

FACT SHEET

Intellectual Property: Its History and its Significance

The primary mission of the Wisconsin Alumni Research Foundation (WARF) is to support scientific research. When it was established in 1925, it became the first university-based technology transfer office in the world, advancing the concept of academic research as a catalyst for economic growth.

Intellectual property is an end-product of academic research—the result of breakthrough discoveries that have the potential to be developed for commercial use. University technology transfer is the process of bringing the discoveries from academic research laboratories to the commercial sector through the use of patents and licenses.

Prior to the passage of the Bayh-Dole Act in 1980, the federal government acquired patents for inventions resulting from all research that was federally funded. Yet, these patents were in large part never licensed to companies for commercial application and as a result, the public never enjoyed the benefits of many of these discoveries. In short, the products of our most talented minds sat on the shelf because the system lacked incentives necessary for innovation and the development of new products and new ideas. The Bayh-Dole Act allowed universities to retain ownership of the intellectual property acquired through federally funded research, license it to companies for commercialization in the public marketplace and receive royalties. The researcher also shares in the royalties.

Intellectual property laws serve two critically important purposes. First, they stimulate the investments necessary to translate academic breakthroughs into life-enhancing and life-saving products. Because licenses typically are either exclusive or very limited, companies can make substantial investments in product development knowing they can realize a return on those investments when they market a product.

According to the Association of University Technology Managers' annual survey, since 1998, 185 institutions have introduced at least 3,114 new products through licensing agreements. Products resulting from university research include new treatments and monitoring for diseases such as Crohn's disease and diabetes, three-dimensional surgery technologies, the nicotine patch and even the Google Internet search engine. Additionally, in 2004, 462 companies were formed as a result of academic research, and two-thirds of university licenses went to small businesses.

Second, because organizations like the Wisconsin Alumni Research Foundation are able to secure patents on intellectual property, they are able to provide support for new and ongoing research and future breakthroughs that have the very real potential to cure some of our most intractable diseases and overcome our most daunting challenges. Each year WARF contributes more than \$45 million to support University of Wisconsin-Madison research, returning the proceeds from its patenting and licensing activities to continue this cycle of investment and development.