

OKLAHOMA STATE UNIVERSITY INSTITUTE OF TECHNOLOGY
POLICY & PROCEDURES LETTER

Intellectual Property	1-013 ADMINISTRATIVE July 2009
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The Board of Regents for the Oklahoma Agricultural and Mechanical Colleges hereby adopts the following intellectual property policy for Oklahoma State University, to include its main campus in Stillwater, the College of Osteopathic Medicine (COM) in Tulsa, and its branch campuses at Tulsa (OSU-Tulsa), Oklahoma City (OSU-OKC), and Okmulgee (OSU Institute of Technology), hereinafter collectively referred to as the University.

POLICY

1.01 Intent

The intent of the Intellectual Property Policy is to provide a mechanism for bringing University Intellectual Property into the public realm and to promote utilization of such property for the public benefit. The objective of this policy is to safeguard the interests and mission of the University by establishing a mechanism for the development and protection of intellectual property, while at the same time encouraging creative thinking and protecting the interests of the public, the University, and individual faculty and staff members.

- 1.02 For purposes of this policy the term "intellectual property" refers to inventions, discoveries, patents, patent applications, scientific or technological developments, improvements, trade secrets, trade and service marks, and know-how, regardless of whether the same is subject to protection under patent, trademark, or other laws, but the term does not apply to copyrightable works falling under the purview of Policy 1-007 for which patent protection is not sought.

Policy Application

- 2.01 This policy applies to all individuals associated with the University.

A. For the purposes of this policy the phrase "all individuals associated with the University" is defined as those persons holding any form of employment or appointment at the University, with or without compensation, any person who has student status, or any person or entity using or employing University facilities or resources, excluding libraries. This includes, without limitation, all full or part time faculty, staff, and/or any other person or entity using University facilities or resources, excluding libraries, under a contract with the University or with the assistance of or under the supervision of University personnel.

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- B. The provisions of this Policy are a part of and are incorporated by reference in any contractual relationship of the University with any member of the faculty, staff, or student body or with any individual or entity using or employing University facilities or resources and shall be conditions of employment for all persons employed by the University, conditions of appointment for any person holding any appointment with the University, conditions of enrollment and attendance at the University by all students, and conditions of use of University facilities or resources, excluding libraries.
- 2.02 Responsible University administrators are encouraged to take appropriate measures to inform all individuals associated with the University of this Intellectual Property Policy and its provisions.

Property Rights and Obligations

- 3.01 Intellectual Property unrelated to an individual's employment, appointment, or association with the University that is conceived, created, or developed on an individual's own time and without University support, or funds provided by or through the University, or use of University resources, facilities (excluding libraries), equipment, and/or materials shall be deemed the exclusive property of the inventor(s)/creator(s) and the University shall have no interest in or claim to any such property.
- 3.02 Intellectual Property either related to an individual's employment, appointment, or association with the University, or that is conceived, created, or developed or that results from activities performed on University time, or with the use of University resources, facilities (excluding libraries), equipment, and/or materials, or funds provided by or through the University shall be deemed the property of the University.
- 3.03 Intellectual Property that is conceived, created, or developed or that results from research supported by a grant or contract with the federal government or agency thereof, other governmental entity or agency thereof, with a non-profit or for profit entity, association, business, or individual, or by private gift or grant to the University shall be deemed the property of the University, unless applicable laws or governmental regulations specifically provide otherwise, or, as provided for under Section 3.05 of this Policy, the gift, grant, or contract provisions specifically provide otherwise. If the gift, grant, or contract makes no provisions for intellectual property, intellectual property conceived, created, or developed thereunder or resulting there from shall be subject to the provisions of this Policy. Intellectual Property that is conceived or reduced to practice during the performance of research or other scholarly activity that is funded in whole or in part by the federal government shall, in addition to the provisions of this Policy, be subject to any and all applicable federal laws and/or regulations governing said intellectual property.

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- 3.04 Any individual or non-profit or for profit entity, association, or business or government or governmental agency not associated with the University who wishes the University to further develop and refine its intellectual property shall enter into a written agreement with the University for that purpose. Such agreement must be approved by the Vice President for Research and Technology Transfer and appropriate departmental and college administrators to ensure that performance of University duties are not compromised and that adequate consideration is received by the University for the use of its resources, facilities, equipment, and/or materials. Any such agreement shall be subject to the provisions of this Policy and any other applicable University policy and/or state or federal law.
- 3.05 It is the intent of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges (hereinafter referred to as the Board of Regents) that this Policy be strictly enforced. The Board of Regents recognizes however that sometimes it may be in the best interests of the University to enter into contractual, grant, or gift arrangements with federal agencies, other governmental entities or agencies, non-profit or for profit entities, associations, businesses or individuals whose patent policies or regulations may conflict with this Policy. The Vice President for Research and Technology Transfer, with the concurrence of the President, may, when necessary and upon a specific finding in writing that the value to the University of receiving the grant, gift, or performing the contract outweighs the impact of any nonconforming provisions of the gift, grant, or contract on the intellectual policies of the University or the benefits from the level of funding and/or other consideration for the proposed research outweighs any potential disadvantage that may result from the policy deviation, enter into written contractual, grant, or gift arrangements that differ from or vary from the provisions of this Policy. In any such gift, grant, or contract, the University will retain, at a minimum, a royalty-free right and license to use any University Intellectual Property conceived, created, developed, or resulting there from for its internal research and/or educational purposes. In addition, every effort will be made to obtain for the University a portion of the proceeds from any income derived from the commercial use or exploitation of such intellectual property. The President will periodically report these contractual agreements to the Board of Regents.
- 3.06 In cases where the University has a proprietary interest in intellectual property under Sections 3.02 and 3.03 of this Policy, hereinafter referred to as University Intellectual Property, the Board of Regents shall retain the patent rights, or other legally protectable rights, on behalf of the University. The President of the University, or his/her designee, may enter into agreements and execute such legal documents as are required with respect to ownership and other rights related to said intellectual property to obtain patents, to market said intellectual property, and to grant licenses in the name of the Board of Regents on behalf of the University for said intellectual property. The Vice President for Research and Technology Transfer shall be the official designee of the President for these purposes. The Office of General Counsel for the Board of Regents shall approve as to form all agreements relating to intellectual property, approve the employment of all outside patent counsel, and approve all licenses or other agreements or arrangements for the marketing or exploitation of University Intellectual Property.

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- 3.07 When approved by the Board of Regents, patent rights, or other legally protectable intellectual property rights, in University Intellectual Property may be assigned to: the inventor(s); (a) natural person(s) other than the inventor(s); a federal agency or other governmental entity or agency; or a non-profit or for profit entity, association, or business.
- 3.08 All individuals associated with the University shall make such assignments of patents or other legally protectable intellectual property rights as are required in order to comply with the provisions of this Policy, or any approved contractual obligations of the University, and/or applicable federal law, rules, and regulations.

PROCEDURE

- 4.01 Before intellectual property covered by this Policy is disclosed either to the public or for commercial purposes, or before publishing the same, all individuals associated with the University are required to submit in writing to the University, on an approved form, a reasonably complete and detailed disclosure of such intellectual property. Disclosure forms may be obtained from the Office of Intellectual Property Management (hereinafter OIPM) and shall be submitted to the University through the appropriate dean or director who will review and forward the disclosure(s) to OIPM. As related to inventions and patents, a publication is an enabling public disclosure, verbal or printed, of an invention. An enabling disclosure is one which will teach one skilled in the art how to practice the invention. Printed publications include abstracts, and, in certain circumstances, grant proposals. A public disclosure is a non-privileged communication to one or more individuals from outside the University community. It is important to emphasize that the issuance of a publication may jeopardize the ability to secure foreign patent protection.
- 4.02 A University Intellectual Property Screening Committee (hereinafter UIPSC), appointed by the President and composed of members for the terms as set forth in Appendix A, shall act as an authority of first resort to decide whether the University has a proprietary interest in the disclosed intellectual property under sections 3.02 or 3.03 of this Policy. All disclosures shall be referred to UIPSC for a determination of proprietary interests therein under the provisions of this Policy. If UIPSC, with the concurrence of the Vice President for Research and Technology Transfer, determines that the University has no proprietary interest in the disclosed intellectual property under section 3.01 of this Policy, the inventor(s)/creator(s) shall so be notified and any further action pertaining to the invention shall be the sole responsibility of the inventor(s)/creator(s).
- 4.03 If UIPSC, with the concurrence of the Vice President for Research and Technology Transfer, determines that the University has a proprietary interest in the intellectual property under sections 3.02 or 3.03 of this Policy, the Committee shall so notify the inventor(s)/creator(s). In determining rights under this provision, the fact that the subject matter of the intellectual property is related to the individual's employment, appointment or association with the University and/or the use of University resources, facilities, equipment, materials, supplies, or services in creating or developing the intellectual

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property shall constitute prima facie evidence of the University's proprietary interest therein. If UIPSC has determined that the intellectual property is University Intellectual Property, UIPSC shall also make inquiry into whether the individuals listed on the disclosure are the inventors under the guidelines of patent or other applicable intellectual property laws. If UIPSC, the Assistant Vice President for Technology Development and Director of OIPM, or the Vice President for Research and Technology Transfer has a question or concern regarding the accuracy of the listed inventors and if patent protection is sought on this intellectual property, University approved patent counsel will be so informed and said patent counsel will advise as to the determination of inventorship.

- 4.04 UIPSC should act promptly on any disclosures made to the University. If, however, for whatever reason UIPSC has not met and/or made a determination within sixty (60) days of receipt of the disclosure by the University, the Chair of UIPSC, or his/her designee, the Assistant Vice President for Technology Development Director of OIPM, and the Vice President for Research and Technology Transfer, or his/her designee, shall meet and make the necessary determinations under sections 4.02 through 4.04 of this Policy; provided, however, that before any such meeting and determination, the individual(s) associated with the University who have made a disclosure will be notified and said individuals may waive the time period set out herein for UIPSC and request any such determinations to be made by the Committee. UIPSC should report its decisions regarding ownership under sections 4.02 through 4.04 within ten (10) days of its decision, unless circumstances require otherwise, in which case the appropriate individuals will be so notified.
- 4.05 A determination regarding ownership of intellectual property disclosed to the University under sections 4.02 through 4.04 of this Policy shall be final unless a request for review of that determination is made to the President of the University within thirty (30) days of receipt of the notice of determination. If a request for review is filed, the President's determination regarding ownership will be final.
- 4.06 If UIPSC has determined under section 4.03 that the University has a proprietary interest in the intellectual property, the University, through OIPM, or its designee, shall promptly review, investigate, and evaluate the feasibility of pursuing patenting and/or other exploitation of said University Intellectual Property and the marketability of the same on behalf of the University. In conducting this review, investigation, and evaluation, OIPM should use such available and appropriate resources as necessary to make a reasonably informed decision as to the feasibility and marketability of University Intellectual Property, including input from and discussion with the inventor(s)/creator(s), as well as, UIPSC, other University personnel or resources, and/or approved patent counsel, businesses, associations, individuals, or other governmental agencies having knowledge and expertise in these areas.

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- 4.07 OIPM, in consultation with the Vice President for Research and Technology Transfer and the Office of General Counsel, shall decide how, when, and where University Intellectual Property is to be protected and/or exploited. Means of protection and/or exploitation include, but are not limited to, patenting or other intellectual property protection, contracting with or the securing of additional funds or resources from independent corporations, associations, businesses, individuals, or governmental entities or agencies for additional research and development, marketing, or patenting of said intellectual property, the granting of licenses, maintenance as a trade secret or know-how, if appropriate, and/or full release and publication of said intellectual property to the public.
- 4.08 If OIPM, with the approval of the Vice President for Research and Technology Transfer and the Office of General Counsel, recommends to the President that the University not assert and/or exploit its interest in University Intellectual Property, the inventor(s)/creator(s) shall be so notified and all rights, title, and interest of the University therein may, subject to Board approval, be released and/or assigned to the inventor(s)/creator(s) and the University shall not have any further rights, obligations, or duties in respect thereto; provided, however, that the University, its facilities, resources, or name shall not be used by the inventor(s)/creator(s) in protecting and/or exploitation of said intellectual property and, provided however, the University may elect to impose certain conditions, including, but not limited to, reimbursement of costs or resources expended by the University, retention of income rights, and/or a royalty-free, non-exclusive right to make or use said intellectual property for its research and educational purposes.
- 4.09 If within one (1) year from the date UIPSC has made its decision that the property is University Intellectual Property, the University, by and through OIPM, has taken no action to secure patent protection and/or other protection for said intellectual property, has not authorized full disclosure and publication, or has taken no tangible action to market, commercialize, and/or obtain funding or sources of funding to further develop, research, market, and/or otherwise exploit said University Intellectual Property, the inventor(s) may request through OIPM that the intellectual property be released and/or assigned to them. Said request will be forwarded to the President of the University and the President, after due consideration of all of the surrounding facts and circumstances, may recommend to the Board of Regents that all right, title, and interest in said University Intellectual Property be released and/or assigned to the inventor(s)/creator(s). Upon approval by the Board of Regents, all rights, title, and interest of the University shall be released and/or assigned to the inventor(s)/creator(s) and the University shall have no further rights, duties, or obligations in respect thereto; provided, however, that the University, its resources, facilities, or name shall not be used in securing protection and/or exploitation of said intellectual property and the University may elect to impose certain conditions, including, but not limited to, reimbursement of costs or resources expended by the University, retention of income rights, and/or a royalty-free, non-exclusive right to make and use said intellectual property for its research and educational purposes.

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- 4.10 The University, by and through the Vice President for Research and Technology Transfer, or his/her designee, shall keep and maintain records regarding its activities relating to University Intellectual Property under the provisions of this Policy and will regularly report said activities to the appropriate University administrators and the Board of Regents, and to other state or federal agencies as may be required by applicable law and regulation. OIPM shall work with the inventor(s)/creator(s) of University Intellectual Property and keep said persons regularly informed of its activities relating to the protecting/patenting, marketing, and/or other exploitation of said intellectual property. Any disputes, except disputes concerning the negotiations and/or the terms of licenses, including but not limited to royalty rates or other financial terms, relating to University Intellectual Property, involving the inventor(s)/creator(s) and OIPM which cannot be resolved through informal discussions and counsel with the appropriate department head(s), research director(s), and/or College Dean(s) may be submitted to the Office of the Vice President for Research and Technology Transfer for mediation to a three (3) person panel selected from knowledgeable members of the University as follows: one person selected by the inventor(s)/creator(s); one person selected by OIPM; and one member selected by the first two selectees. The mediation process will be conducted in a fair manner in consultation with the Office of General Counsel. If the dispute is not resolved by mediation, then the President of the University may resolve the dispute and the President's resolution thereof will be final.

Distribution of Income

- 5.01 Royalty income generated from licenses or other marketing arrangements concerning University Intellectual Property shall be paid directly to the University and shall, except where an agreement approved in accordance with the provisions of this Policy specifies otherwise or except as provided otherwise under section 5.07 of this Policy, be distributed according to the following guidelines:
- A. All direct costs incurred by the University in obtaining, maintaining, and protecting the patent or other protection for the property, licensing, and /or marketing of the property shall first be recaptured from any royalties received by the University.
 - B. After recovery of the above costs, the remainder of the royalty income shall be distributed as follows:
 - 50% to the inventor(s),
 - 30% to the University, and
 - 20% to the college or division of the inventor(s).
- 5.02 In the case of multiple inventors, the income due the inventors under section 5.01(b) of this Policy will be shared according to whatever mutually-agreed upon arrangement for the distribution percentage has been established in writing and approved by the Vice President for Research and Technology Transfer. The distribution arrangement will be

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established and submitted to OIPM at the time of disclosure or in any event before licensing and is subject to the provisions of section 4.03 of this Policy. In the event multiple inventors cannot reach a mutually acceptable arrangement or no arrangement is submitted, the royalty income to which the inventors are entitled under section 5.01(b) of this Policy will be distributed to said inventors in such portion as the Vice President for Research and Technology Transfer deems appropriate under the circumstances and such decision will be binding on the inventors. The percentage of income due the college or division of the inventor under section 5.01(b) of this Policy will be shared among the multiple participating units based upon the percentage of royalties due the employee/inventor of that college or division.

- 5.03 The University's share of income under section 5.01(b) of this Policy shall be allocated by the University to support OIPM as a source of funds to be used specifically to defray the costs of patent and copyright-related activities, legal fees, and other charges and/or necessary resources and/or activities associated with obtaining protection for and commercialization of the University's intellectual property.
- 5.04 The college's(s') share of income under section 5.01(b) shall be administered by the dean(s) of the college(s) and shall first be utilized to support the research program(s) of the inventor(s) as long as the inventor(s) remain(s) (an) employee(s) of the University. If the inventor(s) leave(s) the University, the funds shall be distributed at the discretion of the relevant dean(s) for use in furtherance of said College's(s') research programs and goals.
- 5.05 Intellectual property agreements executed by the University shall be governed by the Intellectual Property Policy in existence as of the effective date of the agreement. No amendment to this Policy shall decrease the inventor's (inventors') share of royalties received under any intellectual property agreement that is executed after Board approval of this Policy. No inventor's (inventors') salary from the University will be diminished by the amount of royalty income due him/her under the provisions of this Policy. The inventor's share shall survive termination of association with the University and, in the event of death of the inventor, shall inure to his/her estate.
- 5.06 The Vice President for Research and Technology Transfer, or his/her designee, shall keep and maintain accurate financial records concerning the receipt, expenditure, and distributions of any income received by the University under the provisions of this Policy. Accompanying each distribution of royalty income under section 5.01, a financial report indicating the gross royalties received, the expenses reimbursed, and the distributions made shall be kept and forwarded to the applicable parties at the end of each fiscal year, or at such other times as specified in the license or marketing agreement.
- 5.07 If the University's and college or division's total net income (see section 5.01(b)) from any one intellectual property, or group of related intellectual properties, under a single license or marketing arrangement, exceeds \$250,000.00 in any year, an administrative review of that property will be activated. The Provost and Senior Vice-President, the

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Vice President for Administration and Finance, and the Vice President for Research and Technology Transfer shall have the discretion to evaluate and recommend to the President reallocation of the net income to the University and to the college(s) or division(s). If the President determines that the allocation of income as prescribed under section 5.01(b) to the University and to the college(s) or division(s) will cause serious inequities or imbalances within the University or in the programs or operations of any department, school, or college, the President shall allocate the income to the University and to the college(s) or division(s) in such way to benefit the University's research programs or goals or, if the President determines that it is necessary and justified under the circumstances, to otherwise benefit the general University; provided, however, that the allocation to the inventor(s) will not be affected.

Equity Interests in Business Entities

- 6.01 Pursuant to Article 10, sections 14 and 15 of the Oklahoma Constitution and the provisions of the Oklahoma Technology Transfer Act of 1998, Title 70 Oklahoma Statutes, Section 3206.3 et. seq., the University may acquire equity interests in a private business entity licensing University Intellectual Property provided the following conditions are met:
- A. The University interest shall be limited in liability with the University's risks, if any, insured or adequately indemnified as appropriate under the circumstances.
 - B. The University's equity interest shall be a minority interest and, if stock, shall not exceed 20% without approval by the Board of Regents;
 - C. the equity interest shall be received as partial consideration and not total consideration for the licensing transaction without approval by the Board of Regents;
 - D. the equity interest shall, at the option of the University, either be shared with the inventor(s)/creator(s) in the same manner as royalties are shared pursuant to section 5 of this Policy with the inventor(s)/creator(s) receiving his/her share of said equity directly from the entity and the University receiving its share (University and college and department share) of the equity directly from the entity or the University shall take all the equity interest and distribute said equity, and/or dividend income and/or income from the sale or disposition of the equity interest to the inventor(s)/creators in the same manner as royalties are shared pursuant to section 5 of this Policy;
 - E. the University shall not exercise any management control of the business entity and, if the entity is a corporation, the University shall not seek or accept representation on the board of directors or exercise any voting rights on board actions;

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- F. the University shall convert the equity interest to cash as soon as possible, unless otherwise approved by the Board of Regents;
- G. the University's acquisition, receipt, management, and liquidation of the equity interest shall be reviewed and approved by the Assistant Vice President for Technology Development and Director of OIPM, the Vice President for Research and Technology Transfer, the Vice President for Administration and Finance, and the Office of General Counsel and shall be otherwise consistent with the requirements of law, the provisions of this Policy, and other applicable policies;
- H. the University shall not invest funds in the private business entity;
- I. the acquisition of any equity interest and the gains or losses upon the sale or other disposition of any equity interest will be reported to the Board of Regents and, as required by law, to other state agencies.

6.02 The Board of Regents recognizes that economic development is a part of the public service mission of the University and that the offering of equity is a means of technology transfer that may enable otherwise qualified small companies to license University Intellectual Property. The acceptance of equity by the University however presents a potential risk problem. Risk is an issue because the companies often have little cash and/or revenues and at the time equity is given, the equity has little, if any, value and whether or not value will ever be obtained, will depend on the overall success of the company. The intellectual property proposed to be licensed is, however, property of the University and the public's interest therein requires that prudence and reasonable economic practices be undertaken to minimize the risks involved. University administrators approving equity acquisitions should therefore seek to ensure that the traditional sources of licensing are not otherwise available; that the waiving of up-front license fees is not an alternative or appropriate means of accomplishing the licensing objectives; that the proposed business entity is one that is organized to succeed in the areas of experienced management, adequate financing, and strategic business and product development plans and that the documents supporting said company's organization have been reviewed; that University and/or legal out-of-pocket expenses will be reimbursed in cash and that the terms of said technology licensing transaction, other than those related to the acceptance of equity in the company by the University, are consistent with other University licensing practices for comparable technologies, especially in the areas of due diligence, royalties on product or process sales, use of name, representations and disclaimer of warranties, insurance and indemnification provisions.

6.03 The Board of Regents recognizes that the acquisition of equity also has the potential for generation of conflicts of interest and conflicts of commitment. Equity ownership has considerable potential for creating conflicts of interest and/or conflicts of commitment for inventors/creators and the University because equity holders are part owners of the company and owners stand to gain considerably if the company does well. Consequently, there may be incentives to take actions and make decisions that favor the interests of the

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company over the academic missions of the University. While economic development is a part of the University's public service mission, the academic mission of the University and its commitment to teaching and research, academic freedom, intellectual independence, integrity of research and education, open communication and dissemination of knowledge, diversity, and all forms of public service should not be compromised. Therefore, the University's acceptance of equity shall be based upon the principles of openness, objectivity and fairness in decision-making, and preeminence of the education and research missions of the University over financial or individual personal gain. In addition, prompt liquidation of University equity interests at a predetermined time will help to remove potential conflicts of interest and any obligation of the University to its inventor(s)/creator(s), departments, and colleges to maximize the cash return from such stock sales. University administrators approving equity acquisitions shall establish procedures and guidelines to be followed which will ensure that potential or perceived conflicts of interests and/or conflicts of commitment will be disclosed, reviewed, and properly managed.

- 6.04 The University shall prepare and disseminate such recommended procedures, guidelines, standardized agreements, and/or forms as may be considered appropriate for the implementation of the provisions of this Policy.