

Patent and Invention Policy

Introduction

“ . . . To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”

US Constitution, Article I, Section 8

Protection of intellectual property in the US through patents and copyrights arises from this single line in the Constitution. It declares the social and economic value of sharing new ideas and writings and, to encourage such sharing, reserves special rights for inventors and authors. The University of South Alabama recognizes the value of this system in furthering its mission of teaching, research and service.

The University advances its mission in part by generating knowledge through research. The development of inventions is not a necessary and final product or even a purpose of research but may be an important outcome with significant public benefit. The transfer of inventions to the private sector, and the securing of patents when appropriate, provides the means for disseminating these new discoveries to the general public through the free enterprise system.

This policy is designed to expand the research enterprise of the institution, encourage the practical application of inventions made through research, establish guidelines for the management of those inventions, provide equitable distribution to inventors of rights, revenues, and other benefits arising from the commercialization of inventions, increase opportunities for economic development and return to the public the fruits of university-based research.

Scope and Effective Date

This policy, as amended from time to time, shall apply to all University Affiliated Individuals, as defined herein, of the University of South Alabama.

This policy shall become a part of the conditions of employment or affiliation of every University Affiliated Individual and of the conditions of enrollment and attendance of every student, whether such person was employed, affiliated or enrolled, as the case may be, before or after adoption of this policy. An *Invention Agreement for University Personnel* will be signed at the time of employment or affiliation with the University, or if already employed or affiliated, prior to the use of any University facilities which might result in an invention or discovery. University Affiliated Individual shall be bound by this policy whether or not they have signed such agreement.

This patent and invention policy, effective August 15, 2005, supercedes all previous patent and invention policies and applies to all Inventions disclosed to the University on or after that date, regardless of when said Invention was developed. This policy shall not apply retroactively to any Invention disclosed to the University prior to this date unless otherwise agreed specifically in writing by an appropriate University official.

Definitions

“University” is defined to mean all units of the University of South Alabama, including schools, colleges, hospitals, clinics, institutes, programs, centers and any other components not otherwise listed.

“Department” is defined to mean the unit of primary academic appointment or research activity and includes multidisciplinary centers or institutes within the University.

“University Affiliated Individual” means:

- all persons receiving employment compensation from the University, including but not limited to faculty, staff, administrators, medical residents, and students, whether undergraduate or graduate, and
- all persons affiliated with the University as students, post-doctoral fellows, medical residents or visiting scholars, and
- all persons participating in sponsored research projects, and
- all other persons using University time, facilities, staff, materials, funds, confidential information or other University resources in the conduct of research.

“Course of Employment or Affiliation” means any work or any activity consistent with the expectations, functions, field of expertise or duties and obligations of employment or affiliation with University, regardless of location or timing.

“Inventions” means all developments, discoveries, technological advances, tangible research materials, trademarks or know-how, whether patentable or not, which are made in the Course of Employment or Affiliation with the University. Computer software and related documentation, integrated circuits, maskworks, databases or other similar works which are not Regular Academic Works under the USA Copyright Policy and which may be subject to protection under both copyright and patent laws shall be considered Inventions according to this policy.

“Licensing Costs” means all direct expenses incurred by University to patent, protect, defend, market and/or license Inventions.

“Net Income” means the gross revenues actually received from the sale, assignment, license or other commercial development of Inventions (including royalties, licensing fees, milestone payments, equity shares in a company or other similar consideration but *excluding* any external research funding designated for support of research on Inventions or for support of other University research programs) less the deduction for Licensing Costs.

Management of Inventions

Allocation of Rights.

Inventions Owned by University. Inventions which are conceived or first actually reduced to practice in the Course of Employment or Affiliation with the University, or through participation in sponsored research made available by the University, or with the use of the funds, resources or facilities administered by the University, shall be the property of the University. Such Inventions shall be assigned by the inventor(s) to the University, to an organization sponsoring the research or to an independent entity capable of and responsible for the management of patents and inventions, as determined by the University, in consideration for a share of Net Income generated by such Invention, in accord with Section “Distribution of Net Income” below.

Inventions Owned by Inventor. Inventions developed outside of the Course of Employment or Affiliation with the University and made without use of University funds, resources or

facilities shall be the sole property of the inventor. The University shall have no claim to any rights in such Inventions. The inventor of such Inventions may choose to offer such Inventions to the University; if accepted by the University, said Inventions shall be treated in the same way and be subject to the same procedures outlined herein as any Invention owned by the University, unless otherwise agreed in advance by the inventor of such Inventions and the University.

Inventions Owned by Research Sponsors. It is not the usual practice of the University to grant automatic ownership of Inventions made in the course of research to the sponsors of such research. When an Invention is developed through an externally-sponsored grant or contract, any special provisions regarding Inventions contained in said grant or contract shall prevail. In the absence of such special provisions, this University policy applies.

Responsibility to Disclose & Assign. Inventions conceived or first reduced to practice by University Affiliated Individual in the Course of Employment or Affiliation shall be promptly disclosed in writing to the University Office of Technology Development. Inventors may not assign or license rights to such Inventions to third parties without the express written consent of the University. Inventors agree to assist and cooperate with the University in executing and delivering all assignments and other documents necessary to obtain and enforce patents within the United States or any other country.

Designated Management Organizations. In the event that an Invention may be deemed of actual or potential commercial value, the University reserves its rights to protect its interest in the Invention by patent application and to designate either the South Alabama Medical Science Foundation (SAMSF), if said Invention was made by University Affiliated Individual in the USA College of Medicine, or the USA Research & Technology Corporation (RTC), if said Invention was made by University Affiliated Individual in any unit other than the College of Medicine, to protect such interest. Upon such designation and/or assignment by the University of South Alabama, SAMSF or RTC, respectively, shall own all rights, title and interest in such Invention. SAMSF and RTC have the responsibility to administer and manage all patents assigned to them and to receive, account for, and properly distribute all monies received from any commercialization activity, according to this policy.

Publication & Public Disclosure. The University upholds the academic imperative to publish research, thereby advancing the scientific body of knowledge and fulfilling the University's public mission. The University also, however, encourages University Affiliated Individual to coordinate publication or presentation of Inventions with the Office of Technology Development in order to preserve all available intellectual property rights since certain rights in Inventions may be lost through any public disclosure which occurs in advance of the filing of patent applications.

Distribution of Net Income

Any Net Income generated by an Invention shall be distributed as outlined below. The distribution of Net Income is based upon the total cumulative funds generated by an Invention without regard to the time in which the funds are accumulated. A revenue sharing agreement which specifies the exact distribution of Net Income for Inventions shall be executed between the University or designated invention management entity and the inventor(s) at or around the time of the first Invention disclosure. The revenue sharing agreement must be executed prior to the first distribution of any Net Income to the inventor(s).

The inventor's share of such Net Income is personal income separate from regular University compensation. The inventor shall be responsible for the payment of any taxes due on that income.

In the event that an inventor ceases to be a University Affiliated Individual, the share of Net Income dedicated to inventor shall remain the same as set forth herein, and shall be payable to him/her or to his/her heirs, successors, designees or estate for as long as such Net Income is received by the University or its designee.

In such instances where two or more people are inventors, the Net Income that is allocated as "Inventor Share" will be divided among all inventors according to an allocation that is agreed to in writing in the revenue sharing agreement referenced above.

The Department receiving Net Income under this distribution formula must reflect the primary Department in which the research which produced the Invention was performed. If more than one Department is involved, a reasonable division of Net Income for each Department must be agreed upon in writing before funds are dispersed. The Department share shall be used for scholarly and educational purposes. Departments are encouraged to allocate a significant portion of the Departmental share of Net Income, at the discretion of the chair, for the continued support of research by the inventors or other scholarly activities.

The University's share of Net Income will be allocated to the USA Innovation Investment Fund. This Fund has been established to further the University's research, education and economic development missions through the provision of small grants which support and encourage further research, inventions, proof of principle or other activities relevant to the generation of intellectual property at the University. Such "gap" or "seed" funding is often the missing link in the chain of moving inventions from concept to commerce, and the University has an interest in closing that gap whenever possible. Grants from the USA Innovation Investment Fund will be made available from time to time, upon application from University Affiliated Individual for specific projects, and will be awarded through a peer review evaluation process.

Net Income, other than equity shares in a company, generated by an Invention shall be distributed as follows:

From \$0- \$10,000	70%	Inventor
	20%	Inventor's Department
	10%	RTC
From \$10,001-\$50,000	50%	Inventor
	20%	Inventor's Department
	30%	RTC
Over \$50,000	30%	Inventor
	20%	Inventor's Department
	30%	RTC
	20%	USA Innovation Investment Fund

Distribution of Net Income to the respective parties shall occur at least once annually. However, in the event of any litigation, actual or imminent, or any other action necessary to protect patent rights, the University may withhold distribution of royalties until resolution of the matter.

Equity Policy

The University may accept a minority equity interest in a business entity in partial consideration for the licensing and commercialization of an Invention. Such acceptance of equity shall be based on principles of honesty, objectivity, and fairness and will be managed in accord with applicable statutes and the University policies on Conflict of Interest and Commitment. The University shall not exercise any management control of the business entity. For as long as the inventor remains a University Affiliated Individual, the inventor may not participate in the management of the business entity or serve on the Board of Directors.

Net income in the form of equity interest in a company shall be distributed immediately according to the last tier of the revenue sharing formula in section 4.5.7 above. When the University accepts equity in a business entity, the inventor(s) shall receive 30% share of that equity and the University shall receive 70% of that equity. The inventor's 30% share of equity interests shall be issued by the company in the name of the inventor and distributed directly to the inventor at the time of the issuance of shares. Thereafter such inventor will be wholly responsible for any tax burden, benefit, and business judgment regarding the management of the shares as distributed. The University shall have no fiduciary responsibility to the inventor for shares of equity interests.

The University's 70% share of equity interests will be given separately, to be held and controlled by the USA Research & Technology Corporation (RTC). Such stock will be managed in accord with the University investment policies.

University Affiliated Individual who generate Inventions that are licensed with equity as partial consideration may perform clinical trials or research & testing for the licensee ONLY upon the specific approval of the relevant University oversight committees (i.e. IRB, IACUC, etc.) after full disclosure of all pertinent interests and consideration of any real or perceived conflicts of interest in the pursuit of such activities.

Waiver of Rights. The University may, where it is free to do so and in its sole discretion, waive and release its ownership rights in an Invention to the inventor(s) if the University determines that said Invention is unlikely to be patentable or commercially viable. The University shall, in such case, execute all documents necessary to enable the inventor(s) to undertake protective measures and arrange for the commercial development and exploitation of the Invention. Any release of University ownership rights shall be made on the following terms:

- a. the inventor agrees to develop the Invention for the public benefit; and
- b. the inventor agrees to comply with and fulfill any obligations that may exist to sponsors of the research leading to the Invention, particularly the federal government; and
- c. the inventor agrees to report to the University, upon request, the status of licensing and/or commercial development of the Invention; and
- d. the inventor agrees that the first income received from the licensing and/or commercial development of the Invention will be used to reimburse the University for any legal or licensing expenses related to that Invention incurred by the University prior to the date of release of ownership rights in the Invention to the inventor.

Student Inventions. Inventions made by students, (a) in the Course of Employment or Affiliation with the University, or (b) in the conduct of research in University laboratories as part of a post-baccalaureate or postdoctoral degree or non-degree program, or (c) resulting from work directly related to the student's employment or research responsibilities at the University, or (d) from work performed under a grant or other sponsorship, or faculty-directed research or work shall be the property of the University and shall be subject to this policy. In such instances, students will make assignment of the Invention to the University and will share in the distribution of royalties as set forth in this policy.

Conflict of Interest Management Under State Law and University Policy License and assignment agreements between the University and its University Affiliated Individual or between the University and a company in which University Affiliated Individual hold a financial or management interest may create a conflict of interest. When such a license or assignment agreement is entered into by the University, any continuing development of the Invention with the use of University funds, facilities, or funds administered by the University presents potential conflicts of interest, and may only proceed if managed through appropriate disclosure, review and approval under the processes set out in the University's Conflict of Interest Policy.

Policy Administration and Implementation

The President has delegated the responsibility for administering this policy to the Office of Technology Transfer. The Associate Director of Technology Transfer will implement such procedures as are necessary to carry out the requirements of this policy. The Associate Director will develop and maintain any standard written agreements required under this policy and will mediate the negotiation of any special agreements or circumstances which arise under this policy.

The University Intellectual Property Policy Committee is appointed by the President to serve as a University resource with respect to matters involving the general subject of intellectual property in patents, inventions and copyright. The Committee shall review individual exceptions to this policy, hear appeals regarding the University's ownership of a particular Invention, as well as consider any other special circumstances which may arise as a result of this policy.

It is the general policy of the University to encourage the development and marketing of Inventions resulting from University research to advance the public good. It is recognized that furtherance of such a policy may require various forms of agreements including the granting of exclusive licenses. The Associate Director will manage the licensing of all Inventions. It is in the sole discretion of University as to whether or not to accept and develop any Invention disclosed to it. The University has no obligation to pursue or maintain patent protection, other than as required by federal law, for Inventions. The University has the final authority in all decisions regarding patent, licensing and commercial development of Inventions.

Any waiver of the provisions of this policy shall be granted only in extraordinary and compelling circumstances. A request for waiver shall be submitted in writing to the University Intellectual Property Policy Committee through the Associate Director and shall explain the reasons justifying the request for waiver as well as a description of how a waiver would be consistent with the University's academic mission and the public interest.