

# MONTCLAIR STATE UNIVERSITY

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## POLICY ON PATENTS AND INVENTIONS

February 6, 2014

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Consistent with its mission of developing new knowledge and facilitating the practical application of such knowledge to the benefit of the public, Montclair State University seeks to support research and the commercial development of Patents and Inventions resulting therefrom so that the benefits of research may be provided at the earliest opportunity for public use. This Policy is designed to provide incentives for research, guidelines that protect the integrity of research emanating from the University and provisions to protect University rights in Patents. This Policy also outlines the array of administrative services the University provides to faculty, staff and students to assist in the development of research into Patents, and the responsibilities of the University and Inventors.

This Policy is intended to encourage research within the University, the creation of Inventions and Patents, and to protect and define rights of the University and individual researchers as it relates to Patents and Inventions. The policy shall be interpreted in a manner consistent with applicable Federal and State laws and implementing regulations, and shall apply to all faculty, staff and students as indicated.

This Patent Policy is effective on February 6, 2014 (“Effective Date”) and shall apply to all Patents and Inventions developed by faculty, professional staff or librarians employed by the University after the Effective Date, and License Agreements

executed by the University after the Effective Date. Inventions disclosed to the University prior to the Effective Date shall be subject to the Patent Policy in effect prior to the Effective Date. This Policy shall not amend any written agreement signed by the University prior to the Effective Date concerning an Invention.

## **I. University Responsibilities**

A. The Provost, or his/her designee, shall:

1. Provide oversight of the Patent and Invention Policy;
2. Assist in maintaining and updating the Patent and Invention Policy consistent with other University policies;
3. Execute, when appropriate, any contract concerning Inventions and Patents, including but not limited to, Assignments, Revenue Sharing Contracts, Material Transfer Agreements, and Confidential Disclosure Agreements.
4. Take appropriate action, to the extent solely determined by the University, to protect Patents, and maintain records related to such action.
5. Review and approve any modification to the form agreements created pursuant to this Policy, after consultation with University Counsel.
6. The Provost will make recommendations regarding Patents to the President whose decision shall be final.
7. Maintain executed documents, including but not limited to, Invention Disclosures, Assignments, Revenue Sharing Contracts, Material Transfer Agreements, Confidential Disclosure Agreements, determinations made by the Provost, and determinations made by the University's President.
8. In consultation with University Counsel, approve License Agreements.

B. The Deans of each College within the University, or their designee, shall:

1. Promote the development of research in a manner consistent with the University's objectives and mission;
2. Ensure faculty, staff and students adherence to the Patent and Invention Policy;
3. Ensure the submission of Invention Disclosures, Material Transfer Agreement and Confidentiality Agreement, and forward to the Provost.
4. Obtain Inventor's signature to the University's form of Assignment and Revenue Sharing Contract and forward to the Provost.
5. Collaborate with the Office of Research and Sponsored Programs concerning research contracts and grants with third parties that may affect Patents.

## **III. Faculty Responsibilities**

A. Faculty and staff who create Inventions shall:

1. Disclose to the Dean the creation of the Invention by using the Invention Disclosure Form;
2. Disclose to the Dean and Provost the existence of any research contracts between the University and any third party which may affect the Invention and Patent;

3. Comply with the Patent and Invention Policy, and other University policies and procedures, including those governing conflicts of interest;
4. Ensure that the University's form of Student Waiver is signed by all students assisting faculty and staff with their research;
5. Use during the course of their research and as applicable the University's form of Material Transfer Agreement, Confidential Disclosure Agreement, which have been developed in connection with this Patent and Invention Policy, and provide a copy to the Dean of their College;
6. Execute an Assignment and Revenue Sharing Contract in compliance with this Patent and Invention Policy, if requested by the University;
7. Cooperate with the University in the filing and prosecution of Patents and in legal actions involving claims of infringement.
8. Collaborate with the Office of Research and Sponsored Programs and/or the applicable Dean regarding licensing opportunities for the Invention and/or Patent.

### **Ownership of Intellectual Property**

- A. The University holds all right, title and interest in Inventions, whether patentable or not, that is embodied in: (i) an Invention, software or other creation that is the subject of a signed contract between the University and the employee; (ii) an Invention, software or other creation that is the subject of a signed contract between the University and a third party to fund or sponsor an employee's research, (iii) an Invention, software or other creation that is the result of work that the employee is specifically assigned by the University to perform as part of the employee's job duties; and (iv) the Invention is created with the use of University facilities or financial support.
- B. The University may decline to file or further prosecute a Patent of any Invention, and may assign its right, title and interest in the Invention or Patent to the Inventor conditioned upon such terms memorialized in a written agreement that are acceptable to the University.
- C. Inventors do and hereby shall assign their interest in the Invention to the University, and shall provide assistance and cooperate as requested by the University in order to file and prosecute any Patent for the Invention.

### **IV. Revenue from Intellectual Property**

#### **A. General Principles**

1. Net Revenues received from Invention and Patent shall be distributed in accordance with this Policy and negotiated by the University with third parties in a manner to encourage the development of Inventions within the University. Net Revenues may not include funds received from third parties for research.
2. University costs related to Patents, which may include but not be limited to, pre-patent expenses, patent prosecution, licensing, license maintenance, and patent infringement, shall be reimbursed from Gross Revenues before any Net Revenue is distributed to Inventor.

3. Revenue offered by third parties to Inventors to fund research must be declined if the receipt would violate Montclair State University's Policies, including but not limited to, Policies and Procedures on Financial Conflicts of Interest in Research.
4. Net Revenue shall be distributed in accordance with the schedule shown in Table I below.
5. Net Revenue may be distributed between the Inventors' Department, College or School and the University after consultation between the Provost, and Director of Budget and Accounting who shall make a recommendation to the President and the President's decision shall be final. Distributions to Departments, Schools or Colleges shall be made from the University's share of Net Revenue.
6. Net revenue shall be disbursed in accordance with the applicable license agreement. Inventors shall be permitted to review the University's books and records regarding the calculation and distribution of Net Revenue no more than one (1) time per year, upon reasonable notice to the Provost, and at the conclusion of the University's fiscal year. In the event there is a dispute regarding the calculation of Net Revenue, the dispute shall be resolved between the parties with the assistance of the University's Internal Auditor.
7. If there is more than one (1) Inventor, the Inventor's share shall be divided equally among all Inventors, unless the Inventors agree in writing to a different distribution in a form acceptable to the University.

Table I. Net Revenue Distribution from Inventions and Patents

Annual Net Revenue	Inventors' Share
First \$10,000	100%
\$10,001-\$500,000	50%
\$500,001 + Above	30%

#### B. Equity Holdings

The University may not accept or hold Equity in a Commercial Venture as revenue for Patent. However, the University's Vice President for University Advancement may, on behalf of the Montclair State University Foundation, Inc. ("Foundation"), accept Equity as consideration for the University entering into a License Agreement. The Inventor may not accept or hold Equity in a Commercial Venture as revenue for a Patent if doing so would violate this Patent and Invention Policy, the University's Policies and Procedures on Financial Conflicts of Interest in Research, and the ethical obligations of the State of New Jersey and University as State employees.

#### C. License Agreements

License Agreements must be negotiated by the Provost or designee, in consultation with University Counsel, and approved by the University's President. License Agreements may not be negotiated by the Inventor.

#### D. Distribution after Termination or Death

Any disbursements to Inventors after his/her death shall be assigned to the Inventor's heirs in accordance with his/her last Will and Testament or applicable law.

### **VI. Additional Provisions**

#### A. Research

The University may enter into a written agreement with a third party to fund the Inventor's research work, to permit the publication of research results, provide educational opportunities, and/or otherwise advance the public interest. Such research contracts shall contain terms acceptable to the University and may require the delay of publication for 90 days or more in order to provide sufficient time to permit the filing of a Patent application and protect the Invention.

#### B. Use of the University's Name

All written or broadcast material containing the University's name for advertising, marketing or other promotional purposes shall be submitted for approval to the University's Vice President for University Advancement prior to use of such material. This agreement allows the University to use the Inventor's name but must inform such Inventor of such use in advance.

#### C. Confidentiality

Research that is likely to result in a Patent shall not be disclosed to any third party without first ensuring that confidentiality will be maintained. Before disclosing his/her research, the Inventor shall obtain a third party's signature to the University's form of Confidentiality Agreement attached to this Policy. Any changes to the University's form of Confidentiality Agreement must be reviewed by University Counsel and approved by the Provost.

Inventors shall not enter into any written or oral agreement with any party other than the University to fund research that:

1. prohibits the Inventor from disclosing the existence of the agreement; or
2. prohibits the Inventor's ability to publish the results of his/her research with the third party's prior review; and
3. transfers, assigns or infringes upon the University's ownership of the Invention or Patent.

#### D. Avoidance of Financial Conflict of Interest and Conflict of Commitment

Potential conflicts of interest shall be addressed and resolved in accordance with the University's Policies and Procedures on Financial Conflicts of Interest in Research and University's policies governing the ethical responsibilities of State employees.

## **APPENDIX: Definitions**

**Commercial Venture:** A Commercial Venture shall mean any form of for-profit entity and may include but is not limited to a start-up company, limited partnership, joint venture, an entity that has obtained a License to an Invention or Patent and that the University and Inventor will be a partner, limited partner, member, or stockholder, corporation, general partnership, limited liability company, or limited liability partnership.

**Equity:** Equity shall mean ownership interest in a form acceptable to the University in consultation with the Inventor in a Commercial Venture and may include but not be limited to shares of common or preferred stock, options, convertible instruments, partnership, membership in a limited liability company, membership in a limited liability partnership, or any other instrument conveying ownership interest in a Commercial Venture.

**Gross Revenues:** Gross Revenues shall mean all Income received by the University from the Invention. Excluded from Income shall be funds received from a third party to sponsor research pursuant to a written agreement unless otherwise stated in such agreement, and maintenance fees received under the License agreement.

**Income:** Income is the revenue paid as consideration for a **License**. Income includes one-time payment or on-going revenues such as **License** fees, maintenance fees, minimum annual royalties, earned royalties, reimbursement of **Patent** expenses, and equity.

**Invention:** Invention is any new process, machine, composition of matter, life form, article of manufacture, software, work, or tangible property. It includes such things as new or improved devices, circuits, chemical compounds, drugs, genetically engineered bacteria, data sets, software, processes, or unique and innovative uses of existing Inventions. Invention is created when something new has been conceived or developed, or when unusual, unexpected, or non-obvious results have been obtained with an existing Invention which can be practiced for some useful purpose. Invention can be created by one or more Inventors, each of whom must have conceived of an essential element or have contributed substantially to its conceptual development.

**Inventor:** An Inventor shall mean a University faculty member, professional staff, librarian or employed student working with a faculty member who conceived of an essential element or contributed substantially to the conceptual development of an Invention. A person who reduces the Invention to practice (i.e., successfully uses the Invention in its intended manner) is not an Inventor unless he/she conceived of an essential element or contributed substantially to the conceptual development of the Invention.

**License:** A License is the right given by the University to a third party to make, use, or sell the Invention or Patent on an exclusive or non-exclusive basis and may, in the University's sole discretion, be conditioned upon payment of fees, royalties, or other income to the University.

**License Agreement:** A License Agreement shall mean a written agreement signed by the University and any third party to whom the University has granted a License for the Invention or Patent for which the University shall receive appropriate consideration.

**Net Revenue:** Net Revenue shall mean Gross Revenue less all expenses associated with the Patent, including but not limited to, pre-patent expenses, Patent prosecution, License, License Agreement, marketing, commercialization, research funds, maintenance fees, and infringement.

**Patent:** A registration in the United States or any foreign country of the Invention indicating its right to exclude all others from making, using, or selling the Invention. To obtain a Patent, the Invention must be novel, the Inventor's original work, useful and have qualitative benefit, non-obvious to one skilled in the art and/or have a practical application.

**Publication:** Public disclosure of an Invention in verbal or printed form.