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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

Committees:            Committee on Higher Education  
                              Committee on Technology  
Bill Number:            S.B. 3058  
Hearing Date/Time:    February 4, 2020, 3:05 p.m.  
Re:                        Testimony of the Hawai‘i State Ethics Commission **OPPOSING**  
                              S.B. 3058, Relating to Technology Transfer at the University of Hawaii

Chair Kim, Vice Chair Kidani, and Members of the Committee on Higher Education, and Chair Keohokalole, Vice Chair English, and Members of the Committee on Technology,

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. Alternatively, the Committees may wish to consider that the House Committee on Lower and Higher Education amended the House companion, [H.B. 2256](#), to extend the sunset date by three years rather than removing it outright.

Thank you for your continuing support of the Commission’s work and for considering the Commission’s testimony on S.B. 3058.

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).



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Written Testimony Presented to the  
Senate Committee on Higher Education  
and

Senate Committee on Technology  
Tuesday, February 4, 2020 at 3:05 p.m.

by

Vassilis L. Syrmos

Vice President for Research and Innovation  
University of Hawai'i System

SB 3058 – RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII

Chairs Kim and Keohokalole, Vice Chairs Kidani and English, and Members of the Committees:

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.

The University of Hawai'i has developed draft policies and protocols and is consulting with the various stakeholder groups in the UH community, including its faculty. To continue the efforts to develop the policies, internal guidance, forms and procedural protocols to fully implement a robust compliance program, the University of Hawai'i respectfully requests that the sunset provision of Act 38, Session Laws of Hawai'i 2017, be deleted.

In the alternative, the University of Hawai'i would support a three year extension of the sunset date to June 30, 2025.



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Statement of  
**Edward Knobbe**  
**President**  
**Spectrum Photonics**  
before the  
Senate Committee on Higher Education  
and  
Senate Committee on Technology  
Tuesday, February 4, 2020 at 3:05 PM

In consideration of:

SB 3058  
RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII

Chairs Kim and Keohokalole, Vice Chairs Kidani and English, and Members of the Committees

Spectrum Photonics **supports** SB 3058, 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.



**Testimony to the Senate Committee on Higher Education and the Senate  
Committee on Technology**

**Tuesday, February 4, 2020**

**3:05 P.M.**

**Conference Room 229**

**SB 3058: RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII**

Chairs Kim and Keohokalole, Vice Chairs Kidani and English and Members of the Committees:

My name is Gary Kai and I am the Executive Director of the Hawaii Business Roundtable. The Hawaii Business Roundtable supports Senate Bill 3058 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.

The exemption from sections of the State Ethics Code must be balanced with the development of ethics policies by the University. 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

## Legislative Testimony

Written Testimony Presented to the  
COMMITTEE ON HIGHER EDUCATION

Tuesday, February 4, 2020 at 3:15 p.m.

By Olga Boric-Lubecke

President/Founder

Adnoviv, Inc.

SB 3058 – RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII

Chair Senator Donna Mercado Kim, Vice Chair, Senator Michelle N. Kidani, Members of the Committee:

Adnoviv, Inc., supports this bill.

I am a professor of Electrical Engineering at the University of Hawai‘i at Manoa, and I have founded Adnoviv, 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 Adnoviv, Inc., I respectfully request that the sunset provision of Act 38, Session Laws of Hawaii, 2017 be deleted.

**SB-3058**

Submitted on: 2/3/2020 4:41:08 PM

Testimony for HRE on 2/4/2020 3:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jesse Daniel Thompson	Individual	Support	Yes

Comments:

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

SB 3058 and SB 3059.

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 at 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.