

PATENT POLICY (RE: INTELLECTUAL PROPERTY)

POLICY STATEMENT

I. General Policy Statement

The faculty, staff and students of Drexel University, as part of their normal assigned duties and scholarly activities, carry on research which may be supported in part, or in whole, by the University or by grants and contracts with outside sponsors. Recognizing that many new ideas, discoveries, and inventions inevitably flow from university research to practical, commercial application, it is in the interest of the University to encourage the development of such new ideas, discoveries and inventions resulting from University research; to reduce these inventions to practice and practical application where resources permit; and to give adequate recognition and incentive to the inventors by having them share in the proceeds from any invention. Accordingly, it is important that University policy be established to define and protect the respective rights and obligations of the University, its personnel, its sponsors and the public, relative to inventions resulting from University research. It is also appropriate and desirable that the University share in the proceeds of any invention not only to pay the costs of the patent program, but also to support University research programs, facilities and personnel without which such inventions would not have been possible.

II. Patent Policy Objectives

The principal objectives of the University Patent Policy are:

1. to encourage creative research, innovative scholarship, and a spirit of inquiry leading to the generation of new knowledge, ideas and inventions;
2. to facilitate the transfer of University-developed research results to commerce and industry;
3. to provide faculty, staff and students of the University assistance in assessing the patentability and commercial potential of their inventions;
4. to establish guiding principles for determining the obligations and property rights of the University, inventors and sponsors with respect to inventions;
5. to facilitate patent applications and licensing where patenting of inventions is determined by the University, or its designated agents to be desirable;
6. to recognize and reward the creative efforts of faculty, students and staff of the University through the realization of tangible benefits (royalties) derived from their inventions; and,
7. to afford faculty, staff and students of the University the opportunity to further their research objectives and those of the University, by disseminating the results of their work to provide maximum benefit to the public, while safeguarding the patent and property rights for the University, inventor and sponsor.

III. Definitions

Institutional Unit

Includes, without limitation, college, department, administrative unit, group or institute, functions of which are separately budgeted.

Inventions

Collectively refers to all technical contributions, including inventions, discoveries, processes, methods, uses, product/design improvements or modifications, or combinations thereof, conceived and/or reduced to practice during the course of research carried out for or at the University which are of a patentable nature.

Invention Assignment Agreement

An agreement between University personnel and the University which assigns to the University the entire title, ownership and rights to all inventions which result from research carried out for or at the University by the individual for monetary consideration as described in Section V.

Royalty

Monetary and/or equity consideration received by the University in exchange for a license to use patent rights.

University Intellectual Property Committee

A standing Committee of the University responsible for advising the Vice President of Research on all matters regarding University patents and other intellectual property (see Section VI).

University Personnel

Part-time and full-time members of the University faculty and staff, all other agents and employees, cooperative student employees, undergraduate and graduate students, and postdoctoral fellows of the University. Students on cooperative education assignment shall be subject to the patent policy of their employer. If the cooperative education employer does not have a patent policy, the student may elect to operate under this policy provided a written release is obtained from the employer of all rights in and to said inventions.

IV. Patent Policy Guidelines

The rights and obligations of the University, its personnel and sponsors with relation to inventions resulting from research or other scholarly activities, and the ownership and disposition of the property rights to these inventions, are best defined in terms of the following categories of research support:

1. research subject to a sponsored research or other agreement between the University and a third party (herein referred to as "sponsor");
2. research supported either in part or in whole by University resources; and
3. research carried out by University personnel wholly on their own time and at their own expense without the use of University facilities and resources.

A. Externally Sponsored Programs

The rights of University personnel who are subject to the terms of a sponsored research project or other agreement are determined in accordance with the terms of the applicable project documents.

A.1 Government Sponsored Programs

It is the policy of the University to comply with all applicable regulations and requirements of any governmental body sponsoring work at the University. The Vice Provost for Research and Dean of Graduate Policy will be responsible for apprising the University personnel of the parameters of such requirements.

It is also the policy of the University that to the fullest extent allowed under such governmental parameters, the University will be the owner of any inventions conceived or actually reduced to practice in the performance of work sponsored by any governmental unit.

A.2 Private, Industrial, Foundation and Other Sponsored Programs

Except in unusual cases, it is the University's policy that all inventions (whether or not patentable) developed in the course of research supported by any non-governmental sponsor, are the property of the University, and the University will, consistent with this Policy, be responsible for securing any patents and for payment of costs incurred in securing those patents. To the extent that the sponsor pays all

direct and indirect costs of the project, the sponsor will be given an option to obtain an exclusive, royalty-bearing license to practice any invention conceived or actually reduced to practice during the sponsored research project. Said option must be exercised within one year after the date of patent filing for the licensed invention. As part of any such license, the University will require of the licensee diligent performance for timely commercial development and early marketing of the invention.

It is the policy of the University that sponsored research grants or contracts contain no provisions inconsistent with this Patent Policy.

B. University Sponsored Programs

Inventions involving the use of funds, space, personnel, equipment or facilities administered by the University, but without any University obligations to others in connection with such support, are the property of the University.

B.1 University personnel will disclose to the Vice Provost for Research and Dean of Graduate Policy all information relating to an invention, and will execute such assignments, waivers, or other documents as the University may require for expeditious patenting and commercial exploitation of said invention. When the University elects to undertake patenting and licensing of said invention, the inventor will share in the proceeds from the licensed patent in accordance with the Distribution of Income (see Section V). The term "inventor" may mean joint inventors, in which case the inventors' share of proceeds will be paid as though they were a single entity and divided equally unless there exists a prior agreement covering inventors' distribution.

B.2 The University shall make its decision to initiate a process of filing an application for patent within 120 days following receipt of an invention disclosure. In those cases in which the University elects not to file an application for a patent, and in which the University has no obligation to sponsors or patenting organization, the inventor may request transfer of the entire right and title to said invention after the 120 day period. This request must be in writing and made to the Vice Provost for Research and Dean of Graduate Policy who will refer the request to the University Intellectual Property Committee for their recommendation. The Vice Provost for Research and Dean of Graduate Policy will either grant the request or advise the inventor of the University's plan to file an application for patent.

B.3 In those cases in which the University has filed an application for a patent, and in which the University has obtained a patent without obligation to sponsors or third party patenting organization, and no arrangement has been made for commercial development within a three (3) year period after the issue date of the patent, the inventor may request transfer of the entire right and title to said invention. This request must be in writing and made to the Vice Provost for Research and Dean of Graduate Policy who will refer the request to the University Intellectual Property Committee for their recommendation. The Vice Provost for Research and Dean of Graduate Policy will either grant the request or advise the inventor of the University's plans for commercial development of the subject invention. If the request is granted, the University shall retain a five percent (5%) interest in the issued patent.

B.4 University personnel involved in research sponsored by the University or an external sponsor, will sign an Invention Assignment Agreement.

B.5 Patent rights resulting from research carried on by a student in fulfillment of requirements for an academic degree, including the preparation of a thesis or dissertation, are construed as making use of University resources and are subject to the Patent Policy. Inventions made by students in sponsored projects or using University facilities and resources are the property of the University. Student inventors will sign an Invention Assignment Agreement evidencing the fact that the entire right and title to said invention belongs to the University for monetary consideration as stated in Section V. Disposition of said invention shall be in accord with this Patent Policy. Undergraduate students of the University are not subject to this portion of the Patent policy.

B.6 All original data, notebooks, laboratory records and other documents relating to University owned inventions shall be the property of the University.

C. Inventor-Funded Research

Inventions which the inventor can demonstrate result from research or other work conducted on the inventor's own time without use of Drexel University resources such as University funds, space, personnel or facilities, are the property of the inventor. The University undertakes no responsibility with respect to such inventions. However, at the option of the inventor, such inventions may be assigned to the University and processed as University-sponsored inventions hereunder.

C.1 It shall be the responsibility of the inventor to demonstrate that substantial use of University resources was not involved in any inventor-retained invention. The University will not construe the payment of salary, nor the provision of office or library facilities as constituting use of University funds, space, personnel or facilities. However, substantial assistance given by one or more faculty or staff

members to an inventor specifically pertaining to the invention will constitute substantial use of University resources.

C.2 University personnel engaged in consulting activities or in business must ensure that their agreements with other parties do not conflict with this Patent Policy or with the University's commitments to external sponsors. University personnel must make clear to those with whom they make such agreements their obligations to the University, and should apprise other parties of the terms of this Patent Policy. The University's rights, and the individual's obligations, will in no way be abrogated or limited by the terms of such third party agreements.

V. Distribution of Income

A. In all cases where the entire right and title to an invention belong to the University, the net income from the invention shall be distributed according to the schedule shown below in Section A.1. For the purposes of this Patent Policy, net income will mean gross royalties actually received by the University less out-of-pocket expenses paid by the University for patent filing, prosecution, licensing, maintenance, enforcing or defending patents, and other related patenting, marketing and licensing expenses for said invention.

A.1 Schedule of Net Income Distribution

For the first \$10,000 of net income: 100% to the inventor.

For the next \$500,000 in cumulative net income: 50% to the inventors, 25% to the Office of the Vice Provost for Research and Dean of Graduate Policy, 25% to the inventor's Institutional Unit(s)

For the next \$1,000,000 in cumulative net income: 40% to the inventors, 35% to the Office of Vice Provost for Research and Dean of Graduate Policy, 25% to the inventor's Institutional Unit(s)

For cumulative net income in excess of \$1,510,000: 25% to the inventors, 50% to the Office of Vice Provost for Research and Dean of Graduate Policy, 25% to the inventor's Institutional Unit(s)

A.2 For the purposes of this section V, the royalty distribution shall be divided equally among or between the institutional units, unless the University is provided with an alternative royalty distribution schedule agreed upon by the heads of the respective units and the Vice Provost for Research and Dean of Graduate Policy or his or her designee. In the event a unit ceases to exist, the distribution of the unit's funds shall be determined by the Vice Provost for Research and Dean of Graduate Policy or his or her designee.

A.3 When royalty income is in the form of equity interest, distribution of equity will be made between inventor(s) and the Office of Vice Provost for Research and Dean of Graduate Policy at the time equity is transferred to the University, and in equal shares. The Office of Vice Provost for Research and Dean of Graduate Policy will share with the inventor's Institutional Unit(s) the income generated by its equity interest at the time said shares, or portion thereof, is liquidated.

A.4 Inventors may be faculty, students, staff, consultants and other employees of the University, or combinations thereof. When more than one inventor is involved, the responsibility for determining the relative royalty distribution among the inventors rests solely with the inventors. Unless the inventors provide the University with an alternative royalty distribution schedule agreed upon by them, royalty distribution shall be distributed equally between or among the inventors. In any event, the University assumes no responsibility or liability in disputes among inventors concerning the sharing of royalties among the inventors.

A.5 In cases where the inventor clearly owns the patent but where the inventor and the University agree to have it processed as a University-sponsored invention, the income distribution will be as defined above.

A.6 In cases where the inventor assigns the patent to the University as a gift, the inventor shall have the right to determine the distribution of the inventor's share and the remaining portion of income distribution shall be as defined above. In the case where the inventor does not wish to exercise the right to allocate his/her share, then the Vice Provost for Research and Dean of Graduate Policy shall determine the distribution of the inventor's share.

B. Other Considerations

The right of an inventor to receive income hereunder shall extend for the term of the Patent and any renewals thereof and said right may be assigned or bequeathed by the inventor.

VI. Administration

A. The Vice Provost for Research and Dean of Graduate Policy shall be responsible for the administration of the Drexel University Patent Policy.

B. A University Intellectual Property Committee shall make recommendations to the Vice Provost for Research and Dean of Graduate Policy on matters regarding University patents and other intellectual property.

B.1 The University Intellectual Property Committee shall consist of two (2) members appointed by the Faculty Council, one (1) member appointed by the Vice President for Academic Affairs, one (1) member appointed by the Vice Provost for Research and Dean of Graduate Policy. In addition, a Chairperson of the Committee shall be appointed by the President. At least 3 members of the Committee must be selected from the full-time, tenure track faculty.

B.2 Members of the University Intellectual Property Committee shall serve for no more than two successive terms of two years each. The members appointed by the Faculty Council shall be appointed in alternate years; the member appointed by the Vice President for Academic Affairs shall be appointed in an odd-numbered year, while, the member appointed by the Vice Provost for Research and Dean of Graduate Policy shall be appointed in an even-numbered year. The Chairperson of the Committee shall serve in that position at the pleasure of the President.

C. All appeals and disputes shall be forwarded in writing to the Vice Provost for Research and Dean of Graduate Policy through the Intellectual Property Committee. These appeals and disputes shall be initially reviewed by the University Intellectual Property Committee which shall make its recommendations to the Vice Provost for Research and Dean of Graduate Policy within 60 days after receiving the dispute. The Vice Provost for Research and Dean of Graduate Policy shall make a determination of the dispute within a period of 30 days after receiving the Committee's recommendation.

An appeal from the determination of the Vice Provost for Research and Dean of Graduate Policy shall be made within 30 days to an arbitration panel consisting of three members, including a member of American Arbitration Association (AAA) to be agreed on by the parties in accordance with the rules of the AAA. The other members shall be selected by the opposing parties. The arbitration proceeding shall be conducted in accordance with the rules of the AAA then in effect as interpreted by the AAA member who shall serve as the chairman of the panel. The basis for the panel's decision will be the provisions of this patent policy. Submission to arbitration before this panel shall be the sole means of resolving disputes hereunder. The decision of the panel will be final and unappealable and may be enforced in any court of competent jurisdiction. The award of the arbitration panel shall be made in writing and need not present the panel's vote on each issue, but merely the resolution of each issue. Costs incurred in arbitration shall be borne equally by inventor and university in an amount up to but not exceeding \$5,000; costs in excess of \$5,000 shall be borne by the university and credited against current and/or future royalties received by the university for the subject invention held in dispute.

D. No assignment of rights, transfer of ownership, license or other arrangements concerning the disposition of University owned patents may be entered into except by authorized officials of the University.

VII. Patent Development Procedures

1. Inventors shall transmit disclosures of inventions to the Vice Provost for Research and Dean of Graduate Policy on forms provided for that purpose. To safeguard the rights of the inventor and the University, timely reporting is required. University personnel shall make a timely disclosure to the Vice Provost for Research and Dean of Graduate Policy. Inventions should be reported as soon after conception as possible to permit prompt evaluation and to avoid unnecessary delays in publication. Failure to make a timely disclosure of an invention may compromise the patentability of an invention, loss of domestic and/or foreign rights or business opportunities to an invention. Upon receipt of disclosure the Senior Vice President for Research and Graduate Studies will evaluate the disclosure to determine ownership of the invention. If agreement on ownership cannot be reached between the Vice Provost for Research and Dean of Graduate Policy and the inventor, the Vice Provost for Research and Dean of Graduate Policy will forward the matter to the Intellectual Property Committee.

2. The Intellectual Property Committee will review the disclosure to determine ownership and commercial potential. When necessary, the Committee may request an oral presentation by the inventor supported by such visual material as may be required. The Committee may also solicit outside evaluation and interest from potential licensees through the distribution of a non-confidential disclosure prepared by the inventor. The Vice Provost for Research and Dean of Graduate Policy shall make available to the Intellectual Property Committee

sufficient resources to support its evaluation of invention disclosures.

3. The Committee shall make a recommendation to the Vice Provost for Research and Dean of Graduate Policy as to whether the University should pursue patent development of said invention. The Vice Provost for Research and Dean of Graduate Policy shall then decide whether the University will pursue patent development of said invention. If a decision is made to pursue a patent, inventor shall provide additional information or material as needed in this and subsequent stages of this procedure.

4. If the invention is accepted for patenting, the invention shall also be accepted for commercialization on a best efforts basis by the University or its designated agents.

5. The University will endeavor to complete the above described review procedure as expeditiously as feasible under the circumstances pertaining at the time the review is undertaken.

6. If the Vice Provost for Research and Dean of Graduate Policy decides the university will not pursue patent development of said invention, the University shall have waived its right to pursue development of the invention, and release all such rights to the inventor, except that the University will retain a non-exclusive, royalty-free license to practice the invention for its own purposes. In exploiting or developing any released invention, the inventor shall not use University facilities and resources, or the name of the University.

7. Only the Vice Provost for Research and Dean of Graduate Policy or his or her designee may commit University funds for patent development.