



UNIVERSITY OF HAWAII SYSTEM

TESTIMONY

H.B. 2034 – RELATING TO BIOPROSPECTING

Testimony Presented Before the
House Committee on Economic Development and Business Concerns

February 12, 2004

By

James R. Gaines
Interim Vice President for Research
University of Hawaii

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Chair Brian Schatz and Members of the Committee:

The University of Hawaii supports the major tenet of HB 2034, the establishment of a temporary bioprospecting advisory commission to address issues related to bioprospecting, including equitable benefit sharing. However, a prohibition on any transfer of biological materials from the State's public lands would have a severe negative impact on many activities of the University, including teaching and research.

HB 2034 correctly states that the loss of biodiversity Hawaii is experiencing is primarily due to loss of key habitat, not bioprospecting. Clearly understanding and preserving habitat is the key to maintaining the biodiversity of Hawaii, not a prohibition on the transfer of biologic materials. In fact, it is only through research and education that we will be able to address the preservation of Hawaii's biodiversity in any meaningful way.

Many of the University's research programs are directed toward better understanding the factors that influence our State's natural and biological resources and of finding more effective ways to preserve Hawaii's biodiversity. The proposed moratorium on the transfer of biological materials, especially those that are indigenous or endemic to the State, has the potential to halt many of these research programs and to thus, by well-intentioned means, permit more damage to the State's biological diversity. Programs such as the Pacific Island Ecosystem Research Center, the Lyon Arboretum, the Hawaii Center for Conservation Research and Training, and others all stand to have their various research activities interrupted or stopped completely.

Contrary to testimony submitted to your committees in favor of HB 2034, the University of Hawaii does not engage in the sale of ANY biological materials. The faculty of the University, as members of the worldwide scientific community, often share materials with other researchers, but they do so only in the interests of advancing scientific knowledge. In addition, they may be required to do so in order to have their discoveries published or in order to fulfill their obligations to the research sponsor(s). Preventing UH scientists from sharing information and materials with their colleagues will isolate them from the rest of the scientific community and may endanger their ability to fulfill the objectives of their research grants.

The University currently has mechanisms in place to inventory biological research materials and track their movement both inside and outside of our campuses. Internally the UH Biological Safety Office maintains records of all controlled biological material. In addition, UH researchers are required to obtain permits from appropriate state and federal agencies to sample in the field and should any biological material be transferred outside the university in the course of scholarly research, it is typically done only under the terms of a Material Transfer Agreement (MTA).

As stated above, the transfer of biological materials between UH scientists and others is typically governed by a Material Transfer Agreement (MTA), a contractual agreement between the two parties. The UH Office of Technology Transfer and Economic Development (OTTED) administers such agreements for UH. The University's standard MTA does not permit the use of materials transferred from UH to others to be used for any commercial purposes. Further, UH's standard MTA retains ownership of the materials, even when they are in the possession of the other party. Finally, in the event the other party makes an invention with the use of such materials, they may not practice the invention for commercial purposes without a license or other arrangement with UH. A boilerplate copy of a MTA is attached hereto.

The University is deeply concerned about a prohibition of the transfer of biological material. As mentioned above, such regulation would directly impact the two most important missions of the university - education and research. In teaching, no materials

would be permitted to move from research labs to classrooms, opportunities for community college and undergraduate students to participate in field studies would be severely curtailed, and the best and brightest of Hawaii's students that want to pursue a career in life sciences at UH will be turned away - a true disservice to our young people.

Just as importantly, prohibiting the transfer of biological material would severely affect a growing research capacity in the life sciences at the same time the state is promoting such activity as a driver of economic diversity in Hawaii. If enacted, a prohibition could put a significant amount of the University's \$324M (2003) in extramural research funding at risk and would preclude the submission of many grant proposals currently under development. Federally funded programs, such as EPSCoR that reach across our state to build capacity in attracting federal funding and GK-12 that puts graduate student researchers into our public schools, would cease to exist. Ironically, the basic research needed to preserve endangered species, control invasive species, and preserve our fragile ecosystems would stop.

While we support the establishment of a temporary bioprospecting advisory commission and will actively participate in such a panel, the University respectfully requests that your committee amend HB 2034 to exclude Section 3.

Thank you for the opportunity to provide testimony on this bill.

MATERIAL TRANSFER AGREEMENT

THIS AGREEMENT, effective as of _____, 200__ is between the University of Hawai‘i, represented by the Office of Technology Transfer and Economic Development, with offices at 2800 Woodlawn Drive, Suite 280, Honolulu, Hawai‘i, 96822 (hereinafter “UH”) and _____ with offices at _____ (hereinafter “RECIPIENT”).

1. Research Materials The following original research material(s) have been developed by <Name of UH faculty> at UH and is(are) the property of UH:

“ <Title/name of research material> ”

The original research material described above and any progeny, replicate, subset, derivative, or modification thereof, and related confidential information provided by UH, shall hereinafter be referred to as the “MATERIAL”.

2. Description of Planned Research RECIPIENT shall use MATERIALS provided under this Agreement for non-commercial research purposes only, which purposes are described in Attachment A and which shall hereinafter be referred to as the “RESEARCH”:
3. Purpose of Transfer and Restrictions RECIPIENT’s principal investigator (“Recipient Scientist”) may use the MATERIAL solely for the purposes of the RESEARCH at RECIPIENT’s institutional facilities only and only under the direction of Recipient Scientist. RECIPIENT shall not attempt to reverse engineer, deconstruct or in any way determine the structure or composition of the MATERIAL. RECIPIENT may not use the MATERIAL for commercial purposes, or in research or consulting for a for-profit entity under which that entity obtains rights to research results, without the prior written consent of UH. RECIPIENT agrees not to transfer the MATERIAL to anyone who is not employed at RECIPIENT’s facilities without the prior written consent of UH. RECIPIENT agrees to the limitations on use of the MATERIAL. No other right or license to the MATERIAL is granted or implied as a result of the transfer of the MATERIAL to RECIPIENT. If RECIPIENT’s use of the MATERIAL results in an invention, RECIPIENT shall disclose such invention to UH and agrees not to commercialize, sell, license, or otherwise transfer property rights in the invention without the prior written consent of UH.
4. Confidential Information For the purposes of this Agreement, “CONFIDENTIAL INFORMATION” shall refer to all information related to the MATERIAL. CONFIDENTIAL INFORMATION may also include "TRADE SECRETS" which is identified as CONFIDENTIAL INFORMATION that is commercially valuable and secret in that it is not generally known in the industry in the areas in which it is utilized.

RECIPIENT agrees to hold CONFIDENTIAL INFORMATION in confidence and utilize all reasonable efforts to avoid unauthorized use, disclosure, publication, or dissemination of CONFIDENTIAL INFORMATION for a period of five (5) years from the effective date of this Agreement except in the case of any CONFIDENTIAL INFORMATION identified by UH as TRADE SECRETS. The term of confidentiality with respect to TRADE SECRETS received by RECIPIENT shall be perpetual.

RECIPIENT shall protect CONFIDENTIAL INFORMATION with the same degree of care as it uses to protect its own confidential information. RECIPIENT shall have no obligation of confidentiality with respect to CONFIDENTIAL INFORMATION, which: (a) at the time of its receipt is generally available in the public domain, or thereafter becomes available to the public through no act or omission of the RECIPIENT; (b) was independently known or developed by RECIPIENT prior to receipt thereof from UH, as shown by prior, legally competent, written records of RECIPIENT; (c) is made available to RECIPIENT as a matter of lawful right by a third party without breach of any nondisclosure obligation and without restriction on disclosure; (d) is required to be disclosed by law, court order, or regulation; or (e) is authorized for disclosure in writing by UH.

5. Indemnity RECIPIENT assumes all liability for damages that may arise from RECIPIENT's use, storage or disposal of the MATERIAL. UH will not be liable to RECIPIENT for any loss, claim or demand made by RECIPIENT, or made against RECIPIENT by any other party, due to or arising from the use of the MATERIAL by RECIPIENT. Further, RECIPIENT shall indemnify, defend, and hold harmless UH for any loss, claim, damage, or liability of any kind or nature which may arise from or in connection with acts by RECIPIENT under this Agreement or the use, handling, or storage of the MATERIAL by RECIPIENT.
6. Reports At least once per year, no later than the anniversary date of this Agreement, RECIPIENT shall provide to UH a summary report of research results obtained through use of the MATERIAL. Further, within three (3) months of the conclusion of the RESEARCH, RECIPIENT shall provide to UH, or the parties may collaboratively prepare, a final report that describes the research results obtained through the use of the MATERIAL, and further indicates the disposition of the MATERIAL.
7. Representations and Warranties UH MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE FOR THE MATERIAL, NOR DOES UH WARRANT THAT THE USE OF THE MATERIAL WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, OR OTHER INTELLECTUAL PROPERTY.
8. Publications Any manuscripts or publications prepared by RECIPIENT relating to the MATERIAL shall be provided to UH prior to submission for publication. If RECIPIENT has not heard from UH within 30 days of UH's receipt of the publication, it will be assumed UH is satisfied with the content of the text and publication may continue. RECIPIENT agrees that RECIPIENT and/or Recipient Scientist will provide appropriate acknowledgment of the source of the MATERIAL in all publications.
9. Compliance RECIPIENT expressly agrees that its use of the MATERIAL shall be in compliance with all applicable local, state, and federal procedures, rules, regulations, and laws.
10. Assignment This Agreement may not be assigned or otherwise transferred by RECIPIENT without the prior written consent of UH.
11. Termination Either party may terminate this Agreement with or without cause upon

thirty days written notice. All of the MATERIAL must be either returned to UH at the address set forth in Paragraph 12 below or destroyed before the termination date of this Agreement. At its sole discretion, UH may permit RECIPIENT to retain possession of some or all of the MATERIAL. All obligations of the parties hereunder shall cease upon termination of this Agreement, except that the provisions set forth in Paragraphs 3, 4, 5, 6, 7, and 8 shall survive.

12. Notices Notice with respect to this Agreement shall be sent via U.S. Postal Service certified return receipt or registered mail or via reputable commercial courier (Federal Express, UPS, DHL, etc.) and shall be deemed duly given and made on the earlier of the date of actual receipt or five (5) days after being mailed postage prepaid, and shall be addressed as follows, provided that either party may by written notice designate a substitute address from time to time:

TO UH:

Office of Technology Transfer and
Economic Development
2800 Woodlawn Drive
Suite 280
Honolulu, Hawai'i 96822
Attn: Director

TO RECIPIENT:

Attn:

13. Modification This Agreement is the entire agreement between the parties. No change, modification, alteration, waiver, amendment, or addition shall be valid unless in writing and signed by each of the parties hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

UNIVERSITY OF HAWAI'I

RECIPIENT:

By: _____

Richard F. Cox, Jr.
Associate Director, OTTED

By: _____

Printed Name

Position

.....
Read and Acknowledged:

By: _____

Signature

Name - please print
Recipient Scientist

The purpose of the RESEARCH shall be: _____
