

Patents and Inventions Policy

Purpose

This document provides the "Patents and Inventions Policy of State University of New York" as approved by the Board of Trustees on September 19, 1979 and amended November 16, 1988, and provides the "Current Guidelines of the Patent Policy Board" dated October 4, 1985.

Policy

The Patents and Inventions Policy of State University of New York outlines appropriate steps to be taken to ensure that the public receives the benefit of all inventions made by persons working in State University facilities. The June 1, 1977 Agreement between State University of New York and the Research Foundation states: "The University's Patent and Copyright Policy and implementation thereof shall govern all patent and copyright matters arising out of any sponsored programs covered by this agreement." In accordance with the Agreement, the Research Foundation has adopted the State University policy as its own.

The "Current Guidelines of the Patent Policy Board" outlines the use and approval of exclusive licenses and option agreements, and provides a definition of "royalty."

Additional copies of the policy or guidelines may be obtained through the Technology Transfer Office.

Patents and Inventions Policy of State University of New York

The patents and inventions policy of the State University of New York as approved by the Board of Trustees on September 19, 1979 and amended on November 16, 1988, reads as follows:

Title 8, Chapter V, Subchapter B, Section 335.28 of the Official Compilation of Codes, Rules and Regulations of the State of New York.
(Article XI, Title J, Section 1. of the Policies of the Board of trustees.)

335.28 Patents and inventions policy.

(a) - Purpose.

(1) State University recognizes that the three primary missions of an educational institution are teaching, research, and public service. While carrying out its research mission, State University further recognizes that inventions of value to the public will be made by persons working in its facilities. It is the policy of State University to encourage such inventors and inventions and to take appropriate steps to aid the inventor and ensure that the public receives the benefit. Appropriate steps include securing research support, identifying inventions, securing appropriate patents, marketing inventions through licensing and other arrangements, and managing royalties and other invention-related income. These activities are undertaken in a spirit of cooperation with governmental agencies and private industry as part of State University's contribution to the economic well-being of the State of New York and of the nation.

(2) In implementing its policies State University will take appropriate steps to ensure that its faculty may freely publish the results of scholarly research pursuant to the State University board of trustees policy on unrestricted disclosure of research activities as set forth in trustees' resolution number 66-258. In conformance with this principle, all concerned shall cooperate so that essential rights to inventions shall not be lost.

(3) All net proceeds after payment of the inventor's share as defined in subdivision (c), and other appropriate costs associated with the university technology transfer program, realized from the marketing of State University inventions shall be used for the support of State University research programs.

(b) All inventions made by faculty members, employees, students, and all others utilizing university facilities at any of the State-operated institutions of State University shall belong to State University and should be voluntarily disclosed, or shall be disclosed to State University upon request of the university. The inventor or inventors shall make application for patents thereon as directed by State University and shall assign such applications or any patents resulting therefrom to or as directed by State University. However, non-university organizations and individuals who utilize university research facilities under the trustees' policy on cooperative use of research equipment, or policy and guidelines on use of State University facilities by emerging technology enterprises, will retain ownership of all patentable inventions. Also, an invention made by an individual wholly on such individual's own time, and without the use of such university facilities, shall belong to the individual even though it falls within the field of competence relating to the individual's university position. For purposes of this provision, an individual's "own time" shall mean time other than that devoted to normal and assigned functions in teaching, university service, direction and conduct of research on university premises and utilizing university facilities. The term "university facilities" shall mean any facility available to the inventor as a direct result of the inventor's affiliation with State University, or any facility available under the trustees' policy on cooperative use of research equipment, or policy on use of facilities by emerging technology enterprises, and which would not otherwise be available to a non-State University-affiliated individual. Where any question is raised as to ownership of an invention or patent under these provisions, the matter shall be referred to a committee of five members to be named by the chancellor of State University. At least three of such members shall be members of the academic staff of the university. Such committee shall make a careful investigation of the circumstances under which the invention was made and shall transmit its findings and conclusions to the chancellor for review. If the committee determines that the invention has been made without the use of university facilities and not in the course of the inventor's employment by or for the university, and the chancellor concurs in such determination, the university will assert no claim to the invention or to any patent obtained thereon.

(c) With respect to any invention obtained by or through State University or assigned to or as directed by it in accordance with the foregoing provisions, the university, in recognition of the meritorious services of the inventor and in consideration of the inventor's agreement that the invention shall belong to the university, will make provision entitling the inventor and the inventor's heirs or legatees to a nonassignable share in any proceeds from the management and licensing of such invention to the extent of 40 percent of the gross royalty paid, unless this exceeds the limits fixed by applicable regulations of the relevant sponsoring agency, which will control in such cases. State University may make suitable arrangements with non-profit patent management agencies 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 inventions. Such arrangements may provide for division of the net income from any invention after payment of the inventor's share between the management agency and State University.

(d) Upon recommendation of the patents and inventions policy board, the chancellor may grant exclusive licenses for a fixed period for the marketing of inventions, since it is recognized that in the absence of such a condition some inventions may not reach the marketplace for the public benefit. Granting of exclusive licenses for a fixed period may be accepted by the chancellor as a condition for industrial sponsorship of research programs, within guidelines recommended by the patents and inventions policy board.

(e) Grants made available to State University by or through The Research Foundation of State University of New York shall be subject to the policy herein stated except in special instances as hereinafter provided. Nothing in the policy herein stated shall prevent the acceptance of research grants from, or the conduct of research for, agencies of the United States, either directly or through the Research Foundation, upon terms and conditions under applicable provisions of Federal law or regulations which require a different disposition of inventions or patent rights, nor shall anything herein contained prevent cooperative arrangements with other agencies of the State of New York for research.

(f) The chancellor, acting with the advice of the patents and inventions policy board or State University's designated patent management agent, may determine not to file a patent application in the case of any specific invention or continue efforts at marketing. The university's decision shall be arrived at, in consultation with the inventor, within a period not to exceed six months from the date of first submission of the inventor's properly executed statement of disclosure of invention to the university or its designee. In every instance in which the university determines not to file a patent application or continue efforts at marketing, or fails to elect to do so within six months from the date of submission of said disclosure statement, all of the university's rights to the invention shall be released to the inventor, who may then file for a patent, subject only to those restrictions that may be required by an external sponsor, if any. In every instance in which the university determines to file a patent application or continue efforts at marketing, the inventor may, at any subsequent time, request the patents and inventions policy board to recommend such release. For any invention so released to an inventor, State University, at its option, shall receive 10 percent of the net proceeds, in recognition of the contribution of the State and people of New York to the support of the research which resulted in said invention. For purposes of this provision, the term "net proceeds" shall mean earnings to the inventor from the invention over and beyond reasonable costs incurred in the process of patent application and management.

(g) In all cases, any person is entitled to request an exception or waiver to the provisions of this patents and inventions policy. The person requesting an exception or waiver shall have the right to appear, accompanied by representatives of the person's choice, before the patents and inventions policy board for consideration of the request for an exception or waiver. The patents and inventions policy board shall prepare a report of its findings and an advisory recommendation to the chancellor for review. The decision of the chancellor on the findings and recommendations of the patents and inventions policy board shall be final.

(h) The chancellor shall establish and appoint a patents and inventions policy board of the State University of New York and designate the chair thereof in accordance with the following:

- (1) The patents and inventions policy board shall have no more than 10 members, and shall include one representative of the central administration, two from the university centers, one from the health sciences centers, one from another major research institution of the university, one from the colleges of arts and sciences, one from the agriculture and technology colleges, one from The Research Foundation

of State University of New York, and two representatives from business and industry.

(2) The patents and inventions policy board shall have full powers of organization.

(3) The members of the patents and inventions policy board shall serve without extra compensation and at the pleasure of the chancellor. The normal term of appointment shall be for three years.

(4) The patents and inventions policy board shall meet at least once annually.

(5) The patents and inventions policy board shall advise the chancellor in the following matters:

(i) guidelines and procedures for the implementation of these policies;

(ii) exceptions to these policies in unusual circumstances;

(iii) determining the extent of the university's interest in inventions;

(iv) determining whether or not to grant exclusive licenses or to commit the university to the future granting of exclusive licenses as a condition of sponsorship for particular research projects; and

(v) such other matters as the chancellor may deem appropriate.

(6) The patents and inventions policy board shall undertake continual review of these policies and advise the chancellor and the board of trustees thereto.

(7) The patents and inventions policy board shall maintain current information concerning patent and invention activities within the university, disseminate information to the faculty of State University concerning such activities, and encourage general awareness of and interest concerning patents within the university community.

(8) The patents and inventions policy board, through the chancellor, shall report annually to the board of trustees concerning its activities and recommendations during the preceding year.

Current Guidelines of the Patent Policy Board

1. EXCLUSIVE LICENSES

To insure that University inventions are made available for public use and benefit and that the University and its inventors receive appropriate income, the Technology Transfer Office actively seeks appropriate and favorable licensing agreements with

industrial concerns. Such licensing negotiations must be conducted in a professional and businesslike manner, for the interests of both the University and the public are best served if the mechanisms of the market are allowed to operate. As the Patent Policy recognizes, exclusive licenses are often the key mechanism. They give to industry the vital protection which is sometimes necessary to warrant an investment for developing an invention into a marketable form. Although exclusive licenses are not always necessary and nonexclusive licenses are often desirable, both nonexclusive and exclusive licenses should be considered normal modes of licensing (subject, of course, to Federal sponsor restrictions when applicable). To be commercially viable, nonexclusive licenses must often be granted for periods longer than five years.

THE PATENT POLICY BOARD finds that exclusive licenses are usually the most effective way of marketing inventions. The Executive Committee is authorized to act for the Board in recommending that the Chancellor approve of exclusive licenses, including agreements in which the period of exclusivity is longer than five years.

II. OPTION AGREEMENTS

As an alternative to, or in conjunction with, an extended period of exclusive license, the Option Agreement provides a useful mechanism for negotiating a marketing agreement. In an option agreement, a particular firm is provided with the right of first refusal on the rights to a discovery. Thus the firm may work towards development of a product for an agreed time without the obligation to market it, if it is not satisfied with the commercial potential, while having the assurance that the rights will not pass to another during this period. Needless to say, the price of an Option Agreement would be set to provide the same level of payment as would be reasonable during the first non-commercial years of an exclusive license. The exclusive license for marketing then takes effect only when the discovery is actually ready to enter the marketplace. Thus, a pharmaceutical might be developed and tested under an Option Agreement and the period of exclusive license for marketing could be kept at five years or at some higher level but still shorter than might otherwise be required. Such an alternative device will add flexibility to the Technology Transfer Office in conducting negotiations.

THE PATENT POLICY BOARD considers Option Agreements, followed by licensing, to be a normal device available to the Technology Transfer Office, though not expressly sanctioned or forbidden by the Patent Policy. The Executive Committee is authorized to act for the Board in recommending that the Chancellor approve option agreements.

III. SPONSORSHIP AGREEMENTS

Grants or contracts from industrial concerns for the sponsorship of research are a desirable form of research support which is presently too little enjoyed by the University. In order to encourage a greater volume of such support, the Patent Policy recognizes that an exclusive license provision covering such discoveries as may ensue from the sponsored research is often necessary. THE PATENT POLICY BOARD therefore favors the approval by the Chancellor of an exclusive license provision as a condition for the industrial sponsorship of research, when requested by the sponsor. In addition, the Executive Committee is authorized to recommend approval of such provisions to the Chancellor.

IV. RETURN OF INVENTIONS TO INVENTORS

The Executive Committee is authorized to review specific inventions or discoveries which the Technology Transfer Office does not consider it profitable to pursue and to recommend for the Board that the Chancellor release such 'inventions to the inventors.

V. DEFINITION OF "ROYALTY"

THE PATENT POLICY BOARD defines the term "royalty," as used in the Patent Policy, to include all gross proceeds received by the University or the Research Foundation,

pursuant to negotiated agreements such as licensing agreements and option agreements, including such proceeds as up-front and lump-sum payments, fixed payments (annual minimum royalties), running royalties, and termination payments. Research sponsorship agreements, including grants and contracts for specific research, are not included in this definition of "royalty."

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