

Appendix D - Statement of Policy on Proprietary Rights in the Intellectual Products of Faculty Activity

Faculty Handbook Home Page	
Introduction	<p><i>This Policy Statement, which was adopted by the Trustees on June 5, 1989, supersedes all prior policy statements on the subject. On October 17, 1992, the Trustees, on the recommendation of the University Senate, made the Policy Statement applicable to all students of the University, regardless of whether they hold appointments as student officers of instruction and research or not.</i></p>
Paragraph A: Proceeds of Certain Conceptions; University Share	<p>Introduction</p> <p>The University policy described here prescribes and mandates cooperation. It deliberately commits Faculty and Administration to timely action in pursuit of common goals.</p>
Paragraph B: Development and Exploitation; Governing Considerations; Duties of Cooperation	<p>University policy is here limited to inventions and discoveries which are or may be patentable as well as to the technology associated with them. The reasons for this present limitation are linked equally to considerations of balance between faculty privilege and University rights and needs. The area of patentable invention and discovery is well-defined and sharply self-limiting. In all Professional Schools and the Graduate Faculties, activity in the service of the University may lead to many kinds of commercially profitable intellectual products, not only inventions and discoveries, but also designs, both architectural and theatrical, and technical writings. The proper claims of the University with respect to all these intellectual products have not yet been established.</p>
Paragraph C: Sponsored Activity; Individual Agreements; Reference of Issues	
Paragraph D: Reporting	
Paragraph E: Assistance to Originator	
Paragraph F: Disclosure; Declaration of Interest; Evaluation Period	<p>The University believes that faculty members must take the ultimate moral responsibility for the development and commercial exploitation of the fruits of their intellectual activities. This is a grave responsibility. In a humane institution the occasions when an individual feels compelled to assert the demands of his or her conscience against the possible decisions of the majority are rare. Proper provisions for such occasions greatly honor the institution which makes them. Paragraph G describes the appropriate policy which shall govern problems of this kind.</p>
Paragraph G: Licensing; Authorization to Use; Renunciation of Gain	<p style="text-align: right;"><i>Last Revised November 2008</i></p>

Paragraph A: Proceeds of Certain Conceptions; University Share

This statement concerns rights of the University in certain inventions and discoveries of Faculty members, and in the technology associated with them. An Intellectual Products of Faculty Activity invention or discovery that is or may be patentable, together with any supporting technology, including computer programs and computer screen presentations, required for its development and exploitation, is herein called a "conception." The term does not include the capacity, acquired by training, experience, or otherwise, to generate or deploy technology.

Except as provided in this paragraph, and in Paragraphs B and H, nothing in this statement applies to any contractual or proprietary interest the University may have or acquire under general and particular arrangements between the University and members of its faculty, or others, in intellectual or material products of a character not consistent with either patent or copyright protection. With respect, however, to a non-patentable invention or discovery by a faculty member, if he or she tenders reports and cooperation to the University substantially according to this statement, the University will likewise proceed, as far as the circumstances permit, in accordance with this statement.

The University claims, as it may fairly and rightfully do, the commercial rights in conceptions that result primarily from the use of its facilities or from the activity of members of its faculty while engaged in its service, but only on a basis that provides for an appropriate sharing of the proceeds thereof between the University and the Faculty member or members. The allocation is set forth in the Appendix.

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Paragraph B: Development and Exploitation; Governing Considerations; Duties of Cooperation

Aside from the allocation of proceeds, a fully developed policy concerning rights in intellectual products requires judgment about:

1. the circumstances in which the University may direct the exploitation of a conception,
2. those in which the originator may do so, and
3. the extent to which either may call on the other for assistance in developing and exploiting the conception.

On these subjects few highly specific statements are possible. The chief considerations are:

- a. the character of a University as a humane institution dedicated to the advancement and dissemination of knowledge,
- b. the University's requirement of intellectual enterprise, loyalty, and

- support on the part of its faculty,
- c. the University's respect for the consciences of its members so far as is consistent with their obligations to it, and
- d. the financial needs of the University and the advantages accruing to all its members from its ability to meet those needs.

Except as otherwise provided in Paragraph G, the University and a member of the faculty may expect and require of one another cooperation in the development and exploitation of conceptions, each having due regard for the foregoing considerations. In particular, the University will advise a faculty member about securing a patent, and will participate with him or her in seeking patent protection, in every way compatible with their several capacities and common interests. (See Paragraph E.) The obligations of a faculty member include the execution of an assignment or a patent, and of rights thereunder, in appropriate circumstances.

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Paragraph C: Sponsored Activity; Individual Agreements; Reference of Issues

1. Distinctive problems attend conceptions that result from activities of faculty members while not engaged in the service of the University. These activities may include work (for example "consulting") in the service or at the direction of a firm or an institution other than the University. In general, the University recognizes the advantages of such activity to members of the faculty, and often to itself. Commonly members of the faculty find that support for such activities is available only on terms that vest control of any resulting conception in the sponsoring body. It is therefore the policy of the University, with respect to a conception resulting solely from such activity, to claim no share in the proceeds of its exploitation and to assert no control over its exploitation.
2. Issues of fairness may, however, arise in connection with conceptions that result from certain activities of faculty members. Activity on their own account must be differentiated from that in the service of the University, such as work at times and places for which the University can properly require an accounting. A given conception may be attributable only in part to such work. In particular, cases may occur in which the University component is primary but not exclusive, or in which a conception is attributable in substantial part both to University-related work and to activity sponsored by another entity. The occasion of a conception may be such that its attribution to the University or other sponsorship is unclear.

In the situations just described, an accommodation is required between the principles expressed in the foregoing paragraphs. The governing considerations are those expressed in Paragraph B. But their proper balance may be problematical in a given instance. For such a case it is University policy to arrange by individual agreement in advance of

controversy, so far as possible, for the control of exploitation and the allocation of proceeds, if any. On occasion, such an agreement may entail an assignment of a patent, a disclaimer of patent rights, a licensing (exclusive or not, with or without royalty), a particular undertaking to assist in the development or exploitation of a conception, a particular allocation of proceeds, or another specialized transaction. In order to facilitate such agreements, the University imposes a reporting requirement on members of its faculty.

It is University policy, in the event of a controversy concerning this Paragraph C, to refer the issue in the first instance to a panel for findings of fact. Such a panel may be so constituted by agreement between the faculty member(s) concerned and the President of the University or his delegate. In the absence of such an agreement, the President will request either the Executive Committee or the Faculty Affairs Committee of the Senate to establish a panel to make findings and report them to the President.

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Paragraph D: Reporting

A faculty member is responsible for reporting certain conceptions, and certain activities that seem likely to produce one.

1. A faculty member who, in the course of service to the University, produces a conception that may have a commercial value, or has done work that seems likely to produce such a conception, should so report.
2. A faculty member may produce a conception having commercial value, or have done work that seems likely to produce such a conception in circumstances where these studies are partially but not wholly in the service of the University. If it should appear to him or her that an issue of fairness to the University may arise, a report should be made. (An example is a patentable discovery in the course of work not sponsored by the University, in which its facilities are used.)
3. A faculty member should report his or her participation in all arrangements for work sponsored by an entity other than the University when the terms of the arrangement vest control of any resulting conception in that entity. No agreement shall restrain or inordinately delay publication of the results of a Faculty member's University-related activities.

Faculty members are responsible for making succinct written reports as early as practicable. Reports are to be made:

- a. under clauses (1) and (2), to the Office of Science and Technology Development (which will promptly acknowledge them in writing), and
- b. under clause (3), to a designated academic officer of the instructional unit to which the faculty member most regularly reports.

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Paragraph E: Assistance to Originator

A University office will be maintained through which a faculty member can obtain advice about means of developing, protecting, and exploiting a conception he has reported to the University. When a conception having commercial prospects is so far advanced that a patent can be properly applied for, the University will as requested provide aid in preparing an application. If the Office of Science and Technology Development concludes that a conception has substantial commercial prospects, the University will as requested make a good faith effort to provide reasonable support for any developmental work that is necessary to realize such prospects. The University does not, however, undertake to support a particular conception either

- a. after it has effectively released its rights in the conception concerned and in any proceeds thereof,
- b. during an evaluation period (Paragraph F), or
- c. after it has joined the originator in renouncing advantages of the conception concerned (Paragraph G).

A faculty member's request for, or receipt of, assistance within this paragraph does not affect his or her responsibility or right, as originator and by virtue of his or her position in the University, to direct developmental studies of the conception.

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Paragraph F: Disclosure; Declaration of Interest; Evaluation Period

At an appropriate stage in the development of an invention or other conception, the originator shall make a written disclosure of the conception to the Office of Science and Technology, providing all such particulars as are germane to a judgment about its commercial prospects. The Office will promptly acknowledge, in writing, its receipt of the disclosure and the date of receipt.

When a faculty member has made the disclosure required in this paragraph, the University shall decide with despatch whether or not it intends to participate in seeking patent protection (see Paragraph B). It shall communicate its decision to the originator within 60 days of receiving the disclosure, except that, by giving written notice to the originator within that period, it may secure an additional 60 days in which to consider and to communicate its decision. The lapse of the stated period for decision, during which the University has failed to communicate a decision to participate in seeking patent protection, constitutes a release by the University of its rights in the conception, as defined in the disclosure, and in any commercial proceeds thereof.

Once an application for a patent has been made on the conditions described herein the commercial rights in the conception are secured to the University as against a claim by the originator.

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Paragraph G: Licensing; Authorization to Use; Renunciation of Gain

1. This paragraph relates only to conception in the commercial proceeds of which, if any, the originator and the University would share according to the other paragraphs of this document. It does not apply if rights in the conception or in its proceeds have been allocated by the terms of an enforceable agreement individually negotiated between the originator and the University.
2. The University recognizes that the exploitation of a given conception may, if not conscientiously controlled, adversely affect public health or safety. Together with the University, the originator of a conception has a special interest in preventing such an abuse. Special weight attaches to an originator's conscientious concern about the manner in which an entity exploits his or her conception, owing to a potential for harm or the character or habitual practices of that entity. The University will therefore not knowingly authorize the use of a conception by another entity without giving the originator an opportunity to object, on grounds of conscience, to the authorization or to its terms as adversely affecting public health or safety. Upon receiving such an objection, stating with particularity the danger that is perceived, the University will observe such restrictions as it is advised to do by a majority of any group consisting of the originator and any other two officers of the University who, on nomination by the originator, are accepted by the Executive Committee of the Senate as qualified to evaluate the substance of the objection, provided that the majority express their advice, and reasons supporting, with reasonable promptness.
3. University policy does not require that the commercial value of a conception be exploited to the full; the University applauds the selfless disposition of beneficent conceptions. If, therefore, the originator of such a conception wishes to renounce in whole or in part every substantial and direct financial gain (other than awards and prizes) that may thereafter result from it, the University will consider joining him or her in the effective renunciation of all such rewards to either of them. The University will do so, however, only on the following terms:
 - a. By the decision not to patent under circumstances where there are effectively no unreimbursed expenses and where full unpatented disclosure would serve the prime purpose of widespread distribution of benefits in response to need.
 - b. By the decision, made prior to a patent application, that unreimbursed expenses connected with the conception will be recovered under short term licensing arrangements devised for this purpose, and that, once such expenses have been recovered, licensing fees will be either waived or be non-exclusive and reduced to a nominal sum. The sole

and only purpose for which such waivers or nominal licensing fees will be invoked, will be to ensure the widespread distribution of benefit in response to need.

4. Except as otherwise provided in this paragraph, or by contract, the University may, as against the originator, license or otherwise authorize, on any terms, the use of a conception by one or more entities of its choice; and it may likewise dispose of any or all of its rights in a conception.

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Paragraph H: Copyrights

The University does not desire copyrights in the scholarly works of authorship of its faculty and staff and claims copyright in material only if it is, or should be, copyrighted in the name of The Trustees of the University, or if such material is part of a “conception”, as defined in Paragraph A. Publications by divisions of the University (including journals, yearbooks, anthologies, compendia, and films) should be copyrighted in the name of the Trustees. Publication contracts to which the University is a party must be signed by a designated officer thereof. A more complete statement of the University’s policy on copyrights is set forth in the Faculty Handbook. The Office of the General Counsel will respond to questions on copyright and copyright procedure. Questions on outside sponsorship of published material should be directed to the Office of Projects and Grants.

Appendix

I. General

Proceeds of a conception, after deductions for expenses, calculated as 20% of the gross income from the conception, is defined as “net income”. The University also reserves the right to deduct extraordinary expenses in calculating net income. Net income will be distributed among five recipients:

1. Inventor
2. Inventor’s research activities
3. University
4. Inventor’s department (or other University unit in which the inventor is a member)
5. Faculty in which unit applicable under 4 is a component

The inventor’s share is determined by the Policy Statement in effect on the date the invention report is filed with the University; however, the University will make the more favorable terms provided in this Policy Statement available to inventors who filed reports prior to the effective date of this Policy Statement. Allocations to the other four University recipients are determined by the Policy Statement in effect on the date of distribution.

The relationship between Faculties and departments in the University is complex (see *Faculty Handbook*, 1989, p. 12ff). Although the basic units of the University are its sixteen Faculties and seventy-three departments

of instruction, they are not always distinguishable; some Faculties are departments and some departments are part of more than one Faculty. There are also institutes and centers, some of which are free-standing and some affiliated with one or more departments. Further complications arise from the fact that some University officers are members of more than one unit of the University. This complex structure makes it difficult to establish regulations governing allocations that will hold in all instances. In the most straightforward case, the inventor is a member of one department which is part of one Faculty, such as the department of Surgery in the Faculty of Medicine. In such instances, the allocations established herein are easily applied. In complex cases, the equitable allocation of the department and Faculty shares may be difficult to establish. One regulator may be the source(s) of the inventor's salary. If the salary is derived from more than one University unit, the department's share may be apportioned to each unit in relation to the contribution each makes to the salary of the inventor. In other situations (e.g., where the invention is the result of collaborative efforts of several inventors who are members of different University units), the relevant participants may request the Provost to arrange for a fair division of the department's share.

The intention of these regulations is to divide the funds remaining after shares have been allocated to the inventor, the inventor's research activities and the University equally between two units of the University: a Faculty and that component of a Faculty (department, institute, etc.) under whose auspices the inventor's research activities have been conducted. If agreement as to which units should be recipients cannot be reached, the Provost will make the final determination.

Allocations are calculated from the proceeds resulting from one profitable invention. If a faculty member develops more than one profitable invention, allocations will be calculated for each of them. The department's share will be determined from the proceeds resulting from all the inventions made by members of the department. Likewise, the Faculty's share will be determined from the proceeds resulting from all the inventions made by members of the Faculty. It should be emphasized that continued receipt of income from royalties and licensing fees is uncertain. For that reason, recipients may not use this income for commitments or expenditures greater than allocations that have already been made.

II. Allocations

- A. *Inventor's Share*. The inventor's share is computed on the basis of the cumulative income from any one invention. When net income from the conception is \$100,000 or less, the inventor's share will be 50% of that income. When net income from the conception exceeds \$100,000, the inventor's share will be 50% of the first \$100,000 and 25% of the excess. The inventor's share will not be altered when affiliation with the University is terminated.

When there is more than one inventor, the inventors' share will be divided in the manner agreed by them. The terms of the agreement will be disclosed to the appropriate chairperson(s). When one of the inventors is a chairperson, the principal policy-making committee of the department, e.g., its executive committee, will be informed.

B. *Inventor's Research Activities.* Twenty-five percent of net income from the conception will be allocated to the inventor's research activities or to any other proper and specific purposes of the University designated by the inventor. The income thus received is subject to these restrictions:

1. Ordinarily, yearly expenditures from this source for the inventor's research activities will not exceed \$150,000. If the inventor desires to use more than \$150,000 in one year, approval by the inventor's department chairperson and by the department's principal policymaking committee will be required.
2. Any portion of the share not expended by the inventor will be deposited in an account, the inventor's account, and will be reserved for the inventor's research in subsequent years.
3. Should the amount in this account exceed \$500,000, the excess will be transferred to the University.
4. Any residue remaining in the inventor's account when the inventor terminates employment with the University will be transferred to the University in the fiscal year following termination of employment.

C. *University's Share.* The University's share is determined as follows:

When net income from the conception is \$100,000 or less, the University's share will be 25%. When net income from the conception exceeds \$100,000, the University's share will be 25% of the first \$100,000 and 33% of the excess.

The University may also obtain income from the three other University recipient accounts provided for in these regulations. Expenditure of the University's share will require the approval of the University Planning and Budget Committee. These expenditures are subject to the limitations imposed by the granting agencies with whose support the invention was conceived.

D. *Department and Faculty Shares.* The funds remaining after shares have been allocated to the inventor, the inventor's research activities and the University will be divided equally between the inventor's department and Faculty.

1. *Department's Share.* The department's share of income generated from royalties and licensing fees from inventions made by all the members of the department will be deposited in the departmental account and will be reserved for its use. The income thus received is subject to these restrictions:
 - a. Ordinarily, no more than \$150,000 from this account may be expended in any one year.
 - b. Decisions as to how this money is to be spent are to be made by the chairperson of the department (or the director of the relevant University unit) as advised by its principal policy-making committee.
 - c. The department may expend more than \$150,000 in one year, provided approval by the dean is obtained.

- d. Should the amount in the departmental account exceed \$1,000,000, the excess will be transferred to the University.
2. *Faculty's Share*. The Faculty's share of income generated from royalties and licensing fees from inventions made by all the members of the Faculty will be deposited in the Faculty's account and will be reserved for its use. The income thus received is subject to these restrictions:
 - a. Ordinarily, no more than \$500,000 from this account may be expended in any one year.
 - b. Expenditures greater than \$500,000 in one year will require the approval of the Provost.
 - c. Funds in the Faculty's account in excess of \$5,000,000 will be transferred to the University.

The conditions set forth here are to be reexamined at least once every five years by a Committee appointed by the President.

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