

**WAYNE STATE UNIVERSITY**  
**PATENT AND COPYRIGHT POLICY**  
**AND**  
**COMPUTER SOFTWARE POLICY**

**Introduction**

More than 550 intellectual properties have been disclosed to the University by faculty and staff since the issuance of the University's current patent policy in 1984. A number of these technologies have been patented and licensed to new or existing companies and the University has received sponsored research support, licensing fees and royalties as a result. Such technology transfer activity benefits all parties - faculty, the department and the University - because it brings financial support and licensing revenue which is shared by all three stakeholders. In addition, alliances with industry strengthen the University's technology base and may result in future collaboration opportunities. Finally, successful commercialization of University innovation brings needed products to society and enhances the reputation of the University and its scientists.

Cooperation and coordination are required to expedite the transfer of innovations to industry and society. During the invention review process several key issues arise which affect the University's ability to protect and market faculty inventions. These problems can be avoided by remembering that:

- **Publications and other forms of public disclosure relating to patentable inventions should be avoided until the University has actually filed a patent application or otherwise protected the invention.** Inventions must be disclosed to the University for evaluation on a timely basis. Premature disclosure to persons outside of the University before a patent is sought can result in the loss of some or all patent rights. Public disclosure includes publications in academic journals, theses, grant and contract applications (when awarded), publication of abstracts, materials distributed on the web, and tapes and projected materials which are distributed or discussed at non-confidential meetings or conferences as well as informally among individuals.
- **Unique biological or other materials which have commercial value should not be transferred outside of the University (e.g., to industrial or academic scientists) without a Material Transfer Agreement (MTA) signed by the recipient scientist and an authorized representative of his or her organization.** Such material can be protected by carefully controlling its distribution by means of a signed MTA and then licensed as a proprietary property.
- **Use of third party material in making a WSU invention.** If you utilized proprietary material owned by outside organizations or individuals to make an invention at WSU, please note this on your invention disclosure form. Examples of such material are chemical compounds, cell lines, cDNA's, antibodies, transgenic animals, or computer source code.
- **All computer software must be reported to the University for an evaluation of patentability and commercial potential of the subject matter.** The University's policy regarding computer software represents an agreement between the University and AAUP on procedures for faculty to submit their computer software inventions to the University for review. Originators of software products are entitled to the same rights and benefits enjoyed by creators of other intellectual properties (e.g., they are entitled to a share of royalties).

The following sections provide basic information on the protection of ideas, inventions, discoveries, or computer software developed in the course of one's employment at Wayne State University. They also describe invention procedures and specific financial benefits to inventors whose work is commercialized.

A copy of the Invention Disclosure Form is available from the Technology Transfer Office. Please use this form when reporting inventions and return it to the Technology Transfer Office, 4032 Faculty/Administration Building (577-5541). Where applicable, the form must be accompanied by information about the funded project/proposal which led to the development of the invention. A review process will begin once the disclosure is received. This process includes a determination of ownership of the intellectual property; an evaluation of its scientific merit, patentability, and commercial potential; and establishment of a course of action to protect and license the property, if warranted. Software, once it is disclosed, will be subject to a similar evaluation.

Feel free to call the Technology Transfer Office at 577-5541 for assistance or additional information about this document or the invention review process.

## **PATENT and COPYRIGHT POLICY**

### **1.0 Preamble**

The basic mission of University research is the pursuit and utilization of knowledge, including the discovery of new ideas and information, and the application of knowledge to fundamental areas of social concern. In particular, University research has served as a critical source of new scientific, technological and social ideas and concepts which underlie major advances in industry and the quality of life. The constant flow of University-generated research ideas to new uses in industry and society is an essential requirement for economic growth and social well being.

Wayne State University has established a Patent Policy to support and stimulate the rapid transfer of useful knowledge to new social and economic applications. The specific objectives of this Policy are to:

- Expedite technology transfer and the dissemination of useful knowledge;
- Protect and balance the equitable rights of inventors, research sponsors, the University and the public;
- Support and stimulate further research and invention;
- Prevent improper exploitation of inventions or abuse of new information.

Wayne State University's Patent Policy is applicable to all full-time and fractional-time University employees. All such personnel are hereby required to comply with a University Patent Agreement which will detail the patent-related rights and responsibilities of the employee and the University. Except for instances in which the University has specifically waived its patent rights, the Patent Agreement requires reporting of all inventions made following the issuance of this Patent Policy, as provided for in procedures issued by the President. Patents shall be subject to the ownership provisions set forth in Section 2.0 (Ownership Rights) provided that applications for such patents were submitted following the issuance of this policy.

This Patent Policy applies only to patentable inventions. No inference in any form is to be made toward

applying this Patent Policy to traditionally copyrightable materials or Copyright Policy currently in force.

## **2.0 Ownership Rights**

Wayne State University recognizes that research and invention frequently involve complex relationships among several parties, including individual inventors, external research sponsors, and various units and departments of the University. This Section of the University Patent Policy is designed to clarify the rights to ownership of patents among these several parties and to provide guidelines for determination of ownership under various types of research arrangements.

### **2.1 Inventions Made without University Support**

Patentable inventions will be owned by individual inventors if the patentable invention was made or developed: [(1) without University support (including salary, funds, facilities, equipment or services not available to the general public); or (2) without the use of University funds (not including salary), facilities, equipment or services and outside the field of knowledge for which that individual is employed by the University;] and (3) independent of any terms or conditions specified by a sponsored research or contractual agreement which provide for assignment of patent rights to an external organization (see subsection 2.3). In general, patentable inventions made *without* University support, and thereby included in this subsection (2.1), must be initiated, and the work conducted and perfected while the inventor is outside normal University service, i.e. during an unpaid absence or unpaid summer periods. Under the aforementioned conditions, the inventor will report the invention to the University in accordance with procedures established by the President. If an invention was made without University support, the inventor will inform the University of the invention, and of his/her intention to apply for a patent. The University shall review and make a determination of whether University support was used to develop the invention. If it is determined that University support was not used in the development of the invention, the University will inform the inventor in writing within twenty (20) working days following the report of the invention, that the University acknowledges the inventor's ownership of the invention. The University may require a sworn statement that the invention was made without University support. In case of disagreement between the inventor and the University with regard to inventions described under the terms of this subsection (2.1), the dispute will be referred to the Patent Committee as provided for in Section 5.0. Ownership of patentable inventions by individual inventors under this subsection will be promptly reported to the Board of Governors.

### **2.2 Inventions Made with University Support**

Wayne State University will have right of first refusal to hold title to all patents which emerge from research that: (a) involves University support (as defined in subsection 2.1) and (b) is not conducted under the terms of a sponsored research agreement or contract which specifically requires patent ownership by an external sponsor (see subsection 2.3). Wayne State University will also have right of first refusal to hold title to all patentable inventions made by non-salaried personnel or other individuals affiliated with the University, if such inventions are made with support of University funds, facilities, or equipment. Title to patentable inventions made or developed under conditions described in this subsection will be assigned to the University by the individual inventor(s). The University may elect to waive its patent rights, following patent evaluation procedures established by the President. If the University elects to acquire title to an invention by assignment, the University will cover reasonable costs of the patent application, patent development, and related activities such as travel and attorney fees. Such costs will be a prior charge to any royalty income. Any decision by the University to either acquire or waive patent rights under this subsection must be rendered within four calendar months following receipt of the report of an invention. Acquisition, assignment, or waiver of patent rights under this subsection will be promptly reported to the Board of Governors.

### 2.3 Inventions Made Under the Terms of Sponsored Research Agreements and/or Contracts

In Public Law 96-517, “The Patent and Trademark Amendments of 1980”, the federal government has given non-profit organizations and small businesses right of first refusal to title in inventions made in the performance of government grants and contracts with some limited exceptions. This act clearly sets forth, as the objective of Congress, the utilization of the patent system “to effectuate the transfer of government-funded inventions to the public.”

Although it will be the general policy of Wayne State University to hold title to all patents emerging from sponsored research programs which utilize University facilities, equipment, services and/or staff, provision will be made for the assignment of patent rights to private sector sponsors under certain conditions. In particular, industrial sponsors may require the assignment of patent rights to the sponsor as a precondition for support of basic or applied research at the University. The Wayne State University administration may assign patent ownership right to private sector research sponsors. If the University elects to assign patent rights, such assignments will be explicitly stated in the sponsored research agreement and/or contract which is established between the University and the private sponsor. When assigning patent right to an external sponsor, University administration will ensure that University equity in privately sponsored research programs is fully protected. Such protection may include any or all of the following arrangements: (1) payment of an initial fee by the sponsor to the University in exchange for assignment of patent rights; (2) payment of a specified fee by the sponsor to the University for each patent emerging from the sponsored research program; (3) guarantee by the sponsor that the University will receive an equitable share of royalty income generated from patents which are assigned to the sponsor; and/or (4) requirement that the sponsor grant to the University a royalty-free license for use of the patent.

The specific arrangements itemized above represent attractive options that both protect University equity and return a benefit directly to the University research enterprise. In addition to these arrangements, other mechanisms whereby external research sponsors provide support for the University’s educational mission in exchange for waiver of patent rights may also be acceptable (e.g., establishment of student fellowship programs, contributions to the University endowment fund, support of endowed chairs, etc.).

Any such arrangements which protect the University’s interest in patents emerging from privately sponsored research will be made with the full knowledge of the principal University faculty researchers that are involved in the project. Such arrangements will also be explicitly stated in agreements and/or contracts established between the University and the external sponsor. All such contracts will be promptly reported to the Board of Governors.

### 2.4 Inventions Made Under the Terms of University Practice Plan Agreements

Wayne State University, or separate academic units within the University, may elect to establish Practice Plans whereby the professional, scientific and technical expertise of University personnel can be mobilized to provide applied research, testing and evaluation or other technical services for external organizations. The University will have right of first refusal to hold the title to all inventions developed under the terms of University Practice Plan Agreements, unless there is prior waiver of University rights to patent ownership as provided for in subsection 2.3.

## 3.0 Licensing Arrangements

Wayne State University will aggressively seek to license all patents to which it holds title. By mutual agreement with the inventor, the University may license or arrange for licensing of patents owned by individuals who are employees of the University. The administration may determine whether, under certain conditions, the

University will contract with a competent agency or firm for the licensing of certain patents. University administration will also determine whether University-owned patents may be licensed to University employees.

The University will cover necessary costs leading to licensing of patents, and such costs will be a prior charge against royalty income.

Disputes which may arise between the inventor and the University in connection with licensing of University-owned patents may be referred to the Patent Committee for resolution (see Section 5.0) at the request of either party.

Failure of the University to license an invention to which it holds title within 24 months following issuance of the patent will result in transfer of ownership of the invention to the inventor. However, in such cases, royalty income resulting from licensing of the patent shall be distributed as in Section 4.0.

### 3.1 Exclusive Licenses

The University administration may grant an exclusive license for use of University-owned patents to an external organization or to a University employee. Exclusive licenses typically will be granted for periods of ten years; they may include provisions for an option to renew the exclusive license for an additional seven years. In all cases where an exclusive license is granted for a limited period, the University will retain an option to revoke the license in the event that the licensee does not demonstrate due diligence in the exercise of the license.

### 3.2 Royalty-Free University License

In keeping with the University's mission to broadly disseminate new knowledge, and to protect the public interest, University administration will have the authority to retain royalty-free license rights for use of University-owned patents by the University.

## 4.0 Royalty Distribution

All Wayne State University patents which are licensed to external users or to University employees will return to the inventor and to the University an equitable royalty income. Gross royalty income returning to the University will first be used to repay all costs associated with patent development, patent application and licensing.

Following the deduction of such expenses, net royalty income will be distributed among the inventor(s) and other University units according to the following formula:

<u>Net Income</u>	<u>Inventor</u>	<u>Department</u>	<u>University</u>
Up to \$10,000	75%	15%	10%
Next \$90,000	50%	15%	35%
Next \$900,000	40%	15%	45%
Over \$1 million	35%	15%	50%

The inventor's share of royalty income shall be fixed according to the above formula. Modification of this formula with respect to the share allocated to departments and the University shall require approval of the Board of Governors following the recommendation of University administration.

The inventor's share of net royalty income returning from patents involving more than one inventor will be divided equally among the inventors unless a written request to provide for some other division is signed by all inventors and filed with a designated University office thirty (30) days prior to the first payment of net royalties.

The University's share of net royalty income will be deposited in a University Research Stimulation Fund to support and stimulate further research, invention, patent development, and technology transfer. Academic departments will also utilize their share of royalty proceeds to support research programs.

In the event that an inventor (or co-inventor) terminates his/her employment at Wayne State University for any reason, the inventor's share of royalty income will continue to be paid to that inventor (or co-inventor). If an inventor (or co-inventor) dies, the inventor's share of royalty income will be paid to the heirs and beneficiaries of the deceased. Upon employment termination, or in the event that an inventor (or co-inventor) dies, the University's share of royalty income will continue to be paid to designated departmental and University accounts at Wayne State University. The departmental and University shares of royalty income may not be transferred to any other institution, organization or individual in the event of an inventor's (co-inventor's) employment termination or death.

Furthermore, any equipment or other resources purchased from the departmental or University shares of royalty income will remain the property of Wayne State University, and will not be transferred to another institution, unless written approval of such transfer is obtained from University administration.

## **5.0 Patent Committee**

If there is a question as to the ownership of an invention or patent under the provisions of Section 2.0, the matter shall be referred to a committee of persons from the University community to be named by the President of the University. The Committee shall be chaired by the Vice President for Academic Affairs or his/her designee. At least one-half of the Committee members shall be members of the academic faculty of the University selected by the President from a list of names submitted by the Academic Senate. The list of names submitted by the Academic Senate shall include twice as many names as the total number of academic faculty members that are to be included on the Committee. The Committee shall make a careful investigation of the circumstances under which the invention was made and shall transmit its findings and recommendations to the President.

Disputes pertaining to the licensing of University-owned patents under Section 3.0 shall also be referred to the Patent Committee. The Committee shall review efforts to license the invention and transmit its findings and recommendations to the President.

Disputes pertaining to the waiver of University patent rights shall be referred to the Patent Committee at the request of the faculty member. The Committee shall review all aspects of the specific dispute and transmit its findings and recommendations to the President.

## **6.0 Other Provisions**

### **6.1 Private Consulting**

Consulting activities by employees of Wayne State University are subject to regulation under existing statutes, contractual agreements and such executive orders and administrative regulations as may be issued to implement existing statutes.

## 6.2 Waiver of University Patent Rights in Consulting or Temporary Employment Arrangements

The increasing necessity for complex relationships among universities, private industry and the public sector has heightened national sensitivity to the potential for conflicts of interest which may arise when university personnel are engaged in fee-for-service or equivalent activities with external organizations. Wayne State University wishes to encourage and promote university-industry linkages and the emergence of new technology-based industries, while simultaneously avoiding real or perceived conflicts of interest which might ultimately impair the University's basic mission and detract from its role in society. As a constitutionally autonomous public institution, Wayne State University has an obligation to ensure that its officers, faculty, staff and others acting on its behalf avoid ethical, legal, financial, or other actual or perceived conflicts of interest, and to ensure that the activities and interests of such individuals do not conflict with their obligations to the University or its well-being. The guidelines set forth in this subsection (6.2) are intended to preserve and protect the University's mission and social obligations, to maintain institutional independence and integrity, to assure impartiality and to keep the public trust.

Full- and fractional-time faculty who enter into private consulting relationships or temporary employment arrangements with private external organizations which require employee assignment of patent rights to the external organization shall inform the University of this required assignment. The University, upon verifying the appropriateness of the consulting relationship or temporary employment arrangement, will inform the faculty member in writing that the University has no objection to the assignment of patent rights to the external organization in question, except under provisions described in subsection 6.3, or where either of the following conditions apply:

The faculty member is a stockholder, officer, and/or member of the governing board of that organization (see Section 7.0); or

The faculty member is permitted, *via* contractual agreement, to realize significant financial gain (i.e., monetary return that exceeds a nominal or token amount) as a result of patents assigned to external organizations.

Waiver of University patent rights under conditions described in this subsection (6.2) shall be conditional upon a review of the potential for conflict of interest in each individual case, and a determination by University administration that such conflicts do not exist or can be avoided through special arrangements.

All requests for waiver of University patent rights under this subsection shall be approved or disapproved within ten (10) working days following receipt of the request. Disapproval by University administration of a request for waiver of patent rights shall be accompanied by a written explanation. Denial of University patent right waiver under this subsection (6.2) shall be referred to the Patent Committee at the request of the faculty member, for determination as provided for in Section 5.0.

## 6.3 Waiver of Patent Rights During Consulting while Participating in a Federally Sponsored Research Program

Public Law 95-517, "The Patent and Trademark Amendments of 1980", grants to universities the right of first refusal to hold title to inventions emerging from federally sponsored research projects (see subsection 2.3). Faculty members who receive federal support for research are obligated to protect the public interest in federally sponsored research by honoring the first refusal rights of Wayne State University. Working with an

external organization in the same general research area as work being supported by federal funds and administered through the University does not necessarily constitute a conflict of interest. However, in situations where a faculty member is engaged in federally sponsored research in a specific research problem area and expects to enter into a private consulting relationship in that same specific research problem area, and where, in the judgment of that faculty member, there is a reasonable likelihood that inventions or ideas which emerge in the course of the federally sponsored project might be “reduced to practice” or otherwise developed during the consulting relationship, it shall be the duty of that faculty member to request a written waiver of University patent rights before assigning patent rights to the private external sponsor of the consulting relationship. Wayne State University will normally grant such requests for waiver of patent rights provided that the proposed consulting relationship: (1) follows established guidelines for faculty consulting; (2) does not constitute an actual conflict of interest; or (3) does not fall under the provisions of subsection 6.2. Requests for waiver of University patent rights described in this subsection will be reviewed and acted upon within ten (10) working days following their receipt by a designated University office.

#### 6.4 Restrictions on the Public Dissemination of Knowledge

Wayne State University will not enter into sponsored research agreements and/or contracts which include provision for assignment of patent rights to the external sponsor if such agreements totally preclude publication and/or dissemination of research results gathered during the course of the sponsored program. All exceptions to this policy will require prior approval by the Board of Governors following the recommendation of University administration.

University administration will have the authority to approve sponsored research agreements and/or contracts which require a reasonable delay in the public dissemination of research results, including a reasonable delay in publication, the delivery of lectures or seminars, and the release of other materials or devices which broadly disseminate information. For purposes of this policy, a reasonable delay is defined as a delay of no more than one year following submission of publishable material to the research sponsor, or six months following termination of the research contract, whichever time period is of shorter duration.

#### 6.5 Administration and Procedures

Administrative systems and procedures to implement this Statute shall be issued by the President of the University.

#### 7.0 Definitions

*Application* (patent) — Complete papers submitted to the United States Patent and Trademark Office seeking a patent, including specifications, claims, drawings and the filing fee.

*Assignment* — Written contract that transfers title to and interest in an invention, patent, or patent application. An assignor conveys title, an assignee receives title.

*Consulting* — See definition in statutes establishing the University’s consulting policies and executive orders implementing those statutes.

*Disclosure* — Written description explaining the novelty and importance of an invention to another person. The term also refers to the drawings and descriptions furnished with the patent application and found in the patent.

*Exclusive License* — An agreement granting to one party sole (exclusive) rights to use an issued patent,

with the licensor giving up rights to offer or give a license on that patent to any other party.

*Fractional-time Employees* — Academic personnel employed fifty percent (50%) time or more at Wayne State University [but less than one hundred (100%) time] are considered to hold fractional-time service positions.

*Invention* (patentable) — A novel and useful solution to a problem, including solutions relating to processes, machines, articles of manufacture or compositions of matter. The invention, which may embody a new idea or the improvement of a pre-existing approach, is generally not obvious to a person skilled in the pertinent art.

*License* — An agreement granting to another party the right to make, use and sell a patented invention without the transfer of title to the patent. A licensor grants the license; a licensee receives the license.

*Net Royalty Income* — Gross royalties minus direct costs of patent application, licensing, legal and other expenses related to patent application and licensing.

*Non-Salaried Personnel* (or other individuals affiliated with the University) — Includes but is not limited to, hourly personnel, part-time, volunteer, adjunct, cooperating and visiting faculty, as well as undergraduate, graduate and postdoctoral students.

*Patent* — A grant from the U.S. Government giving the owner of an invention the right to exclude all others from making, using, or selling the invention within the United States, its territories or possessions, for 20 years. Patent protection in a foreign country is governed by the individual patent laws of that country.

*Practice Plan* — An arrangement between an employer and professional personnel which specifies terms and conditions under which those personnel may receive compensation for external consulting activities. Frequently, practice plan arrangements provide some organizational services to support remunerated external activities, in exchange for which professional personnel return some specified portion of their remuneration to the employer.

*Private External Organization* — Private corporations, copartnerships, unincorporated associations, or trusts.

*Publication* — Any disclosure in a form which is readily accessible or distributed to the public.

*Report of Invention* — Written description explaining the general nature of an invention to another person. The report should include the approximate date or time during which the invention was developed, and the general circumstances surrounding the development of the invention.

*Royalty* — Payment to the owner of an invention for use of that invention, frequently in the form of a stated percentage of sales.

*Royalty-free* — A license wherein the licensee is not required to pay royalties to the owner of an invention under specified conditions.

*Stockholder* — For purposes of this policy, stockholder shall be defined according to guidelines established by the State of Michigan, Conflict of Interest Statute, i.e., ownership of more than one percent of the

total outstanding stock of any class where such stock is not listed on a stock exchange, or stock with a present total market value in excess of \$25,000 where such stock is listed on a stock exchange.

*Unpatentable* — An invention not involving sufficient departure from pre-existing knowledge in the art, or that for some other reason is not the proper subject matter of a patent, but may nonetheless comprise a valuable trade secret.

## **8.0 Copyright**

Generally, the members of the University faculty and staff shall retain all rights to copyright in published works which they have authored as a part of their traditional scholarly pursuits. However, in cases where persons are employed or directed within the scope of their employment to produce specific works subject to copyright, the University shall have the right to publish such works without copyright, or to copyright it in its own name. When this occurs, the copyright may be subject to contractual arrangements between the University and the personnel involved. In those cases where the author requests the use of University facilities and/or the participation of University personnel, arrangements should be made through the administrative staff in advance with respect to the assistance which may be appropriately given and the equity of the University in the finished work.

*Adapted from Statute No. 2.41.04.010 – 2.41.04.640*

## **COMPUTER SOFTWARE POLICY**

It is agreed that bargaining unit members shall report to the University the creation of all computer software that is patentable and has potential commercial value for a patentability determination and a decision as to whether the University wishes to exercise its ownership rights of patentable inventions.

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