

MSU Patent Policy

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University Patent Policy, effective July 1, 2017

Michigan State University's primary obligation in conducting research and scholarly activities is the pursuit of knowledge for the benefit and use of society. Consistent with its public service mission and with the laws and regulations governing federally-funded research, to which this Policy is subject, the University endeavors to foster the development of its inventions and discoveries through patenting and licensing to industry. A patent provides an incentive for a company to license an invention from the University and to invest in developing and marketing products based on the invention. Licensing proceeds provide a means for the University to recognize and reward the creative research efforts of inventors and to support additional University research.

I. **Applicability and Administration of Policy**

This Policy governs the ownership, protection, use, and commercialization of inventions and discoveries of University faculty, students, and staff. (The University's policy concerning works of copyright is addressed separately in the Development of Copyrighted Materials policy.)

The President shall be responsible for administering this Policy and managing University Inventions, as hereafter defined. In consultation with the President and the Provost, the VPRGS may authorize exceptions to this Policy that he/she determines to be in the best interest of the University.

II. **Ownership**

(a) All discoveries or inventions by a University employee which: (i) result from research which is supported by University funds or by funds controlled or administered by the University; or (ii) were created in a field of work or study directly related to that employee's scholarly or other academic endeavors at the University; or (iii) have been developed in whole or in part through the use of University resources or facilities, shall belong to the University (hereinafter "University Inventions").

(b) The University does not own discoveries or inventions created by students unless the student (i) is employed by the University (in which case the University's ownership is determined under the previous paragraph), (ii) made the discovery or invention using funds controlled or administered by the University, except grants or awards specifically designed to encourage student innovation and entrepreneurship, or (iii) made the discovery or invention in whole or in part through use of University resources or facilities other than those generally available to students. Students may elect to assign to the University their intellectual property rights in inventions or discoveries which the University does not own. If the University accepts such an assignment, the University will administer the student's discovery or invention as if it were a University Invention under this Policy.

(c) This Policy is applicable to discoveries and inventions made by faculty members and other University employees who engage in approved outside work for pay under the applicable University policy. An employee must disclose to MSU Technologies ("MSUT") inventions and/or discoveries made during the performance of outside work for pay. Ownership of discoveries and inventions made by faculty members and other University employees during approved outside work for pay will be determined by MSUT in accordance with guidelines in the companion handbook to this Policy. Faculty members or other University employees engaged in approved outside work for pay shall not assign any rights in inventions or discoveries created during the outside work for pay unless the assignment is submitted to MSUT for its review and assessment prior to the start of the outside work for pay and MSUT determines that the inventions or discoveries to be assigned are not University Inventions.

(d) The University may choose to assign its ownership of University Inventions to their inventors or others when it is deemed to be in the best interest of the University to do

so. The VPRGS will provide guidelines for such circumstances in the companion handbook to this Policy.

III. **Assignment; Duty to Cooperate**

All individuals subject to this Policy are (a) obligated to assign and do assign to the University all right, title, and interest in and to all University Inventions of which they are inventors; and (b) have a duty to cooperate with the University when it seeks intellectual property protection for such University Inventions and in complying with legal obligations to research sponsors relating to such University Inventions. The University shall control the administration and disposition of University Inventions in its sole discretion.

IV. **Obligation to Disclose University Inventions**

In order to assist the University in protecting University Inventions, University employees and students shall report any University Inventions to MSUT in a timely manner. As a general rule, such reports must be made prior to disclosing such discoveries or inventions through publications, presentations, or communications with third parties (including research sponsors) in a manner which may inhibit or preclude the University from obtaining patent protection. [Disclose an invention here.](#)

V. **Distribution of Revenue and Equity from Technology Transfer**

(a) When they occur, the economic benefits arising from the commercialization of University Inventions will be shared among the inventor(s), the inventor's major administrative unit (MAU), and the University.

(b) The University will recover all direct cumulative expenses incurred for the patenting, protection (including litigation related to the patent), marketing, and licensing of each University Invention from its licensing proceeds before distributing the remaining net proceeds.

(c)

(i) For University Inventions with more than one inventor, all inventors must agree in writing to each inventor's share of the total percentage of net proceeds allocable to the Inventor(s), as set forth below. Absent such an agreement, the University will divide the inventors' share of the net proceeds equally among them.

(ii) Except as set forth in section V(c)(iii), distributions of net licensing proceeds will be

made as follows:

Net Licensing Proceeds on a Particular University Invention	Inventor(s)	Major Administrative Unit	University
First \$100,000	50%	25%	25%
Next \$900,000	30%	30%	40%
Over \$1,000,000	30%	10%	60%

(iii) The distribution of net licensing proceeds obtained under technology transfer agreements effective before July 1, 2017 will be made as follows:

Net Licensing Proceeds on a Particular University Invention	Inventor(s)	Major Administrative Unit	University
First \$5,000	100%	0	0
Next \$100,000	33 1/3%	33 1/3%	33 1/3%
Next \$400,000	30%	30%	40%
Next \$500,000	20%	20%	60%
All Additional Net Licensing Proceeds over \$1,005,000	15%	15%	70%

(d) Consideration received by the University in connection with the commercialization of a University Invention may include shares of stock or other securities. The University or the Michigan State University Foundation, as the University's assignee, shall control the administration and disposition of any equity so received in its sole discretion, provided that any net proceeds deriving from the equity received will be distributed as license proceeds in the manner described above.

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