

**Report of the Joint Academic Senate –  
Administration Committee on  
University Interaction with Industry**

University of California, San Diego  
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# Executive Summary

This report presents the recommendations of the Joint Academic Senate-Administration Committee on University Interaction with Industry. The Committee was appointed to address the increasingly numerous, varied, and complex interactions between UCSD and private, for-profit companies. The report recognizes that these interactions have many positive benefits and addresses many questions that arise about the appropriate nature and limits of these interactions.

## Benefits

The Committee concluded that University-industry interactions can generate many benefits.

- They contribute to economic development of the local region, the state, the nation, and the world.
- They facilitate the more rapid commercialization of the results of University research in a highly competitive economic environment.
- They enhance and broaden the education of the next generation of scientists and engineers and provide industry with access to highly skilled students who are better prepared for careers in industry.
- They provide a source of interesting ideas and challenging problems for the University researchers to address and for University faculty to incorporate into course instruction.
- They expand the opportunities for mutually beneficial collaboration between University and industry personnel.
- They help finance research programs at the University.
- They facilitate the University's active involvement as a trusted member of the local community.

## Guiding Principles

The Committee identified several principles to guide UCSD's interactions with industry and the transfer of UCSD-created technology for the benefit of the public:

- An open academic environment, including freedom to publish, is fundamental to the University.
- Outside professional activities, including interactions with industry, are an appropriate form of public service as long as they do not interfere with other University responsibilities, especially responsibilities to students.
- Conflicts of interest are to be disclosed to the University.
- University facilities and resources are to be devoted to activities that support University teaching, research, and University and public service.

## Recommendations

The Committee makes many recommendations to clarify and improve University policies and practices. Some of the major recommendations are summarized below:

### 1. Conflict of Commitment

- University policy on outside professional activities should be extended to part-time faculty, faculty on sabbatical leave, and Research Scientists/Scholars.

- Definition of activities that are excluded and included in the one-day-a-week limit on outside professional activities are proposed.
- The additional requirements and restrictions placed on faculty in the School of Medicine compensation plan are noted.

## 2. Conflict of Interest

The following threshold should serve as the maximum level of financial interest in a company a researcher or the researcher's immediate family may have (without an approved exception) to participate in a University activity that involves that company:

- i. an annual income in excess of \$10,000 from the company, or
- ii. equity interest of more than 5% or \$10,000 in the company, or
- iii. management responsibility in the company.

This standard for determining a Significant Financial Interest should be applied to the following actions:

- Acceptance of contracts, grants, and gifts from companies in which the Principal Investigator has a financial interest.
- Acceptance of UC grants whose industrial partner is a company in which the Principal Investigator has a financial interest.
- Conducting clinical trials for companies in which the Principal Investigator has a financial interest.
- Acceptance of federal contracts and grants whose Principal Investigator or other researcher has a financial interest related to the project.
- Subcontracting of work by UCSD to a company in which the Principal Investigator or other researcher has a financial interest.
- Employment of a graduate student or postdoc in a company in which the student's or postdoc's advisor has a financial interest.

## 3. Involvement of Students and Postdoctoral Scholars

- Graduate Council policy should be modified to include postdocs and provide that graduate students may not undertake graduate training in or carry out dissertation research in a company in which their dissertation adviser has a Significant Financial Interest.
- Students and postdocs are encouraged to participate in a variety of industrially sponsored activities on and off campus.
- Industrial representatives are encouraged to participate on campus in student and postdoctoral educational programs where appropriate.

## 4. Intellectual Property Policies and Practices

- Certain individuals should be exempted from signing the patent acknowledgement.
- Authority for exempting individuals should be delegated to the campus.

- Copyright policies and practices should be clarified.

## 5. Appropriate Use of University Facilities for Industry-Related Purposes

University policy should be modified to:

- Permit the use of University facilities for industrial projects which are related to the academic mission of the unit in which the work is performed, are for research and testing purposes and not for direct production or manufacturing, provide for recovery of full costs, and comply at all times with University policies.
- Clarify that University research facilities may not be used for outside consulting projects.
- Provide that University recharge activities and service agreements may not be utilized by companies if the UCSD head of the activity has any financial interest or management responsibility in the company.
- Clarify that certain policies on the use of University facilities do not apply to facilities such as the libraries and the San Diego Supercomputer Center which have as part of their mission service to outside users.

## 6. Incubator Companies Housed at UCSD

- An Incubator Company housed at UCSD is defined as a new company carrying out early development of advanced technology from University inventions housed in a UCSD building that also houses UCSD core academic functions, such as teaching and research.
- All UCSD personnel involved with Incubator Companies should comply with all University policies.
- Incubator Companies should comply with relevant University policies.
- Space should be leased to Incubator Companies only to develop technology from a UCSD invention.
- Incubator Companies should pay the full costs associated with use of University facilities.
- Occupancy by an Incubator Company should be limited to an initial 12 months, with the possibility of up to two additional 6-month extensions.
- An Incubator Company in which a UCSD employee has a Significant Financial Interest may be housed at UCSD subject to review and approval by the Conflict of Interest Committee.
- A UCSD employee with a Significant Financial Interest in an Incubator Company will be required to reduce the per cent time of his or her UCSD appointment unless the employee clearly establishes that his or her time commitment is within the normal limitations allowed by University policy.
- An Incubator Company should be required to disclose in confidence all inventions it makes to UCSD.

- The planned Technology Development Center in the Department of Bioengineering should be subject to ongoing monitoring by its advisory committee and the Administration, an annual formal review by the proposed new Committee on University Interaction with Industry, and an in-depth evaluation with participation by the Academic Senate three years after the first Incubator Company begins residence at UCSD.
7. Guidance to the UCSD Community about Appropriate University Interaction with Industry
- A brochure and web site should be developed to guide and educate members of the UCSD community.
  - Informational meetings and training sessions should be given.
  - Specific individuals in schools, divisions, departments, and ORUs should be assigned responsibility for advising faculty, students, and postdocs.
8. Facilitating Better Interaction and Communication with Industry
- CONNECT and industrial affiliates programs should be further developed.
  - Databases describing UCSD research personnel and activities should be integrated and enhanced.
  - A brochure and web site should be developed for industry to guide them in interactions with UCSD.
  - UCSD review procedures should be streamlined.
  - Long-term associations between UCSD and industry managers and researchers should be encouraged.
  - One person in each dean's office should be assigned to advise companies and departments on university-industry interactions.
9. Organizational Structure and Process for Oversight and Management of University Interaction with Industry
- The current campus committees on conflict of interest and technology transfer should continue.
  - A new standing Committee on University Interaction with Industry should be established to provide oversight, coordination, further policy development, and monitoring of University interactions with industry.
  - Authority for making final decisions about various aspects of University interaction with industry should be clarified.

## **I. Background and Charge to the Committee**

Over the last decade, interactions between UCSD and industry have become increasingly numerous, varied, and complex. These interactions have many positive benefits for UCSD, industry, the State of California, and the general public. However, they also raise many questions about the appropriate nature and limits of these relationships. While these interactions have led to advances in science and technology which in turn have resulted in significant economic development and an improved standard of living, they have in some cases raised issues related to conflict of commitment, conflict of interest, appropriate use of university facilities, and the involvement of students.

In January 1997, University of California chancellors, vice chancellors, deans, Academic Senate leaders, faculty with industry relationships, and staff participated in a two-day retreat to examine and discuss the nature of UC's wide-ranging relationships with industry in the context of UC's mission, core academic values, and responsibility to society. From this retreat came a series of recommendations for improving the University's relationships with industry. In the two years since the retreat, Office of the President administrators and University-wide committees have been reviewing and begun drafting changes to many UC policies and practices.

This experience made clear that there was a need to find ways to facilitate productive relationships with industry that avoid or ameliorate the problems that can result from these relationships. It also led to greater awareness of the value of improving communication within the UCSD and industrial communities about what are appropriate industry-university interactions.

In May 1998, UCSD Academic Senate Chair Fanestil and Chancellor Dynes appointed the Joint Academic Senate-Administration Committee on University Interaction with Industry. The committee was asked to do the following:

- Examine how UCSD can best ensure that faculty and industry are aware of current policies and recommend possible organizational changes to assist with new problems and opportunities early in the process.
- Review relevant policies and procedures that fall within UCSD's control and recommend any changes that may be appropriate.
- Review relevant University-wide policies and procedures and recommend any changes that may be appropriate.
- Comment on any State or Federal laws or practices where changes would be helpful.

A copy of the charge letter is provided in the Appendix.

## **II. Benefits of University-Industry Interaction**

A number of external factors have contributed to the recent substantial growth in University interactions with industry. First, since 1982, the federal government has granted to universities the ownership of intellectual property created in research programs funded by federal contracts and grants. Another factor is the growing realization by states and localities that university-created technology can be an important impetus for economic development. A third is the substantial reduction over the past decade by industry of internally-funded research and development that has led many companies to look to universities to carry out research and development that had been conducted in house. Finally, there is

the increasingly competitive global economic environment which requires shortening the time between discovery and commercialization.

As universities have become more involved with industry, it has come to be recognized that industry-university interactions generate many benefits for society:

- They contribute to economic development of the local region, the state, the nation, and the world.
- They facilitate the more rapid commercialization of the results of University research in a highly competitive economic environment.
- They enhance and broaden the education of the next generation of scientists and engineers and provide industry with access to highly skilled students who are better prepared for careers in industry.
- They provide a source of interesting ideas and challenging problems for University researchers to address and for University faculty to incorporate into course instruction.
- They expand the opportunities for mutually beneficial collaboration between University and industry personnel.
- They help finance research programs at the University.
- They facilitate the University's active involvement as a trusted member of the local community.

### III. Principles for University Interaction with Industry

One of the missions of the University of California, San Diego is to facilitate university-industry interaction and transfer of University created technology for the benefit of the public. In carrying out this mission, UCSD needs to be guided by the following principles:

- **Open Academic Environment** – The Administration and the Academic Senate are responsible for assuring that an open environment exists throughout the University. It is the responsibility of the campus administration, the Academic Senate, and departmental faculty to establish appropriate norms and to assure the existence of an open environment.
- **Freedom to Publish** – The University mission includes an obligation to disseminate the results of research. Consequently, freedom to publish is fundamental to the University and is a major criterion of the appropriateness of a research project.
- **Outside Professional Activities** – Faculty are encouraged to engage in appropriate outside professional activities as a form of public service. Consonant with their responsibilities, each faculty member must assure that such activities do not interfere with the performance of their teaching and research duties.
- **Disclosure of Conflicts of Interest** – Faculty may not, without disclosure to and approval by the University, engage in any activity that involves a conflict between their obligations to the University and their personal gain.
- **Responsibility to Students** – Faculty members must not allow any outside professional activities or interests to prevent them from meeting their responsibilities to students as teachers, mentors, and supervisors of research.
- **Use of University Facilities** – University facilities and resources should be devoted to activities that support University teaching, research, and public service.

## IV. Conflict of Commitment

### A. Current University of California Policy

1. Outside Professional Activities of Faculty Members (Academic Personal Manual 025)
  - a. The policy emphasizes the three main historic commitments of faculty at the University of California to
    - i. teaching,
    - ii. research, and
    - iii. public, professional, and University service.
  - b. Outside professional activities related to University work should
    - i. give the faculty member experience and knowledge valuable to teaching or research, or
    - ii. be suitable research through which the individual may make worthy contributions to knowledge, or
    - iii. be appropriate public service.
  - c. Full-time faculty may not devote more than 39 days per 9 month academic year [48 days for 11 month appointees or 52 days for 9 month appointees who are paid for 3 months summer salary] to compensated outside professional activities. The Chancellor has the authority to approve outside employment in excess of these time limits when in the Chancellor's opinion the activity benefits the University.
  - d. Faculty members may pursue a variety of endeavors for financial gain that are not directly related to their University work. These efforts are excluded from the one-day-a-week limit and are part of the faculty member's private life. Such endeavors must not interfere with the faculty member's full-time commitment to the University.
  - e. Faculty members are required to submit annually to their department chair a report disclosing outside professional activities. No report is required for outside activities unrelated to the faculty member's University work.
  - f. Outside professional activities are part of the record evaluated in the academic review process for advancement or promotion.
  - g. Other academic employees are not explicitly covered by the policy.
2. Sabbatical Leave Policy (APM 740) provides that faculty may not accept gainful employment, including consulting, while on sabbatical leave, except under very limited conditions.

3. Appointment and promotion criteria for Research and Project Scientists/Scholars and Lecturers do not include "public and University service" or "professional competence and activity", but are included for Specialists, Academic Coordinators, and Academic Administrators.

## **B. Committee Recommendations to Modify the Above Policies**

1. The definition of outside professional activities should be extended to include serving as a compensated officer and/or employee of a company which is commercializing an idea or invention developed in whole or in part by the individual at the University of California.
2. The one-day-a-week limit should apply to all compensated outside professional activities related to University work, including, but not limited to, consulting, conducting a professional practice, providing expert testimony, teaching at another institution, being an officer and/or employee of a company commercializing an idea or invention developed in whole or in part by the individual at the University of California. The Chancellor's authority to approve outside employment in excess of these time limits should be extended to include all compensated outside professional activities.
3. Excluded from the 39-day limit are all non-compensated and compensated activities that are not covered in IV.B.2. and are considered an integral part of a faculty member's University teaching, research, and public, professional, and University service. Such activities include lecturing; editing or reviewing books or manuscripts; serving on grant or educational program review panels; serving on governmental committees, boards, panels, or commissions; serving as an officer, board member, or committee member of a professional or scholarly society or non-profit organization; writing books, movies, television productions, and similar works when undertaken as part of university research or creative activities; and carrying out a commission for a specific service that is considered an integral part of a faculty member's research or creative work (e.g., a work of art or dance).
4. Honoraria, royalties, or prizes bestowed in recognition of past achievement are not compensation for activities and fall outside the scope of this policy.
5. Faculty should not be required to provide additional information on outside professional activities beyond what is currently required, with the exception that faculty should be asked to file with their department chair an annual certification that they have not spent more than the 39/48/52 days in compensated outside activities.
6. Faculty on the School of Medicine compensation plan have additional reporting requirements and restrictions on outside professional activities.
7. Faculty on sabbatical and other paid leave should be subject to all the above policies. This would require UC sabbatical leave policy to be modified to permit faculty while on sabbatical leave to engage in compensated outside professional activities for up to one day a week.
8. Part-time faculty should be subject to all the above policies, with the one-day-a-week limit on University time for outside professional activities being prorated to the per cent time of the faculty member's appointment.

9. The policy on Outside Professional Activities of Faculty Members, including the recommended modifications IV.B.1-5 and 7-8 above, should be extended to Research Scientists/Scholars. Simultaneously, UC appointment and promotion policy for Professional Researchers (APM 310) should be modified to add (a) public and University service and (b) professional competence and activity as optional criteria for appointment and promotion.

The Committee is not recommending the extension of the policy on Outside Professional Activities of Faculty Members beyond Research Scientists/Scholars to individuals in other academic titles because their University research responsibilities are not equivalent to those of the faculty.

## V. Conflict of Interest

### A. Current Policies, Laws, and Regulations

1. State laws and regulations governing private-sponsored grants, contracts, and gifts
  - a. define financial interest as one or more of the following held in the company sponsoring the grant or other activity in the previous 12 months by the employee or employee's spouse or dependent children:
    - i. income exceeding \$250
    - ii. direct or indirect equity interest exceeding \$1,000 or 10%, whichever is lower
    - iii. received or promised gifts aggregating \$300 or more in value
    - iv. a director, officer, partner, trustee, employee or holder of a management position
  - b. require that
    - i. the employee identified as "principal investigator" disclose financial interests that the employee, employee's spouse, and/or employee's dependant children have with the private sponsor or donor;
    - ii. the University conduct and independent substantive review of such disclosures to determine if the financial interest might reasonably appear to be affected by the sponsored project.
    - iii. If the principal investigator has a financial interest that exceeds any of the standards in V.A.1.a. above, the University either manage or eliminate the conflict.
2. Federal regulations governing NIH and NSF sponsored projects

- a. define significant financial interest as anything of monetary value held or received by the employee or the employee's spouse or dependent children in the past 12 months, including but not limited to:
    - i. income from a single business exceeding \$10,000 in one year
    - ii. equity interest exceeding 5% ownership interest or \$10,000 in value
    - iii. a management position such as board member, director, officer, partner, or trustee
    - iv. intellectual property interest held on a patent, patent application, or a copyright of software assigned to a party other than UC
  - b. define relatedness as being "when the work to be performed under the sponsored project and the results of the work would reasonably appear to affect the investigator's significant financial interests."
  - c. require that
    - i. University employees responsible for the design, conduct, or reporting of NIH or NSF sponsored projects disclose significant personal financial interests related to the projects;
    - ii. the University conduct an independent substantive review of such disclosures to determine if the interest might reasonably appear to be directly and significantly affected by the sponsored project; and;
    - iii. if a researcher on the project has a financial interest that exceeds any of the standards in V.A.2.a. above, the University either manage, reduce, or eliminate the conflict.
3. The Federal Food and Drug Administration has numerous regulations regarding clinical trials and these must be rigorously adhered to.
4. Other California Law:
- a. requires that all University employees and officers disqualify themselves from participating in a University decision when a financial conflict of interest is present;
  - b. does not permit University employees to receive personal gifts and gratuities which aggregate to \$300 or more in a 12-month period from a single person or organization engaged in business transactions with the University.
5. Other University of California Policy:
- a. prohibits the purchase of goods or services from a University Officer, employee, or near relative unless a specific determination is made that the goods or services are not available otherwise;
  - b. requires officers and employees to avoid the appearance of favoritism in all of their dealings on behalf of the University;

- c. does not permit University facilities to be used for tests, studies, and investigations of a purely commercial character, except when it is shown conclusively that satisfactory facilities for such services do not exist elsewhere; (Regulation No. 4);
- d. requires that employees who receive any part of their salary through the University, or whose activities use any University resources or facilities, submit their proposals for extramural support through the University, and that awards be made to The Regents.

**B. Committee Recommendations to Help Clarify or Modify Current UC and UCSD Policies and Practices**

**1. Definition**

Significant Financial Interest is defined in this report as one or more of the following held or received in the previous 12 months by the researcher or the researcher's spouse or dependent children:

- a. annual income in excess of \$10,000 from a company
- b. equity interest of more than 5% or \$10,000 from a company
- c. management responsibility in a company

This threshold is used in the recommendations in this report unless stated otherwise.

**2. University Projects Sponsored by Private Companies**

- a. For UCSD researchers serving as Principal Investigators on contracts, grants, and gifts from private companies, the disclosure limits are outlined in V.A.1. Above While all disclosures will be reviewed by the University, it is of special concern when a UCSD researcher has a Significant Financial Interest. The University will not accept contracts, grants, and gifts when one or both of these amounts are exceeded or a management position is held. However, the University may decide to make an exception if warranted by the facts and circumstances. In making such a decision, the University will be guided by the principles for UCSD-industry interactions given in Section III of this report and consider factors which include but are not limited to the following:
  - i. relationship of the project to the teaching, research, and public service mission of the University of California;
  - ii. expected benefit to UCSD and the public;
  - iii. nature and extent of the researcher's involvement with the company, including the amount of equity, annual income, and management responsibility of researcher, researcher's spouse, and the researcher's dependent children in the company;
  - iv. nature and extent of student involvement in the proposed UCSD project and with the company, and the positive and negative contributions to the student's educational program and timely progress to the degree;

- v. nature and extent of involvement by postdocs and other UCSD employees (both academic and staff) in the proposed UCSD project and with the company;
- vi. ability of the University to supervise the activity and manage the conflict.

If approved, the University may require one or more of the following management strategies: supervision by an ad-hoc committee, notification to the company regarding the conflict and limitations, disclosure of the relationship on all publications and public presentations (including oral and poster presentations at meetings), divestment of equity to a manageable amount, appointment of another PI to the project, suspending work at the company while working on the project, and other strategies that may be deemed appropriate.

- b. A researcher who is working on a research project sponsored by the Industry-University Cooperative Research Program, or other UC grant programs with significant industry participation, or on a research project sponsored by a company with federal SBIR or STTR funds may not have a Significant Financial Interest in any companies that are partners in the project. The University may consider exceptions to this rule after review of the principles for University interactions with Industry and the factors in V.B.2.a. above
- c. A UCSD researcher may not conduct clinical trials at UCSD—or serve on a committee overseeing the conduct of such trials—which are funded by a company in which the researcher (or immediate family member) has a Significant Financial Interest. The University may consider exceptions to this rule after review of the principles for UCSD-industry interactions, the factors in V.B.2.a. (page 16) and guidelines of the Federal Food and Drug Administration
- d. A UCSD researcher may provide services to a company through a service agreement with UCSD under the following conditions, providing such researcher has no financial interest or management responsibility in the company, including, but not limited to ownership of stock or other equity, receipt of income through consulting or other means. The University may consider exceptions to this rule after review of the principles for University interactions with industry and the following factors:
  - i. relationship of the project to the teaching, research, and public service mission of the University of California;
  - ii. nature and extent of the researcher’s involvement with the company, including amount of equity, annual income, and management responsibility of researcher, researcher’s spouse, and researcher’s dependent children in the company;
  - iii. ability of the University to supervise the activity and manage the conflict.

The following factors automatically would be applied to any approved exceptions:

- i. Full costs of the services are recovered.
- ii. The services are available to any company.
- iii. The services are highly specialized.

- iv. No graduate or undergraduate students are involved in providing the services as part of their academic program of study.
  - v. The services are not within the scope (i.e., not a natural or anticipated extension) of the researcher's ongoing UCSD research program.
  - vi. The company specifies and directs the protocol/statement of work.
- e. Unpaid leave for a researcher with funding from a company for his/her UCSD research program may be approved for full or part-time employment at the company, providing an equitable arrangement is made between the University and the company for intellectual property rights, etc., and the University, after reviewing the considerations in V.B.2.a. (Page 16), believes any conflict of interest can be managed. Also see recommendations on conflict of commitment (pages 11-13).

### 3. Federal Grants

- a. Consistent with current federal regulations, the following are examples of Significant Financial Interests which are considered "related" to a federally sponsored project:
  - i. The UCSD researcher is carrying out a project and the results of that project would be relevant to the development, manufacturing, commercialization, or improvement of any drug, device, procedure, or other products or services of the company in which the researcher has a Significant Financial Interest.
  - ii. The UCSD researcher has a Significant Financial Interest in a company which might manufacture or commercialize a drug, device, procedure, or any other product used in the project, or that will predictably result from the project.
  - iii. The UCSD researchers has a consulting income from a single company that exceed \$10,000 during the prior twelve months, and the financial interests of that company, or the researcher's financial interests related to consulting for that company, would reasonably appear to be affected by the research.
  - iv. An assessment of which, if any, of the researcher's financial interests related to consulting (or which, if any, of the financial interests of the company to which the researcher consults) would reasonably appear to be affected by the proposed research may be made by the researcher based on his or her academic expertise in his or her professional field; those interest are to be reported if they exceed the reporting threshold of \$10,000 from a single company during the prior twelve months.
  - v. The UCSD researcher has a Significant Financial Interest in a company and the sponsored project proposes to subcontract a portion of the work, or lease property, or make referral of participants to, or make purchases from the company.
  - vi. The UCSD researcher has a Significant Financial Interest in a company that is part of a consortium or that will otherwise participate in the sponsored project.

Financial interests which are not related to the sponsored project do not need to be disclosed.

4. General University Policies  
(Independent of whether UCSD receives external funding for the researcher's program)
  - a. Within the 39/48/52 day limit on outside professional activities, a UCSD researcher may engage in professional activities with companies that conduct research in the same or similar areas as the researcher's UCSD research program. Allowable activities may include general consulting, performing research, directing research, and lecturing, provided that these activities do not result in
    - i. disclosure of University proprietary data,
    - ii. transfer of University intellectual property, including any research data and findings from the researcher's University research program that are not in the public domain,
    - iii. multiple compensation for the same work,
    - iv. decision-making on University research issues in the interest of a third party.
  - b. UCSD researchers are not to enter into consulting agreements that create a conflict with University policies and are encouraged to include in consulting agreements language that acknowledges that the researcher is subject to the University's intellectual property and consulting policies.
  - c. UCSD will not subcontract work to a company when the PI or other researcher on the project (or immediate family member) has a Significant Financial Interest in the company. An exception can be considered when no other entity, including the University, can perform the work.
  - d. A researcher may not use in a UCSD research program a device that is owned by and requires payment of a usage fee to the researcher or to a company in which the researcher has a Significant Financial Interest. An exception can be considered when the device is both unique and critical to the performance of the research. If approved, the conflict would be managed by a University conflict of interest ad hoc committee.

## **VI. Involvement of Students and Postdoctoral Scholars**

### **A. Current University Policies**

1. Faculty members must not allow any outside professional activities or interests to prevent them from meeting their responsibilities to students as teachers, mentors, or supervisors of research. [University of California Guideline 6 on University-Industry Relations, May 1989.]
2. Students' educational and research programs are to be entirely open. Students have the right to publish and freely communicate their research progress and findings. There is to be no delay in submitting dissertations, but a delay of up to 90 days may be requested for filing the dissertation in the University Library (i.e., making the dissertation publicly available) to allow for a patent application to be filed.

3. If a graduate student is employed by a company in which a faculty member has a fiduciary interest (e.g. owns, consults), then that faculty member may not be the thesis/dissertation advisor of the graduate student. The faculty member may be on the thesis/dissertation committee. If the faculty member is on the thesis/dissertation committee then he/she must inform the University, through the appropriate offices, of the situation and any possible conflict of interest. Upon review, exceptions may be granted by the Dean of Graduate Studies. [Graduate Council, Oct. 11, 1996.]

## **B. Committee Recommendations to Augment or Modify University Policies**

1. Modify the Graduate Council policy in VI.A.3 above to prohibit the employment of a graduate student in a company in which the student's thesis/dissertation advisor has a Significant Financial Interest. This would make it possible for a student to be employed in a company in which the student's adviser had a financial interest that was NOT significant.
2. Extend the Graduate Council policy in VI.A.3 above to provide that graduate students may not undertake training or do their dissertation research in a company in which their thesis/dissertation adviser has a Significant Financial Interest.
3. Extend the Graduate Council policy in VI.A.3 above to prohibit postdocs from being employed by a company in which their UCSD mentor has a Significant Financial Interest, in recognition of the educational nature of the postdoctoral experience which is preparing the postdoc for an academic or research career.
4. Encourage undergraduate, graduate student, and postdoc participation in industry-sponsored research on campus as long as the following conditions are met:
  - a. The participation furthers the student's educational program.
  - b. The student's faculty adviser and the researcher directing the project do not have a Significant Financial Interest in the company sponsoring the campus research project.
5. Encourage industrial representatives to participate on campus in student and postdoctoral educational programs; for example, industrial scientists and engineers could serve, where appropriate, as co-mentors with faculty mentors of graduate students and postdocs; critique student papers or poster boards in student-sponsored research conferences; offer a lecture in a course; or give a seminar. Where appropriate, industrial representatives could be appointed to the adjunct professor series in recognition of their educational activities at UCSD.
6. Reaffirm that it is appropriate for students and postdocs to undertake educationally-related research activities at companies as long as the following conditions are met:
  - a. The faculty adviser does not have a Significant Financial Interest in the company.
  - b. The company places no confidentiality or non-disclosure restrictions on the student and permits the student to freely discuss and publish the results of his work without delays.
  - c. Any company patent agreement the student is required to sign be reviewed and approved by the University.

7. Continue to encourage students to participate in internships in industry for academic credit, which requires—in addition to work in the company—a research paper with relevant readings directed by a faculty adviser.
8. Clarify that an employee of a company with an interest in University research activities may become a student at UCSD under the following conditions:
  - a. The student's dissertation adviser does not have a Significant Financial Interest in the company.
  - b. Any inventions made by the student in the course of working on University research projects are disclosed to and owned by the University.
  - c. All the student's University research work is publishable with no company-imposed constraints.
  - d. The student does not use any University facilities for the company's proprietary work.
9. Clarify that students and postdocs have the freedom to decide to use their personal non-University time to work for a company which may require the student to sign a confidentiality agreement and place restrictions on the student's right to publish as long as the following conditions are met:
  - a. The student is not working at a company in which their mentor or any member of their doctoral committee has a Significant Financial Interest.
  - b. The work at the company is kept completely separate from the student's UCSD educational program.

## **VII. Intellectual Property Policies and Practices**

### **A. Current Patent Policy and Practices**

1. A person must sign an agreement to assign inventions and patents to the University if the person
  - a. is a UC employee;
  - b. is not a UC employee but uses UC research facilities; or
  - c. receives gift, grant, or contract funds through UC
2. The following categories may be exempted from signing the "agreement to assign":
  - a. military personnel with assignment at the University;
  - b. teachers and lecturers on short-term appointments who will not use UC facilities for research; or

- c. clinical appointees with no compensation from the University who will not use UC facilities for research.
- 3. A person may also be exempted from signing the "agreement to assign" in other circumstances when the mission of the University is better served by the exception (requires a written justification to UC Office of the President for approval with an endorsement by one of the Vice Chancellors).
- 4. Inventions and patents resulting from permissible consulting activities without the use of UC facilities are exempted from the assignment. In practice, the UCSD Technology Transfer Office (TTO) applies the following "quit claim" criteria:
  - a. invention did not result from work for UC;
  - b. invention was not derived, anticipated, or obvious from research and development or other official activities at UC; and
  - c. invention was made without the use of UC facilities
- 5. In the absence of obligations to sponsors, the University may release patent rights to the inventor in those circumstances when
  - a. the University elects not to file a patent application and the inventor is prepared to so do, or
  - b. the equity of the situation clearly indicates such a release should be given, provided that no further research or development related to that invention will be conducted involving University support or facilities and provided that a shop right is granted to the University.
- 6. Under TTO's current practice:
  - a. an invention is released only after a thorough marketing effort is made; and
  - b. if released, the invention is released "as is" at the time of release, and UC retains a "shop right."

Policy does not currently prohibit the inventor from continuing to do research related to the invention that has been released back to the inventor at UCSD; the only prohibition is against the inventor developing the released invention at UCSD.

## **B. Recommendations to Clarify or Modify Current Patent Policy and Practices**

1. Exempt certain short term visitors who use UC research facilities from signing the "agreement to assign" including visitors in the following categories:
  - a. collaborators in research with no UC funding of their salaries who have binding employment contracts with their employers requiring them to assign to their employers their inventions and patents as a condition of their employment; or
  - b. fee-paying users of highly specialized or unique UC research facilities with the character of a "lease" or "rent".

2. Delegate to the campus with the proper accountability to the UC Office of Technology Transfer the authority to grant exceptions to sign "agreement to assign" in circumstances when the mission of the University is better served by the exception.
3. Endorsement by a Vice Chancellor will provide accountability and consistency.
4. TTO should continue vigorously educating the campus community on the policy, its interpretation, and its implementation.

### **C. Current Copyright Policy and Practices**

1. The University owns copyrights of institutional work.
2. Ownership of copyrights to sponsored work, commissioned work, or contracted facilities work is governed by the contract.
3. The University does not claim copyright ownership to students' work and personal work.
4. Ownership of copyrights to scholarly/aesthetic works resides with the faculty author or artist, unless they are sponsored.

### **D. Recommendations to Clarify or Modify Current Copyright Policy and Practices**

1. The definition of "scholarly/aesthetic work" needs clarification. It should be expanded to define the true meaning of "aesthetic" rather than relying on reference back to the Patent Policy for override.
2. The campus should support the system-wide task force on copyrights in its efforts to modernize and improve the current policy.
3. The current policy is not clear on the copyright of "recorded" lecture materials. Introduction of the concept of copyright ownership based on the "significant use of university resources" may help to clarify the issue.

## **VIII. Appropriate Use of University Facilities for Industry-Related Purposes**

### **A. Current University Policies**

1. University Regulation No. 4 (June 23, 1958) states that "University participation in tests and investigations shall be limited to activities which lead to the extension of knowledge or to increased effectiveness in teaching. Routine tasks of a commonplace type will not be undertaken. University laboratories, bureaus and facilities are not to be used for tests, studies or investigations of a purely commercial character such as mineral assays, determination of properties of materials, the performance efficiencies of machines, analyses of soils, water, insecticides, fertilizers, feeds, fuels, and other materials, statistical calculations, etc., except when it is shown conclusively that satisfactory facilities for such services do not exist elsewhere."

This policy as written does not acknowledge or permit the types of activities that are currently being performed by researchers as discussed in Section V.B.2.d. (page 17).

2. University Policy on Outside Professional Activities of Faculty Members (July 1, 1996) provides that consulting activities cannot interfere with University duties, but does not specifically address the use of University facilities for outside consulting purposes.
3. University of California Patent Policy (October 1, 1997) states that an agreement to assign inventions and patents to the University, except those resulting from permissible consulting activities without the use of University facilities, is required for all University employees and/or persons who use University facilities.
4. UCSD PPM 300-40, Guidelines for Recharge and Other Income Producing Activities, defines auxiliary enterprises, service enterprises, academic support activities, support group activities and miscellaneous sales activities as entities which provide, at approved rates and on a regular basis, goods and services to a specific group of users, but does not specifically address the performance for commercial entities of individual, one-time or recurring activities which do not rise to the level of an on-going sales and service facility.
5. UCSD PPM 200-13, Conflict of Interest, states that University resources (supplies, equipment, facilities and staff time) cannot be used for the benefit of a company without proper compensation.

#### **B. Committee Recommendations to Augment or Modify University Policies**

1. Revise Regulation 4 to state that University laboratories, including equipment, animal facilities, etc. may be utilized for infrequent, incidental and/or one-time industry projects as long as such use:
  - a. is approved by the Dean or Department Chair;
  - b. meets the criteria stated in V.B.2.d. (page 7);
  - c. is under the direct oversight and responsibility of the researcher whose laboratory is being utilized for such project;
  - d. is related to the academic mission of the department, school, or laboratory for research or testing purposes only;
  - e. is for research and testing purposes only including analyses of techniques or processes related to production or manufacturing for sale, but not for direct production or manufacturing for sale;
  - f. complies at all times with University policies;
  - g. does not interfere with the researcher's primary research program or the education of students;
  - h. does not expose the University to liability for the negligent or intentional acts of industry employees participating in such projects.

2. Modify Regulation No. 4 to clarify that use of University facilities may take place only with a pre-determined company protocol and that no inventive contribution may be made by the University. This does not preclude University or company employee participation in the project as long as the criteria under V.B.2.d. (page 17) are met.
3. Modify appropriate University policies to clarify that University researchers and students may not use University research facilities for outside consulting projects. The University may consider exceptions to this rule in accordance with V.B.2.d. (page 17).
4. Reaffirm the requirement in PPM 300-40 that University activities formally approved by the UCSD Recharge Rate Review Committee be reviewed every 5 years in order to confirm whether such activity continues to serve an important University need, is cost effective considering alternative commercial sources, and only incidentally serves the general public.
5. Modify appropriate University policies to address one-time specialized activities which are provided by individual researchers to commercial entities and meet the criteria of V.B.2.d. (page 17) in the Conflict of Interest section.
6. Modify PPM 300-40 to provide that University recharge activities may not perform services for non-University clients if the head of such activity has any financial interest or management responsibility in the company. The University may consider exceptions to this rule (see V.B.2.d., page 17).
7. Clarify that overhead assessed for Regulation 4 activities shall be in accordance with University policies on sales and services to non-University clients, unless the activity providing the service is excluded from the application of PPM 300-40.
8. Clarify that the above policies on the use of University facilities are not intended to apply to those certain facilities, such as the University Libraries and the San Diego Supercomputer Center, which have as part of their mission service to outside users, including companies.

## **IX. Incubator Companies Housed at UCSD**

### **A. Background**

The Department of Bioengineering received a Whitaker Foundation Leadership Award in October 1998. One aspect of the proposal that was highly praised by the Whitaker Foundation was the creation of an experimental Technology Transfer and Clinical Development Center on campus. The purpose of the Center is to accelerate the development of UCSD-created technologies, so the results of University research might be made more rapidly available for public benefit. The Center is an innovative idea that was conceived and intended to be implemented as an experiment. It is recognized that while the Center has many potential benefits, it also presents significant concerns relating to openness of the academic environment, involvement of students, conflict of interest, conflict of commitment, and use of University facilities. As an experiment, the Center will attempt to realize the benefits and address the concerns, making changes where appropriate, during its early stages of development.

## **B. Definitions**

1. For the purposes of this report, an Incubator Company housed at UCSD is defined as a new company carrying out early development of advanced technology from University inventions housed in a UCSD building that also houses UCSD core academic functions (teaching and research).
2. The Technology Development Center is the planned specialized facility in the Department of Bioengineering that is designed to accelerate the transfer of University ideas into commercial products and enhance educational opportunities for students by providing (1) space and resources for selected Incubator Companies housed at UCSD; (2) student internship opportunities; and (3) technical assistance, networking, and financial access for companies developing UCSD technology.

## **C. General Policy**

All University personnel involved with Incubator Companies are to comply with all University policies, including but not limited to policies relating to conflict of interest, conflict of commitment, involvement of students, use of university facilities, and intellectual property. In addition, the Incubator Companies and their non-University employees are to comply with relevant University policies, including use of University facilities, animal and human subjects, and environmental health and safety.

## **D. Special Policies and Processes**

Because of the Incubator Company's close physical proximity to University teaching and research activities and the Company's use of University facilities, the Committee recommends the following additional policies apply to Incubator Companies housed on campus:

1. Space will be leased to Incubator Companies only to develop technology from a UCSD invention that has been licensed to the Company.
2. An Incubator Company may be housed in designated incubator facilities on campus in order to carry out first-stage, pre-commercial development of UCSD inventions, with the goal of accelerating the technology transfer process.
3. Space in buildings paid for from State funds may not be leased to Incubator Companies.
4. Incubator Companies shall pay the full costs associated with use of University facilities in accord with University policy.
5. The Center's mission is to facilitate early stage development of new technologies that have not yet proven to be commercially viable. For this reason, occupancy will be limited initially to 12 months with the possibility of a 6-month extension. A second 6-month extension may be considered after a detailed review of progress and need.
6. An Incubator Company in which a faculty member or other UCSD employee has a Significant Financial Interest may be housed at UCSD subject to review by the UCSD Institutional Review Committee on Conflict of Interest and the Committee's determination that the conflict can be managed.
7. A faculty member or other UCSD employee with a Significant Financial Interest in an Incubator Company will be required to reduce the per cent time of his or her UCSD appointment unless the faculty member or other UCSD employee clearly establishes

that his or her time commitment is within the normal limitations allowed by the University's Conflict of Commitment policies.

8. Because of the potential for conflict of interest, an Incubator Company will be required to disclose in confidence all inventions it makes to the Technology Transfer Office to determine whether UCSD has any claim on the technology.
9. A process will be developed and criteria established to determine how Incubator Companies will be chosen to be housed at UCSD and how the Technology Development Center will be managed. These processes and criteria will be subject to Academic Senate review and Administration approval prior to UCSD's acceptance of any Incubator Company.
10. Because the Technology Development Center is an experiment, it will be subject to monitoring and ongoing review by its advisory committee and the Administration. A formal annual review will be conducted by the proposed new standing Committee on University Interaction with Industry. The results of the annual review will be reported to the Academic Senate, the Independent Review Committee on Conflict of Interest, and the Technology Transfer Advisory Committee. The Center is to undergo an in-depth evaluation with participation by the Academic Senate three years after the first selected Incubator Company begins residence in the facility. At that time, the campus will undertake an assessment of the actual benefits, including technology transfer and student internships, and any problems that may have arisen related to the Center's impact on UCSD's open academic environment, the accessibility of the Center to UCSD personnel, and the manageability of conflicts of interest and commitment. At the time of the three-year review, a recommendation will be made regarding the Center's continued presence on the campus.

## **X. Guidance to the UCSD Community About Appropriate University Interaction with Industry**

**The Committee recommends that the UCSD administration do the following:**

- A. Prepare a brochure that describes simply and clearly what are appropriate practices and where to get additional information and advice. The Office of Graduate Studies and Research would coordinate the preparation of this brochure and distribute it to all UCSD faculty and researchers and to all administrative and other scientific staff who may have interactions with industry.
- B. Develop a web site that builds on the brochure and links to specific sections of other sites that deal with university interactions with industry; e.g., the web sites of the Conflict of Interest Office, Office of Contract and Grant Administration, Technology Transfer Office, UC Office of the President.
- C. Assign deans the responsibility to educate department chairs, organized research unit directors, and their MSOs about appropriate interactions with industry and to advise chairs and directors about individual cases. Encourage deans, chairs, and directors to mentor faculty on these issues.

- D. Disseminate to students and postdoctoral scholars information about their appropriate involvement in industrial activities.
- E. Hold a half day or full day campus retreat to follow up on the UC-wide 1997 President's Retreat on Relationships with Industry and Technology Transfer.
- F. Do special presentations in the next year to a variety of groups at their standard meetings, including department chairs, ORU directors, Research Advisory Council, academic MSOs, selected Academic Senate committees, Vice Chancellors' unit head meetings.
- G. Develop ongoing training programs both for central administrative staff with responsibilities for university interactions with industry and for departmental faculty and staff.
- H. In each department with significant or potentially significant interactions with industry, assign one faculty member to become an expert on university-industry relations, advise other faculty on appropriate interactions, look out for the interests of students and postdocs, and make appropriate referrals.
- I. Encourage CONNECT to inform faculty more fully about their services and help in promoting entrepreneurship.

## **XI. Facilitating Better Interaction and Communication with Industry**

**The Committee recommends that the UCSD administration do the following:**

- A. Further develop and enhance the CONNECT program in University Extension and industrial affiliates programs in schools, departments, and organized research units.
- B. Integrate and further develop existing database services, including
  - 1. the UCSD faculty expertise database
  - 2. a database of abstracts of extramurally supported University research programs
  - 3. a web site linking San Diego County scientists
- C. Develop a brochure and web site for industry to guide them in interactions with UCSD.
- D. Streamline, where possible, UCSD review and approval procedures
- E. Facilitate increased industry visitors to UCSD by
  - 1. Simplifying process for enrollment of Visiting Scholars without the doctoral degree
  - 2. Simplifying process for visiting appointments of industrial visitors who will be paid by UCSD for their on-campus collaborative work with UCSD faculty
  - 3. Considering revisions to patent acknowledgement requirements

- F. Encourage long-term associations between UCSD and industry managers and researchers through non-salaried appointments as research scientists/engineers or adjunct professors.
- G. Assign one person in each dean's office with responsibility for
  - 1. Advising companies on university policies that apply to university-industry interactions, making referrals to appropriate UCSD offices with approval authority, and coordinating arrangements where appropriate.
  - 2. Advising department chairs and faculty on appropriate university interaction with industry.

## XII. Organizational Structure and Process for Oversight and Management of University Interaction with Industry

### Recommendations

#### A. Committee Responsibilities

- 1. **Independent Review Committee on Conflict of Interest** should continue to review financial and other conflict of interest disclosures and take appropriate action.
- 2. **Technology Transfer Advisory Committee** should continue to advise on intellectual property, patent, copyright, and licensing issues.
- 3. **A new standing committee, named the University Interaction with Industry Committee**, should be established by the Chancellor to provide direction, oversight, coordination, further policy development and revisions, and continuous monitoring of University interactions with industry. It would be desirable for the new committee to consider at an early date the following issues: virtual companies owned by UCSD employees, material transfer agreements, unfunded collaborations, science research park, and any desired changes in State or Federal laws or practices.

#### B. Final Decision-Making Authority

<u>Decisions relating to</u>	<u>Authority</u>
faculty conflict of commitment	Senior Vice Chancellor-Academic Affairs
conflict of interest	Chancellor on the advice of the Independent Review Committee on Conflict of Interest
students and postdocs	Vice Chancellor for Research/Dean of Graduate Studies
patents and licensing	Director of Technology Transfer Office, with major exceptions made by Vice Chancellor-Resource Management

contract and grant provisions	Director of Office of Contract and Grant Administration, with major exceptions made by Vice Chancellor-Resource Management
service agreements for specialized activities performed by UCSD researchers	Director of Office of Contract and Grant Administration, with delegation of authority to approve within campus guidelines to a designated individual in the School of Medicine Dean's Office and in the SIO Director's Office
private clinical trials	Vice Chancellor-Health Sciences
recharge facilities	Vice Chancellor-Business Affairs
gifts from industry	Director of Development Office, major exceptions made by Vice Chancellor-External Relations

# **Appendix: Letter Appointing the Joint Academic Senate – Administration Committee on University Interaction with Industry**

San Diego:  
Office of the Chancellor  
Academic Senate: San Diego Division  
La Jolla, California 92093

May 11, 1998

RICHARD ATTIYEH, Vice Chancellor for Research and Dean of Graduate Studies, Co-Chair  
EDWARD DENNIS, Chemistry and Biochemistry, Co-Chair  
ANTHONY ACAMPORA, Electrical and Computer Engineering,  
NATHANIEL BECK, Chair, Graduate Council and Political Science  
GERARD BOSS, Medicine  
ROBERT CONN, Dean, Jacobs School of Engineering  
LINDA DALE, Director, Office of Contract and Grant Administration  
WILLIAM FENICAL, SIO and Director, Center for Marine Biotechnology and Biomedicine  
MARK GEYER, Psychiatry  
MARVIN GOLDBERGER, Divisional Dean, Natural Sciences  
SID KARIN, Computer Science and Engineering and Director, San Diego Supercomputer Center  
ALAN PAAU, Director, Technology Transfer  
ANN PARODE, Campus Counsel  
PAUL SALTMAN, Biology  
JERRY SCHNEIDER, Dean for Academic Affairs, School of Medicine  
WILLIAM TROGLER, Chemistry and Biochemistry

SUBJECT: Joint Academic Senate-Administration Committee on University Interaction with Industry

Dear Colleagues:

We are writing to ask you to serve on a joint Academic Senate-Administration Committee to review current University and UCSD policy regarding, University and Industry interaction, and recommend any changes that may be needed. Vice Chancellor Attiyeh and Professor Dennis have agreed to serve as co-chairs. Jean Fort, Assistant Dean of Graduate Studies and Research, and Delia Talamantez, Director, Conflict of Interest Office, have agreed to provide staff support. Over the last few years, interactions between our faculty and industry have increased dramatically. These interactions have many positive benefits for the University and have been strongly encouraged by us at UCSD and by President Atkinson for the entire University.

As a consequence, however, the variety and complexity of the relationships between our faculty and industry have also increased dramatically. This has raised many questions as to the appropriate nature and limits of those relationships. In some instances, the applicability of policy is not clear and in others, chances to policy seem to be appropriate. In addition, it is that we must improve the clarity and dissemination of our policies and ensure that we can provide faculty and industry with early and prompt responses to particular situations. This committee is being established at the recommendation of an ad hoc group of the Academic Senate and administrative leadership who met in February to review examples of the kinds of issues that are arising. To give you a sense of the issues involved, a copy of these materials is attached.

Because the issues raised are complex, and many raise University of California-wide policy issues, we are requesting that the committee divide its work into four parts:

- Examine how UCSD can best ensure that faculty and industry are aware of current policies and recommend possible organizational changes to assist with new problems and opportunities early in the process.
- Review relevant policies and procedures that fall within UCSD's control and recommend any changes that may be appropriate.
- Review relevant University-wide policies and procedures and recommend any changes that may be appropriate.
- Comment on any State or Federal laws or practices where changes would be helpful.

This is an important task, and we appreciate your willingness to serve. No reply is necessary unless you will be unable to participate.

Sincerely,

Darrell Fanestil  
Chair, Academic Senate

Robert C. Dynes  
Chancellor