



**UNIVERSITY POLICY**

**~~RUTGERS POLICY~~**

**Section:** ~~50.3.1~~

**Section Title:** ~~Legal Matters~~

**Policy Name:** ~~Patent Policy~~

**Formerly Book:** ~~6.4.1~~

**Approval Authority:** ~~President~~

**Responsible Executive:** ~~Executive Vice President for Academic Affairs~~

**Responsible Office:** ~~Office of Academic Affairs~~

**Originally Issued:** ~~9/14/1962~~

**Revisions:** ~~4/1996; 7/1/2013 (Update Approval Authority)~~

<b><u>Policy Name:</u></b>	Patent Policy				
<b><u>Section #:</u></b>	<u>50.3.1</u>	<b><u>Section Title:</u></b>	<u>Governance &amp; Legal Matters: Legal Matters</u>	<b><u>Formerly Book:</u></b>	<u>6.4.1</u>
<b><u>Approval Authority:</u></b>	<u>President</u>		<b><u>Adopted:</u></b>	<u>09/14/1962</u>	<b><u>Reviewed:</u></b> <u>06/10/2020</u>
<b><u>Responsible Executive:</u></b>	<u>Senior Vice President for Research and Economic Development</u>		<b><u>Revised:</u></b>	<u>04/1996; 07/01/2013 (Update Approval Authority); 06/10/2020</u>	
<b><u>Responsible Office:</u></b>	<u>Office of Research and Economic Development</u>		<b><u>Contact:</u></b>	<u>Associate Vice President, Innovation Ventures</u>	

**1. Policy Statement**

This policy sets forth the University's patent policies for all Legacy Rutgers personnel, including faculty, employees, and students.

**2. Reason for Policy**

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To provide guidelines to assist the University's administration of inventions and patents.

### **3. Who Should Read This Policy**

All Legacy Rutgers personnel.

### **4. Resources**

University Policy 60.3.2: Outside work for Non-Academic Employees

[University Policy 60.5.8: Conflicts of Interest – Faculty Professional Activities Outside the University and Outside Employment for Academic Personnel](#)

[University Policy 60.5.9: Faculty or Staff Involvement with Commercial Enterprise – Contracts with the University](#)

Public Law 96-517, Bayh-Dole Act

### **4.5. Definitions**

**Gross Revenue:** All monetary consideration received by the University in exchange for licensing rights to use an invention which it owns.

**Surplus Adjusted Revenue:** Cumulative surplus Adjusted Revenue pro rata per invention.

**Responsibility Center Management (RCM) Centers:** The School, Research Unit, Bureau Center, Institute, or Department in which the research that resulted in the subject invention was conducted and funded.

### **6. The Policy**

#### **50.3.1 PATENT POLICY OF RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

The Patent Policy of Rutgers, The State University of New Jersey, was adopted by a resolution of the Board of Governors in 1962. It was amended in 1974, 1986, ~~and 1996~~, and 2020.

- A. Scope and Applicability. Rutgers, The State University of New Jersey is dedicated to the principle of service in the public interest, to excellence in education at all levels, and to the advancement of knowledge through research and scholarship. Some knowledge can be reduced to practice as useful inventions that directly benefit the public. It is the University's intent to make these inventions available to the public at the earliest possible time, using means appropriate for a publicly supported institution to recognize and reward its inventors and research sponsors as well as serve its own interests. This policy is designed to promote a spirit of inquiry, encourage creative activity, and enhance the University's educational and research missions to benefit the economy of New Jersey and the public Rutgers serves.

Effective July 1, 1996, this policy shall apply to all instructional, research, and administrative units of the University, and to the following individuals and conditions. The persons identified in (1), (2), and (3) below shall abide by this patent policy as a condition of employment or study.

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1. All University personnel that are legacy Rutgers personnel, including but not limited to members of the faculty and staff holding appointments at or employed by the University, persons holding any form of research appointment, visiting professors or visiting scientists with or without salary, undergraduate and graduate students, graduate assistants, teaching assistants, and post-doctoral fellows.
  2. All other persons with inventions that result in whole or in part from use of University facilities or resources.
  3. In the event that any person to whom this policy shall ordinarily apply is subject to an agreement or policy elsewhere under terms which prohibit assignment of patent rights to the University, it shall be the obligation of that person to so inform, through his/her academic superordinates, the Senior Vice President for Research and Economic Development~~Graduate and Professional Education~~ or his or her designee before entering upon a program of study at, entering the employment of, accepting any form of support from, or using the facilities of the University. Upon such notification, the University will enter into a specific, written agreement respecting the rights and obligations of each involved party in regard to patentable discoveries. In the absence of such written agreement, the provisions of this policy shall apply.
  4. University faculty and staff who have reached an agreement with the Office of ~~Corporate Liaison Technology Transfer~~Research Commercialization to pursue inventions not owned by the University, and in which they have full rights. In return for this service, the individual will be required to assign to the University his/her rights to the invention, which then will be administered as all other inventions subject to this policy.
- B. Requirement to Disclose and Assign Rights to the University. This policy shall not be construed so as to infringe upon the rights of all persons connected with the University freely to pursue research and publish the results obtained. However, it is the obligation of the inventor to disclose his/her invention or discovery, including improvements and reductions to practice, to the University in accordance with this policy before disclosure is made of research results by publication or through any other medium.

Hence, any person identified in Section A who conceives or makes or reduces to practice an invention or discovery during the course of, or related to his/her University activities shall promptly, before he/she discloses the same to the public and soon enough to permit timely filing of a patent application in the United States and in foreign countries, disclose the invention, discovery, improvement, or reduction to practice to the ~~Director of the Office of Corporate Liaison and Technology Transfer~~Associate Vice President, Innovation Ventures at the Office of Research Commercialization or his/her designee. All persons who are subject to this policy are required to assign their individual rights to inventions, discoveries, improvements, and reductions to practice to the University, including, without limitation, United States and foreign patent rights and the right to claim priority under the terms of any international patent agreement. In the event that such a person's invention, discovery, improvement, or reduction to practice arises out of an agreement between the University and another party, then that person will be bound by the terms of that agreement.

University employees shall be mindful of University ~~Policies Regulations~~ involving Professional Activities Outside the University and Outside Employment, as these policies regulations relate to the obligation of employees to disclose and assign rights to

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inventions and discoveries to the University. University employees, who as participants in allowable consulting activities are required to enter into agreements concerning intellectual property, may have these agreements reviewed by the Associate Vice President, Innovation Ventures at the Office of Research Commercialization or his/her designee~~Director of the Office of Corporate Liaison and Technology Transfer~~ to be certain such agreements do not inappropriately assign University rights to third parties. However, this review is mandated if an agreement is required of an employee for a consulting activity that is related to specific research conducted at the University or with University facilities or resources by the employee or by others under the employee's direction. In no case will University employees assign to others rights to any invention or discovery which has been conceived or reduced to practice in whole or in part using University facilities or resources. This prohibition will apply to work performed under all consulting agreements, unless the University is party to an agreement and has specifically agreed to such an assignment.

Laboratory notebooks and all other documents pertaining to research activities are the property of the University. These records are necessary for the University to document an invention or discovery and to support a related patent application.

- C. Return or Assignment of Rights. If the University elects not to file a patent application or otherwise protect or commercialize information which has been disclosed to the University ~~on or following the effective date of this, the 1996 amendment of the University Patent Policy~~, this decision will be communicated promptly to the person who made the disclosure. If such person, or if any other person requests that the University permit him/her to file such a patent application or to have assigned to him/her the University's rights, the University may, at its sole discretion and under conditions it deems appropriate, grant such permission and assign or license to such person or persons some or all of its rights to such information and to inventions deriving therefrom. In exercising its discretion, the University shall take the following items into account: the public interest; the interests of sponsors, including the provisions contained in an agreement with a sponsor executed prior to the initiation of the research activity which led to this discovery; the interests of the inventor and the University; and such other considerations as it deems appropriate. In every case, the University will retain a non-exclusive, royalty-free license to practice the invention for internal University purposes.

If the University elects to contract for outside evaluation, protection, or commercialization of a disclosure, this decision will be communicated promptly to the person who made the disclosure. Moreover, the person who made the disclosure periodically will be briefed by the Associate Vice President, Innovation Ventures at the Office of Research Commercialization or his/her designee~~Director of the Office of Corporate Liaison and Technology Transfer~~ on the strategy and progress of the outside contractor in meeting its obligations under the contract.

- D. Reservation of Rights in Sponsored Research. Ownership of patents arising from work sponsored by Federal agencies shall be subject to the provisions of Public Law 96-517, the Bayh-Dole Act as amended, other applicable law, and the provisions of this patent policy. The Bayh-Dole 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," and gives nonprofit institutions a right of first refusal to title in inventions resulting from research performed with the support of Federal contracts and grants.

Ownership of patents arising from work funded by other external sponsors shall be subject to specific provisions contained in research proposals and agreements with those sponsors which have been executed by an appropriately authorized individual in accordance with University regulations.

- E. Licensing of Rights to Inventors. Rutgers' faculty, staff, or student inventors may request a license to develop commercially their University-owned inventions where such licensing will enhance the transfer of the technology, is consistent with University obligations to third parties, and does not involve an impermissible conflict of interest.
- F. Distribution of Licensing Income.
  - 1. The University will share with inventors revenue which it receives on patents according to a schedule of distribution designed to recognize the inventor's creativity, the academic unit as an innovative environment, and the administrative leadership necessary for inventions to be commercialized successfully. The University reserves the sole right to enter into licensing agreements concerning income on inventions, discoveries, improvements, reductions to practice and related intellectual property that enhance the mission of the University and serve the people of New Jersey. These agreements may include terms, such as nonexclusive and royalty-free, which could influence or even obviate licensing income. The University also may contract for outside patent management, and any share of income to a patent management organization will be deducted before revenues on patents for distribution are calculated. All monetary consideration received by the University in exchange for licensing rights to use an invention which it owns ("Gross Revenue"), shall be subject to the following distribution schedule:

DISTRIBUTION OF RUTGERS' LICENSING INCOME

Steps

Distribute the inventor's share of Gross Revenue. Effective July 1, 2020, Gross Revenue will continue to be distributed to the inventor(s) as described below. This distribution protocol will remain in effect until replaced by a new negotiated protocol that is approved by the President of Rutgers University.

a. Distribute the first \$5,000 of Gross Income to the inventor. This distribution is in recognition of individual creativity and inventorship.

b. ~~Then, deduct expenses directly assignable to the specific patent and are not paid by a licensee to arrive at Net Income.~~

~~These expenses include patent filing, prosecution and maintenance fees, and marketing and litigation costs incurred in commercializing and defending the specific invention.~~

b.e. ~~\_\_\_\_\_~~ Distribute the remainder of the GrossNet Income as indicated below:

	<u>First \$100,000</u>	<u>Above \$100,000</u>
Inventor*	25%	28%
University/OCLTT	25%	32%
Research Unit**	40%	30%
Department***	40%	5%
Dean/Director	—	5%

c. Then, distribute five percent (5%) of the remaining Gross Revenue to the early stage licensing accelerator fund established by the Office of Research and Economic Development to arrive at Adjusted Revenue.

d. The Adjusted Revenue shall first be used to pay operating costs attributable to the Office of Research and Commercialization.

e. Then, at the end of each fiscal year, all Surplus Adjusted Revenue remaining after Step bd. above shall be distributed *pro rata* per invention as follows:

<u>Surplus Adjusted Revenue</u>	<u>First \$1M</u>	<u>Above \$1M</u>
<u>Office of the President</u>	<u>10%</u>	<u>10%</u>
<u>Office of the Chancellor</u>	<u>30%</u>	<u>28%</u>
<u>RCM Center</u>	<u>30%</u>	<u>28%</u>
<u>Department</u>	<u>30%</u>	<u>28%</u>
<u>Office of Research &amp; Economic Development</u>	—	<u>6%</u>

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“Surplus Adjusted Revenue” shall mean cumulative surplus Adjusted Revenue pro rata per invention.

The inventor may, at his/her option at the time of annual distribution of these funds, deposit in University account all of part of the inventor’s share to support his/her research in his/her research unit. The inventor’s personal share shall survive termination of affiliation with the University and, in the event of death of the inventor, shall pass to his/her estate.

The Responsibility Center Management (RCM) Centers are defined as the School, Research Unit, Bureau Center, Institute, or Department in which the research that resulted in the subject invention was conducted and funded. The Chancellor shall have discretion to define the applicable schools, units, and departments for purposes of revenue distribution. Primary consideration in the allocation of these funds shall be given to the support of the inventor’s research with the approval of the appropriate Dean, Vice President, or Chancellor.

The staffing and expenses of the Office of Research Commercialization will be evaluated on an annual basis by the Senior Vice President for Research and Economic Development in consultation with the Executive Vice President for Finance and Administration and University Treasurer, The Chancellor of Rutgers Biomedical and Health Sciences (RBHS), and the Chancellor of New Brunswick.

~~\*NOTE: The inventor may, at his/her option at the time of annual distribution of these funds, deposit in a University account all or part of the inventor's share to support his/her research in his/her research unit. The inventor's personal share shall survive termination of affiliation with the University and, in the event of death of the inventor, shall pass to his/her estate.~~

~~\*\*NOTE: Research unit is defined as Bureau, Center, Institute or Department in which the research that resulted in the licensed invention was conducted and funded.~~

~~\*\*\*NOTE: In some cases the research unit and the department are identical. Thus, the distribution could be 50% to a single unit.~~

In the absence of a specific agreement to the contrary filed with the Associate Vice President, Innovation Ventures at the Office of Research Commercialization~~Director of the Office of Corporate Liaison and Technology Transfer~~, the University will distribute licensing income 1) equally among multiple inventors, and 2) equally among all income-producing patents covered by a single license.

Before filing for a patent, the Associate Vice President, Innovation Ventures at the Office of Research Commercialization~~Director of the Office of Corporate Liaison and Technology Transfer~~ will consult with the inventor and with the Chair/Director of all units in which the inventor is budgeted or affiliated to attempt to determine the relative contributions of the different units, and precisely where the research that resulted in the invention was conducted and funded. The Associate Vice President, Innovation Ventures~~Director~~ will then use this information to determine the appropriate research unit and/or department to which to distribute licensing income.

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The ~~Associate Vice President, Innovation Ventures Director~~ may modify the distribution of licensing income in the event of new information relating to inventorship or other extraordinary circumstances that require a change in distribution to avoid an inequitable result.

The allocations of licensing income to research units and departments are intended to recognize and reward these units and departments for providing an environment that fosters creativity and inventorship. However, in using licensing income, Directors and Chairs are advised to consider the contributions made by individual faculty members to the generation of this income. Allocations of licensing income to research units and departments generally will remain unchanged should the inventor relocate within or outside the University, and in the event of death or retirement of the inventor. Should a research unit or department receiving licensing income be disestablished, its share of licensing income will be assigned to the University.

In the case of a patentable discovery made jointly by Rutgers' personnel and personnel from an external organization or institution or an individual inventor without institutional affiliation, distribution of licensing income will be governed by the terms of any contractual agreement entered into by the University upon the initiation of the activity which led to the patentable discovery. In the absence of such a contractual agreement, the ~~Associate Vice President, Innovation Ventures at the Office of Research Commercialization Director of Corporate Liaison and Technology Transfer~~ will negotiate an agreement concerning the distribution of licensing income.

2. Licensing income received from disclosures and patents on or after the effective date of ~~this~~, the 1996 amendment to the University Patent Policy, ~~from disclosures and patents received prior to the effective date of this, the 1996 amendment~~, will be distributed as set forth in Paragraph F(1) above. However, expenses incurred prior to the effective date of this, the 1996 amendment, will not be deducted unless permitted under the previous policy. In cases where some distribution has been made to an inventor under the formula previously in effect, but these disbursements to the inventor are less than \$5,000, the inventor's share of future income will first be increased to \$5,000 without deduction for expenses, and income then will be distributed on a net basis as set forth in Paragraph F(1) above. Questions concerning the pattern of distribution of licensing income or requests for an interpretation of any of the above provisions shall be directed to the Vice President for Research and Graduate and Professional Education, who may consult with the Research Advisory Board, or the Patent Policy Advisory Committee of the Board.

- G. Equity Holdings. The University has the right, at its sole discretion and under conditions it deems appropriate, to enter into agreements involving equity. The terms of agreement involving equity and the distribution of income on equity will be negotiated by the ~~Director of the Office of Corporate Liaison and Technology Transfer~~ Associate Vice President, Innovation Ventures at the Office of Research Commercialization for review and approval by the Senior Vice President for Research and Economic Development ~~Graduate and Professional Education~~ and the ~~Executive Senior Vice President for Finance and Administration and University Treasurer~~ or their designees.

- H. Patent Policy Advisory Committee. The Research Advisory Board will, as and if necessary, establish and appoint a Patent Policy Advisory Committee of the Board. It

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shall be the responsibility of this Committee to advise the Senior Vice President for Research and Economic Development Graduate and Professional Education or his or her designee on the interpretation and enforcement of this policy, amendments to this policy, the resolution of disputes on patent matters including inventorship and ownership, and such other matters as the Senior Vice President for Research and Economic Development Graduate and Professional Education or his or her designee may deem appropriate.

The Senior Vice President for Research and Economic Development Graduate and Professional Education shall have final and binding authority to interpret and enforce this patent policy, and to resolve any disputes under this policy.

- I. Timeliness of Decisions. The University shall make every reasonable effort to act expeditiously under the circumstances in arriving at all decisions under this policy. From the time of disclosure, inventors will work in close collaboration with an assigned patent administrator who will monitor progress of the invention through the University process. Under normal circumstances an inventor can expect an initial response to a disclosure from the administrator within 60 days. Appeals for action on a basis of timeliness may be made as needed by the inventor.

Note 1: Under a policy adopted by the Research Advisory Board in December 1975 and approved by the Office of the President, in the case of industrially-sponsored research the University and the Principal Investigator may agree in advance to assign patent rights to the sponsor in exchange for a "premium" indirect cost rate which is calculated at approximately double the normal indirect cost rate. In such cases, the entire monetary difference between the normal and the premium rates is distributed to the research unit and/or department in which the research is conducted and funded, and in which the Principal Investigator holds his/her appointment.

Note 2: Under a definition adopted by the Patent Policy Advisory Committee of the Research Advisory Board in June 1996 and approved by the Senior Vice President for Research and Economic Development Graduate and Professional Education, Research Unit as used in Section F., Distribution of Licensing Income, will include all duly constituted centers, such as, but not limited to, the Center for Advanced Food Technology and the Center for Biomaterials and Medical Devices, which obtain outside funding that is distributed in support of research managed by center personnel and performed by teams of researchers who are affiliates of the centers in various departments.