

# FAYETTEVILLE STATE UNIVERSITY

## PATENTS AND INVENTIONS

<b>Authority:</b>	Issued by the Chancellor. Changes or exceptions to administrative policies issued by the Chancellor may only be made by the Chancellor.
<b>Category:</b>	Research
<b>Applies to:</b>	●Administrators      ●Faculty      ●Staff      ●Students
<b>History:</b>	First Issued – January 15, 2020
<b>Related Policies/ Regulations/Statutes:</b>	●Copyright Use and Ownership ●Patent and Copyright [UNC Policy #500.2]
<b>Contact for Information:</b>	Office of Legal Affairs (910) 672-1145 Division of Academic Affairs (910) 672-1460

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### I. PURPOSE

Fayetteville State University's (University) mission of discovering and transmitting knowledge and providing service to the public creates an environment that is conducive to the conception and development of inventions. These efforts may have commercial value, which is enhanced through the use of patents. The purpose of this Policy is to define the rights and responsibilities of the University and its faculty, staff, and students with respect to ownership and administration of such inventions.

### II. APPLICABILITY

This Policy applies to all University employees (full-time, part-time, temporary and permanent) and all currently enrolled University students. Upon prior written agreement between the University and individuals not associated with the University, this Policy may be applied to individuals who make their inventions available to the University under circumstances where the further development and refinement of the inventions are compatible with the research programs of the University.

### III. DEFINITIONS

- A. Scope of Employment** means directly related to employment responsibilities at the University.
- B. Gross Revenue** means all income actually received by the University from a patent or invention including proceeds from any stock or equity interest.

- C. **Invention** means technical information, trade secrets, developments, discoveries, inventions, processes, compositions, life forms, know-how, methods, formulae, data, processes and other proprietary information or matter, whether patentable or not.
- D. **Inventor** means one who makes an inventive contribution to the invention and, for patentable subject matter, meets the criteria for inventorship under United States patent laws and regulations, meaning that an inventor must have contributed to the conception of ideas claimed in a patent.
- E. **Net Revenue** means gross revenue minus all direct out-of-pocket costs associated with the University's ownership and/or administration of an invention, including but not limited to costs involving the following:
- evaluating invention disclosures, patentability or trademark searches,
  - drafting and prosecuting intellectual property applications,
  - preparing and recording assignments,
  - maintaining patents or other intellectual property,
  - marketing and licensing of inventions, and
  - litigation costs involved in the enforcement or protection of the invention.
- F. **Patent Trust Fund** means a separate fund established by the University in which are accumulated gross revenue earned from patent and licensing activity less those distributions required under the revenue sharing provision of this Policy.
- G. **Substantial Use of University Resources** means the use of University-administered funds or the use of facilities, personnel, equipment, materials, or other resources available to the inventor because of the inventor's affiliation with the University. *De minimis* use of an office, library resources, University-issued computer, and/or software, is not regarded as substantial use of University resources.

For students enrolled in a course of study, use of course laboratory, computing and library facilities, software, supplies and materials at a level ordinarily provided to students in the course are not considered to be substantial use of University resources.

#### IV. OWNERSHIP

All inventions resulting from the following shall be the property of the University:

- research or other activities conducted with University-administered funds,
- activities within the scope of the inventor's employment, or
- activities involving the substantial use of University resources.

As a condition of employment or enrollment and attendance, such invention shall be assigned by the University inventor to the University in a manner determined by the University. Also, upon request by the University, the inventor shall execute promptly all contracts, assignments, waivers or other legal documents prepared by the University that are necessary to vest in the University or its assignees any or all rights to the invention, including complete assignment of any patents or patent applications relating to the invention

The University may also have an interest in inventions under the terms of contracts, grants, or other agreements.

University inventors shall not sign intellectual property rights agreements with outside persons or organizations which may abrogate the University's rights and interests as stated in this Policy or as provided in any grant or contract funding the invention. Also, University students and employees shall not, without prior authorization use the name of the University or any of its units in connection with any invention in which the University has a right or interest.

## **V. DUTY TO DISCLOSE**

### **A. Invention Disclosure**

All inventors, either alone or in association with others, who develop an invention at any time during the period of their employment or enrollment are obligated to disclose inventions promptly in accordance with this Policy.

Inventors who claim that their inventions were developed without the use University-administered funds, outside of the scope of the inventor's employment, or without the substantial use of University resources are also obligated to disclose inventions promptly in accordance with this Policy.

Inventions shall be formally disclosed on the invention disclosure form (IDF) (Appendix A). Acknowledgement of the disclosure shall be made to all inventors listed on the IDF. The inventors will be notified if additional information is required either to complete the IDF or aid in the process of assessment and evaluation of the invention.

### **B. Disclosure involving External Parties**

#### **1. Collaborative Invention**

If a University inventor develops an invention through collaboration with parties external to the University, the University inventor shall promptly disclose the invention in accordance with this Policy.

#### **2. Non-Collaborative Disclosure**

If an invention is disclosed to any person who is not employed by the University or is not otherwise committed to maintain such invention in confidence, the inventor shall keep a written record of the date and extent of each such disclosure, the name and address of the person to whom the disclosure was made, and the purpose of the disclosure.

### **C. Request to Waive University Rights**

If an inventor believes that the invention was developed without the use of University-administered funds, outside of the scope of the inventor's employment, or without the substantial use of University resources, the inventor may, on the IDF, request that a waiver

of the University's rights be granted. The appropriate University officials, in consultation with the Patents and Inventions Committee (PIC), shall determine the respective rights of the University and the inventor in the invention.

If a waiver of the University's rights is granted, the inventor may submit the invention to the University for possible patenting and/or commercialization and management under terms to be agreed to by the inventor and the University.

## **VI. PATENTS AND INVENTIONS COMMITTEE**

Under the UNC Board of Governors' *Patent and Copyright Policies* the Chancellor has authority to appoint a patent committee and to designate the Chair of the committee.

### **A. Membership**

The Committee shall be composed of no more than ten (10) or no less than five (5) University employees. The Provost and Vice Chancellor for Academic Affairs and the General Counsel shall serve as ex-officio non-voting members of the Committee. The Associate Vice Chancellor for Research shall serve as an ex-officio voting member of the Committee.

### **B. Duties and Responsibilities**

The Patent and Inventions Committee shall have duties pursuant to the aforementioned UNC policy. Those duties include, but are not limited to the following:

- Review and recommend to the Chancellor or his or her designee the procedures for the implementation of the UNC Board of Governors' *Patent and Copyright Policies*;
- Make recommendations regarding terms of contractual licensing agreements
- Resolve questions of invention ownership that may arise between the University and its faculty, staff, or students or other individuals;
- Recommend to the Chancellor expenditures from the Patent Trust Fund;
- Make recommendations as are deemed appropriate to encourage research with commercial potential, together with appropriate disclosure of that research; and
- Assure prompt and expeditious handling, evaluation, and prosecution of patent opportunities.

### **C. Review of Invention Disclosure Forms**

The Patents and Inventions Committee shall promptly review and consider each Invention Disclosure Form. The PIC shall recommend to the Provost and Vice Chancellor for Academic Affairs (Provost) the proper disposition of each invention reviewed by the PIC. The PIC's recommendation may include, but not be limited to, one or a combination of the following:

- To acknowledge receipt of the disclosure but take no further action pending the results of further experimentation or other work deemed necessary in order to determine the proper course of action regarding commercialization;
- To submit the invention for review by a patent firm;
- To make or cause to be made inquiries of potential licensees as to their interest in the invention and their willingness to finance a patent application, where applicable;
- To study the feasibility of applying for a patent with University resources (an option with limited application because of financial constraints); and
- In certain cases, to release the University's rights to the inventor subject to an agreement to protect the interests of the University, including an obligation to compensate the University and/or to recognize the University's contribution.

The inventor shall be notified, in writing, of the PIC's recommendation to the Provost. The Provost will subsequently notify the inventor of the Provost's decision.

Notwithstanding the foregoing, in cases requiring immediate decisions concerning the filing of patent applications necessary to preserve the University's patent rights, the Provost may authorize the immediate filing of a patent application subject to the availability of funds. The PIC Chair shall report any such authorizations to file patent applications at the next scheduled meeting of the Committee.

## VII. REVENUE SHARING

The University shall share a portion of net revenue it receives from patents or inventions as noted below unless applicable laws, regulations or provisions of grants or contracts require that a lesser share be paid to the inventor.

### A. Distribution

The net revenues that the University receives from a patent or invention including proceeds from any stock or equity interests shall be distributed as follows:

Inventor(s)	College	Department/Unit	Patent Trust Fund
40%	5%	5%	50%

Income from the Patent Trust Fund will be dedicated to supporting University research and commercialization activities. Allocations from the Patent Trust Fund shall be made by the chancellor after receiving recommendations from the PIC.

### B. Co-Inventors

When two or more co-inventors are associated with an invention, the applicable percentage of net revenue shall be divided equally unless all co-inventors, prior to first distribution of net revenue, establish in a written agreement that all inventors agree to an alternative share of royalties. Request for a non-equal distribution of net revenue must be submitted in writing to the Provost and Vice Chancellor for Academic Affairs for approval.

**C. Minimum**

In no event may the amount payable by the University to the inventors in the aggregate be less than 15% of gross revenue received for an invention.

**VIII. PUBLICATION AND PUBLIC USE**

The University strongly encourages scholarly publications of the results of University research. However, publication or public use of an invention constitutes a statutory bar to the granting of a United States patent for the invention unless a patent application is filed within one (1) year of the date of such publication or public use. Publication or public use also can be an immediate bar to patentability in certain foreign countries.

In order to preserve rights in unpatented inventions, after an invention has been disclosed, each inventor shall promptly notify the Patent and Inventions Committee Chair of any plans to submit a manuscript for publication, or to make available for public use, an invention for which an IDF has previously been filed. This required action is not intended to preclude the right to publish, but for a limited period of time to protect any patent rights.

**IX. AVOIDANCE OF CONFLICTS**

Prior to signing any consulting agreement that involves patent rights, trade secrets, or the like, where there has been a substantial use of University resources, the agreement must be reviewed by the Office of Legal Affairs and approved by the Provost and Vice Chancellor for Academic Affairs. Either a waiver of University rights must be obtained, or the agreement must be modified in order to conform to University policies.

External activities involving University inventions are subject to disclosure requirements specified in the University's External Professional Activities Policy of Faculty and Other Professional Staff and the University's Policy on Conflicts of Interests and Commitments.