office of General Counsel has recently confirmed, however, that the Political Reform Act permits participation by an inventor with a financial interest in advising or making recommendations with respect to University licensing decisions, so long as there is an appropriate intervening review by a non-interested person or persons. Intervening review means there is another level of review before the final decision is approved. The review must be substantive, based on an independent assessment of the facts of the case. At its February 2001 meeting, the Technology Transfer Advisory Committee endorsed establishing, in accordance with requirements of the Political Reform Act, an intervening substantive review process for licensing decisions made at University licensing offices.

Intervening reviewers shall consider proposed decisions of licensing officials in light of the factual situation presented, good licensing practices such as exemplified in the University's Licensing Guidelines and the University's research and education objectives, including

consideration of any impacts on students. Reviewers should have the option of recommending approval of proposed licensing decisions, with or without modification or safeguards, or disapproval of such decisions, or proposing their own courses of action.

It is expected that the intervening substantive review process will not affect the majority of University licensing cases as it will be activated only in cases where an inventor or author with a financial interest in a candidate licensee will have a role in the licensing process.

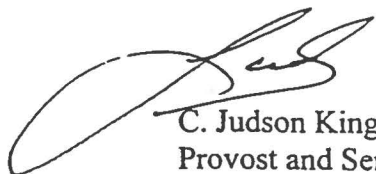
Accordingly, we are asking campuses and Laboratories to develop and implement local plans to ensure the carrying out of required intervening substantive reviews of decisions relating to licensing University research results. Such plans must provide for intervening review by an appropriately disinterested official or committee if an inventor or author participates in or influences licensing decisions and has a financial interest in those decisions as defined in the California Political Reform Act. Development and implementation of such local plans must be coordinated with the systemwide Office of Technology Transfer (OTT) for those cases for which OTT will be the authorized licensing office. We have asked OTT Executive Director Bennett to issue by July 31 systemwide guidance for use by campuses and Laboratories in establishing their intervening substantive review plans.

Copies of campus and Laboratory plans should be submitted to the UCOP Office of Technology Transfer by October 31, 2001.

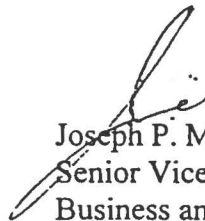
We appreciate your help in addressing this important technology transfer need. Once this review system is successfully established, we believe it will enable us to tap more fully the expertise and creativity of our inventors and authors and, at the same time, ensure that they may remain in compliance with the Political Reform Act.

Any questions about the new licensing review process should be directed to Associate Director Joe Acanfora at (510) 587-6011 or [joe.acanfora@ucop.edu](mailto:joe.acanfora@ucop.edu).

Sincerely,



C. Judson King  
Provost and Senior Vice President--  
Academic Affairs



Joseph P. Mullinix  
Senior Vice President--  
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cc: President Atkinson  
Members, President's Cabinet  
Academic Senate Chair Cowan  
Interim Vice Provost Coleman  
Executive Director Bennett  
Members, Technology Transfer Advisory Council