



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented to the  
House Committee on Lower & Higher Education  
Friday, January 31, 2020 at 2:00 p.m.

By  
Vassilis L. Syrmos  
Vice President, Research and Innovation  
University of Hawai'i System

### HB 2256 – RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII

Chair Woodson, Vice Chairs Hashem and Quinlan, and Members of the Committee:

The University of Hawai'i (UH) supports this bill.

In 2017, the Legislature supported UH's efforts to promote the commercialization of inventions and discoveries generated by its faculty, students and alumni by giving UH the responsibility to ensure that technology transfer activities it sponsors comport with ethic principles embodied in the State Ethics Code. Pursuant to Act 38, Session Laws of Hawai'i 2017, University of Hawai'i sponsored technology transfer activities would be exempt from specific sections of the State Ethics Code so long as these technology transfer activities were subject to ethic policies and a compliance program established by UH that were specifically adapted to unique features of university-generated innovations.

The transfer of compliance responsibility to UH by Act 38 would sunset, however, on June 30, 2022. At that time, the exemption would expire, and the State Ethics Commission would assume sole authority to provide advice, guidance, and decisions on issues.

This legislative measure would repeal the sunset thereby allowing UH to continue to develop and refine its compliance program for technology transfer activities unique to itself. This repeal of the sunset is appropriate for the following reasons.

To date, UH has examined conflict of interest policies from other research universities. Reference materials such as guidelines and advisory opinions from the Hawai'i State Ethics Commission have also been reviewed. The University of Hawai'i's compliance policies and procedures in related areas such as financial conflicts of interest and research integrity have been studied. With this context, a set of UH policies crafted specifically for technology transfer activities has been drafted and shared with the faculty for comment. An internal handbook for use by UH staff has been created, based in part, on models used at other universities.

The proposed policies and UH handbook are drafted as specialized documents that can provide more nuanced application for technology transfer. The policies are also developed with direct engagement from UH stakeholders, such as its faculty.

To continue these efforts, the University of Hawai'i respectfully requests that the sunset provision of Act 38, Session Laws of Hawai'i 2017, be deleted.



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## HAWAI‘I STATE ETHICS COMMISSION

State of Hawai‘i · Bishop Square, 1001 Bishop Street, ASB Tower 970 · Honolulu, Hawai‘i 96813

Committee: Committee on Lower and Higher Education  
Bill Number: H.B. 2256  
Hearing Date/Time: January 31, 2020, 2:00 p.m.  
Re: Testimony of the Hawai‘i State Ethics Commission **OPPOSING**  
H.B. 2256, Relating to Technology Transfer at the University of Hawaii

Dear Chair Woodson, Vice Chair Hashem, Vice Chair Quinlan, and Committee Members:

The Hawai‘i State Ethics Commission (“Commission”) opposed the enactment of Act 38 of 2017 (H.B. 425).<sup>1</sup> Regardless, Act 38 called upon the University to develop a “regulatory framework and research compliance program and policies approved by the University of Hawaii board of regents.” The Commission’s understanding is that the University has not yet completed this work.

Given that Act 38 does not sunset for nearly two and a half years, it is unclear why the University is rushing to remove the sunset provision now. Until the Legislature, the Commission, and the public have had an opportunity to review the University’s final compliance framework on technology transfer activities – to ensure that there are adequate protections against conflicts of interests, for example – the Commission opposes the removal of the sunset provision.

The Commission respectfully suggests that this measure be deferred so that the University may continue working on the required regulatory framework; the Legislature can consider this matter again in 2021 or 2022.

Thank you for your continuing support of the Commission’s work and for considering the Commission’s testimony on H.B. 2256.

Very truly yours,

Daniel Gluck  
Executive Director and General Counsel

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<sup>1</sup> The Commission’s testimony in opposition to that measure is available at [https://www.capitol.hawaii.gov/Archives/measure\\_indiv\\_Archives.aspx?billtype=HB&billnumber=425&year=2017](https://www.capitol.hawaii.gov/Archives/measure_indiv_Archives.aspx?billtype=HB&billnumber=425&year=2017).



## **Testimony to the House Committee on Lower and Higher Education**

**Friday, January 31, 2020**

**2:00 P.M.**

**Conference Room 309**

### **HB 2256: RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII**

Chair Woodson, Vice Chair Hashem and Members of the Committee:

My name is Gary Kai and I am the Executive Director of the Hawaii Business Roundtable. The Hawaii Business Roundtable supports House Bill 2256 to allow the University to continue its work in research commercialization and economic development by removing the sunset provision in Act 38.

The Hawaii Business Roundtable strongly believes that a strong research and innovation sector led by the University of Hawaii will be a large and important magnet for new money and new fields of job growth in Hawai'i. We supported the Legislature in the creation of Act 38. We agree with the Legislature that the commercialization of the intellectual property created by basic and applied research conducted at the University of Hawaii, holds great promise to contribute to the creation of jobs and economic growth. It is a vital component of the creation of jobs in the local economies of many universities across the country and although it is in its early stages, it is being done here in Hawaii.

We believe that the University has reasonable policies that insure the balance between the partnership arrangements and the benefits to the public. We support the University's efforts to continue to build and improve its compliance program and to help build our economy through its commercialization efforts. We fully support the request to delete the sunset provision of Act 38.

Thank you very much for the opportunity to testify.

Gary K. Kai, Executive Director  
Hawaii Business Roundtable



Written Statement of  
**Len Higashi**  
Acting Executive Director  
Hawaii Technology Development Corporation  
before the  
**House Committee on Lower & Higher Education**  
Friday, January 31, 2020  
2:00 p.m.  
State Capitol, Conference Room 309

In consideration of  
**HB2256**  
**RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII.**

Chair Woodson, Vice Chairs Hashem and Quinlan, and Members of the Committee.

The Hawaii Technology Development Corporation (HTDC) **supports** HB2256 that removes the sunset provision in Act 38, Session Laws of Hawaii 2017, by making permanent certain exemptions from the Ethics Code as related to UH technology transfer.

As part of HTDC's vision to create 80,000 new innovation jobs in Hawaii earning \$80,000 or more by 2030, HTDC supports initiatives aimed at growing tech and innovation jobs. HTDC has been working with University of Hawaii to align all of the resources in the State. Efficient transfer of technology coming out of the University will benefit HTDC's mission and the entire State. HTDC supports and appreciates the University's effort in this area. HTDC defers to the University on the specifics of the measure.

Thank you for the opportunity to offer these comments.



1012 Piikoi St.  
Honolulu HI 96814  
www.spectrum-photonics.com

Statement of  
**Edward Knobbe**  
**President**  
**Spectrum Photonics**  
before the  
House Committee on Lower & Higher Education  
Friday, January 31, 2020 at 2:00 p.m.

In consideration of:

HB 2256  
RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII

Chair Woodson, Vice Chair Hashem and Members of the Committee

Spectrum Photonics **supports** HB 2256, a measure that would remove the sunset provision of Act 38, Session Laws of Hawai'i, 2017 and thereby allow the University of Hawaii (UH) to continue its existing technology transfer and commercialization procedures.

Spectrum Photonics is a small, high technology company whose core business is largely based on intellectual property licensed from UH. Since our startup in 2008, we have brought approximately \$30,000,000 to the State in the form of federal SBIR contracts and competitively-awarded Broad Agency Announcement (BAA) programs. Today we support 18 employees, many of whom are UH graduates. We consider Spectrum Photonics to be a terrific example of how intellectual property invented at UH can ultimately lead to significant economic development and expansion of the State's high tech sector through the University's licensing and commercialization programs.

Technology transfer and commercial innovation are inherently difficult processes, with many difficult barriers to overcome. We have had the opportunity to work with several university technology transition offices, and Spectrum Photonics has passed up opportunities to license intellectual property from other universities as a result of onerous licensing terms or processes. UH's Innovation and Commercialization Program is an exemplary example of striking a difficult balance, with fair and reasonable treatment of commercial licensing partners while also maintaining the highest internal standards of ethics and compliance policies. UH is best suited to establish and maintain an Innovation and Commercialization compliance program, using a model that has been specifically adapted to the unique features of University-generated innovations. I urge the Committee to delete the sunset provision of Act 38, Session Laws of Hawaii, 2017.

Thank you for the opportunity to offer these comments.

# HVCA

HAWAII VENTURE CAPITAL ASSOCIATION

Written Statement of  
**Meli James**  
**President**  
**Hawaii Venture Capital Association**  
before the  
**House Committee on Lower & Higher Education**  
Friday January 31, 2020  
2:00 PM  
State Capitol, Conference Room 309

In consideration of  
HB 2256  
**RELATING TO THE UNIVERSITY OF HAWAI'I AND ITS TECHNOLOGY TRANSFER**

Chair Woodson, Vice Chair Hashem, Vice Chair Quinlan, and Members of the  
Committee on Lower & Higher Education,

HVCA **supports** HB 2090 and HB 2256, which provide an appropriation for the  
University of Hawai'i to continue promoting the economic health and diversification of  
workforce opportunities in the State through the commercialization of inventions and  
discoveries generated by or at the university.

Technology transfer is the central step in connecting scientific discoveries with  
real-life applications. It is the assured way for researchers to turn their ideas into actual  
tangible products— through establishing copyrights, patents, and partnerships with  
companies—therefore stimulating the economy and vastly improving quality of life for  
citizens in our islands and around the world. As President of HVCA, I am made keenly  
aware of the barriers our investors and business owners face. One that comes up  
continuously is the lack of support for medium and large businesses. We have ideas, but  
we lack commercialization power, which leads us to also lack the wages to lure high-  
quality talent to our islands to take those ideas to the next level.

With the existing Technology Transfer protocols at University of Hawai'i, the state  
institution's discoveries can continue to be transferred to different companies to  
perpetuate the progress started here. Companies can continue to have the ability to turn  
UH-grown research discoveries into products, distributable and scalable for a wide  
consumer base. Without UH's authority to implement its technology transfer protocols,  
investors and companies would turn away from our state at a higher rate than they  
already do due to the high cost of doing business here, and the most promising locally  
developed companies would leave for opportunities elsewhere.



# HVCA

## HAWAII VENTURE CAPITAL ASSOCIATION

By supporting this bill, you continue to help the University of Hawai'i mitigate brain drain and job loss, and support local-born innovation. These protocols ultimately allow the university to improve lives, create additional jobs, and transform our homegrown ideas into global commercial opportunities.

Thank you for the opportunity to offer these comments.





To Chair Woodson, Vice-Chair Hashem and Members of the Committee,

My name is Jesse D Thompson, Co-founder, and CEO of UH startup Radial3D Inc and technical staff at the John A Burns School of Medicine Department of Anatomy and I support HB 2090 and HB 2256.

I had the unique pleasure of entering into Honolulu's startup paradise at an amazing time as both a two-time co-founder who has attended both Blue-Startups and XLR8UH. I've spent many hours in both coworking spaces freelancing in video games and offices in Manoa Innovation Center (MIC) as a board member at HICapacity Makerspace. I've come to learn that one of the most critical parts of a startup is responding to change, and I don't mean lack of focus but using data to make the right pivots and changes as they arise. In short, it's learning, research, and education.

The digital information age has genuinely been a paradigm shift in society. Ideas are not as valuable as they once were. You can find them in bulk online, some good, some fake, with an ever-increasing difficulty to defend them. Society now views use patent protections for personal gain while contributing nothing to those ideas coming to fruition negatively. (aka "Patent Trolling"). In today's economy, execution and traction are just not, if not more important than the original idea. It's here where you'll find agile fast-moving startups making leaps past large companies, and that's what makes them valuable for acquisition. It's more important than ever that the University of Hawaii pivot its business model to not just selling ideas but selling ones that have substantial evidence of traction.

In my eyes, the most successful parts of the State's efforts to assist technological development were spaces and policies like the Entrepreneurs Sandbox. A safe space for startups to learn and grow with time. Not a date and time that success must be achieved along with a set of policies that moves for no-one. What we need from the State is to expand projects that allow for exponential growth and not rigid demands that expect linear progression year after year and don't make exceptions for exceptional cases. My recommendation is to for the State to foster growth by leaving research and mentorship to the ones who excel as providing it. For the University of Hawai'i to continue to evolve its tech transfer and seed capabilities.

The University of Hawai'i' is playing a vital role in the State in learning to adapt to a new digital economy, and the University itself needs to change how it monetizes research and development to suit. To these ends, I request that the sunset provision of Act 38 & 39, Session Laws of Hawaii, 2017 be deleted.

Sincerely,  
Jesse Thompson, CEO Radial3D Inc.

A handwritten signature in black ink that reads "Jesse Thompson". The signature is written in a cursive, slightly slanted style.

## Certificate Of Completion

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## Legislative Testimony

Written Testimony Presented to the  
House Committee on Lower & Higher Education  
Friday, January 31, 2020 at 2:00 p.m.

By Olga Boric-Lubecke  
President/Founder  
Adnoviv, Inc.

HB 2256 – RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII

Chair Woodson, Vice Chair Hashem and Members of the Committee:

Andoviv, Inc., supports this bill.

I am a professor of Electrical Engineering at the University of Hawai‘i at Manoa, and I have founded Andoviv, Inc., in 2013. My company would not be here today if not for the help and support provided by the University of Hawai‘i, including licensing technology from UH, developing joint intellectual property with UH, and pursuing a utility patent with UH. I believe that the relationship between the University of Hawai‘i and Adnoviv is mutually beneficial, and ultimately beneficial for Hawai‘i economy. Facilitating technology transfer from UH is critical for attracting and retaining high quality faculty and students to UH, and top talent to Hawai‘i. Act 38 supports UH’s efforts to promote the commercialization of inventions and discoveries generated by its faculty, students and alumni. Such efforts help to stimulate and grow start-up eco-system in Hawaii, that has a potential to create high income jobs and ultimately help transform Hawai‘i economy.

On behalf of Andoviv, Inc., I respectfully request that the sunset provision of Act 38, Session Laws of Hawaii, 2017 be deleted.

Written Statement of  
**Brittany Heyd**  
**Partner**  
**Mana Up**  
before the  
**House Committee on Lower & Higher Education**  
Friday January 31, 2020  
2:00 PM  
State Capitol, Conference Room 309

In consideration of  
HB 2090 and HB 2256  
**RELATING TO THE UNIVERSITY OF HAWAI'I AND ITS TECHNOLOGY TRANSFER**

Chair Woodson, Vice Chair Hashem, Vice Chair Quinlan, and Members of the  
Committee on Lower & Higher Education,

Mana Up **supports** HB 2090 and HB 2256, which provide an appropriation for the  
University of Hawai'i to continue promoting the economic health and diversification of workforce  
opportunities in the State through the commercialization of inventions and discoveries  
generated by or at the university.

Technology transfer is the central and crucial step in connecting scientific discoveries  
with real-life applications. It is the tried-and-true, assured way for researchers to turn their  
groundbreaking ideas into actual tangible products— through establishing copyrights, patents,  
and partnerships with companies—therefore greatly stimulating the economy and vastly  
improving the quality of life for citizens in our islands and around the world. As an accelerator  
focused on Consumer-Packaged-Goods, both we and our entrepreneurs know all too well that  
research discoveries are great - but if the discovery is not applied to a successful product, and  
is not made available for consumers, it ceases to exist; it ceases to become anything beyond an  
idea.

With the existing Technology Transfer protocols at University of Hawai'i, the state  
institution's discoveries can continue to be transferred to different companies to perpetuate the  
progress started here. Companies can turn these research discoveries into products,  
distributable and scalable for a wide consumer base. These protocols ultimately allow the  
university to improve lives, create additional jobs, and transform our homegrown ideas into  
global commercial opportunities. By supporting this bill, you continue to help the University of  
Hawai'i support local-born innovation.

The University of Hawai'i, along with Mana Up and other accelerators, is playing a  
crucial role in the development of a thriving entrepreneurial ecosystem in Hawai'i. Without its  
authority to implement technology transfer, the most promising locally developed technologies

and technology companies would face barriers to commercialization, and therefore leave for opportunities outside of the state. Hawai'i-based technologies and technology companies strengthen the tech and business networks between Hawai'i and the rest of the world.

Thank you for the opportunity to offer these comments.



Chamber of Commerce HAWAII  
*The Voice of Business*

**LATE**

Testimony to the House Committee on Lower & Higher Education  
Friday, January 31, 2020 at 2:00 P.M.  
Conference Room 309, State Capitol

**RE: HB 2256, RELATING TO TECHNOLOGY TRANSFER AT THE  
UNIVERSITY OF HAWAII**

Chair Woodson, Vice Chairs Hashem and Quinlan, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2256, which removes the sunset provision in Act 38, Session Laws of Hawaii 2017, by making permanent certain exemptions from the State Ethics Code as related to technology transfer at the University of Hawaii.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber continues to support the State's efforts to promote and foster innovation research and development in Hawaii. Innovation is a proven catalyst for economic growth and the creation of high-skilled and high-paying jobs. Through the removal of the sunset provision in Act 38, the University of Hawaii would be allowed to continue implementing its compliance program and ethic policies for technology transfer activities specific to the university. In doing so, it allows for the commercialization and technology transfer activities necessary to promote an innovation economy in Hawaii.

Thank you for the opportunity to provide testimony in support of this measure.