

UNIVERSITY OF ROCHESTER POLICY ON INTELLECTUAL PROPERTY AND TECHNOLOGY TRANSFER

Effective: February 1, 1997; Revised November 1, 2004

1.0 GENERAL

1.1 OBJECTIVE

The University of Rochester strives to support its faculty and employees in securing commercial development of intellectual property resulting from their research so that society may benefit at the earliest opportunity. Faculty who make discoveries and inventions as part of their academic work are encouraged to develop their inventions consistent with the academic mission of the University. The University has policies and guidelines that provide incentives for its researchers while protecting the integrity of research emanating from the institution. Moreover, the University provides an array of administrative services to its inventors to assist them in protecting rights to University Intellectual Property, in satisfying requirements imposed by sponsors of the research and in fostering commercial development.

1.2 IMPLEMENTATION

The University's Office of Technology Transfer (OTT) is charged with administering this policy. Issues not expressly addressed herein should be referred to OTT for resolution. University policies on Consulting and Conflict of Interest are companions to this policy and should be read and consulted in conjunction with it. The Conflict of Interest policy may be found on the Office of Research and Project Administration (ORPA) Internet homepage at the web address: <http://www.rochester.edu/ORPA/policies/coi.htm>.

1.3 PERSONS COVERED

This policy governs all persons at the University, including full- and part-time faculty, visiting faculty, full- and part-time agents and employees (staff), full- and part-time students (both undergraduate and graduate), medical interns and residents, and fellows (pre- and post-doctoral), whether or not they receive all or any part of their salary or other compensation from the University.

1.4 INTELLECTUAL PROPERTY

Intellectual property, as used in this policy, includes not only technology such as inventions, discoveries, creations, or authored works which may be protected legally, such as patents and copyrights, but also the physical or tangible embodiment of the technology, such as biological organisms, plant varieties, or computer software.

1.5 INTELLECTUAL PROPERTY AGREEMENTS

The University requires everyone who has technical responsibilities to the University or who participates in an internally or externally sponsored research program at the University to execute an Intellectual Property Agreement (IPA). Each department is responsible for securing execution of the IPA at the outset of the individual's employment or other association with the University. For non-student employees, the Human Resources Office will assist in this process at the time of hire. The completed forms should be forwarded to ORPA prior to the time that the individual begins work. ORPA will provide neither institutional endorsement nor sign proposals or awards for any individual named in an application for sponsored research if ORPA has not received a signed IPA from that individual.

1.6 DISCLOSURE

Intellectual property subject to University ownership under the policies set forth below is to be disclosed to OTT using the Invention Disclosure Form. Disclosure to OTT must be made before any other disclosure, presentation, display, performance, or publication of the work to any sizable audience; failure to do so may result in loss of rights and subsequent commercial potential.

1.7 EXTERNAL SPONSORSHIP

When intellectual property is developed under research sponsored by external sources (including federal and state agencies), the research agreement typically provides the sponsor with certain rights to that material and may impose other duties, such as advance notice of publication. OTT should be consulted for assistance in understanding and complying with such terms.

1.8 INDEPENDENTLY OWNED PROPERTY

Persons who wish to pursue the development of their independently owned intellectual property may offer it to the University by disclosure to OTT (see Section 1.6). The University will evaluate the commercial potential of the work disclosed and determine whether or not it will be accepted for licensing. Acceptance for licensing will require assignment of the property rights to the University. Persons covered by this policy (see Section 1.3) are equally free to choose some other method for commercializing their independently owned works, but they should first ensure that these are, in fact, independently owned, i.e., not subject to University rights under one or more of the provisions set forth below.

1.9 CONSULTING AND OTHER AGREEMENTS

To avoid conflicts with third parties, persons covered by this policy (see Section 1.3) should carefully examine the intellectual property provisions in agreements with third parties and should seek assistance from OTT if problems arise or issues are not clear. Researchers should avoid signing any agreement with a third party which is inconsistent with the provisions of this policy. For instance, assigning ownership of inventions in a consulting agreement is problematic when the consulting services overlap with research conducted at the University.

1.10 RIGHTS OF OTHERS

Everyone at the University is asked to observe the rights of other owners of intellectual property. With very limited exceptions, use of protected intellectual property without the permission of the owner is unlawful and can result in substantial civil and/or criminal penalties.

2.0 UNIVERSITY OWNERSHIP RIGHTS

2.1 DEFINITIONS

2.1.1 Significant Use of University Resources: any substantial use of University laboratories, equipment, funds, personnel, or facilities, except those resources provided generally to all faculty and staff, such as the use of libraries and offices. Questions of whether someone has made a significant use of University resources will be resolved by the Provost after reviewing OTT's recommendations.

2.1.2 Institutional Works: works created under the auspices of the University by employees or contractors as University rather than personal efforts. All "works for hire" as that term is defined under copyright law are included. (Computer programs written by hired programmers are a good example.) Works which the University commissions non-employees to prepare, such as University publications, architectural designs, engineering studies, and consultants' reports, are also within the meaning of this term. In order to fully protect its interests, the University's policy is to obtain an agreement in writing whenever the University has an interest in owning a commissioned work.

2.1.3 Mask Works: Semiconductor chip designs protected under a federal law administered by the Copyright Office.

2.2 COPYRIGHTS

2.2.1 General Rule. In keeping with academic tradition, the University generally does not claim for itself copyrights in those books, articles, theses, papers, novels, poems, musical compositions, and similar works which are intended to

disseminate the results of the academic research, scholarship, and artistic expression of its faculty, staff, and students.

2.2.2 Exceptions. Excepted from the general rule above are works which are produced with the significant use of University resources, are institutional works, or are subject to contractual obligations, such as a sponsored research agreement. Ownership of such works vests in the University.

2.3 MASK WORKS

University policy on the ownership of mask works is the same as for copyrightable works under Section 2.2 above.

2.4 PATENTS

Ownership of a discovery of invention will vest in the University if it results from the significant use of University resources, is an institutional work, or arises out of an externally sponsored research project, consistent with the agreement(s) governing such research.

2.5 COMPUTER SOFTWARE

University policy on the ownership of computer software is the same as for copyrightable works under Section 2.2 above. In some instances, software can be patentable; in those cases, University policy concerning ownership of patents is applicable, see Section 2.4 above.

3.0 PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

3.1 COPYRIGHTS AND MASK WORKS PROTECTION

3.1.1 Notices. If materials are published (i.e., distributed to any sizable audience) without a proper notice as noted below, full protection against infringement is jeopardized. Prior to any publication the following notice should be placed on all materials in which the University owns the copyright:

Copyright © [year] University of Rochester. All rights reserved.

To protect mask work rights, the following notice should be applied on all University-owned semiconductor chip products which incorporate mask works:

Mask Work *M* [year] University of Rochester

No other institutional or departmental name is to be used in the notice, although the name and address of the department to which readers can direct inquiries may be listed below it. The date in the copyright notice should be the year in which the work is first published (i.e., distributed to any sizable audience).

3.1.2 Registration. Additional rights and protection for copyrightable material and mask works require registration with the U.S. Copyright Office, which will be coordinated through OTT after disclosure (see Section 1.6).

3.2 PATENTS

Although patent rights can be lost if patent applications are not filed in a timely manner, the University will rarely delay publication to pursue intellectual property protection. Patent applications for University-owned discoveries and inventions are coordinated through OTT, but patent-related legal expenses are the ultimate responsibility of the individual college. An Intellectual Property (IP) Pool which retains a percentage of all royalty income from technology licenses will subsidize these costs on a pro rata basis.

3.3 TRADEMARKS TM AND SERVICEMARKS SM

3.3.1 Notice. To protect trade and service marks, they should be accompanied by the TM or SM designations respectively.

3.3.2 Registration. Additional rights and protection are afforded to trade and service marks if they are registered. Registration should be coordinated through OTT. Only registered marks are accompanied by the ® symbol.

4.0 TRADE SECRETS

Commercial enterprises which sponsor or are otherwise involved in University research may seek to protect their trade secrets (i.e., proprietary information giving rise to a competitive commercial advantage) with agreements requiring the maintenance of confidentiality. The University will not generally enter into such agreements involving University research because of the resultant conflict with the University's policies of requiring the free and open publication of academic research.

5.0 TANGIBLE RESEARCH PROPERTY

Intellectual creativity and invention often produces a physical embodiment of the effort. Examples include integrated circuit chips, computer software, biological organisms, engineering prototypes and drawings. The following policies govern the distribution of such Tangible Research Property (TRP) for research and other non-commercial purposes. Commercial licensing of TRP is covered together with the commercialization of intangible intellectual property in Section 6.

5.1 DISTRIBUTION FOR SCIENTIFIC RESEARCH

The traditions of academic science compel the University to make available the results of scientific research promptly and openly. This is no less so for TRP than

for intangible results which can be disseminated through ordinary scholarly discourse and publication. Accordingly, TRP should also be promptly and openly made available to other academic scientists for their research, once the TRP has been sufficiently characterized and developed, unless there exist countervailing safety considerations or conflicting legal obligations.

5.2 CONTROL OF TRP

Control over the development, storage, distribution, and use of TRP is the responsibility of the principal investigator(s) if the research giving rise to the TRP was externally sponsored, and of the department chair if the research was not externally sponsored, but significant University resources (see Section 2.1.1) were used in the development. This responsibility includes determining if and when the TRP is to be made available to other researchers pursuant to this policy. Principal investigators and department heads may seek advice from OTT on all matters of control over TRP.

5.3 TRP WITH COMMERCIAL VALUE

Whenever TRP has potential commercial as well as scientific value, persons controlling that TRP should seek guidance from OTT on ways to make it available for scientific use without diminishing its commercial value or inhibiting its commercial development. (Commercialization of intellectual property, both tangible and intangible, is discussed in Section 6.)

5.4 IDENTIFICATION

Each item of TRP should have an unambiguous identification code and name sufficient to distinguish it from other similar items developed at the University or elsewhere.

5.5 CONDITIONS OF DISTRIBUTION TO RESEARCHERS

University-owned TRP may be distributed to academic researchers at other institutions in many cases without significant preconditions. However, OTT should be consulted for appropriate preconditions to be incorporated whenever one or more of the following applies:

The TRP is susceptible to commercialization, further transfer, or other inappropriate use so that restrictions on use and transfer are needed.

The recipient is expected to defray the costs of materials and handling incurred in the distribution.

There is a possibility of biohazard or other risk associated with the transport, storage, or use of the TRP, or the recipient might expect to use the TRP in

clinical research or some other application posing significant health or safety considerations.

The TRP was developed under a sponsored research agreement or is part of a pending or potential patent application.

The Public Health Service has developed a standard agreement for transfer of biomaterials between academic institutions and OTT will develop other situation-specific TRP transfer agreements upon request.

6.0 COMMERCIALIZATION

6.1 GENERAL POLICIES

6.1.1 Commercial Development through Licensing Encouraged. The University encourages the commercial development of creative works and inventions for the public use and benefit. Typically this requires that the University grant one or more enterprises a license to further develop, use, or sell those works and inventions.

6.1.2 Non-exclusive Licensing Favored. Whenever possible, the University endeavors to make its creative works and inventions available on a non-exclusive basis; however, in many cases an exclusive license may be necessary to make it economically feasible for an enterprise to undertake commercial development and production.

6.1.3. Costs. Costs associated with commercialization, such as securing patent or copyright protection, are the ultimate responsibility of the individual college or school of the inventor or author. OTT will consult with and gain approval from the Dean prior to incurrence of such costs.

6.2 LICENSING

6.2.1 Initial OTT Action. After an invention or creation is disclosed to OTT (see Section 1.6), OTT will review, possibly with the assistance of an outside expert source, the technology with the inventor(s) or author(s) and evaluate its potential for licensing. If OTT concludes at that time that the potential royalty returns from the invention or creation are sufficient to justify further efforts toward filing a patent application or securing other appropriate legal protection, an assignment agreement will then be executed with inventor(s) or author(s).

6.2.2 Third Party Commercialization Assistance. Historically the University has retained third party firms to assist it in the administration and commercialization of technology. After consultation with the inventor(s) or author(s), OTT may submit the disclosure to such third party firms for review, evaluation and possibly filing of patent applications or other legal protection. If such third party commercialization entity accepts a disclosure for development, the University

may enter into contractual and financial arrangements with the third party to commercialize the technology and return a share of any financial reward from such commercialization to the University. If such financial reward is generated, and income is returned to the University, the income will be distributed in accordance with the formula set forth in Section 6.2.4.

6.2.3 Inventor/Author Assistance. In order to license inventions or creative works successfully, it is often necessary that the inventor or author work jointly and cooperatively with OTT and the licensee. In all instances, OTT will attempt to minimize the assistance required and, in some cases, the inventor or author is compensated by the licensee for giving assistance.

6.2.4 Distribution of Royalties. Royalties received by the University from license agreements signed on or before June 30, 2003 shall be distributed according to the royalty distribution rules in effect at the time the license was signed. Royalties received by the University from license agreements signed on or after July 1, 2003 shall be distributed as specified below.

6.2.4.1 General Rule. Following the deduction of legal expenses incurred by the University in commercializing the technology being licensed, all income from licensing activities shall be distributed according to whichever of the following schedules applies.

For intellectual property disclosed before February 1, 1997:

1st cumulative \$50,000	Inventors	50.0%
	Department	20.0%
	School or College	10.0%
	IP Pool	20.0%
\$50,001 to \$250,000	Inventors	50.0%
	Department	17.5%
	School or College	12.5%
	IP Pool	20.0%
\$250,001 and above	Inventors	50.0%
	Department	15.0%
	School or College	15.0%
	IP Pool	20.0%

For intellectual property disclosed on or after February 1, 1997:

1st cumulative \$50,000	Inventors	50.0%
	Department	20.0%
	School or College	10.0%
	IP Pool	20.0%
\$50,001 to \$250,000	Inventors	40.0%
	Department	20.0%
	School or College	15.0%
	IP Pool	25.0%
\$250,001 and above	Inventors	35.0%
	Department	20.0%
	School or College	20.0%
	IP Pool	25.0%

The Intellectual Property (IP) Pool allocation will be used for funding patent applications and for marketing and administrative expenses associated with technology licensing.

6.2.4.2 Exceptions. Royalties generated by institutional works (see Section 2.1.2) are retained 100% by the University, unless there is a written agreement to the contrary, and are allocated by the Provost in consultation with OTT.

6.2.4.3 Frequency of Distribution. Royalties received by the University will be distributed to inventors, Departments and Schools on no less frequently than a semi-annual basis. Immediately following January 1 and July 1, the previous period's revenue and expenses will be summarized with the balance distributed to the respective accounts as indicated.

6.2.5 Equity. Technologies disclosed by University faculty, research scientists, and other staff are offered to potential licensees, often during the early stages of developmental research. These early-stage technologies typically require a considerable amount of additional research to prove the value of the technology or to support good patent protection if appropriate. Therefore, the University seeks licensees able to demonstrate that they are currently adequately financed or that adequate financing will be available, and that they are willing to focus such resources on the developmental research necessary to advance to technology to a marketable product. Further, such licensees must be able to meet regulatory requirements for introduction of the technology into the marketplace and to satisfy adequately the market demand for the technology.

The University will generally seek from the licensee the costs of obtaining patent or other intellectual property protection and other customary financial considerations. The combination of developmental costs and risk, and uncertainty as to the potential value of the technology occasionally make it difficult for the university to identify a licensee possessing both the requisite capabilities and willingness to assume such financial risks. Small or startup companies may find it particularly difficult to commit significant cash outlays for both developmental and licensing costs.

Accordingly, the University may accept equity in a company as partial consideration for technology licensing-related transactions in appropriate circumstances pursuant to the following provisions of this policy:

- (a) When the company selected to develop, market, and deliver the technology to the marketplace is not reasonably able to provide adequate compensation for licensing in cash, the University may choose to accept equity in that company, in partial lieu of cash, to facilitate the practical application of a University technology for the general public benefit.
- (b) University acceptance of equity in consideration of licensing a University technology shall be based upon the principles of openness, objectivity and fairness in decision-making, and preeminence of the education, research and public service missions of the University over financial or individual personal gain.
- (c) The University may retain the right to designate a representative to the board of directors of a licensee in which it holds equity.
- (d) The terms of a technology licensing-related transaction, other than those related to the acceptance of equity in the company by the University, shall be consistent with University transactions for comparable technologies.
- (e) University investigators may perform clinical trials or other comparable licensed-product development or testing for companies in which the University or faculty member holds equity as part of the technology licensing-related transaction only upon the specific approval of an independent University review committee or other body authorized by the Provost to assess any real or perceived organizational conflict of interest in the performance of such trials or research activities. The review committee may typically consist of Deans and Associate Deans for Research and Graduate Studies, and will also strive to protect the interests of graduate students participating in such research studies.
- (f) When the University accepts equity in a company as partial consideration for a technology licensing-related transaction, the University, taking into account any legal restrictions and the wishes of each inventor involved, shall:

(i) arrange for the inventor(s) to receive his or her share of equity directly from the company upon execution of the relevant agreement; or

(ii) take all equity, including the inventor(s)' share, in the name of the University of Rochester; in which case the Senior Vice President for Institutional Resources will make decisions regarding equity disposition based upon sound business judgment and publicly available information, and will coordinate with the appropriate University officials if necessary; the inventor(s)' sole right being the receipt of the appropriate share of such equity or its cash equivalent at such time and in such form as the Senior Vice President for Institutional Resources shall deem appropriate.

(iii) The University shall determine the inventor(s)' share of equity in lieu of cash in consideration for a technology licensing-related transaction consistent with formulas established in Section 6.2.4.

6.2.6 Inventor's Estate. For purposes of Sections 6.2.4 and 6.2.5 of this policy, the term "Inventor" should be read to include the inventor's estate, heirs, legatees or assigns.

7.0 WAIVER OF UNIVERSITY RIGHTS

The University will waive its rights to intellectual property in favor of the inventor(s) or author(s) only if the University determines that it has no general proprietary interest in the knowledge and that such a waiver: (i) would enhance the transfer of the knowledge into useful applications for the public benefit; (ii) does not raise a conflict of interest; and (iii) is consistent with the University's obligations to third parties, particularly the sponsor(s) of the research.

Federal research agreements generally require that universities take title to resulting inventions and discoveries, subject to certain obligations concerning exploitation in the public interest. Decisions by Federal sponsors to permit individual inventors to acquire ownership are generally made on a case-by-case basis, with the Federal government retaining for itself those rights previously discussed (see Section 1.7). The inventor(s) or author(s) should petition the Federal agency directly for the appropriate release of rights.

For non-Federal sponsors, the University will seek approval of the sponsor prior to releasing its ownership rights in favor of the inventor(s) or author(s).