

## Faculty Senate Resolution #13-27

Approved by the Chancellor: February 26, 2013

Accepted by the Chancellor: April 2, 2013

### Formal Faculty Advice on Proposed University Patent Policy

(Additions are noted in **bold** print and deletions in ~~strike through~~.)

Authority: Board of Trustees

History: First Issued: March 1984. Last revised: August 27, 2012

Related Policies:

UNC Policy 500.2-Patent and Copyright Policies

UNC Policy 300.2.2-Conflicts of Interest and Commitment Affecting Faculty and Nonfaculty EPA Employees

UNC Code: Appendix I

ECU Faculty Manual Part VII, (III) – East Carolina University Copyright Policy

ECU Faculty Manual Appendix I. – Policy on Conflicts of Interest and Commitment

ECU Equity Acquisition Rule

Additional References:

U.S. Patent Laws 35 U.S.C. §§ 1-376

East Carolina University Patent Assignment Agreement

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## 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 may arise as a result of the conduct of these activities by University personnel, including faculty and other EPA employees, employees subject to the State Personnel Act (SPA), clinical support services (CSS) employees, emeritus faculty, adjunct faculty, visiting faculty or other visitors or volunteers using research facilities, post-doctoral employees, graduate students, and undergraduate students participating in research as employees or otherwise, and may qualify as intellectual property in the form of patents or copyrights. The Board of Governors of the University of North Carolina has determined that patenting and licensing of these intellectual property assets are consistent with the purposes and mission of the University of North Carolina. This Patent Policy is subject to and supplements the patent and copyright policies of the University of North Carolina.

## 2. Coverage

2.1. This Patent Policy applies to all faculty and other EPA employees, employees subject to the State Personnel Act (SPA), clinical support services (CSS) employees, emeritus faculty, adjunct faculty, visiting faculty or other visitors or volunteers using research facilities, post-doctoral employees, graduate students, and undergraduate students participating in research as employees or otherwise. The individuals subject to this Patent Policy are collectively referred to herein as “University Personnel.”- This Patent Policy is a condition of employment of every employee of the University and attendance of every student at the University.

2.2. Upon prior written agreement between non-University persons or entities and the University, this policy may be applied to persons not associated with the University who make their inventions available to the University under circumstances where the further development and refinement of such inventions are compatible with the research program of the University.

### 3. Ownership

#### 3.1. Patent Assignment Agreement

All University Personnel engaged in or who propose to engage in research or other activities that may result in an Invention subject to this Policy as part of their affiliation with East Carolina University shall agree to and execute the East Carolina University Patent Assignment Agreement.

University Personnel shall not: (1) enter into agreements with third parties (including but not limited to outside organizations) which would abrogate the University's intellectual property rights and interests, and which would require use of University research resources; **(2)** violate the terms and conditions of any grant or contract to which the University is a party; ~~nor~~ **(3)** without prior authorization, use or associate the name, marks, and other indicia of the University or its administrative units or academic departments in connection with any Invention subject to this Patent Policy.

#### 3.2. University Ownership of Inventions

*Invention* 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, but not limited to, compounds, prototypes, biological materials, software, complex multimedia works and tangible research results, that is (1) patentable under the laws of the United States or any foreign country; (2) commercializable (through licensing or otherwise); (3) obligated under a sponsored research agreement or any other agreement to which East Carolina University is a party; ~~or~~ **(4)** ~~is~~ created to support the administrative operations of the University.

Except as otherwise specified herein, the University owns all right, title and interest in and to any Invention or discovery or part thereof that (each a "University-Owned Invention"):

3.2.1. Results from research or other activities carried out at or under the auspices of East Carolina University; and/or

3.2.2. Is developed:

3.2.2.1. With the aid of the University's resources or facilities, University Personnel;

and/or

3.2.2.2. Through funds administered by the University.

With respect to any Invention owned by the University, upon request, **the inventor(s)** 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.

**The Inventor(s)** hereby irrevocably assign to the University, all right, title and interest in and to Inventions and related patent applications and patents, and shall cooperate fully with the University in the preparation and prosecution of patent applications and patents.

### 3.3. Inventor(s) Ownership of Inventions

**“Inventor(s)” means an individual or individuals who contribute to an invention that is subject to this policy.** An inventor who is a University Personnel 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/Inventors’** University activities (such activities including, but not limited to, the **Inventor’s/Inventors’** 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/Inventors’** obligation to carry out all of his/her University responsibilities in a timely and effective manner.

3.3.2. If the subject matter of an Invention is within the scope of the **Inventor’s/Inventors’** University activities (such activities including, but not limited to, the **Inventor’s/Inventors’** 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/Inventors’** 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(s)** and a third party, and
- (e) if such Invention is within the specific subject area of the **Inventor’s/Inventors’** current and ongoing University research activities, such **inventor(s)** has/have 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 **inventor(s)** 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 licensable 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(s)**. 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(s)** 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 ~~the~~ **inventor(s)** leaves the University, either voluntarily or involuntarily, and the **inventor(s)** is entitled to receive compensation in accordance with this Policy, then the **inventor(s)** shall continue to be entitled to receive payments during the remaining term of the applicable license agreement. In the event of death of an **inventor(s)** who is entitled to receive compensation in accordance with this policy, then such payments will be paid to the **Inventor's/Inventors'** 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 this policy.

## 5.2. University Research Sponsored by Non-Governmental Entities

The University must ensure that its facilities and the results of the work of University Personnel 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 therefrom 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 the time and talent of University Personnel and University facilities, 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 6 herein).

## 6. Duty to Disclose and Public Use and Publication Restrictions

### 6.1. Duty to Disclose

All individuals whose discoveries and inventions are covered by this Policy (including University-Owned Inventions and Inventor-Owned Inventions) have a duty to disclose their discoveries and inventions promptly to the Office of Technology Transfer. The duty to disclose arises as soon as the individual has reason to believe, based upon his or her own knowledge or upon information supplied by others, that the discovery or invention may be patentable. Certainty about patentability is not required before a disclosure is to be made. Failure to timely disclose an Invention may prevent the Invention from being patented, may

subject the University to noncompliance with federal laws and/or contractual obligations, and may result in other University sanctions.

## 6.2. 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 or otherwise making an invention available to the public may constitute 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 a disclosure. Publication or public use also will generally be an immediate bar to patentability in most foreign countries.

It is the duty of ~~the~~ **inventor(s)** to report or, if the **inventor(s)** 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(s)** 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.

## 6.3. 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 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 Personnel 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 a 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. 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 and Graduate Studies 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 and Graduate Studies. 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 and Graduate Studies will conduct any further investigation deemed necessary and will issue the final University written decision.

## 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.

## 10. Policy Exceptions

Exceptions to this Policy may be approved by the Vice Chancellor for Research and Graduate Studies if deemed to be in the University’s best interest and consistent with UNC policies and federal and state law. **Parties affected by approved exceptions to the current patent regulation will be notified in writing by the Vice Chancellor for Research and Graduate Studies.**

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