

THE
**GRADUATE
SCHOOL**
UNIVERSITY OF WISCONSIN - MADISON

December 1, 2000

Research Funds – Co-mingling

Dear Colleague,

Over the past several years, we have been working to develop clearer and more consistent policies and processes related to co-mingling of research funds (i.e., the support of a research project funded by more than one sponsor). As one step toward realizing this goal, we have created the attached document which charts the process for those cases involving federal funding.

It is important to recognize that co-mingling may occur anytime when two or more sponsors support the same or similar research. While co-mingling is not in and of itself inappropriate, it is very important that, when it does occur, the individual rights of all sponsors are fully protected. Co-mingling is a concern whenever multiple sponsors support the same or similar research. Because of our strong federal research support, the most common co-mingling scenario encountered on this campus involves research supported by federal funding.

The following points are particularly critical.

- a. Federal law, the Bayh-Dole Act, establishes a uniform policy for all federal agencies for inventions conceived or reduced to practice under grants or contracts to colleges and universities and provides that the college or university has the first right to elect title to such inventions.
- b. If co-mingling has occurred, the Act will limit the rights to an invention that may be provided to an industrial sponsor. This is because, if the University declines to take title to the invention or fails to follow the provisions of the Act, the federal funding agency may elect to take title to the patent. Further, the University may not unilaterally assign its rights to the invention to anyone except an entity that specializes in the management of inventions; in the case of UW-Madison, the Wisconsin Alumni Research Foundation (WARF) serves in that capacity. Research projects entirely funded by a non-governmental sponsor are exempt from Bayh-Dole, however, if the invention is funded in part by a federal grant, the Act applies. The University is obligated to assure that the federal rights under Bayh-Dole are protected.

Since the greatest amount of research funding is from federal agencies, the Graduate School has developed the attached flow chart to reflect the policy and processes that are in place to assure that inappropriate co-mingling of federal funding does not occur and further assure correct reporting to the various federal funding agencies. The flow chart has been reviewed by the Technology Transfer Council, a group chaired by the Dean of the Graduate School/Senior Research Officer and composed of faculty and administrators with experience and interest in intellectual property arising from sponsored research.

In the flowchart, you will notice there are two separate processes outlined.

- a. The first (Federal Co-mingling Analysis or front end) process must be followed if the investigator proposes to avoid co-mingling by building a firewall between the federal dollars and the non-federal dollars. This process, which is infrequently used at UW-Madison, must occur before any work on the industrially sponsored research begins.
- b. The second (Equity Review or back end) process which is commonly used at UW-Madison occurs after an invention is disclosed to University Industry Relations (UIR). In the case of most inventions, federal funding enables the University via WARF to hold title to the invention for the investigator. However, there are situations even when federal dollars were present in the laboratory during the inventive period, that the invention itself was not funded, even in part, by a federal agency. When that occurs, it is important that the invention not be reported to the federal government and this second process allows this type of analysis.

I hope that this flow chart assists you in dealing effectively with co-mingling. I would certainly appreciate any comments or suggestions you might have regarding the flow chart or the process.

Sincerely,

Virginia S. Hinshaw
Dean/Senior Research Officer

Distributed to all Principal Investigators

Copies to:

Academic Deans and Directors

School/College Associate Deans for Research

School/College Research Administrators Group

Analysis Prior to entering into agreement

Federal Co-mingling Analysis

Research Agreement Review (Front End)

Notes

If only federal funds are present in a lab, then the co-mingling analysis does not apply. However, if in the future non-federal funding is obtained, then it will be necessary to conduct a co-mingling analysis.

If only non-federal funds are present, then no federal co-mingling analysis is required. However, if federal funds are received in the future, there may be a conflict between the requirement, under Bayh-Dole, and past promises made to the non-federal sponsor regarding rights to research-related inventions. Any such conflict must be resolved prior to accepting federal awards. Although not specifically addressed in this flow chart, it is important to assure that there is no conflict among the rights granted to multiple non-federal sponsors.

Notes

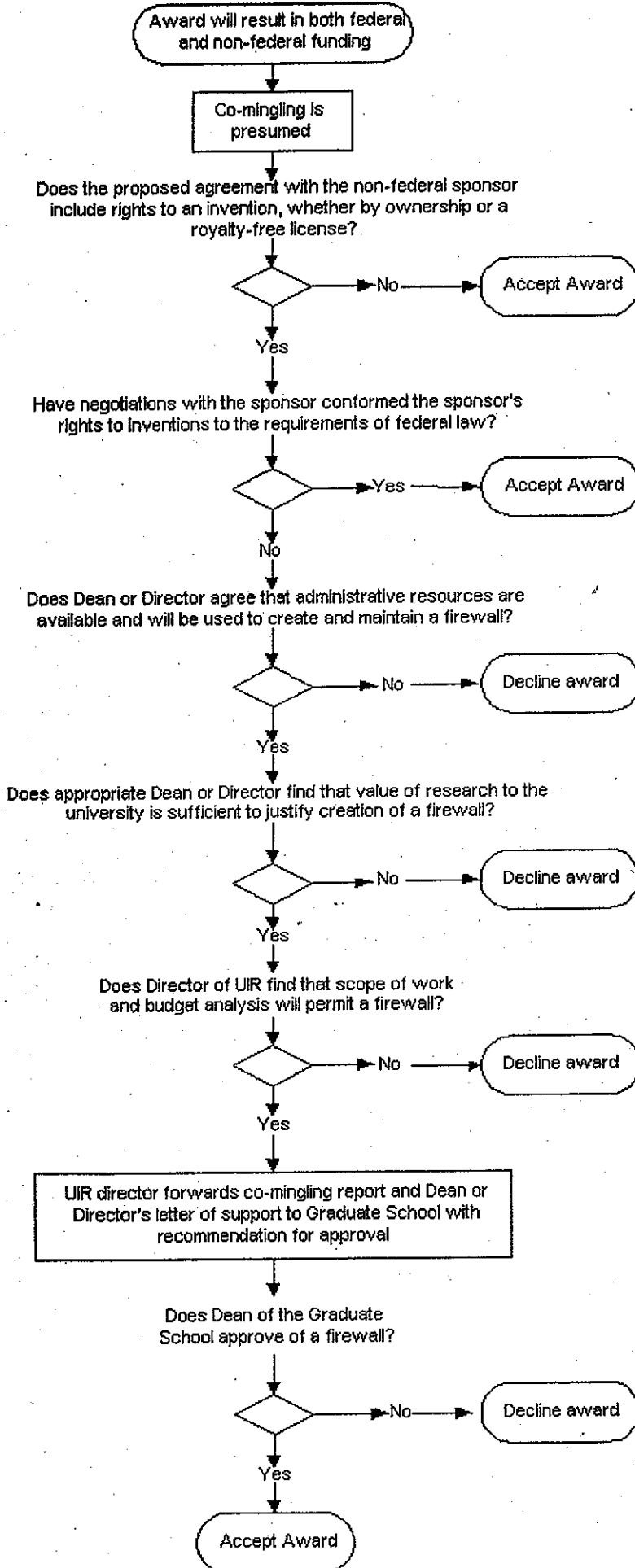
A firewall requires that:

1. The scope of work of the federal and the private project are so different that no invention arising out of the non-federal project could be a subject invention under Bayh-Dole, and
2. The private funding is sufficient to entirely support the proposed project, and
3. Administrative resources are in place to establish and maintain the firewall.

A firewall may also be used when the researcher wants to insulate pre-existing technology from the application of Bayh-Dole, the law relating to inventions with federal funding.

Disadvantages of a firewall:

1. Inhibits the normal flow of research.
2. Giving the right to a patent to an industry or other non-federal sponsor may result in a broad filing that blocks future opportunities to work with other non-federal sponsors.
3. Maintaining a firewall is labor-intensive and may detract from other research.



Federal Co-mingling Analysis

Equity Review (Back End)

Note

Federal funds are implicated in a project and this analysis applies if:

1. The inventor(s) report that federal funds contributed to the invention.

OR

2. Federal funds contributed to the payroll of the inventor(s) during the inventive period.

OR

3. Federal funding was present in the inventor(s)' laboratory during the inventive period.

Analysis Upon Invention Disclosure

