

The following policy was approved by the Cornell University Board of Trustees on May 28, 1983 to be effective July 1, 1983. Paragraph E3c was added and Paragraph F was amended effective February 1, 1989

## PATENT POLICY

### A. General Statement

1. Cornell University's primary obligation in conducting research is the pursuit of knowledge for the benefit and use of society.

2. The University depends upon financial support from governmental agencies, private foundations, corporations operated for profit and others for the basic and applied research endeavors of the faculty and staff. As University Research enjoys substantial public support it is incumbent upon the University to seek assurance that any resultant patent right be administered consistent with the public interest.

3. Inasmuch as new ideas and discoveries of commercial interest are often a consequence of University Research, and inasmuch as patent protection can often enhance the reduction to a public usefulness of inventions which result from University Research, Cornell, as a general policy, will seek patent protection for those ideas and discoveries which arise out of the research activities of its faculty and staff where it appears necessary or desirable to do so.

4. It is the judgment of the University that the reduction to a public usefulness of inventions and discoveries resulting from University Research, the publication and availability for educational purposes of the fruits of such research, and the achievement of a fair and equitable distribution of royalties which acknowledges both the contribution of the inventor, and the University can best be assured by operation of a uniform Patent Policy which provides for University ownership of inventions.

### B. University Research

University Research shall be defined, for the purpose of this Patent Policy, to include all research conducted in the course of an inventor's employment with the University (including but not limited to the performance of a grant contract or award made to the University by an extramural agency) or with the use of University resources.\*

### C. Disclosure of Inventions

Inventions conceived or first reduced to practice in furtherance of the University Research of faculty or staff shall be promptly disclosed in writing to the Vice President for Research or his designee.

\*Use of University office space or library facilities shall not constitute a use of University resources for this purpose.

#### D. Ownership of Inventions

1. All patentable inventions conceived or first reduced to practice by faculty and staff\*\* of Cornell University in the conduct of University Research shall belong to the University. The inventor shall cooperate and assist the University in all phases of the patent application process and shall assign such applications or any patents resulting therefrom to Cornell University.

2. Patentable inventions made by individuals on their own time and without the use of University resources shall belong to the individual inventor.

3. In cases in which the University has an ownership interest in an invention pursuant to paragraph D(1) and either does not file a patent application within one year, or fails to make a positive determination regarding pursuit of a patent within a period of three months from the date of disclosure, all of the University's rights shall be reassigned to the inventor upon request, subject only to such external sponsor restrictions as may apply.

#### E. Royalty Distribution\*\*\*

1. In the case of a patent owned by the University pursuant to paragraph D(1) above, and in recognition of the efforts and contributions of the inventor, total net royalty income shall be distributed as follows:

<u>50%</u> Inventor	of the first \$10,000
50% University	
<u>35%</u> Inventor	of the next \$40,000
65% University	
<u>25%</u> Inventor	of the next \$50,000
75% University	
<u>15%</u> Inventor	of the net royalty income
85% University	in excess of \$100,000

Joint inventors shall share the percentage of net royalty income allocated to the Inventor. Any person hired or retained for the purpose of producing an invention shall not be entitled to a distribution of net royalty income with respect to that invention.

\*\*For the limited purposes of this policy, staff members shall also include all research assistants, graduate research assistants, teaching assistants, fellows, students who provide services under sponsor agreements which require University ownership, and others who utilize University resources in the furtherance of their research.

\*\*\*These distribution provisions shall apply only to royalty income received subsequent to the effective date of this policy (July 1, 1983). The calculation of net royalty income for purposes of determining the Inventor/University share pursuant to E(1) shall not include income received prior to such date. The distribution table contained at paragraph E(1) shall be applied on a cumulative basis to all net royalty income earned during the life of an invention, and not annually.

2. Net royalty income shall mean gross royalties received by the University less directly assignable enterprise expenses<sup>1</sup> resulting from patenting and licensing the particular invention, and less a Cornell Research Foundation base management fee of 15% of gross royalty income.

3. Net royalty income distributed to the University as described in paragraph E(1) above shall be distributed in the following manner<sup>2</sup>:

Dept. a. Half of the remaining net royalty income shall be distributed to the Dean or Director of the unit from which the invention emanated for the benefit of the inventor's appropriate subunit<sup>3</sup>.

College b. The second half of the remaining net royalty income shall be assigned to a Royalty Income Fund to be distributed to the Dean or Director of the unit from which the invention emanated<sup>4</sup>, at the end of each year after deduction of any additional enterprise costs of Cornell Research Foundation operations as determined by the Board of Directors of Cornell Research Foundation. Distributions from the Royalty Income Fund shall be in proportion to the total annual net royalty income generated by the unit's inventions in that year.

c. For any year in which the net royalty income distributed to a unit of the University for a particular invention emanating from that unit shall exceed 20% of the annual sponsored research as determined by the Office of Sponsored Programs for that unit in that year, the excess received from the Royalty Income Fund shall be retained as endowment for the unit. The Dean or Director of the unit may similarly require that corresponding royalty income to a subunit exceeding 20% of the total sponsored research of the inventor's appropriate subunit be retained as endowment for the benefit of the subunit. In the event that a lump sum royalty payment contributes to the generation of excess royalty income in a given year as defined above, the University may distribute such lump sum payment to the unit or subunit over a three year period together with accumulated interest. In such case, the provisions of this paragraph shall apply to the resulting annual distributions.

4. In the case of an invention supported by both college resources and the resources of a second organizational unit of the University, net royalty income distributed to the University shall be allocated and made available to the appropriate Dean and Director on an equitable basis as determined by the Vice President for Research.

<sup>1</sup> Enterprise expenses include patent filing and solicitation costs, except those related to federally sponsored inventions, and all marketing, promotion and licensing costs incurred subsequent to the filing of a patent application.

<sup>2</sup> The distribution provisions contained in paragraphs 3(a), 3(b) and 3(c) shall apply only to inventions first licensed by the University after July 1, 1985. The University share of net royalty income from inventions first licensed by the University prior to July 1, 1985 shall be available for the institutional purposes of the Dean or Director of the unit from which the invention emanated as provided at paragraph E(3) of the Patent Policy adopted by the Board of Trustees on May 28, 1983, effective July 1, 1983.

<sup>3</sup> Typically the inventor's Department, School or Section.

<sup>4</sup> Typically the inventor's College.

#### F. Licensing Policy

It is the general policy of the University to encourage the development and marketing of inventions resulting from University research so as to reach a public usefulness and benefit. It is recognized that furtherance of such a policy may require various forms of agreements including the granting of exclusive licenses. The Vice President for Research may, in appropriate circumstances with due consideration to the prospective licensee and when consistent with law applicable to federally supported research, license an existing patent or invention on an exclusive basis for a reasonable period up to the full term of the patent, provided that such an exclusive license shall contain provisions to promote the likelihood that the invention provides a public benefit, including but not limited to a requirement of diligence and march-in rights where the licensee does not adequately perform.

#### G. Waiver Requests

Waiver of any provision of this Patent Policy shall be granted only in extraordinary and compelling circumstances and pursuant to the procedure described below.

A request for waiver of any of the provisions of this Patent Policy shall be submitted to the Director of Patents and Licensing for transmittal to the Patent Advisory Committee. Such request shall include an identification of the provision or provisions of the Policy requested to be waived, and a full explanation of the reasons for the waiver including, but not limited to, the manner in which the waiver is consistent with the educational purposes of the University and the public interest.

The University recognizes that certain sponsors may wish to impose as a condition of the award of contract or grant funds special provisions which are at variance with this Patent Policy. Under such circumstances, the University may entertain such proposals as requests for waiver under this paragraph subject to the additional condition that all faculty or staff members engaged in research to be supported by the proposed grant or contract containing such provisions shall acknowledge and accept those specific provisions.

The Patent Advisory Committee shall review each request for waiver and submit a report of its findings and recommendations to the Vice President for Research whose decision shall be final. Each action under this section shall be considered on its own merits in light of all of the facts surrounding the particular request and shall have no implication for consideration of subsequent requests. Waiver of provisions contained at paragraph E(1) relating to distribution of net royalty income shall, in addition, require the approval of the Dean or Director of the unit from which the invention emanated.

#### H. Deferral

This statement of Patent Policy shall not prevent participation under research agreements with, or the conduct of research for, governmental agencies (local, state or federal) subject to laws or regulations which require a different disposition of patent rights than herein provided, or impose other provisions which are in addition to, or inconsistent with, its provisions. Such provisions of this Patent Policy as are inconsistent therewith shall be deemed superseded and the provisions of such laws and regulations shall apply.

I. Patent Management Agencies

The University may make suitable arrangements not inconsistent with the provisions of this Patent Policy with patent management agencies or firms for the purpose of obtaining services and advice with respect to the patentability of inventions, the obtaining of patents thereon and the management and licensing of any such patents.

J. Patent Agreements

In order to facilitate a distribution of patent rights and benefits consistent with the provisions of this Patent Policy, each participant in University Research shall execute a Patent Agreement. Pursuant to such Agreement each participant shall acknowledge that all such research is subject to the terms of this Patent Policy, and shall agree to cooperate with the University or its designee in the assignment to the University of patent rights in inventions or discoveries conceived or first reduced to practice during such research and the preparation and prosecution of patent applications, as may be required in order to implement its provision.

This requirement may be waived by the Vice President for Research only in those limited cases where University Research occurs within a discipline in which the prospect of a patentable invention is, in his judgment, extremely remote.

K. Patent Advisory Committee

The Vice President for Research shall, after consultation with the Research Policy Committee of the Faculty Council of Representatives, establish and appoint, subject to the approval of the Board of Directors of the Cornell Research Foundation, a Patent Advisory Committee which shall serve at his pleasure.

It shall be the function of the Committee to advise and recommend to the Vice President for Research with respect to:

1. guidelines and procedures for implementation of this Patent Policy,
2. proposed amendments to the Patent Policy,
3. the granting of individual exceptions to this Policy,
4. the University's ownership of particular inventions,
5. such other matters as the Vice President for Research may deem appropriate.

The Vice President for Research shall report to the Board of Directors of Cornell Research Foundation and the President of Cornell University upon matters of significance relating to the administration of this Policy.

# CORNELL RESEARCH FOUNDATION ROYALTY DISTRIBUTION

