



University Staff (non-bargaining unit faculty and employees)

| SUBJECT (R*) | EFFECTIVE DATE (R*) | POLICY NUMBER (O*) |
|------------------------|---------------------|--------------------|
| INVENTIONS AND PATENTS | July 2005 | 2390.001 |

POLICY STATEMENT (R*)

This policy applies to all faculty and staff at Florida International University. This policy also applies to FIU students who are FIU employees, students working on a sponsored project, and students who have used University financial resources in arriving at the Invention (other than for lecture-based coursework).

University Ownership

As a condition of the University’s provision of employment, services, facilities, equipment or materials to the Inventor, the University acquires and retains title to all Inventions made within the scope of University employment or research, or created with University Support or made in the field or discipline in which the Inventor is employed by the University.

Independent Efforts

All Inventions made with Independent Efforts are the property of the Inventor, who has the right to determine the disposition of such Inventions and revenue derived from such Inventions except for the following. The University will not require assignment of interests for any Invention made with Independent Efforts unless (a) the Invention is related (i) directly to the business of the University, or (ii) the University's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the University. Nonetheless, the Inventor and the Vice President for Research (or designee) may agree that the patent for such Invention be pursued by the University and the proceeds shared between the University and the Inventor.

Inventions Arising from Sponsored Research

Inventions resulting from research funded wholly or in part by an outside sponsor are subject to this policy as modified by the provisions of the research agreement covering such work with the sponsor. Employees engaged in sponsored research are bound by the provisions of the agreement(s) between the University and the sponsor.

Title to any inventions conceived or first reduced to practice in the course of research supported by Federal agencies, industry, or other sponsors generally vest in the University.

Industry supported research is valued by the University when it embraces a proper balance between the University's educational mission and industry's quest for the development of commercial products, processes, and services. In research agreements with private or industry sponsors, the University normally may agree to grant the industry or private sponsor an option to obtain a license to inventions conceived or developed as a result of the sponsored project, the terms of which are subject to mutual agreement between the University and the private or industry sponsor when an Invention is disclosed. However, in rare cases, there may be justification for deviating from this policy and for granting a private or industry sponsor a right greater than an option to inventions developed as a result of the sponsored research. Examples of such rare cases are if the University’s involvement in a privately sponsored project is such that no invention will result (such as a project where the University’s involvement is testing of the sponsor’s already-existing equipment with no modifications or additions to such equipment) or the private sponsor may possess a dominant patent position in a certain technology area such that an invention will not result and any patent the University might seek would be of little or no value. For these or other reasons, an exception to the University title policy may be approved by the Vice President for Research when to do so will not contravene the general principles of this policy, protect the equities involved, and satisfy the requirements of the parties.

Laboratory Notebooks

Inventors are cautioned to maintain accurate, timely and witnessed laboratory notebooks, as they are helpful in preparing an invention disclosure (described below) and may be crucial for the resolution of a dispute as to who first conceived or created an invention. It is an expectation that all faculty and staff engaged in original research and inquiry create and maintain contemporaneous accurate records which are witnessed and dated in a routine and systematic matter according to their respective disciplines. These documents should be kept in a manner that allows verification by audit of the timing and content of the information contained therein.

Required Disclosure and Assignment

- Inventors shall fully, completely and promptly disclose to the Office of the Vice President for Research all Inventions which the Inventor develops or discovers:
- while an employee of the University; or
- within the employee's field or discipline;
- related directly to the business of the University, or
- related to the University's actual or demonstrably anticipated research or development; or
- resulting from any work performed by the employee for the University; or
- by using University Support; or
- while working on a University supported research project.

The form to be used for invention disclosures is available at www.research.fiu.edu. The Inventors shall cooperate with the Office of the Vice President for Research during the invention review and analysis process, and the patent application and commercialization process, if applicable. A complete disclosure is essential for accurate technical evaluation of the Invention, assessment of its commercial feasibility, and determination of its patentability. Moreover, it may be used in preparing a patent application, if it is determined that patent protection will be pursued. Additionally, where dated and witnessed laboratory notebooks are not available, the disclosure serves as proof of the Invention's conception and may help to determine, in any controversy, who first conceived or made the Invention.

If an Inventor is unsure whether an Invention would be University-owned (i.e., an invention arising out of Independent Efforts), the Inventor should nonetheless disclose the Invention to the Office of the Vice President for Research, providing all relevant facts necessary to make the determination of whether the invention is university-owned or not. The Office of the Vice President for Research shall advise the Inventor as promptly as possible whether it appears that the Invention should be regarded as University-owned.

Upon the University's request, the Inventor(s) shall assign his/her/their right in a University-owned Invention, to a third party designee such as an invention management agency designated by the University, or to the sponsor if required by an agreement governing the research. Inventors shall execute documents of assignment and do everything reasonably required to assist the assignee(s) in obtaining, protecting, and maintaining patent or other proprietary rights. At no time, shall the Inventor(s) commit any act which would tend to reduce or defeat the University's interest in the Invention. The Inventor(s) shall take all necessary and reasonable steps to protect the University's interest in the Invention.

Outside Activity and Invention Rights and Obligations

Employees consulting or having other involvement with entities outside the University (including having an ownership interest in a commercial entity) may be of benefit to the employee, the outside entity, the University and the general public. However, such involvements include the potential for conflicts of interest, for the inhibition of the free exchange of information, and for interference with the employee's primary allegiance to the University. Although a University employee may, in accordance with applicable University policies, engage in outside activity, including consulting, requirements that a University employee waive his/her or the University's rights to Inventions which may arise during the course of such outside activity must be approved in accordance with the University's policy on Conflict of Interest. Invention (and other) clauses in consulting agreements must be consistent with the policy of the University and with University commitments under sponsored research agreements.

University Evaluation and Disposition of Disclosed Invention

After receipt of a complete invention disclosure form, the Office of the Vice President for Research shall conduct an invention evaluation process of the technical, legal and marketing strengths and weaknesses of the Invention under the full protection of confidentiality agreements. This may be done in consultation with the Inventor(s), the FIU General Counsel's Office, outside counsel, prospective licensees, third party evaluators or consultants and/or the appointment of such a committee as advisable to assist in the review of the invention disclosure and to advise on, and recommend, the manner of disposition of the Invention. At the conclusion of such evaluation, the Vice President for Research shall make a determination about the disposition of the Invention. The Vice President for Research or designee shall inform the Inventor of the University's decision regarding the University's interest in the Invention and the disposition of the same.

The University, at the discretion of the Vice President for Research, may dispose of an Invention in the following ways:

- the University may pursue patenting and commercialization of the Invention. The University shall have the sole discretion and right as to all matters concerning the legal protection and commercialization of the Invention including, but not limited

to, where and when a patent application shall be filed, what attorney shall be used for the same and negotiating and entering into or modifying option, licensing or other agreements covering the manufacture, use and/or sale of University-owned Inventions;

- if the University utilized third party evaluators or consultants to review the Invention disclosure, and a third party evaluator or consultant exercised an option to seek commercialization of the Invention on a royalty-sharing basis, the University shall, as required by an agreement with the third party evaluator or consultant, work with the third party evaluator or consultant on the commercialization of the Invention and share in the royalties derived there from with that third party evaluator or consultant;
- if the sponsored research agreement for the project from which the Invention emanated offered the sponsor an option to obtain a license or other rights in an Invention, the University will use its good offices in an effort to obtain the sponsor's decision regarding the exercise of such rights within the time specified in the sponsored research agreement or if no time is specified, within a reasonable time;
- the University may determine that it does not wish to pursue patenting or commercialization of the Invention and may license the Invention to the Inventor, but shall retain the right to 10% of any revenues received by inventor, in whatever form, from commercialization of the Invention. Where the Invention was sponsored by the federal government, the license to the Inventor shall be subject to the rights of the federal government;
- the formation of a commercial enterprise to pursue patenting and/or commercialization of the Invention such as a “start-up” company described below;
- notwithstanding the manner of disposition of the Invention by the University, the Invention shall at all times be available royalty-free for use by the University and the State of Florida;
- such other disposition as may be agreed to among the University and the Inventor(s).

Effect of Non-Confidential Invention Disclosures on Patent Protection

Invention disclosures to the Office of the Vice President for Research are made on a confidential basis. As a public institution, the University should undertake sponsored research only when the results can be freely published. However, public disclosure of patentable material may invalidate some patent options depending on the timing of those disclosures. A public disclosure may result from the publication of a journal article, the placement of a graduate student thesis in the library, a presentation at a conference, or the release of technical information to a person not bound by a nondisclosure/confidentiality agreement. The public disclosure of an invention prior to filing a patent application may bar obtaining a valid patent. In the U.S. a patent application must be filed within one year of a public disclosure. Additionally, most foreign patent rights will be forfeited upon public disclosure of the invention if a patent application was not previously filed. The best procedure is to file a patent application with the U.S. Patent Office before public disclosure takes place. The University understands the Inventors' desire for public disclosure of their work and does not wish to impede that dissemination. The University's review of invention disclosures will be done as expeditiously as possible. In order that such review may be done prior to public disclosure, Inventors are cautioned to file the invention disclosure with sufficient lead time prior to anticipated public disclosure so as to allow the University sufficient time to properly process the application prior to that disclosure. Once disclosure is timely made, the Office of the Vice President for Research will work as diligently as possible so that faculty may continue with scholarly publication.

There are some reasonable procedures that can address the tension between the desire for public disclosure and preserving patent rights. For example, a thesis that has been catalogued and made accessible by the library may constitute a public disclosure. In order to gain time for patent consideration, the Inventor or Vice President for Research may petition the Dean of the Graduate School to temporarily withhold library access until patent considerations are evaluated.

Another example is that the University normally will not agree to sponsored research agreements that contain limits on the University researchers' right to publication. However, where patent protection issues are involved, the University may agree that publication may be deferred for a reasonable time during which the University and the sponsor can review the feasibility of patent coverage or other protection on an invention described in the publication. The University may also agree that, when publication of research involving proprietary data is contemplated by University researchers, the researchers may provide the sponsor with an advance copy of the manuscript prior to publication to allow the sponsor an opportunity to identify any inadvertent disclosure of proprietary or confidential data.

License Revenue Allocation

The University and the Inventor are entitled to income from licensed Inventions; the University on the basis of employment, facilities and other support for the Inventor and the cost of intellectual property administration; and the inventor on the basis of creative activity, documenting the invention, and assisting, as necessary, with patent protection process and commercialization.

Before any revenues may be distributed by the University with other parties, the University must recover all costs it incurred in the evaluation, protection, licensing and administration of the Invention, as well as retaining amounts necessary to recover reasonably anticipated costs (as further described below) relating to the Invention (the "Invention Costs").

Invention Costs include administrative and legal expenses incurred by the University associated with:

- Evaluating the technical, legal or patenting aspects of the Invention;
- Obtaining and maintaining patent or other legal protection for an Invention;
- Negotiating, managing, and enforcing assignments, waivers, licenses, and other contracts associated with the Invention;
- Funding additional development of the Invention provided by the Office of the Vice President for Research.

Invention Costs also include the University's expenses associated with a given transfer, including, but not limited to, travel, market research, management and liquidation of an equity interest in a start-up company, if applicable. Colleges, departments, and other units will occasionally direct discretionary funds toward the further development of specific technologies. These expenditures, if specifically documented by the College, department or unit, may be treated as Invention Costs and may be reimbursed. All such reimbursements shall be subject to approval by the Vice President for Research. They may be made only after recovery of all Invention Costs incurred by the Office of the Vice President for Research.

For purposes of determining the licensing income due to any party, the "total gross revenue" is defined as the total cash consideration (including, but not limited to royalties, equity, licensing fees or revenue received from liquidation of equity position in start-up company) received by the University pursuant to a contract pertaining to a particular Invention. "Licensee-paid cost recoveries" are costs incurred by the University and paid by a licensee. "Adjusted gross revenue" is the total gross revenue less licensee-paid cost recoveries. The Office of the Vice President for Research shall retain licensee-paid cost recoveries.

The Office of the Vice President for Research shall deduct amounts necessary to cover incurred and reasonably anticipated Invention Costs. "Net license revenue" is total gross revenue less the incurred and anticipated Invention Costs retained by the Office of the Vice President for Research. Net license revenue will be distributed only after the University recovers all Invention Costs. Net license revenue will be distributed as follows: 40% to the Inventor(s) and 40% to the University and 20% to the Inventor's academic unit. The 40% retained by the University shall be used for research purposes.

The University shall make distributions annually. No adjustments of prior distributions will be made.

If there are multiple Inventors, the percentage allocable to inventors shall be divided equally among all inventors. For example, if there are 2 inventors, each inventor shall receive 20% of the net license revenues. An Inventor may prospectively waive the receipt of a portion or all of his/her share of revenue received by the University under a license. The following conditions apply:

- The Inventor, at the time of the waiver, may designate his or her laboratory or research program, department, or other University unit as the recipient of the waived amount. The waived funds will be regarded as regular University funds subject to all of the usual and customary legal and administrative requirements of the University.
- To ensure that the use of the funds is consistent with the broad mission of the University, or to avoid financial imbalances or hardships within or among University units, the Office of the Provost, in consultation with the Vice President for Research, dean or deans of the involved units, must approve a plan for the designation of funds submitted by the Inventor, and, thereafter, may review the use of the funds at any time. It is expected that the waiver plan will be approved only with the concurrence of the dean of the receiving unit.
- The waiver must be irrevocable during the period proscribed by the Inventor and executed prior to the end of the fiscal year in which the revenue is generated.
- Funds directed to the Inventor's research laboratory or program may only be used to support research and educational expenses associated with the Inventor's research laboratory or program. The funds must be deposited in a designated account of the Inventor's laboratory for use only for research. Such research expenses must be made conforming to the same rules applicable to direct costs on federally sponsored research grants. Only such direct costs that are customary, allowable and appropriate in supported or organized research may be made from those accounts.

Equity in Start-Up Companies

The University may determine that the best course of action with reference to an Invention disposition is to take an equity position in a company that will pursue the patent protection and/or commercialization of the Invention. This equity position may be maintained by the University or by the FIU Research Foundation, Inc. and reference to "University" in this section shall also be deemed to refer to FIU Research Foundation, Inc. Ownership of such equity interests shall be at the sole discretion of the University and in accordance with all applicable securities laws, with University policies and procedures and with other applicable laws and regulations.

The University shall have the sole and exclusive authority to manage such equity interest including, without limitation, to make all decisions pertaining to liquidations, sales, distributions, and early distributions, including their timing, manner, and method. Any agreement entered into by the University for equity shall have provisions for obligatory liquidation of the University's equity interest.

One example of this type of situation is where the University receives equity in a start-up or developing business venture as part of a licensing agreement with that start-up for an Invention. Another example might occur when an employee of the University utilizes the expertise and/or technology he or she has developed in the course of University employment and assists a business venture in the commercialization of the Invention. (A "start-up" or developing business venture includes corporations, partnerships, or other commercial enterprises.) Such a commercial association with the University and its employees adds both value and credibility to the new business venture.

There may be situations in which both the University and its employees separately own equity interests in a business venture. In such circumstances, the employee's equity interest is considered to be independent of the University's equity interest and is not held, managed, disposed of, or distributed by the University. The Inventor's equity interest may render the employee ineligible to receive a distribution of a portion of the University-owned equity interest or the proceeds from sale of such (as further described below).

Release of University Interest in Inventions

At any stage of applying for a patent, or in the commercialization process of an Invention, if the University has not otherwise assigned to a third party the right to pursue the same, the Vice President for Research may elect to withdraw from further involvement in the patent protection or commercialization of the Invention. At the request of the Inventor in such case, and upon terms mutually agreed upon between the Inventor(s) and the University, the University shall transfer its rights in the Invention to the Inventor(s). In such cases, the Inventor will indemnify and hold harmless the University for any actions, claims or damages resulting from the Invention. If outside funds supported the project leading to the Invention, this transfer is subject to any provisions of the sponsoring agreement. In addition, the transfer shall not affect the right of the University or the State of Florida to royalty-free use of the Invention, nor shall such transfer be granted until all pre-existing commitments to the federal sponsoring agency with regard to the Invention are fulfilled.

REASON FOR POLICY (O*)

Central to the mission of Florida International University is the promotion of teaching and research that enhances public service, leads to the discovery of new knowledge and fosters creativity and innovation. Inventions and marketable forms of intellectual property may result from research conducted by personnel and students at the University. It is generally in the best interest of the University and the public to ensure that such intellectual property be appropriately developed. This policy sets forth the circumstances and procedures under which inventions are to be disclosed to the University, and the procedures that the University will employ to review and process such inventions. This policy is promulgated pursuant to Florida Statute Section 1004.23 and the Bayh-Dole Amendments Public Law 96-517 entitled "The Patent and Trademark Amendments Act of 1980."

DEFINITIONS (R*)

The following terms shall have the following meaning as relates to this Policy:

"Assignment" is a written contract that transfers title to and interest in an invention, patent, or patent application.

"Independent Efforts" refers to Inventions made using no University Support and made outside the field or discipline in which the employee is employed by the University.

"Invention" shall have the meaning assigned by the U.S. Patent and Trademark Office; i.e., any art or process (way of doing or making things), machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the patent laws of the United States. (37 CFR 501.3(d)). See <http://www.uspto.gov/main/glossary/index.html>. "Invention" includes both patentable and non-patentable innovations, including software with commercial value. An invention is deemed to be "made" when it is conceived or first actually reduced to practice.

"Inventor" means a person who contributes to the conception of an invention. (A project supervisor is not entitled to inventor status simply because of his/her supervisory role; an inventive contribution is the singular criterion. The determination of who has made an inventive contribution may be difficult when several researchers and students have been involved in a project. If there is doubt concerning a person's inventor status, it is best to grant tentative inventor status at the time of disclosure and such status will be clarified if and when a patent application is filed. The term "Inventor" or "Inventors" herein shall be deemed to each refer to the singular or plural, as appropriate, or interchangeably.)

“License” refers to an agreement granting another party the right to make, use and/or sell a patented invention without the transfer of title to the patent.

“Royalty” is a payment to the owner of an invention for use of that invention, frequently in the form of a stated percentage of sales.

“Royalty-free” is a license wherein the licensee is not required to pay royalties to the owner of an invention under specified conditions.

“University Support” includes any use of University funds, personnel, facilities, confidential information, trade secrets, equipment, materials, or technological information, and includes such support provided by other public or private organizations when it is arranged, administered or controlled by the University.

RESPONSIBILITIES (O*)

Administration of Policy

The President has designated the Vice President for Research as the officer of the University to administer, apply and interpret the provisions of this policy. The Office of the Vice President for Research shall coordinate the efforts regarding the evaluation and pursuit of legal protection and commercialization of Inventions.

The University and/or the FIU Research Foundation, Inc., as appropriate, shall have the sole authority to determine whether, and if so, the manner in which Inventions shall be commercialized, including but not limited to, negotiating all contracts related to commercialization of the Inventions, such negotiation to be conducted by the Office of the Vice President for Research and the FIU Office of the General Counsel.

RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT (R*)

Office of Research and Economic Development
Florida International University

RESPONSIBLE ADMINISTRATIVE OVERSIGHT (R*)

Office of Intellectual Property Management
Florida International University
11200 S.W. Eighth Street, MARC 440
Miami, Florida 33199
Telephone: (305) 348-2494

The University Policies and Procedures Library is updated regularly. In order to ensure a printed copy of this document is current, please access it online at <http://policies.fiu.edu/>.

For any questions or comments, the “Document Details” view for this policy online provides complete contact information.

FORMS/ONLINE PROCESSES (O*)

Confidential Intellectual Property Disclosure Form

Links to the above referenced Form(s) are available in the "Document Details" Section of the online version of this policy document.

***R = Required *O = Optional**