

Patent and Copyright Procedures



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North Carolina State University

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Preamble

North Carolina State University is dedicated to teaching, research and extending knowledge to the public.

It is the policy of the University to carry out its scholarly work in an open and free atmosphere and to publish results obtained therefrom freely, limited only by a short time delay in cases in which this is necessary to prepare and file applications. Patentable inventions sometimes arise out of research activities of its faculty, staff and students which are carried out wholly or in part with University facilities. As a public service institution, the University has an interest in assuring the utilization of such inventions for the public good. Protection must be provided for at least some of these inventions through patents and licenses to encourage their development and marketing. Patents and their exploitation, however, represent only a small part of the benefits accruing from either publicly or privately sponsored research.

A portion of the research conducted by the University is supported by government and a portion by private industry. Service to the public, including private industry, is an integral part of the University's mission. As a public institution, the University, in its agreements with private industry or other private organizations, must keep the interests of the general public in view. The rights and privileges set forth in cooperative agreements or contracts, with respect to patents and copyrights developed as a result of research partly or wholly financed by private parties, must be fair and just to the inventor(s), the sponsor and the public. Research should be undertaken by the University under support from private parties only if it is consistent with and complementary to the University's goals and responsibilities to the public.

NORTH CAROLINA STATE UNIVERSITY PATENT AND COPYRIGHT PROCEDURES

SECTION 100 — PURPOSES:

The North Carolina State University Patent and Copyright Procedures are designed to implement the Patent and Copyright Policies of The University of North Carolina. The procedures incorporate the interests of the faculty, staff, and students, the institution, and the sponsors of research, because in many cases those interests are congruent in desiring to encourage innovation and assure broad dissemination of the results of research. These procedures are designed to stimulate and recognize creativity among the faculty, staff, and students, and to establish an institutional process that is flexible enough to accommodate the different types of research and patentable work conducted at a comprehensive research university such as NCSU. Equity and fairness are goals of the procedures in all respects, not only in the distribution of royalty, but also in recognition. Finally, these procedures should provide an efficient and timely mechanism for reaching a decision about patenting with a minimum involvement of the inventor's time so that he or she may continue to be productive in the laboratory and classroom. To this end the University employs a patents administrator whose duties include providing assistance to faculty, staff and students in matters related to inventions.

SECTION 200 — Ownership:

1. As defined by the Patent and Copyright Policies of the Board of Governors of The University of North Carolina, to which these Procedures are expressly subject, North Carolina State University has an interest in all inventions of University personnel, including students, that are conceived or first actually reduced to practice as a part of or as a result of: (a) University research; (b) activities within the scope of the inventor's employment by, or in official association with, the University; and (c) activities involving the use of University time, facilities, staff, materials, University information not available to the public, or funds administered by the University.

2. Faculty, staff, and students, whose inventions are made on their own time, outside the scope of their employment or association with the University and without University facilities, materials, or resources and which inventions are,

therefore, their exclusive property as specified by the Patent and Copyright Policies, may submit their invention to the University for possible patenting and/or commercial exploitation and management under terms to be agreed upon by the inventor and the University.

3. The provisions of the NCSU Patent Procedures are subject to any applicable laws, regulations or specific provisions of the grants or contracts which govern the rights in inventions made in connection with sponsored research.

4. Under the terms of certain contracts and agreements between NCSU and various agencies of government, private and public corporations, and private interests, NCSU may be required to license patent rights to the contracting party. NCSU retains the right to enter into such agreements whenever such action is considered to be both in its best interest and in the public interest. Ordinarily, the University will not agree to grant rights in future inventions to private corporations or businesses except as set forth in these procedures.

5. All faculty, staff and students engaged in University related or sponsored research shall sign a Patent Agreement.

6. Students who are pursuing only non-research related studies shall not be obligated to sign an NCSU Patent Agreement. However, if the student should make an invention which is, or may be, subject to University ownership in accordance with the Patent and Copyright Policies, the student shall disclose the invention to the University as provided under these Procedures and the University, together with the student, shall determine an equitable resolution of ownership rights.

SECTION 300 — Responsibilities of NCSU Personnel:

1. NCSU personnel who, either alone or in association with others, make an invention in which NCSU has or may have an interest shall disclose such inventions to the Vice Chancellor for Research. The Vice Chancellor for Research will promptly acknowledge receipt of disclosures and will distribute the disclosures to the Intellectual Property Committee for consideration at its next meeting.

2. For any invention in which the University has an interest, the inventor, upon request of the Vice Chancellor for Research shall execute promptly all contracts, assignments, waivers or other legal documents necessary to vest in the University or its assignees any or all rights of the invention, including complete assignment of any patents or patent applications relating to the invention.

3. NCSU personnel may not: (a) sign patent agreements with outside persons or organizations that may abrogate the University's rights and interests either as stated in the Patent Policies or as provided in any grant or contract funding the research which led in whole or in part to making the invention, nor (b) without prior authorization, use the name of the University or any of its units in connection with any invention in which the University has an interest.

4. All faculty teaching courses in which students do work that may lead to patentable inventions should inform the students of the existence of the NCSU Patent and Copyright Policies and of these Procedures.

SECTION 400 — Suggested Procedures For Record-Keeping:

1. U.S. patent practice places a premium on witnessed records when two or more parties claim the same invention. The date the idea occurred (the "conception") and the date it was put into practice form ("reduced to practice") are vital. Equally important in the eyes of the U.S. Patent Office is the "diligence" shown by contending inventors. They must prove that they regularly pursued work on the invention, documenting their efforts on a day-by-day basis. The intent of U.S. patent laws is to recognize the first inventor; the one who originated the idea. Under these laws, the first to conceive and reduce to practice will receive a patent if the records bear out the claims; the first to conceive and the last to reduce to practice may win if the records show diligence.

2. The careful recording of ideas and laboratory data is a matter of routine for industrial researchers. Each entry is complete and up-to-date, signed and witnessed; a legal record of the day's work. Record-Keeping is not nearly so simple for the academic investigator, for he or she may work at odd hours or on weekends; may be closeted in a laboratory, an office or at home; and often lacks easy accessibility to suitable witnesses. Still, the keeping of a witnessed laboratory notebook is advisable. Additionally, such records can serve as valuable repositories of new ideas. As far as practical, faculty, staff and stu-

dents are encouraged to follow the "Guidelines for Record-Keeping" contained in Appendix A.

SECTION 500 — The Handling of a Disclosure:

1. When faculty or staff members make an invention, it shall be their responsibility to discuss their discovery or invention with the Department Head at which time the possibility of exploring patenting should be considered. Students should first discuss an invention with their instructor, who shall assist them in further discussion within the University. The patents administrator is available to discuss possible inventions and to assist faculty, staff and students in the preparation of disclosures. If the invention appears to be a matter that should be considered for patenting, the inventor(s) should prepare a disclosure utilizing guidelines for invention disclosures which can be obtained from the patents administrator. The Department Head should transmit the disclosure through the Dean of his School to the Vice Chancellor for Research for consideration by the Intellectual Property Committee.

2. Upon receiving a disclosure, the Chairman of the Intellectual Property Committee may refer the disclosure to one of several technical advisory committees to the Intellectual Property Committee. Technical advisory committees will be appointed by the Vice Chancellor for Research and will be composed of faculty and staff who are knowledgeable and experienced in broad disciplinary or cross-disciplinary areas. These individuals will be asked to review the disclosure from the point of view of whether or not, based on their knowledge, they believe the invention, if patented, would be a strong, viable, commercial product that would have a large market. The technical advisory committee in each area will meet prior to each Intellectual Property Committee meeting if they have any disclosures presented to them, and will discuss the disclosures and make to the Intellectual Property Committee, prior to its meeting, one of the three recommendations:

A. That the disclosure has significant commercial possibilities.

B. That the disclosure does not appear to have significant commercial possibilities.

C. That the technical advisory committee could not determine, based on its knowledge, whether or not the disclosure has significant commercial possibilities.

3. The Intellectual Property Committee will review each written disclosure promptly. The inventor or a representative shall be allowed to

examine all written materials submitted to the Committee in connection with the disclosure and to make a written and oral presentation to the Committee. The Committee will decide on a disposition of the invention to secure the interests of the University, the inventor, the sponsor, if any, and the public. Its decision may include, but is not limited to, one or a combination of the following:

A. To submit the disclosure for review by a patent or invention management firm or agent;

B. To make inquiries of potential licensees that may have an interest in the invention, including the financing of a patent application, where applicable;

C. To conduct a patent search concerning the patentability of the disclosure;

D. To apply for a patent with University resources (an option with limited application because of financial constraints);

E. To release University rights to the inventor subject to an agreement to protect the interests of the University, the sponsor, if any, and the public, including an obligation to pay to the University a percentage of future royalties or profits in cases where it is necessary to recognize the University's contribution;

F. To dedicate the invention to the public.

G. To waive further University interest in the invention.

4. Normally, within four weeks of the receipt of the disclosure, the inventor will be notified in writing of the decision of the Committee on (a) the equities involved including financial participation, (b) whether the University plans to file a patent application, or (c) whether the University will accept assignment of the invention for patenting, licensing and/or commercial handling as applicable. If the University chooses not to file a patent application for an invention in which it has rights, or not to license the invention, or not to dedicate it to the public, upon the inventor's written request the invention, at the Committee's discretion, may be released in writing to the inventor, with the permission of the sponsor, if any.

5. In those cases in which the University has obtained a patent without obligation to sponsors, if no arrangement has been made for commercial development within five years from the date of the issuance of the patent, the inventor(s) may request in writing an assignment of the University's patent rights. The Intellectual Property Committee will promptly either grant the request or advise the inventor of the University's plans for the development of the invention.

SECTION 600 — Royalty:

1. NCSU shall share with the inventors revenue it receives from patents or inventions. As noted in Section 200 (4), specific provisions of grants or contracts may govern rights and revenue distribution regarding inventions made in connection with sponsored research; consequently, revenues the University receives from such inventions may be exclusive of payments of royalty shares to sponsors or contractors.

2. The gross royalty revenues (net amount received by the University if there is a specific agreement in a grant or contract with a sponsor) generated by a patent or invention shall be the basis upon which the inventor's royalty is calculated. Unless otherwise agreed, the inventor's share of royalty revenues shall be 25% of the gross revenue. In the case of co-inventors, the 25% of gross revenue shall be subdivided equally among them, unless the inventors, with the concurrence of the Intellectual Property Committee, determine a different share to be appropriate. Applicable laws, regulations or provisions of grants or contracts may, however, require that a lesser share be paid to the inventor. In no event shall the share payable to the inventor or inventors in the aggregate by the University be less than 15% of gross royalties received by the University.

3. To the extent practicable and consistent with State and University budget policies, the remaining revenue received by the University on account of an invention will first be applied to reimburse the University for expenses incurred by it in obtaining and maintaining patents and/or in marketing, licensing and defending patents or licensable inventions and the remainder will be dedicated to research purposes that may include research in the inventor's department or unit, if approved by the Chancellor upon recommendation of the Intellectual Property Committee.

SECTION 700 — Inventor Requests for Waiver of University Rights:

1. If an inventor believes that the invention was made outside the general scope of his or her University duties, and if the inventor does not choose to assign the rights in the invention to the University, he or she shall, in the invention disclosure, request that the Patent Committee determine the respective rights of the University and the inventor in the invention and shall also include information on the following points:

A. The circumstances under which the invention was made and developed;

B. The employee's official duties at the time of the making of the invention;

C. The inventor's intention to request an acknowledgment that the University has no claim if such request is deemed appropriate;

D. The extent to which the inventor is willing voluntarily to assign domestic and foreign rights in the invention to the University if it should be determined that an assignment of the invention to the University is not required under the Patent and Copyright Policies;

E. The inventor's intention to request that the University prosecute a patent application if it should be determined that an assignment of the invention to the University is not required under the Patent and Copyright Policies.

SECTION 800 — Publication and Public Use:

1. North Carolina State University strongly encourages scholarly publication of the results of research by faculty and students. Though the Patent and Copyright Policies do not limit the right to publish, except for short periods of time necessary to protect patent rights, publication or public use of an invention constitutes a statutory bar to the granting of a United States patent for the invention unless a patent application is filed within one year of the date of such publication or public use. Publication or public use also can be an immediate bar to patentability in certain foreign countries.

2. In order to preserve rights in unpatented inventions, it shall be the duty of the inventor, or of his or her supervisor if the inventor is not available to make such a report, to report immediately to the Vice Chancellor for Research any publication, submission of manuscript for publication, sale, public use, or plans for sale or public use, of an invention, if a disclosure has previously been filed. If an invention is disclosed to any person who is not employed by the University or working in cooperation with the University upon that invention, a record shall be kept of the date and extent of the disclosure, the name and address of the person to whom the disclosure was made, and the purpose of the disclosure.

3. After disclosure to the Intellectual Property Committee, the inventor shall immediately notify the Vice Chancellor for Research of the acceptance for publication of any manuscript describing the invention or of any sale or public use made or planned by the inventor.

SECTION 900 — Contractual Arrangements:

1. North Carolina State University will follow Federal Regulations with respect to election of title in contracts and grants with Federal agencies.

2. The University normally reserves the right to ownership of patents on inventions arising out of research supported in whole or in part by grants or contracts with non-governmental organizations or firms. Contracts or agreements which are entered into between the University and such organizations or agencies should contain clauses setting forth such a reservation unless deviations therefrom are requested by the sponsor and approved by the Vice Chancellor for Research. In the interest of fair treatment to the sponsor in consideration for its investment and in the interest of discharging the University's obligation to the public in the application of its facilities and employee time and talent, special provisions may be negotiated by the Vice Chancellor for Research in such non-governmental sponsored contracts on options such as the following:

A. The University will retain rights to patents arising out of such sponsored research but, if a significant portion of the research costs are borne by the sponsor, including indirect costs, the sponsor may be assured a non-exclusive, non-reassignable license at a most favorable royalty rate for the use of the patent.

B. Other patent licensing alternatives may be negotiated in the research contract based on factors which will promote effective and expeditious transfer of the technology. Research sponsors are encouraged to seek guidance from the Office of the Vice Chancellor for Research.

C. In order to protect the potential patent interests of both parties in such contracts in which the sponsor is accorded patent rights, the following procedure may be specified:

"When in the course of the sponsored research project the investigator or investigators conceive or reduce to practice a discovery which appears to be patentable, then the inventor(s) will immediately inform the sponsors and the University of such discovery and will, for a specified period as negotiated (normally three months but in any case not more than twelve months), make available to the sponsor all pertinent information and disclosures which may be required for the development of an appropriate patent application. During this period, the investigators agree not to disclose this material to the public and agree to

cooperate in efforts to secure the patent. At the end of this agreed period, the investigators and the University will be free to proceed with publications and making public such other documents as they may choose. With the exception of the above mentioned agreed period, the University will operate industry sponsored contracts in the normal manner with no other special considerations being given to the sponsor. Under no circumstances will the sponsor have the right to prevent the publication of material or information derived during the conduct of the program or as a result thereof other than for the agreed period indicated above."

Prior written agreement of the investigators involved in research investigations to be carried out under these conditions must be secured by the University to enable the University to discharge its agreed obligations under such a contract.

SECTION 1000 — Patent Management and Administration:

1. North Carolina State University recognizes that the evaluation of inventions and discoveries and the administration, development and processing of patents and licensable inventions involves substantial time and expense and requires talents and experience not ordinarily found among its faculty and staff; therefore, it employs The Director, Office of Technology Administration to provide assistance. The University may contract with outside agents for certain services. It may enter into a contract or contracts with an outside organization covering specific inventions or discoveries believed to be patentable and patents developed therefrom or covering all such inventions, discoveries and patents in which the University has an interest. The University may manage an invention using its own resources.

2. The Chancellor shall appoint an Intellectual Property Committee consisting of no fewer than three members. The Vice Chancellor for Research shall serve as Chairman of the Committee. The Committee shall review and recommend to the Chancellor, or the Chancellor's delegate, changes in these Procedures, decide upon appropriate disposition of invention disclosures, resolve questions of invention ownership, recommend to the Chancellor the expenditure of inven-

tion royalties, and make such recommendations as are deemed appropriate to encourage disclosures and to assure prompt and effective handling, evaluation, and prosecution of invention opportunities and to protect the interests of the University and the public. The Director of the Office of Technology Administration shall serve as staff for the Committee and shall attend all meetings.

SECTION 1100 — Copyright Procedures:

1. As a general rule, all rights to copyrightable material are the property of the author. The distribution or royalties, if any, is a matter of arrangement between the author and his or her publishers or licensees. Different treatment may be accorded by the University in case of specific contracts providing for an exception, in cases where the University or sponsor may employ personnel for the purpose of producing a specific work, where different treatment is deemed necessary to reflect the contribution of the institution to the work, as in the case of software or audiovisual material, or where a sponsored agreement requires otherwise. All agreements concerning copyright ownership should be in writing and should be signed by the parties and approved by the Vice Chancellor for Research prior to the commencement of the work.

2. An institute, center, or other unit of the University that is itself a publisher and that engages faculty members and other employees to write for publication by that unit as a part of their professional duty or to produce other copyrightable materials, such as audiovisual materials or computer software, may, subject to the approval of the Vice Chancellor for Research, adopt rules providing that copyright on materials prepared by such faculty members and other employees in the course of their professional work for that unit vests in the University and not in the author.

3. Guidelines and procedures for determining faculty, staff and student ownership of computer software were adopted by the NCSU Board of Trustees, effective July 1, 1987, and are available under separate cover from the Office of the Vice Chancellor for Research or the Office of Technology Administration.

Appendix A

Guidelines for Record-Keeping

1. Good practice is to use bound notebooks for records, making entries on a daily basis. This "diary" format provides a day-to-day chronology.

2. Use the notebook to record a conception (a complete description of a means to accomplish a particular purpose or result), laboratory data and drawings. Each entry should be headed with a title and continued on successive pages.

3. Make entries in ink and do not erase; draw a line through text or drawings to be deleted, and enter the material in corrected form. Draw a line through blank spaces on the page.

4. Separate sheets and photographs pasted to notebook pages should be referred to in an entry. Material that cannot be incorporated in the notebook should be keyed to an entry.

5. Sign and date all entries at the time they are made, and have them witnessed. A witness must be someone who has read the material and is capable of understanding it, yet had nothing to do with producing it. Secure additional witnesses when something important or highly unusual is discovered. Remember that an inventor and his or her coinventors cannot serve as their own witnesses.

6. Set aside a time for making notebook entries and faithfully observe it. Arrange to have two or more colleagues serve as witnesses on a regular basis.

Records — when made a matter of routine — take only a small amount of time and effort, become an invaluable asset to work in progress, and may ultimately reserve for the inventor those rights to which he or she is, by priority, entitled.