Cornell and Technion Pilot New Approach to Intellectual Property at the Jacobs Institute

Earlier this year, the Jacobs Technion-Cornell Innovation Institute at Cornell Tech announced the first Runway Postdoctoral Program, an innovative new model for technology entrepreneurs at the PhD level to advance their research and launch new ventures. Cornell and Technion professors serve as academic mentors for postdocs selected for this one-year program. In addition, the postdocs also work with a team of legal, industry and venture capital advisors from outside the campus. The program is designed to make it as easy as possible for postdocs in technology fields to develop companies in a university setting. Critical to this approach is a new model for Intellectual Property (IP) that the Jacobs Institute is piloting as part of the Runway Program.

Typically, universities engage in substantial negotiations to license technologies developed on campus, a process that doesn’t reflect the realities of today’s technology start-ups. In addition, universities try to maintain control over the IP and the commercialization process. Often valuations are made too early in the start-up process, talented technologists are forced to relinquish rights to their ideas, and the whole process moves too slowly to keep up with the pace of tech innovation. The result is that investors refrain from engaging universities, entrepreneurs are discouraged from commercializing research in a university setting, and universities lose out on potential impact on society as well as on economic return from ideas developed on campus.

The new model developed by Cornell and the Technion positions the Institute as an investor in companies that spin out of the program. It gives the company founded by a postdoc an exclusive license to use the technology that they develop in the program in exchange for a stake in the company comparable to the initial Jacobs Institute-funded Runway Award that the postdoc received. Currently valued at $150,000, the Runway Award serves as an investment in the development of the technology much like an angel investor’s cash investment might. This investment converts into equity if and when the company closes a future round of financing or the IP rights are sold.

This model encourages commercialization of university research by providing postdocs with the resources to succeed without the uncertainty and restrictions usually associated with a university IP negotiation. The university’s interests are also protected by ensuring equity in the new company established when the company is truly ready for an accurate valuation.

Cornell Tech expects this approach to IP to become a model not just at Cornell Tech broadly, but at other academic institutions around the world. It is an example of the powerful collaboration of two leading academic institutions, Cornell and Technion, to envision and create change in technology commercialization.