



01.200 INTELLECTUAL PROPERTY POLICY

Authority: Board of Trustees

History: Patent Policy approved and effective: July 30, 2004; retitled “Intellectual Property Policy”; revised, July 17, 2013

Source of Authority: UNC Policy Manual, Section 500.2

Related Links: Copyright Policy

Responsible Office: Academic Affairs

I. Purpose/Introduction

- A. The university is dedicated to instruction, research, and extending and transferring knowledge to the public (public service). It is the policy of the university to carry out its scholarly work in an open and free atmosphere and to publish results obtained there from freely. The university recognizes and encourages its faculty, staff and students to pursue and promote the development of patentable inventions and other intellectual property (IP) with commercial value in the course of scholarship and research conducted by its employees and students utilizing university resources. The Board of Trustees of the university has determined that the development of intellectual property resulting from the work of faculty, students and staff is consistent with the purposes and mission of the university.
- B. The aim of this policy is to promote the progress of science and the useful arts by utilizing the benefits of the patent system consistent with the purposes for which it was established by Article I, Section 8, of the Constitution of the United States:

The Congress shall have power . . . 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.

II. Scope

The university Intellectual Property and Copyright Policies apply to all university employees, both full and part time, including faculty, other professionals exempt from the State Personnel Act, staff subject to the State Personnel Act, and UNCW students either in their employment capacity or making use of university resources attendant to the conception or development of intellectual property. These policies, as amended from time to time, shall be deemed to be a part of the conditions of employment of every employee, including student employees, and of the conditions of enrollment and attendance by every student at the institution. Consistent with contractual or other

written agreements by and between external parties and the university, these policies may be applied to persons not associated with the university who make their inventions and original works available to the university under circumstances where the further development and refinement of the inventions are compatible with the research programs of the institution.

The scope of the Intellectual Property Policy applies to both patentable and non-patentable intellectual property (NPIP). Specifically, IP developed by employees or individuals utilizing university/state resources is covered by this policy, regardless as to whether the subject IP constitutes patentable technology or non-patentable know-how or proprietary IP. The Intellectual Property Policy's treatment of non-patentable IP (NPIP) is also applicable to copyrighted intellectual property subject to commercialization by the university or its faculty, staff, and students.

“Traditional Works of Scholarship” owned and copyrighted by faculty, as well as copyrighted works owned by students and/or staff are excluded from this Policy *unless* the subject work is shared with the university to assist in or contribute to its further development and/or commercialization.

A. Commercialization provides a means to encourage the development and utilization of university discoveries and inventions. This policy has been established to ensure that intellectual property in which the university has an interest will be utilized in a manner consistent with the public good through development and commercialization efforts. The university is also aware of the value of patents and other forms of innovation and intellectual property. Where possible, the university should make intellectual property resulting from its research available to industry and the public on a reasonable and effective basis and, at the same time, provide adequate recognition to inventors and creators. Patents and their exploitation, however, represent only a small part of the benefits accruing to the public from the research program of the university.

B. A portion of the research conducted by the university is supported by government and a portion by private industry. Service to the public, including private industry, is an integral part of the university's mission. In agreements with private industry or other private organizations, the university must keep the interests of the general public in view. The rights and privileges set forth in cooperative agreements or contracts, with respect to patents developed as a result of research partly or wholly financed by private parties, must be fair and just to the inventor(s), the sponsor and the public. Research should be undertaken by the university with support from private parties only if it is consistent with and complementary to the university's goals and responsibilities to the community, region, and the public.

C. Under some circumstances, the university may decline to file a patent application for a subject innovation or invention; in that event, the university will effect the return of the innovation or invention to the creator(s) or inventor(s). Alternatively, the innovation or invention may be protected, maintained, and/or developed with the assistance of the university and may be produced by the respective creator or designee to be commercialized through or with the assistance of the university, a university affiliated entity, or licensed through a third party.

D. In addition to patentable technology, intellectual property may instead constitute proprietary technology or know-how. With all categories of intellectual property, improper, inadvertent, or unauthorized disclosures of proprietary information should be avoided and may reduce or eliminate the financial value of commercially viable IP to the university as well as the creator or inventor(s).

E. Intellectual property conceived or arising in the university environment shall be disclosed immediately to the university through a Record of Invention located electronically at www.uncw.edu/ors/techtransfer.html. Following its disclosure, its value and commercialization potential will be assessed, and any protection efforts undertaken consistent with those determinations. All faculty, students, and staff are encouraged to contact the Associate Provost for Research to secure template non-disclosure documents to ensure they do not inadvertently or improperly release potentially valuable IP to any non-university third party without a Non-Disclosure Agreement signed and in place.

III. Objectives

The principal objectives of the university Intellectual Property Policy set forth herein are:

- A. To provide appropriate incentive to creative intellectual effort by faculty, staff, students, and others associated with the university;
- B. To establish principles for determining the interests of the institution, inventors, and sponsors with regard to innovations and/or inventions (collectively, intellectual property);
- C. To enable the institution to develop procedures by which the significance of innovations, inventions and/or discoveries may be determined and brought to the point of commercial utilization;
- D. To provide the means for placing in the public realm the results of research, while safeguarding the interests of the university, inventor, and sponsor; and
- E. To recognize the right of the innovator or inventor to financial benefits from the innovation, invention or discovery.

IV. Intellectual Property Ownership

A. Ownership

With the exception of "Inventions made on Own Time," hereinafter defined, every invention or discovery or part thereof that results from research or other activities carried out at the university, or that is developed with the aid of the university's facilities, staff, or through

funds administered by the institution, shall be the property of the university and, as a condition of employment or enrollment and attendance, shall be assigned by the inventor to university in a manner determined by the university in accordance with this policy.

B. Patent Application

Patents on inventions made by university employees or students may be applied for in any country by the institution or through an authorized agent(s) or assignee(s). The university shall exercise its rights of ownership of such patent(s), with or without financial gain, with due regard for the public interest, as well as the interests of inventors and sponsors concerned.

C. Inventions Made on Own Time

1. Inventions or discoveries made by university personnel or students entirely on their personal time, beyond the scope of their position responsibilities, and not involving the use of university resources, facilities or materials are the property of the inventor except in case of conflict with any applicable agreement between the institution and the federal or state government or agency thereof. For purposes of this provision, an individual's "personal time" shall mean time other than that devoted to normal or assigned functions in teaching, extension, university service, or direction or conduct of research on university premises or utilizing university facilities. The term "university facilities" shall mean any facility, including equipment and/or material, university personnel, or other university resources available to the inventor as a direct result of the inventor's affiliation with the university.
2. Personnel or students who claim that inventions are made on personal time have the responsibility to demonstrate that inventions so claimed are invented on personal time. All such inventions shall be disclosed in accordance with the university's disclosure procedures applicable to inventions made on university time or with the use of university facilities, materials or equipment, and shall demonstrate the basis of the inventor's claim that only personal time was utilized. In each instance so demonstrated to conform to the definition of personal time, the university shall acknowledge in writing that the invention is the sole property of the inventor in accordance with the "waiver" provision, below.
3. If the inventor so desires, inventions or discoveries made on personal time and utilizing the inventor's own facilities and materials may be assigned to university. Under this arrangement, the procedures surrounding the development of the IP and distributions are set forth in sections V and VI of this Policy.

D. Waiver and Release of University Rights

1. Pursuant to this policy, the university, after consultation with the inventor, shall cause its rights to the invention, innovation or discovery, if any, to be waived to the inventor

if the university is convinced that no university facilities, time, or materials were used in the development of the discovery or invention, that it was made on personal time, and that such waiver would not conflict with any pertinent agreement between the institution and a sponsoring agency or agencies.

2. Pursuant to this policy and ensuring commercially reasonable notice enabling inventor(s) time to assume protection of the subject IP, the university, after consultation with the inventor, may in its discretion and upon such terms as it deems appropriate, cause its rights to the discovery or invention, if any, to be released and waived to the inventor(s), if the university is convinced that the discovery or invention is clearly one that is non-patentable, not appropriate for university patent prosecution, does not warrant further evaluation as to patentability, development, or commercialization, or if the discovery or invention has been returned to the university after negative evaluation by the university's agents.

V. Income from Patents

A. The Inventor

The inventor(s), in aggregate, shall receive not less than fifteen percent (15%) of the gross royalties derived from licensing or income from assignment or sale of each patent resulting from his/her invention and owned by university pursuant to this policy.

B. Specific Distribution

1. Income is first applied to reimburse the University for Direct Costs incurred by it in licensing and patenting or otherwise commercializing the invention in question. Direct costs shall mean attorney's fees, expenses, and costs for seeking, obtaining, prosecuting, maintaining patents, and/or efforts associated with developing, marketing, , protecting, licensing, and/or defending patents, trademarks, copyrights, and other licensable inventions. The net proceeds are then distributed on a 40/30/30 basis as described herein. In the case of co-inventors, each such percentage share shall be subdivided equally among them, unless the university, in its sole discretion determines a different share to be appropriate. University approved and recognized affiliated entities may also invest in the development and/or commercialization of patentable IP. On a case-by-case basis, the Associate Provost for Research may recommend a negotiated reimbursement of such direct costs and a modified distribution formula for an affiliated entity's involvement. That recommendation shall be forwarded to the Provost and VCBA for their review, modification, and approval.
2. The inventor(s) shall in aggregate receive 40% of the net revenues, which are defined as revenues remaining after the direct costs are satisfied. The inventor(s)' division(s) shall receive in aggregate 30% of the net revenues. In the Academic Affairs division,

the inventor(s)' division share will be divided as follows: 5% will be distributed to the Academic Affairs Office, 2.5% will be distributed to the Graduate School, and 22.5% will go to the College or School or Center/Institute or operating unit (e.g., Library). When the distribution goes to the College or School or Center/Institute, no less than 60% of that share shall be distributed to the inventor's department or program. In divisions other than Academic Affairs, the respective Vice Chancellor or the Chancellor shall have discretion to distribute within that division. The remaining 30% of net revenues will be held by the UNCW Research Foundation in the Chancellor's Innovation Fund to be utilized in support of future intellectual property development and costs.

3. 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.

VI. Income from Non-Patentable Intellectual Property

A. Definition

Discoveries and inventions, including trade secrets and know-how, that do not constitute patentable technology but may have material commercial value are defined herein as "non-patentable intellectual property" or "NPIP". NPIP need not be developed by UNCW faculty, staff, or students attendant to their scope of employment or attendance. Some sources of non-patentable intellectual property include:

- a) Saleable products or by-products generated attendant to grants and contracts;
- b) pedagogical tools and resources that may be sold commercially;
- c) computing applications and databases possessing commercial value;
- d) by-products generated in the course of research and study with commercial value;
- e) Any non-patentable intellectual property developed and/or owned by third parties who wish to involve the university in the development and/or commercialization of the NPIP.

B. Specific Distribution

Contrary to patents, NPIP royalty and/or revenue distributions shall be either subject to the schedule below or negotiated by and between the respective parties commensurate with the contributions and risks assumed. Accordingly, the following distribution categories shall be used to determine revenue sharing.

1. NPIP Straight Distribution: Revenue derived from NPIP developed attendant to the scope of university employment of the creator(s), and where the creator(s) desires personal inurement (versus recharge revenue for the creator(s) lab, center, institute, or research) shall be distributed as follows: after direct expenses (Direct costs shall mean attorney's fees, expenses and costs for seeking, obtaining, prosecuting, maintaining protecting NPIP, and/or costs attendant to developing, marketing, and/or licensing

know-how or other NPIP or other licensable inventions.), 40% for the creator(s) in the aggregate; and 30% to the division for whom the creator(s) are assigned; and 30% to the Chancellor's Innovation Fund held by the UNCW Research Foundation.

2. NPIP University-Enhanced Distribution: Revenue derived from NPIP developed attendant to the scope of university employment of the creator(s), and where the creator(s) declines personal inurement and instead desires his or her revenue share to be recharged into his or her research, center, institute, department, unit, or lab shall be distributed as follows, after direct expenses (Direct costs shall mean attorney's fees, expenses, and costs for seeking, obtaining, prosecuting, protecting, maintaining NPIP, and/or developing, marketing, licensing, and defending NPIP and other licensable inventions.), 55% returned to the laboratory, center/institute, or department unit where the discovery was generated; 20% to the originating division; and 25% to the Chancellor's Innovation Fund held by the UNCW Research Foundation.
3. Negotiated Relationship: NPIP revenue negotiated attendant to involvement between an independent start-up or existing business entity and the university or a university affiliated entity shall be distributed pursuant to the agreement governing the relationship with the independent entity, and internal revenue, after expenses, shall be distributed as negotiated between the attendant stakeholders in relation to their contribution to the development and commercialization efforts and costs.

VII. Specific Conditions Governing Sponsored Research

A. Government Sponsored Research

Patents on inventions arising from research financed by the United States Government may be controlled by the terms of the grants and contracts specified by the government agency pursuant to Federal law. In some cases, the government claims rights to patents resulting from research financed under contracts supported by government agencies. Except as provided by Federal law or by government-supported grants or contracts, or when no patent rights are claimed by the United States Government, or when such rights are waived by the government, patents arising from government sponsored research are controlled by the university Intellectual Property and Copyright Policies. When a patent arising out of research supported under government grants or contracts is owned by the university, the university shall, if requested, agree to a non-exclusive royalty-free license for use by the government of such patent. If such a patent is owned by the government, the university shall be free to use the invention so covered for its own scientific and educational purposes without payment of royalty or other charge, consistent with Federal law.

B. University Research Sponsored by Non-Governmental Entities

The university must ensure that its facilities and the results of the work of its employees 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 through the university must be considered. The university reserves the right to ownership of patents on inventions arising out of research supported in whole or in part of grants or contracts with nongovernmental organizations or firms. Contracts or agreements which are entered into between the university and such organizations or agencies will contain clauses setting forth such a reservation unless deviations 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 its facilities and its employees' time and talent, special provisions may be negotiated by the university in such non-government sponsored contracts, upon request, provided that the university retains the right to use the invention for its own research, educational, and service purposes without payments of royalty fees, that the university requires the sponsor to use due diligence in the commercial use of the invention, and that the university retains the right freely to publish the results of its research after a reasonable period necessary to protect the right of the parties and to allow for the filing of a patent application.

VIII. Publication

- A. A major function of the university is the advancement and dissemination of knowledge. Any practice that unnecessarily restricts the publication of results of scientific work is to be avoided. However, it is recognized that the full development of useful inventions or discoveries may be dependent upon the securing of patent protection that will enable the commercial utilization of the discoveries or inventions. Accordingly, under certain circumstances it may be necessary to delay for a minimum period the publication of results of research.
- B. If a sponsor proposes to support a research effort that will involve a limited exclusive license to use of patents resulting from, the agreement with respect to publication shall include the following. First, the sponsor must agree that the results of the research may be published if desired by the investigators or research workers. Second, in order that patent applications are not jeopardized, the university, the 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 institution 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.

IX. Avoidance of Conflicts

- A. Conflicts involving patentable inventions and discoveries may arise when the university's personnel, including students, enter into personal consulting agreements with outside firms and organizations. The agreements that business firms 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 the university Intellectual Property and Copyright Policies, either with respect to the rights of the institution itself in an invention or with respect to the rights of a sponsor of research in the same field or subject matter.
- B. Prior to signing any consulting agreement that deals with patent rights, trade secrets, or the like, where any university time, facilities, materials or other resources are involved, university personnel and students must bring the proposed agreement to the attention of the appropriate senior administrator and the Associate Provost for Research and Dean of the Graduate School, in accordance with the university's patent procedures and either obtain a waiver of university rights or otherwise modify the consulting agreement to conform with these policies, as is determined by the university in its discretion.
- C. The foregoing requirements are in addition to, and do not eliminate the necessity for, any approval which may be required by the university Policy on External Professional Activity of Faculty and Other Professional Staff.

X. Duty to Disclose Discoveries and Inventions

All individuals whose discoveries and inventions are covered by this policy have a duty to disclose their discoveries and inventions promptly in accordance with university procedures. The duty to disclose arises as soon as the individual has reason to believe, based on his or her own knowledge or upon information supplied by others, that the discovery or invention may produce financial value or have commercial utility. Certainty about financial value or commercial utility is not required before a disclosure is made. Individuals shall execute such declarations, assignments, or other documents as may be necessary in the course of invention evaluation, patent prosecution, or protection of patent rights, to insure that title in such inventions shall be held by the university or its assignee or by such other parties as may be appropriate under the circumstances.

XI. Intellectual Property Committee

The Associate Provost for Research shall appoint an Intellectual Property Committee, consisting of no less than three members and chaired by the Associate Provost for Research. The committee shall establish procedures for the implementation of the university Intellectual Property and Copyright

Policies; shall resolve questions of invention ownership that may arise between the university and its faculty, staff, or students or among individuals; shall review and recommend further investment or the termination of protection efforts; shall recommend to the Chancellor the expenditure of the Chancellor's Innovation Fund; and shall make such recommendations as are deemed appropriate to encourage disclosure and assure prompt and expeditious handling, evaluation, and prosecution of patent or other commercial opportunities.

XII. Patent Management

The Chancellor, or any person designated by the chancellor, is authorized to negotiate with reputable agencies or firms to secure arrangements for patent management, including competent evaluation of invention disclosures, expeditious filing of applications on patents, and licensing and administration of patents and/or other intellectual property.