



Office for Commercialization & Corporate Development

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Oregon State University opposes both SB 361 and SB 392 because these bills put OSU research in direct conflict with federal funding requirements. The bills also create a business advantage for Commodity Commissions that provide research funding to universities compared to other entities that fund university research.

OSU already meets the objectives that these bills seek to create. OSU has established "Variety Release Advisory Committees" for multiple commodities that enable commodity commissions to significantly influence how OSU uses intellectual property rights when new varieties are developed.

Conflict with Federal Funding Requirements

SB 361 extends automatic control over the commercialization of federally funded research to state Commodity Commissions. This is in direct conflict with the federal Bayh-Dole Act, which seeks to ensure that universities make intellectual property such as new crop varieties widely available to commercial interests across the country. Over the past ten years, the Bayh-Dole Act has enabled OSU to spin out dozens of companies that created over three hundred Oregon jobs.

- Under the Bayh-Dole Act the federal government automatically obtains a license, which is an "action" that disposes of intellectual property. 37 CFR 401.14(b)
- The federal government can revoke the ownership of intellectual property. 37 CFR 401.14(e)(2)
- The federal government has march-in rights, if the university fails to take "effective steps to achieve practical application of the subject invention". 37 CFR 401.14(j)
- Sharing of ownership is considered an "assignment of rights", prohibited by the federal government, unless approved on a case-by-case basis. 401.14(k) (1)

Passage of these bills would cause OSU to have to choose whether to accept federal funding or whether to accept commodity funding to fund new varieties, because accepting both would put the University in violation of the Bayh-Dole Act. Currently OSU receives funding from multiple sources, including federal agencies, the state, and commodity commissions, in support of new variety development. In every case, OSU combines these funds to the advantage of the commodities that fund OSU research. Last year OSU received nearly \$40 million in US Department of Agriculture funding for agricultural research.

Business Advantage for Commodity Commissions over other entities

Both bills in effect create an advantage for commodity commissions that is not available to any other commercial interest in any other state. Normally commercial interests that wish to control

or protect the results of the university research they fund are required to cover the full costs of research and the commercialization of the research and the results warranted by that research. These costs include “indirect costs” that fund the administration of the university research enterprise, including the creation of seed funding that is used to develop new technologies.

Currently Commodity Commissions affected by the bills contribute approximately 15% of OSU’s overall commodity research program. No commodity commissions pay the full cost of research. Any other commercial entity that wished to have the same protections as would be provided by these bills would be required to pay the full 100%. These bills open the door to a contentious process that would affect every research university in Oregon.

SB 392 assigns ownership of intellectual property based on a percentage of the Commission’s budget, not on the basis of the percentage of the research that is funded by the commission. For example, if a \$10,000 investment in research by a commission were 50% of that commission’s budget, the commission would be entitled to half of the ownership, even if the cost of the research that developed the new variety were over \$100,000.

Solutions Already Exist and are Being Used

In collaboration with a number of commodities OSU has established “Variety Release Committees” that enable Commodity Commissions to participate and shape OSU decisions regarding the use and release of varieties developed by research conducted at OSU. Participation in the decision-making is enabled without regard to the level of funding provided by the commissions. Commodities already covered by Variety Release Committees include: wheat, potato, and hazelnuts. These Committees include representatives from industry and allow for direct conversations and recommendations for when and how to release new varieties. This process provides industry partners an effective path to voice any concerns prior to release. It avoids conflicting with the Bayh-Dole Act by not automatically providing them with unconditional legal control or ownership for their contributions.