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**TO:** Members of the Intellectual Property Policy Committee  
Stanley McKenzie

**FROM:** Varda Main  
Director, Technology Licensing Office

**DATE:** March 1, 2004

**RE:** **FY03 Report on Intellectual Property and Licensing at RIT**

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## **FY03 – A Year of “Firsts”**

Fiscal Year 03 was a year of many “firsts” for RIT in the arena of intellectual property, licensing and technology transfer. The accomplishments and challenges of this program area are illustrated by these “firsts”.

First royalty-bearing license executed.

In February 2003 RIT and Optical Technologies Corporation entered into a License Agreement for the wiper blade detection technology developed by A. Harlan, CIMS. This license provides for running royalty payments to RIT on a quarterly basis. Previous licenses RIT has entered into provided only for a one-time fee paid when the license was signed.

First licensing of a product via multiple distribution channels.

The ASL Video Dictionary and Inflection Guide developed by G. Poor, NTID, is being licensed out through various channels: distributorships, Campus Connections, and direct end-user licensing by NTID. This provides multiple revenue streams to RIT from this product.

First artistic creation licensed.

When people think of university licensing they tend to think of technology inventions. At RIT we also generate significant intellectual property from our artistic departments. RIT has licensed out photographs taken by S. Diehl, CIAS, of the Wright Flyer reproduction project to various magazines.

First time RIT licensing revenues have exceeded \$100,000.00. See graph below for details.

First time RIT has made multiple disbursements of license revenues to a single individual. Cumulative disbursements to this individual now exceed \$15,000.00.

First formal negotiations of venture capital funding for a proposed start-up company based on RIT technologies. This negotiation was still on-going at the end of FY03.

First export control management system being developed for first use with licensing activities of C-Print®.

Note that RIT can be an exporter of goods and services without anyone or anything even leaving the RIT campus. There are criminal and civil consequences to non-compliance for RIT as an Institute and for the involved individuals.

First equity sharing opportunities being explored.

- Licensing RIT technology to an established (recent start-up) company
- Licensing RIT technology into a new start-up company

First student club formed around intellectual property, licensing and technology transfer.

M. Lepelstat, MET student, formed the RIT Patent Club to address the growing need of students for information and assistance on intellectual property, licensing and technology transfer matters. W. Leonard (CAST) and V. Main (TLO) are co-advisors.

First RIT website exclusively devoted to intellectual property and licensing under development.

[www.rit.edu/tlo](http://www.rit.edu/tlo)

This website serves multiple audiences. For the RIT faculty, staff and students it provides information on policies, procedures, ready access to forms, and primers on various aspects of intellectual property, licensing and technology transfer. For outside organizations it provides information on how to do business with RIT, what RIT technologies are available for licensing, and guidance on standard terms of agreements. For everyone there is information on upcoming events at RIT and in the Rochester area, links to other resources (RIT and external) and additional information, updates on RIT's achievements, and having fun with intellectual property.

First time annual patenting expenses have decreased.

This reflects implementation of a more rigorous review process prior to making the patenting decision to ensure only inventions with significant commercial prospects are patented.

## Beyond the “Firsts” – FY03 An Overview

FY03 was a year in which, in addition to the “firsts” detailed above, RIT’s young intellectual property and licensing program continued to grow and mature.

In looking at the overall metrics we are tracking for intellectual property and licensing activity, we see from the table below that the program area continues to grow but we may be starting to approach steady-state level of activity given the level of scholarship of discovery and creation at RIT. A few items to note about this table are:

- The number of active technologies in the RIT portfolio represents the sum of earlier technologies that are still available for license and newly disclosed technologies that are now available for license minus the sum of those technologies that have been licensed out and are no longer available for additional licensing and those technologies that have been inactivated for licensing purposes.

- The number of patent applications filed decreased significantly. This reflects RIT’s decision to file patent applications only on those inventions for which it is thought there is a strong likelihood of technology commercialization. In FY03 for the first time there was a specific patent budget allocated. This resulted in significantly less spending on patent matters. However, given the more conservative patent filing criteria put in place at the beginning of FY03, RIT was able to file patent applications on all inventions

deemed worthy of patenting.

- The number of inventors and authors receiving licensing revenue disbursements declined although licensing revenues increased substantially. This reflects the earlier RIT licensing efforts

that resulted in one-time payments for licenses while now we are moving to licenses with running royalties that result in multiple payments to the same individual(s).

Metric	FY01	FY02	FY03
RIT Active Technologies Portfolio – cumulative	46	73	76
Invention disclosures	19	31	25
Number of first time RIT inventors	16	35	15
Copyright/Trademark	4	7	5
US Patent applications filed	21	26	8
US patents issued	0	4	4
RIT Inventors/Authors receiving disbursements	0	8	1
Faculty, Staff and Students assisted with IP protection, marketing and licensing of active technologies	Not tracked	69	56
Faculty, Staff and Students assisted on other IP matters	Not tracked	91	94
Licensing Revenues, \$	50,538.84	31,117.74	114,129.08

We began FY03 with a number of negotiations in progress. Of the 6 negotiations in progress at the end of FY02, 2 were successfully concluded during FY03, 2 are still on-

going into FY04, and 2 were terminated. This is representative of both the typically long time period for negotiating license agreements and that not all negotiations end in signed deals.

<b>Negotiations in progress at end of FY02</b>	<b>Status of those negotiations at end of FY03</b>
Suite of photolithography technologies	Negotiations on-going
Suite of 7 MEMS technologies for semiconductor applications	Negotiations on-going
MEMS filter technology	Negotiations terminated
Suite of document layout esthetics applications	Negotiations successfully concluded
Multiple distributorships for ASL Video Dictionary and Inflection Guide	Negotiations successfully concluded
Sports education video series	Negotiations terminated

Licensing revenues are increasing. This is reflected in both the increased licensing activity and the move to licenses with continuing payments over time. Thus in subsequent years, RIT will realize both new revenue streams from licenses as they are first signed plus running royalties from licenses previously signed. As the RIT licensing program matures over time, the revenue stream from running royalties should far exceed the revenue stream from initial license payments.

<b>Metric</b>	<b>FY00</b>	<b>FY01</b>	<b>FY02</b>	<b>FY03</b>
Patent reimbursements, \$	0	25,538.84	31,117.74	34,631.47
License fees, \$	2,053.00	25,000.00	0	79,497.61
TOTAL Licensing Revenues, \$	2,053.00	50,538.84	31,117.74	114,129.08
Legal costs, \$	94,143.04	142,023.04	168,989.14	99,819.25
Disbursements to inventors/authors, \$	0	0	5,927.08	15,307.18

## Looking Forward

With the growing accomplishments of the RIT intellectual property and licensing program also come growing challenges. The demands on the program continue to grow while resources remain constant. As RIT moves to licenses with running royalty, consideration of equity interests in start-up companies, and negotiations for venture capital funding the level of complexity of each project and the resources required to accomplish each project continue to increase. This is an excellent harbinger that RIT's intellectual property and licensing program is maturing and growing as it should against benchmarked standards for universities in North America.

cc: Candice Fischbach