

SECTION: 12

DATE:

March 20, 2007

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

RECOMMENDATION

BOARD POLICIES RECOMMENDED FOR APPROVAL

ACTION REQUESTED

It is recommended that the Board of Regents approve the new Technology Transfer Policy for University Faculty. (See attached policy).

SUMMARY

The purpose of this policy is to define the rights and responsibilities of Eastern Michigan University and its Faculty as they relate to new transferable technology (ideas, software, inventions, etc.) not directly related to classroom instruction. Though no policy currently exists to address this, both the Federal Government and current University practice dictate that we implement such a policy. In summary, the policy states that the University may pursue protection (such as a patent application) of transferable technology in cases where the University provides release time or funding support for its development, or where ownership rights are granted to the University due to sponsored research agreements. In all other instances, the faculty person holds sole discretion to the technology.

FISCAL IMPLICATIONS

There are no immediate fiscal implications.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer
Provost and Vice President for Academic Affairs

Date

EASTERN MICHIGAN UNIVERSITY
TECHNOLOGY TRANSFER POLICY
FOR UNIVERSITY FACULTY

Draft

I. INTRODUCTION

Eastern Michigan University (the "University") is committed to discovering and extending knowledge through basic and applied research, both on campus and in the wider community, to address local, regional, national, and international opportunities and challenges.

One way the University fulfills this portion of its mission is by encouraging the pursuit and transfer of new knowledge useful to society. Institutions of higher education have long played a significant role in developing new technologies and social concepts that have advanced the quality of life and contributed to the public good. In addition, developing new uses in industry and society for university-based research ideas is critical to economic growth.

Ways in which knowledge is transferred from institutions of higher education to useful applications in society vary depending upon the type of knowledge being transferred and the mechanisms that have been established for transferring such knowledge. The teaching and research relationship is one of the most basic ways in which knowledge is created and transferred into practice. Beyond this, publication and presentation have a long tradition as a means of disseminating new knowledge. Although teaching, publishing, and presenting are effective and well-established methods for transferring knowledge into practice, advancing a discipline, and improving the quality of life, the rise of a technology and knowledge-based economy has resulted in institutions of higher education engaging in a profit-based form of knowledge transfer.

A university may also contribute directly to the well-being of society through actively working with other societal sectors to develop, protect, and license University-generated inventions and new technologies. It is thus necessary to recognize that research and innovation that result in products for commercialization frequently involve complex relationships among several parties, including research sponsors, the University, and its Faculty.

The purpose of this Technology Transfer Policy ("Policy") is to define the rights and responsibilities of Eastern Michigan University and its Faculty as they relate to new transferable technology not directly related to classroom instruction. This Policy is intended to:

- Expedite technology transfer and the dissemination of useful knowledge

- Protect and balance equitable rights of Faculty Inventors, research sponsors, the University, and the public
- Support and stimulate further research and invention
- Prevent improper exploitation of inventions and inventors and abuse of new information.

II. DEFINITIONS

- A. **"Transferable Technology"** shall include statutory and other proprietary rights (not directly related to classroom instruction), whether patentable in any country, related to:
- computer software
 - databases
 - ideas
 - inventions
 - techniques
 - other technology and improvements to existing technology, patents and patent applications in any country
 - design rights and applications thereof in any country.

This Policy and this definition specifically DO NOT APPLY to original works of authorship, copyrights, trade names, trade dress, trademarks, trade secrets, and domain names.

- B. **"Inventor"** shall include Faculty, as defined below, who contribute to the conception of a Transferable Technology.
- C. **"Technology Disclosure Record"** means a written document in a predetermined and preapproved form prepared by the Inventor of the Transferable Technology.
- D. **"Sponsored Research,"** for the purpose of Transferable Technology considerations within this Policy and absent contractual language to the contrary, means such research activity conducted at EMU facilities funded or otherwise supported at a level beyond a Faculty member's normal duties for which the individual receives from the University, either singly or in combination, additional salary, research award, release time, sabbatical leave, Spring/Summer Research Awards or research conducted by the Faculty member anywhere that is funded by a research grant, agreement, contract or research award administered by the University or in accordance with the terms of a material transfer agreement ("MTA").

- E. **"Non-Sponsored Research"** is defined as Faculty research activity not included within the definition of "Sponsored Research."
- F. **"Faculty"** is defined as individuals within the University covered under the Master Agreement for Collective Bargaining under the American Association of University Professors ("AAUP"). For purposes of this Policy, this definition specifically DOES NOT INCLUDE adjunct faculty, lecturers, support/administrative staff, non-tenure track faculty, and students. (Note: how do we treat non-faculty)
- G. **"University/EMU"** means Eastern Michigan University.

III. OWNERSHIP RIGHTS

This section defines Faculty ownership of Transferable Technology based on whether the activity was sponsored as defined above. Ownership of Transferable Technology covered under this Policy may involve the Faculty Inventor, the University and, in some cases, third-party assignees. Faculty ownership of Transferable Technology made during the course of a project governed by a Sponsored Research agreement shall be determined in accordance with the terms of the Sponsored Research agreement and applicable law.

In Public Law 96-517, "The Patent and Trademark Amendments of 1980," commonly known as the Bayh-Dole Act, the federal government has given non-profit organizations and small businesses right of first refusal to title in inventions made in the performance of government grants and contracts, with some limited exceptions. This Act clearly sets forth, as the objective of Congress, the utilization of the patent system "to effectuate the transfer of government-funded inventions to the public." In accordance with this Act, and absent contractual provisions to the contrary, the University shall retain title to all Transferable Technology developed under Sponsored Research Agreements funded, in full or in part, by the federal government.

A. **Transferable Technology Developed by Faculty from Sponsored Research**

Absent terms to the contrary, if Transferable Technology is developed by Faculty from Sponsored Research, the University will, at its option (described below), evaluate and determine within a reasonable period of time whether to pursue protection of the Transferable Technology in the form of a patent application or any other form. In the event the University

determines to pursue protection of the Transferable Technology, the Faculty Inventor shall assign ownership rights to the University

B. Transferable Technology Developed by Faculty from Non- Sponsored Research

If Transferable Technology is developed by Faculty from Non-Sponsored Research, the Faculty member will have initial sole discretion regarding its protection or development of technology rights. In such cases, the Faculty Inventor shall bear all costs of patent development including, by way of example, costs for filing, prosecuting, and maintaining patent protection. Thus, Faculty shall retain full, exclusive ownership of the patent rights and any income derived therefrom of the Transferable Technology. Alternately, the Faculty member may assign ownership rights to the University, which may handle Technology development under the conditions set forth in the preceding section established for Sponsored Research or as otherwise agreed with notice to the AAUP.

C. Additional provisions

1. Upon election of its option to receive and hold title to Transferable Technology from a Faculty Inventor (such as in the form of a patent application, wherever filed), the University shall be responsible for all costs associated with preparation, filing, prosecuting, maintaining, protecting, and defending the technology. The Inventor shall be obligated to assign to the University all right, title, and interest in the Transferable Technology and any subsequent patent applications. In consideration of this assignment, any income that may derive from any issued patents will be distributed between the University and the Inventor(s), as detailed in Section VI of this Policy.
2. In the event the University at any time provides written notice that it declines to pursue a patent or any other form of Transferable Technology protection, ownership rights and responsibilities shall remain with the Inventor, to be managed at his or her discretion.
3. Except for Federally funded research, in the event the University fails to act in its decision of whether to pursue protection of the Transferable Technology within a reasonable time, specifically six (6) months of submission of the Transferable Technology to the University, the University shall lose any right to the Technology, and the Inventor is free to pursue Technology development at his

or her discretion and expense. The Faculty and University may agree in writing to extend the period, given thirty (30) days notice.

4. It is recognized that the University has authority to approve Sponsored Research Agreements and/or contracts that require a reasonable delay in the public dissemination of research results, including a reasonable delay in publication, the delivery of lectures or seminars, and the release of other materials or devices that broadly disseminate information. For purposes of this paragraph, a reasonable delay is defined as a delay of no more than one (1) year following submission of publishable material to the research sponsor or six (6) months following termination of the research contract, whichever time period is of shorter duration.
5. Upon Submission of a Technology Disclosure Record to the University, the University may evaluate the Transferable Technology, as disclosed by the Inventor, to determine its commercial viability. The University reserves the right to waive right to title to Transferable Technology. In this case, the Inventor shall retain full ownership rights. In cases where the University elects to waive title to a Transferable Technology, it shall expressly notify the Inventor of its decision.
6. Inventor shall keep information confidential (from public disclosure) that, if disclosed, could jeopardize patent rights until a patent application is filed.
7. University retains the right to contract with a qualified third party for services related to the development, protection, marketing, and licensing of Transferable Technology to which it holds title.

IV. DISCLOSURE OF TECHNOLOGY

In the event of creation of a Transferable Technology, Inventor shall, within four (4) months of creation, submit a Technology Disclosure Record to the University Office of Research Development, with a courtesy copy to the Technology Transfer Committee. The form and content of the Technology Disclosure Record shall be included in a University Technology Transfer Handbook and Procedure Manual.

The University shall review a Technology Disclosure Record to determine whether the Transferable Technology was made independently of a Sponsored Research Agreement.

The University and Inventor understand that publication and other forms of public disclosure relating to patentable Inventions should be avoided until an actual patent application has been filed or otherwise protected or reviewed by the Transferable Technology Committee.

V. LICENSING AGREEMENTS

The University and/or Inventors will cooperatively and aggressively seek to license all Transferable Technology to which it holds or may hold title. The University administration may determine whether, under certain conditions, the University will contract with a competent agency or firm for the licensing of certain Transferable Technology. University administration will also determine whether University-owned Transferable Technology may be licensed to University Faculty.

The University will cover necessary costs leading to licensing of its Transferable Technology, and such costs will be a prior charge against royalty income.

The University has an affirmative obligation to make a good faith effort to obtain a license for Transferable Technology to which the University holds title. Upon issuance of a patent, transfer of ownership of a University-owned patent shall revert back to the Inventor if: forty-eight (48) months have elapsed from the date of patent issuance and no license has been obtained; or, in any consecutive twenty-four (24) month period after issue, the University has not made a good faith effort to obtain a license. In the case of a request by a faculty member, such reversions made in writing by the University would occur subject to terms of a Sponsored Research Agreement or a Faculty Inventor grant of extension of time following a timely and express request by the University. In cases of reversion, royalty income resulting from any licensing of the patent shall be distributed in accordance with Section VI herein. The University's failure to make a good faith effort shall be determined by the Technology Transfer Committee.

The University administration may grant to an external organization or to University Faculty (subject to any applicable laws) an exclusive license for use of University-owned Transferable Technology. Exclusive licenses typically will be granted for periods of ten years and may include provisions for an option to renew the exclusive license for an additional seven years or the life of the patent, whichever is longer. In all cases where an exclusive license is granted for a limited period, the University shall retain an option to revoke the license in the event that the licensee does not demonstrate good faith in the exercise of the license.

In keeping with the University's mission to broadly disseminate new knowledge, and to protect the public interest, University administration will have the authority to retain a royalty-free, non-exclusive, irrevocable right to use University-owned Inventions for internal and academic collaborative research and educational purposes of the University.

VI. ROYALTY DISTRIBUTION

All University-owned patents licensed to external users or to University Faculty will return to the Inventor and to the University an equitable royalty income. Gross royalty income returning to the University will first be used to repay all costs associated with patent development, maintenance, and licensing.

Following the deduction of such expenses, net royalty income will be distributed among the Inventor(s) and the University according to the following formula:

| <u>Net Income</u> | <u>Inventor</u> | <u>University</u> |
|-------------------|-----------------|-------------------|
| Up to \$10,000 | 100% | 0% |
| Next \$240,000 | 55% | 45% |
| Over \$250,000 | 45% | 55% |

Modification of this formula shall require approval of the Technology Transfer Committee following a recommendation by University administration.

An Inventor's share of net royalty income returning from patents involving more than one Inventor will be divided equally among the Inventors unless a written request to provide for some other division is signed by all Inventors and filed with a designated University office thirty (30) days prior to the first payment of net royalties.

In the event an Inventor (or co-Inventor) terminates his/her employment at the University for any reason, the Inventor's share of royalty income will continue to be paid to that Inventor (or co-Inventor). If an Inventor (or co-Inventor) dies, the Inventor's share of royalty income will be paid to the heirs and beneficiaries of the deceased. Upon employment termination or in the event that an Inventor (or co-Inventor) dies, the University's share of royalty income will continue to be paid to designated University accounts at Eastern Michigan University.

Any equipment or other resources, purchased from the University shares of royalty income will remain the property of Eastern Michigan University and may

not be transferred to another institution unless written approval of such transfer is obtained from University administration.

VII. TECHNOLOGY TRANSFER COMMITTEE

The President of the University shall name and appoint, from the University Community, a committee of persons to oversee the development, protection, and exploitation of Transferable Technology and the development and maintenance of procedures and other materials consistent with the scope and intent of this Technology Transfer Policy. Such materials may, without limitation, include a Technology Transfer Handbook and Procedure Manual, training materials, material transfer agreements ("MTAs"), and non-disclosure agreements ("NDAs").

This Transferable Technology Committee shall be chaired by the Provost and Vice President for Academic Affairs or his/her designee. At least one-half of the Committee members shall be Faculty selected by the Faculty Council. The Committee may retain at least one registered patent Attorney to advise the Committee.

Disputes pertaining to the licensing of University-owned patents under Section V shall also be referred to the Transferable Technology Committee. The Committee shall review efforts to license the Transferable Technology and transmit its findings and recommendations to the President.

VIII. OWNERSHIP DISPUTES BETWEEN FACULTY INVENTOR AND UNIVERSITY

In cases where ownership is not dictated by the terms of a sponsored research agreement, ownership disputes between a Faculty Inventor and the University shall be reviewed by the Transferable Technology Committee and a determination made. If the determination fails to satisfy either party, then the ownership dispute shall be subject to the grievance procedure provided for in Article VII of the AGREEMENT between Eastern Michigan University and Eastern Michigan University American Association of University Professors, commencing at Step 3.