

PATENT POLICY

The following policy was approved by the Executive Committee of the Cornell University Board of Trustees on May 26, 1995 to be effective July 1, 1995.

A. General Statement

The Board of Trustees of Cornell University, recognizing that inventions and discoveries of commercial importance may be the natural outgrowth of research conducted by faculty, staff and students, and desiring to secure both public benefit from the applications of such research and enhancement of the University's capacity for such research, has established the following Patent Policy.

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.¹

¹ Use of University office space or library facilities shall not constitute a use of University resources for this purpose.

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 Cornell Research Foundation.

D. Ownership of Inventions

1. All patentable inventions conceived or first reduced to practice by faculty and staff² 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 Research Foundation, Inc.
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 six 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 Distribution³

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:

50% of the first \$100,000.00
25% of net royalty income in excess of \$100,000.00

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.

2. Cornell Research Foundation shall receive 35% of the net royalty income to provide operating funds to cover the cost of service provided to the University with regard to intellectual property matters and particularly to cover the costs associated with patenting and marketing inventions where royalty income or other cost recovery has not been achieved. Cornell Research Foundation's prior deficits shall be retired using this portion. The percentage of net royalty income to Cornell Research Foundation shall be evaluated annually by the Board of Directors of the Foundation and reduced when deficits have been eliminated. The Cornell Research Foundation Board of Directors shall be responsible to adjust the percentage received by Cornell Research Foundation

² For the limited purpose 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.

³ The distribution provisions contained herein shall apply to all existing and future inventions. 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.

with a two year lead time following the elimination of the Foundation's deficits.

3. Net royalty income shall mean gross royalties received by the University less directly assignable expenses⁴ resulting from patenting and licensing the particular invention .
4. The remainder of the net royalty income shall be divided (a) 60% to the inventor's research budget, subunit⁵ and University unit⁶ in a manner to be mutually agreed upon and (b) 40% to the University for general research support.
5. 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 Cornell Research Foundation 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, Cornell Research Foundation 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.
6. In the case of an invention unresolvable dispute over distributions in 4 (a), net royalty income distributed under 4 (a) shall be allocated and made on an equitable basis as determined by the Vice President for Research.

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.

Cornell Research Foundation 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.

⁴ Direct expenses include the costs of obtaining patent protection for the particular invention and all marketing, promotion and licensing costs related to the particular invention.

⁵ Typically the inventor's Department, School, Section or Center.

⁶ Typically the inventor's College.

G. Waiver Requests

Waiver of any provisions of the 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 President of Cornell Research Foundation & the Vice President for Research 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 recognized 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 recommendation 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 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 regulation shall apply.

I. Patent Management Agencies

Cornell Research Foundation 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 provision 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 or her judgment, extremely remote.

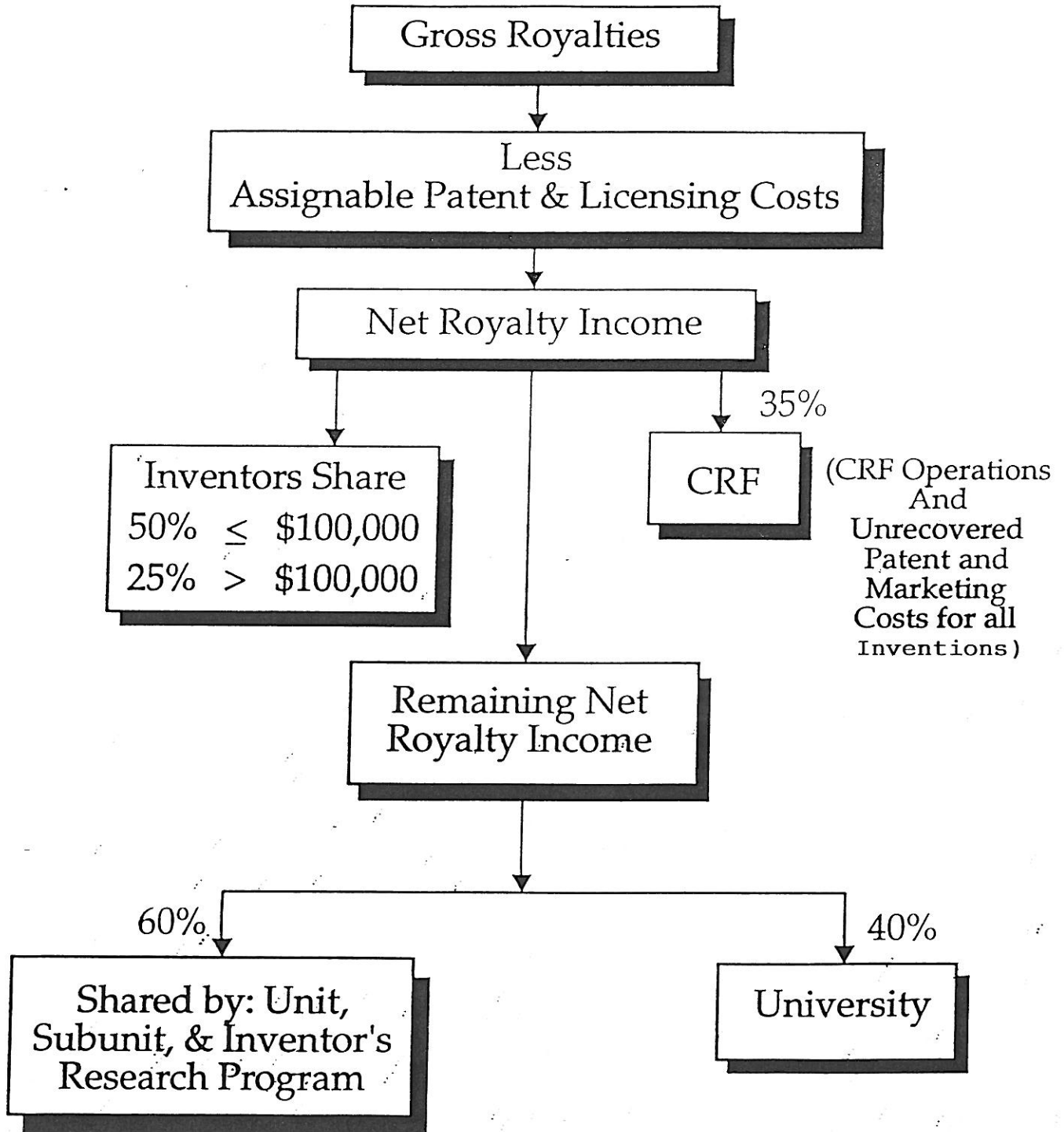
K. Patent Advisory Committee

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 or her 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.

CRF ROYALTY DISTRIBUTION



Approved by the Board of Trustees, 26 May 1995.