

Faculty Senate Resolution #12-41

Approved by the Faculty Senate: March 27, 2012

Accepted by the Chancellor: May 2, 2012

Formal Faculty Advice on Proposed ECU Patent Policy

No changes are being proposed at this time.

EAST CAROLINA UNIVERSITY PATENT POLICY

Authority: Board of Trustees (approval also needed from UNC President)

History: First Issued: March 1984, Amended May 2006, Amended July 2010

Related Policies: Equity Acquisition Policy

Additional References: UNC Code Appendix II; U.S. patent statutes (35 U.S.C. §§ 1-376); Bayh-Dole Act (37 C.F.R. 401); ECU Copyright Policy; ECU Trademark/Trade Secret Policy; ECU Policy on Conflicts of Interest and Commitment; ECU Policy Statement on External Professional Activities of Faculty and other Professional Staff; *Speck v NC Dairy FND 311 NC 679 (1984)*

Contact for Info: Director, Office of Technology Transfer
2200 South Charles Boulevard
Greenville Centre Room 2400
Mail Stop 163
East Carolina University
Greenville, NC 27858-4353
252-328-9549 Office
252-328-0799 Fax
www.ecu.edu/ott

1. Introduction

East Carolina University (the "University") is dedicated to the pursuit of instruction, research, scholarship, engagement, innovation development and the extension of knowledge for the benefit of the public good in an environment that is open to collaboration and publication. Inventions, discoveries and other intellectual assets sometimes arise as a result of the conduct of these activities by University personnel, including students and University volunteers, utilizing University resources; which may qualify for intellectual property protection in the form of patents, copyrights, trademarks, and trade secrets. The Board of Governors of the University of North Carolina has determined that patenting and commercialization of these intellectual assets are consistent with the mission of the University.

2. Coverage

The University Patent Policy, as amended from time to time, shall apply to and be deemed to be a part of the conditions of employment for every employee of the University including, but not limited to, EPA faculty, non-teaching EPA employees, employees subject to the State Personnel Act (SPA), clinical support services employees (CSS), student employees, and University volunteers. Further, these policies are a condition of enrollment and attendance by every student at the University. Upon prior written agreement between non-University persons, research sponsors or collaborators, and the University, these policies may be applied when the further development and refinement of inventions are compatible with the research programs of the University.

3. Ownership

3.1 Patent Agreement

All faculty, staff, visitors, volunteers, and students engaged in on-campus University related or sponsored research, shall sign an East Carolina University Patent Agreement ([employees, visitors and volunteers](#); [students](#)). However, students who are not engaged in research related activities are not obligated to sign an East Carolina University Patent Agreement unless they make an invention subject to these policies. If a student makes an invention that is, or may be, subject to this policy, the student shall disclose that invention to the University as provided under this policy.

University personnel shall not: (1) sign agreements with outside persons or organizations which may abrogate the University's rights and interests as provided in this Patent Policy or as provided in any grant or contract funding the Invention; nor (2) without prior authorization, use the name of the University or any of its facilities in connection with any invention subject to this Patent Policy.

3.2 University Ownership of Inventions

The term *Invention*, as used in this policy, means an invention or discovery of any new and useful process, machine, manufacture, or composition of matter; or any new and useful improvement thereof, including compounds, prototypes, biological materials, software, complex multimedia works and tangible research results, provided that such invention or discovery (1) is patentable or commercializable; (2) is obligated under a sponsored research agreement; or (3) is created to support the administrative operations of the University.

Unless otherwise agreed upon in a written agreement signed by a University official with delegated authority, the University shall own all right, title and interest in any Invention that is developed with the aid of University facilities, staff or students, or through funds administered by the University. Upon request, inventors shall execute promptly all contracts, assignments, waivers or other legal documents necessary to vest in the University or its assignees any or all rights to such Invention, including complete assignment of any patents or patent applications relating to the Invention. Such Invention is hereby assigned by the inventor(s) to the University in accordance with this policy.

3.3 Inventor Ownership of Inventions

An inventor that is a University employee, student, or volunteer may own all right, title and interest in certain Inventions (each an "Inventor-Owned Invention") under either of the two following circumstances:

3.3.1 If the subject matter of the Invention is outside the scope of the inventor's University activities (such activities including, but not limited to, the inventor's research, teaching, administrative, service or permitted entrepreneurial activities) at the University, an Invention may be an Inventor-Owned Invention if it was made:

- (a) without the material use of University facilities, equipment, materials or resources,
- (b) without funds administered by the University, and
- (c) without interfering with the inventor's obligation to carry out all of his/her primary University duties in a timely and effective manner.

3.3.2. If the subject matter of an Invention is within the scope of the inventor's University activities (such activities including the inventor's research, teaching, administrative, service activities or permitted entrepreneurial activities) at the University,

the Invention may be an Inventor-Owned Invention if it qualifies as an “external professional activity invention.” An “external professional activity invention” means an Invention that:

- (a) meets the conditions set forth in section 1(a) through (c) above,
- (b) is made in the course of inventor’s external professional activities in compliance with the University’s Policy on External Professional Activities of Faculty and Other Professional Staff (or any substitute or complementary policy),
- (c) is not based on or, if to be practiced, does not require the use of intellectual property owned by the University,
- (d) arises out of a specific scope of work defined in a written agreement between the inventor and a third party, and
- (e) if such Invention is within the specific subject area of the inventor’s current and ongoing University research activities, such inventor has received prior approval from his/her departmental chair, school dean, unit director or similar administrative officer to engage in such external research activity, and notice of such approval has been provided to the University’s Office of Technology Transfer.

The University does not claim any rights in Inventor-Owned Inventions.

4. Revenue Sharing

The University shall share revenue earned from technology transfer activities with the inventors as specified in this section. 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. Moreover, the University may contract with outside persons or organizations for the obtaining, managing and defending of patents. Any expenses incurred for the services of such persons or organizations, as well as any and all incremental expenses incurred by the University in obtaining and maintaining patents and/or in marketing, developing, and licensing and defending patents or licenseable inventions, shall be deducted before the University distributes revenues as provided below.

The revenues that the University receives from a patent or invention shall be distributed as follows:

	1st \$1000 (Gross Receipts)	Next \$100,000 (Net Receipts)	Greater Than \$101,000 (Net Receipts)
Inventor(s)	100%	50%	40%
Department(s)	n/a	15%	15%
School/College(s)	n/a	5%	5%
Invention Management Fund	n/a	25%	30%
Division of Research & Graduate Studies	n/a	5%	10%

Applicable laws, regulations or provisions of grants or contracts may, however, require that a lesser share be paid to the inventor. In the case of co-inventors, each percentage share described

in this paragraph as due a sole inventor shall be subdivided equally among the co-inventors unless all the co-inventors provide the University a written instrument signed by each of them allocating ownership among them other than in equal shares. 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.

To the extent practicable and consistent with State and University budget policies, amounts allocated to the University pursuant to the above chart will be dedicated to support University scientific research, development, commercialization and education activities.

In the event that an inventor leaves the University, either voluntarily or involuntarily, and the inventor is entitled to receive compensation in accordance with this Policy, then the inventor shall continue to be entitled to receive payments. In the event of death of an inventor who is entitled to receive compensation in accordance with this policy, then such payments will be paid to the inventor's estate or as directed in accordance with a court approved action.

5. Sponsored Research

5.1. Government Sponsored Research

Patents on any invention conceived or first actually reduced to practice in the performance of work under the Federal funding agreement arising from research supported by the United States Government ("Subject Invention") may be controlled by the terms of the grants and contracts specified by the government agency pursuant to Federal law. Consistent with Federal law, the University may, within a reasonable time after disclosure to the U.S. government, elect to retain title to any Subject Invention. Also, the Federal government may receive title to any Subject Invention in which the University does not elect to retain rights or fails to elect rights within a reasonable time. In the event that the University elects to retain title to Subject Inventions then it shall provide the Federal government with a non-exclusive, non-transferable, irrevocable, paid-up license. In the event that the Federal Government retains title to Subject Inventions then the University shall be free to use such invention(s) so covered for its own scientific and educational purposes without payment of royalty or other charge, consistent with Federal Law. Except as provided by Federal law, the terms of government-supported grants or contracts, or when patent rights are waived by the government, patents arising from government sponsored research are controlled by these patent and copyright policies.

5.2. University Research Sponsored by Non-Governmental Entities

The University must ensure that its facilities and the results of the work of its employees are applied in a manner which best serves the interests of the public. Likewise, the legitimate interests of a private sponsor who provides financial or other support to research carried out by the University must be considered. The University should normally reserve the right to ownership of patents on inventions arising out of research supported in whole or in part under grants or contracts with nongovernmental 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 there from are requested by the sponsor and approved by the University consistent with the public interest. In the interest of fair treatment to the sponsor, in consideration for the sponsor's investment and in the interest of discharging the University's obligation to the public in the application of its facilities and its employees' time and talent, special provisions may be negotiated by the University in such non-government sponsored contracts, upon request, provided (1) that the University retains the right to use the invention for its own research, educational, and service purposes without payments of royalty fees; (2) that the University requires the sponsor to use due diligence in the

commercial use of the invention; and (3) that the University retains the right to freely publish the results of its research after a reasonable period necessary to protect the rights of the parties and to allow for the filing of a patent application (Section 3.2 herein).

6. Public Use and Publication Restrictions

6.1. Duty to notify prior to public disclosure

The results of faculty and student research should be published in scholarly form. Though this Patent Policy does 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 will generally be an immediate bar to patentability in most foreign countries.

It is the duty of an inventor to report or, if the inventor is not available to make such report, the duty of his/her supervisor to report to the Office of Technology Transfer any inventions subject to this policy prior to any publication, submission of manuscript for publication, sale, public use, or plans for sale or public use of an Invention (hereinafter a "Public Disclosure Event"). This duty to report applies immediately upon the inventor or his/her supervisor becoming aware of any such Public Disclosure Event, and shall remain an affirmative duty until a patent application or a provisional patent application is filed, or until the one-year anniversary of the first Public Disclosure Event, whichever event occurs first. 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.

6.2. Publication Restrictions

If a sponsor proposes to support a research effort that will involve a limited exclusive use license of resulting patents, the agreement with respect to publication shall include the following: (1) the sponsor must agree that the results of the research may be published if desired by the investigators or research workers; (2) to ensure that patent applications are not jeopardized, the University, investigators, and research workers may agree that any proposed publication will be submitted to the sponsor with a notice of intent to submit for publication. If within a period of no more than 90 days from the date of such notice the sponsor fails to request a delay, the investigators, research workers and University shall be free to proceed immediately with the publication. However, if the sponsor notifies the University that a delay is desired, the submission of the manuscript to the publisher shall be withheld for the period requested, but in no event shall the total period of delay be longer than one year from the date of the notice of intent to submit for publication mentioned above. Such a period will permit the sponsor to have the necessary patent applications prepared and filed but will not unduly restrict the dissemination of scientific knowledge.

7. Avoidance of Conflicts

Conflicts involving patentable inventions and discoveries may arise when University personnel or students enter into personal consulting agreements with outside firms and organizations. The agreements that outside firms and organizations wish to have executed by those who are to serve as their consultants frequently contain provisions as to the licensing or assignment of the consultant's inventions and patents. Unless such provisions are narrowly worded, they usually will apply to areas in which the individual's University work lies and thus come into conflict with the

obligations owed by the individual to the University under these policies, either with respect to the rights of the University itself in an invention or with respect to the rights of a sponsor of research in the same field or subject matter.

Prior to signing any consulting agreement including, but not limited to, agreements involving patent rights and trade secrets, where any University time, facilities, materials or other resources are involved, University personnel and students must bring the proposed agreement to the attention of the Office of Technology Transfer and either obtain a waiver of University rights or otherwise ensure the consulting agreement conforms with this and all other University policies. Consulting agreements may not in any way limit the right of any University faculty member or employee to engage in teaching research or service at the University.

The foregoing requirements are in addition to, and do not eliminate the necessity for compliance with the ECU Policy on Conflicts of Interest and Commitment, the ECU Policy Statement on External Professional Activities of Faculty, and the ECU Policy on Secondary Employment for SPA and CSS employees.

8. Administration

8.1. Patent Committee

The Patent Committee, appointed by the Chancellor and consisting of no less than three members, one of whom shall be designated by the Chancellor to serve as Chair, is charged with reviewing and recommending to the Chancellor or his delegate the procedures for the implementation of this policy; resolving questions of invention ownership that may arise between the institution and its faculty, staff, students, or volunteers, or among individuals; recommending to the chancellor the expenditure of the patent royalty fund; and making such recommendations as are deemed appropriate to encourage disclosure and assure prompt and expeditious handling, evaluation, and prosecution of patent opportunities; and to protect the interests of both the University and the public. The University Committee on Intellectual Property/Patents serves as the Patent Committee for the University. The Director of the Office of Technology Transfer shall serve as an ex-officio voting member of the Committee. The Office of Technology Transfer shall administer and provide support for the Committee.

8.2. Patent and License Management

The Office of Technology Transfer is charged with administering the University's patent management and licensing program, including, but not limited to filing, prosecution, and maintenance of the University's patent portfolio and maintenance of the University's license portfolio.

8.3. Implementation

The Office of Technology Transfer is responsible for implementing this policy. Such implementation shall address various matters covered by this policy, including developing policies and procedures designed to supplement and interpret the ownership aspects of this policy, providing advice regarding ownership of specific works, releasing institutional rights, and accepting an assignment of rights to the Institution from an author or creator of a work.

8.4. Release of University Invention to Inventor(s)

In the event that the University chooses not to pursue patenting and/or commercialization of University invention, the Inventor(s) may request release of the invention to them under the terms of the University Invention Release Agreement.

8.5. Dispute Resolution

8.5.1. Jurisdiction

Review of all matters related to patents shall fall under the exclusive jurisdiction of the Patent Committee, subject to the normal appeal processes. Any individual subject to this policy may seek resolution of questions of invention ownership that have arisen between the University and its faculty, staff, students, volunteers, or among individuals by filing a written request with the Chair of the Patent Committee. The Chair shall appoint a 5-member Dispute Resolution Panel (“the Panel”) to address the dispute with at least 3 panel members being selected from the membership of the Patent Committee. In the event that the dispute involves the Chair of the Patent Committee, the Vice Chancellor for Research shall appoint the Panel. The Panel shall elect a chair from its membership. The University shall provide appropriate support to the Panel including, but not limited to, patent counsel or other patent expertise.

8.5.2. Conduct of the Hearing

In its sole discretion, the Panel may elect to conduct a hearing or may make a recommendation based upon the written record, provided that all parties to the dispute are given an opportunity to present evidence and arguments in support of their respective positions. The hearing shall be conducted in accordance with procedures adopted by the Chair of the Panel. A party may be accompanied at the hearing by a non-participating advisor.

8.5.3. Disposition

The Panel shall report its written findings, conclusions and recommendations for disposition of the matter to the Vice Chancellor for Research. Copies of such findings, conclusions, and recommendations shall be provided to all parties, subject to confidentiality of third party interests, if any. Upon receipt of such findings, conclusions, and recommendations, the Vice Chancellor for Research shall issue a written decision in the matter. The decision shall be final, subject to appeal rights under The Code of the University of North Carolina.

9. Works Subject to Protection by Both Copyright & Patent Laws

In cases where an invention or creation is subject to protection under both patent law and copyright law, if the University elects to retain title to its patent rights, then the inventor/creator(s) shall assign such patent and copyright rights to the University.