

# **Intellectual Property & Technology Transfer Policy**

## **I. PREAMBLE**

While the discovery of patentable processes or inventions and the creation of other intellectual property is not the primary objective of the university, for any such discoveries or creations, it is the objective of this document to provide an intellectual property policy. The policy is designed to encourage the development of inventions and other intellectual creations for the best interest of the public, the creator, and the research sponsor, if any. This policy will permit the timely protection and disclosure of such intellectual property whether by development and commercialization after securing available protection for the creation, by publication, or both. The policy is further intended to protect the respective interests of all concerned by ensuring that the benefits of such property accrue to the public, to the inventor, to the university and to sponsors of specific research in varying degrees of protection, monetary return and recognition, as circumstances justify or require.

Implicit in these developments is the understanding that the university not only has a responsibility to bring new knowledge into use by the general public but also that such knowledge or technology sometimes has commercial value and should be treated as a financial asset to be used, conserved, or applied in such a way as to generate an appropriate financial return. Transfer of such information or technology through licensing satisfies both objectives, i.e., dissemination for use and the realization of a return.

Developments in recent years have broadened the scope of information and technology that can have potential commercial value and that, therefore, should be treated as assets subject to university ownership and control. In addition to new machines, compositions of matter, and written materials which traditionally have been the subject of patents and copyrights, new life forms, bioengineered agents, plant varieties, computer software, video courses, etc., might be normal outcomes of university activities. Thus, a broad policy covering all aspects of intellectual property is provided.

## **II. OBJECTIVES OF THE POLICY**

1. To facilitate the transfer of knowledge and technology and the utilization of such knowledge and technology to the general benefit of society.
2. To encourage research, scholarship, and a spirit of inquiry, thereby generating new knowledge.
3. To provide an administrative system to determine the commercial significance of discoveries and new developments and to assist in bringing these into public use.
4. To provide for the equitable disposition of interests in new intellectual property among the developer, author, or inventor (the originator), the university, and, where applicable, the sponsor.
5. To provide incentives to originators in the form of personal development, professional recognition, and financial compensation.
6. To safeguard intellectual property so that it may receive adequate and appropriate legal protection against unauthorized use.

### **III. COVERAGE AND DEFINITION**

Traditional products of scholarly activity which have customarily been considered to be the unrestricted property of the author or originator are excepted from the general policy. Such traditional products include but are not limited to journal articles; textbooks; reviews; works of art including paintings, sculpture, and musical compositions; and course materials such as syllabi, workbooks, and laboratory manuals. The university has not and will not claim any ownership rights to such traditional works and also specifically disclaims any potential rights to do so under the "work for hire" provisions of the U.S. Copyright Act.

This policy covers all other intellectual property conceived, first reduced to practice, written, or otherwise produced by faculty, staff, or students of the University of Central Arkansas using university funds, facilities, or other resources. The following is a list of terms and definitions which apply to this policy.

Intellectual property, for the purpose of this policy, is defined as the tangible or intangible results of research, development, teaching, or other intellectual activity. Intellectual property may include the following categories:

1. Inventions, discoveries, or other new developments which are appropriate subjects of patent applications.
2. Written materials; sound recordings; videotapes; films; computer programs; computer-assisted instruction materials; works of art including paintings, sculpture, and musical compositions; and all other material which may be copyrightable.
3. Tangible research property such as biological materials including cell lines, plasmids, hybridomas, monoclonal antibodies, and plant varieties; computer software, data bases, integrated circuit chips, prototype devices and equipment, circuit diagrams, etc.; and analytical procedures, laboratory methods, etc. All such tangible research property may or may not be patentable or copyrightable.

The three categories above are not mutually exclusive; a given article of intellectual property may include aspects of all three categories.

### **IV. GENERAL POLICY**

All rights to intellectual properties as defined in Section III shall be owned and controlled by the university through its designated agent, the Office of Sponsored Programs (OSP), which reports through the graduate dean. When a university faculty member, staff member, or student develops or originates an item of intellectual property which, under the terms of this policy is to be owned and controlled by the university, the individual shall report the intellectual property to the University Research Council (URC). The originator shall: cooperate in the execution of legal documents and in the review of literature and prior art; be given opportunity to assist in the further commercial development of the intellectual property as defined in Section VI; and have an interest in and share in any income derived from the commercialization of such property.

1. Only works produced in certain university units whose specific mission includes the production of works for instructional, public service, or administrative use and who employ staff and faculty for the purpose of producing such works are deemed to be "works for hire" and, therefore, the property of the university. The Instructional Development Center is an example of such a unit. Works produced by such units include instructional films and videotapes, telecourses, drawings, slides, models, computer programs, etc. The university shall own and control all such works produced in such units. Income from the use of such works in university educational activities shall be considered income to the unit, subject to university resource management and budgeting policy. Arrangements with "talent" from other units or from outside the university may include payments based on sales or usage of such works. Such payments are considered to be a part of the costs of production. Commercialization of such works outside the university must be through assignment to OSP which shall be responsible for the commercial development as defined in Section VI. However, in recognition of the differences between these units and regular academic departments, different and unique revenue sharing arrangements may be made with the approval of the head of the appropriate administrative unit. Nothing in this paragraph shall limit the rights of the employees of such units to works produced or developed outside the scope of their employment and not involving the use of university facilities or other resources.
2. Rights to intellectual property resulting from sponsored projects shall be owned and controlled by the university. In some instances, the provision of substantial funding, background information, product samples, or confidential proprietary data by a sponsor may create a situation in which the sponsor may claim partial or complete ownership of intellectual property that might result from the sponsored project. In such cases, final disposition of the property may be negotiated as a part of the sponsored project agreement.
3. In those cases where the final disposition of the property has not been negotiated as part of a sponsored project agreement, the university will proceed as described in Section VI.

## **V. ADMINISTRATIVE PROCEDURES**

1. The legal interests of the university and its staff, faculty, and students in any intellectual property, except traditional scholarly works as described in Section III., shall be determined in accord with this policy by the University Research Council (URC).
2. If the URC determines that there has been no material use of university funds, facilities, or other resources, the URC shall release the property to the originator, and the university shall not exert any further claim to the property.
3. The URC may determine that the university has a legal interest in the property but that the chances of successful commercialization are minimal or that the costs of pursuing such commercialization outweigh the income potential. In such cases the URC shall release the property to the originator as above.
4. If the URC determines that the university has a legal interest in the property and judges that there is a reasonable chance for successful commercialization, it shall: (A) inform the originator in writing that the university claims ownership rights to the property; (B) determine and record the rights of the originator to share in any income in accord with Section VII; and (C) refer the matter to OSP together with its recommendations as to

appropriate courses of action. The originator shall execute an assignment of ownership rights to OSP as the designated agent of the university.

5. In some instances the URC may find that the university has an ownership right in the discovery but that the discovery has not been developed to the point where a decision as to patentability or commercialization is possible. In such cases, the URC shall place the discovery in a pending status, provide the originator reasons for taking such action and suggestions as to additional information or data that might be helpful, and request the originator to report back to the URC at some specified interval if and when the discovery is brought to a more advanced stage.
6. Except for Section V.E., if the URC takes no action within six months after receiving the initial report of the new discovery, right to the discovery shall be deemed to be released to the originator.
7. Because OSP is the designated agent for the university in the management of the intellectual property program, it shall receive by assignment ownership rights from the originator. The director of OSP will have the responsibility for valuing the intellectual property so that the university's interests in any subsequent negotiations are protected. The process for licensing, selling, or otherwise conveying intellectual property will not involve the use of sealed bids. With close consultation and collaboration with the originator, OSP shall determine the appropriate method of protection of the property and, where appropriate, obtain such protection. OSP will distribute any net income from commercialization in accord with this policy and the determinations of the URC. All costs associated with these actions shall be borne by OSP, except that such costs shall be offset against future income in accord with Section VII.B.
8. Faculty, staff, or students of the university may request that the university accept, for management and commercialization, intellectual properties which are theirs alone and not originally subject to this policy. Given such a request, the director of OSP, with advice of the URC, shall determine if there is a reasonable expectation that the property can be commercialized successfully. If the university accepts management and commercialization responsibilities for such intellectual property, that intellectual property shall become subject to, and shall be treated in accord with, all provisions of this policy.
9. Intellectual property referred to or offered to the university by third parties ("off the street") shall be treated as any other gift offer and shall be channeled through the university. If accepted, the property shall be assigned to OSP for management in accord with appropriate parts of this policy and the terms of the gift agreement.

## **VI. COMMERCIALIZATION**

1. For purposes of protection and commercialization of intellectual property assigned to OSP on behalf of the university, patent or copyright coverage may be sought, or the property may be treated as proprietary information, technical know-how, or trade secret.
2. In seeking and developing commercialization of intellectual property, OSP shall be guided by the following principles:
  - o A primary objective and responsibility of the university shall be to assure that the products of its intellectual activity are brought into the widest possible use for the general benefit of society.

- Intellectual property should be treated as an asset and an appropriate return should be sought. Responsibility for this provision rests with the director of OSP.
  - Active originator participation in all commercialization efforts shall be vigorously sought.
3. In some situations it may be in the best interest of the University, the general public, and the originator to enter into commercialization arrangements with entities wholly or partially owned or controlled by the faculty, staff, or students who originated the property. Due to the potential of such arrangements for contributing to the economic development of the state and local areas, such arrangements may be considered and accepted, provided these are not specifically prohibited by law and that adequate provisions, including full disclosure of interests, are made to avoid or otherwise protect against conflict of interest on the part of those involved. Such negotiations for the creation of new commercial entities arising directly from the university's intellectual property, or arising from a potential collaboration between the university's faculty, staff, or students and some outside entity, will be handled by OSP.
  4. Commercialization of intellectual property by OSP is a process which may take a considerable amount of time. This process may involve discussions and negotiations over months or sometimes years and, based on national data, more often fails than succeeds. Timing, market conditions, and many other factors enter into the process. Quick success is rare. However, to protect the originator, if no commercialization has occurred within two years after the property has been assigned to the university through OSP, the originator may request that all rights be returned. Such requests should be directed to the URC. The URC shall require OSP to explain what efforts have been made and what additional efforts are planned. If the URC determines that there is little chance of successful commercialization, it shall direct OSP to return all rights to the originator, and the university shall no longer claim any rights to the property. If, on the other hand, the URC determines that OSP has undertaken reasonable efforts to commercialize and that further OSP efforts offer reasonable chances of success, it shall deny the originator's request. Such denials will be accompanied by a report summarizing the factors considered by the URC in arriving at the decision. If the originator remains unsatisfied with the commercialization efforts, this process may be repeated at two-year intervals.

## **VII. ROYALTY INCOME SHARING POLICY**

1. Net income is defined as gross royalties, license fees, or other such payments received by OSP on behalf of the originator and the university less necessary deductible costs, e.g., mailing or courier costs, licensing costs, patent enforcement, necessary travel, auditing fees, or sponsor shares. The phrase "gross royalties, license fees, or other such payments" means agreed upon payments specified in a license or other commercialization agreement usually expressed as a percentage of sales or a fixed dollar amount per unit manufactured in return for the right to use, copy, reproduce, make, or sell an item of intellectual property or product based on such property. OSP shall reserve the right to suspend distribution of income where there is reason to believe that substantial deductible costs will be incurred in the future. The originator shall be informed of such decisions. An annual detailed accounting of income and costs shall be made available to the originator by OSP.

2. Except as otherwise provided through supplementation under Section VII.C., net calendar year royalty or license income as defined in Section VII.A. derived from commercialization of intellectual property covered by this policy shall be shared as follows: 40% to the originator, 20% to the originator's department or immediate administrative unit, 20% to the dean's office of the originator's college, and 20% to OSP.
3. In certain university units, because of conditions of employment and the nature of work assignments, and the fact that units often assume continuing responsibilities for maintenance and periodic revision of the property, an alternate distribution of net income to employees may be appropriate. Units wherein these situations may occur should propose appropriate modifications to the distribution scale in Section VII.B. Upon approval by the President, such modifications shall be made as deemed appropriate. Such modifications may not increase the combined shares of the originator and the department as specified in Section VII.B., except in unusual and very specific circumstances.
4. The department's share shall be retained in a separate account in OSP and shall be available for expenditure by the department. Such funds may be allowed to build across fiscal years to reach amounts necessary for major purchases or other nonrecurring purposes. Such funds may be invested, and the income shall be credited to the account in accord with university policy regarding investment of restricted funds.
5. The originator's rights to share in net income as stated above (but not including the department's share) shall remain with the individual or pass to the individual's heirs and assigns for so long as net income is derived from the property.
6. Where more than one individual is considered to be the originator, such persons will determine among themselves the individual share each will receive. In the event that they cannot reach such agreement, the determination shall be made by the URC after giving each individual an opportunity to present a personal position. Such determination by the URC shall be final.
7. Originators are encouraged to consider making a gift of all or a part of their income shares to support university research activities. Upon request by an originator, OSP will retain all or a part of the originator's share in a separate account within OSP for expenditure in accord with the originator's wishes. The originator may restrict such gifts to any particular program or unit of the university including the originator's own research program. Such requests may be limited in duration to a specific time period or to some specific future event, e.g., the originator's retirement or resignation from the university, and may be cancelled or modified by the originator at any time.
8. This policy shall not change income-sharing agreements entered into prior to the adoption of this policy.

## **VIII. SHARING OF RESEARCH MATERIALS**

There is a long tradition in some fields of sharing research materials such as reagents, cell lines, and purification media. The university encourages this cooperation among research scientists. However, recent conflicts over such issues as commercialization rights and personal and product liabilities suggest that the terms of such sharing be spelled out in a written agreement among the parties. Also, when significant costs to the university are involved in producing the material, provision for recovery of those costs not covered by sponsor support shall be considered in

making a sharing agreement. A copy of any such agreement shall be maintained by the faculty member and in the OSP.

#### **IX. CONSULTING AGREEMENTS**

1. Any faculty or staff member engaged in consulting work or in business is responsible for ensuring that clauses in the individual's agreements are not in conflict with this policy nor with the university's commitments; and that the institution's rights and the individual's obligations to the university are in no way abrogated or limited by the terms of such agreements. The director of OSP or the university general counsel can provide assistance in this regard.
2. Faculty and staff members shall make clear to those with whom they make such agreements their obligations to the university and shall ensure that other parties to the agreement are provided with a current copy of this policy.

#### **X. BASIS OF THE UNIVERSITY'S EQUITY IN INTELLECTUAL PROPERTY**

The policies set forth herein constitutes an understanding which is binding on university faculty, staff, and students as a condition of their participation in university research, teaching, and service programs and for their use of university funds, space, or facilities.