PATENTS

Introduction

The University patent policy is intended to encourage a healthy atmosphere conducive to research and development through a generous system of rewards and incentives for the creation of intellectual property while at the same time giving proper consideration to the responsibilities this University has as a public land grant university.

The strength of the University lies in its employees. The University's policies can provide invaluable assistance in bringing employee ideas to development and fruition within a framework of mutual trust and collegiality.

This policy is intended to spell out the responsibilities of the University and its employees and establish a framework for ethical conduct. While employees are encouraged to consider the potential market value of their inventions, they shall not be held liable for failing to recognize a potentially patentable invention.

Employees of Washington State University may create patentable discoveries. It is desirable in some cases to seek patent protection for these works and discoveries. Licensing the use of the property provides an opportunity for both income to the inventor and support for further University research.

This patent policy applies to all University employees. For the purposes of this policy, "employee" shall be defined as any person receiving compensation for service, or any person volunteering services for the benefit of the University. The uncompensated activities of students in furtherance of their educations shall not be considered service which benefits the University within the meaning of this policy.

All employees accept the terms of this policy as conditions of employment. It shall be the responsibility of all immediate supervisors to advise employees of this condition of employment at the time of employment. In addition, each employee shall agree that this policy may be modified by the administration with approval from the Board of Regents after consulting with faculty and staff of the University.

Intellectual Property Committee

The Intellectual Property Committee serves as an advisory committee to the President on all University patent, copyright, trademark, and related matters. The committee's responsibilities include the review of patent, copyright, trademark issues affecting the University, determination of the ownership of intellectual property, review of the relationships between the University and Washington State University Research Foundation (WSURF) and other management agents, recommendations to WSURF regarding assignment of inventions to appropriate development organizations, review of licensing policies and agreements, recommendation of policies for the allocation of revenues, and review or development of policy recommendations pertaining to intellectual property.

All matters regarding specific intellectual property coming before the Committee shall be held confidential by all members of the Committee.

The composition and tenure of the Intellectual Property Committee shall be:
1. Six faculty with three-year terms, appointed by the President, with nominations submitted by the Washington State University Faculty Senate Committee on Committees. One of these is appointed chair by the President.

2. Two Deans/Associate Deans of the colleges for three-year terms.

3. One member of the administrative and professional personnel or staff, with a three-year term.

4. Vice Provost for Research, who serves as secretary; Assistant Vice President-- Finance; Director, Intellectual Property Administration; and a representative of the Office of Grand Research Development.

Policy

Scope of Policy

This policy applies to potentially patentable discoveries and trade secrets which are developed using Washington State University equipment, supplies, facilities, employee time, or trade secret information, or which relate directly to the University's business, research, or development. The University will hold ownership in patents and other non-patentable intellectual products, except those covered by copyright policy, developed by its employees as a result of their research or employment. The University does not claim rights in inventions for which no equipment, supplies, facilities or trade secret information was used and which was developed entirely on the employee's own time, unless the invention grows directly out of the business of the University or of the University's actual or demonstrably anticipated research or development or unless the invention results from work performed by the employee for the University.

Sponsored Research

Where research has been sponsored by private industry or foundations, licensing of patents shall be negotiated between the sponsor and the University or its agent where appropriate. The University will strive to protect the financial interests of all and ensure that the University retains the traditions of self-governance and academic freedom. The University, on behalf of its constituent colleges, schools, or departments, will not accept grants or enter into agreements for the support of instruction or research that confer upon an external party the power to censor, unduly delay, or exercise effective veto power over either the content of instruction or the publication of research. Publication of research findings may be temporarily delayed in order to protect patent rights or permit the research sponsor to review the proposed publication for the sole purpose of identifying proprietary information furnished by or belonging to the sponsor.

The University normally retains ownership of property developed under sponsorship agreements and will negotiate rights to license the property. The proprietary rights of the University and of the University's employees shall be subject to the agreement between the sponsor and the University. Agreements with outside sponsors shall be approved by the Provost, Vice President--Business and Finance, and Vice Provost for Research or their designees.

Disclosure of Potentially Patentable Discoveries

For the protection of the employee's interests, each employee shall disclose to the Intellectual
Property Committee, at the time of employment, all inventions developed or being developed by the employee, for the purpose of establishing his or her ownership rights to developments made prior to employment by the University. In order to determine the rights of employees and the University, employees shall disclose all potentially patentable inventions and discoveries developed while employed at WSU to the Intellectual Property Committee for review. The Director of Patents, Copyrights and Trademarks will provide assistance in filling out forms for disclosure.

Unless otherwise agreed with an outside sponsor, the University shall own the rights to all patentable property developed as a result of University employment. Discoveries are developed as a result of University employment when the equipment, supplies, facilities, employee time or trade secret information of the University are used, or where the invention is a direct outgrowth of the University's business or University research and development.

**Determination of Ownership**

The Intellectual Property Committee will determine whether the potentially patentable property is owned by the University, by the employee, jointly by the University and the employee, or by an outside sponsor.

Under the federal patent and trademark legislation of 1980 (35 U.S.C. 200 et seq.), the University has the right of first refusal to title in inventions made in the performance of federal grants and contracts. The University will assert title to and attempt to license inventions made with federal government funds so that the Congressional purpose of fostering the development of industry in the United States will be furthered.

Patentable inventions not subject to a sponsorship agreement or University ownership under the preceding paragraph may be determined by the Intellectual Property Committee to be the employee's property. If the employee is determined to be the owner, the University will, on demand from the employee, issue a waiver of the University's rights.

The Committee may determine that the employee is a partial owner of the intellectual property with the University in cases where it would be unfair to determine that the property is wholly owned by either the University or the employee. In such cases the Committee shall establish respective percentages of ownership. If the Committee deems it to be in the best interests of the University to release its rights to the invention, it may do so. The Committee may place conditions on the release including a lump sum payment, a portion of the royalties, or other consideration to compensate for the use of facilities and materials.

The procedure for determination of ownership shall be as follows. The Intellectual Property Committee shall make its determination of ownership, or request additional time, within 45 days of full disclosure. If the Intellectual Property Committee asks for additional time, it must, in any event, make its determination within 35 days of its request for additional time. The employee will be notified of the decision of the Committee within 5 days of the Committee's determination. The employee shall have 30 days from the date of the mailing of the notice to appeal the Committee's decision. The appeal shall be heard by the Provost and Academic Vice President or his designee within 20 days of the notice of the appeal. The decision on appeal shall be issued within 30 days of the deadline for submitting materials. If the Intellectual Property Committee fails to notify the employee in writing of determination of ownership within 50 days of full disclosure or 80 days if additional time is requested, then the University's rights in the patentable property shall automatically become the property of the employee. Following this internal appeal process, the employee has recourse to
settlement in the civil courts.

Duty to Assign and Cooperate

After the determination by the Intellectual Property Committee and exhaustion of the employee's right of internal and external appeal, the employee shall execute documents of assignment to convey to the University, or is assignee, all of the employee's interest in the invention determined to be owned by the University and assist in obtaining, protecting, and maintaining patent rights.

When discoveries are determined to be owned in part by the University and in part by the employee, the University and the employee may negotiate an agreement apportioning rights to the property. However, on failure of the parties to reach an agreement, the following provisions shall apply: the property shall be assigned to the Washington State University Research Foundation or its assignee, and the royalties shall be divided between the University and the employee according to the Committee's determination of the percentage of ownership. The portion of royalties due to the University shall be divided according to the section on royalties below. The portion of royalties due to the employee shall be distributed to the employee free of the provisions of this policy, but shall be subject to WSURF administrative costs.

Publication and Disclosure to Third Parties

Premature publication, public use, or disclosure of an invention can sometimes jeopardize the rights of the employee, or the University or its assignee to secure patent protection. Therefore, unless the Intellectual Property Committee has issued a waiver of University rights, the employee agrees that there shall be no publicity or disclosure concerning the invention until patent applications have been filed. Once an invention is identified as potentially patentable, all publicity, public reports, interviews, news releases, speeches, public disclosures or public demonstrations of the invention subsequent to the filing of the application shall have prior clearance in writing from the University or its assignee.

This section shall not be applicable to sponsorship agreements that impose different obligations on disclosure.

Management Patterns

Patents shall be assigned to and managed by the Washington State University Research Foundation. See below.

Royalties

In adopting this policy statement the Washington State University Board of Regents recommended and the Board of Directors of the Washington State University Research Foundation adopted the following policy for distribution of royalties from patents:

Following the filing of a patent application on a particular invention which has been determined to be University property, the inventor will receive a $500 payment from the WSURF. If the invention is determined to be owned jointly by the employee and the University or by the employee, the University, and one or more external agencies, unless the parties agree otherwise, the inventor shall receive a sum equal to $500 multiplied by the percentage of the University's interest. Where several employees are responsible for the invention, the payment shall be shared among the coinventors.
Net royalty income received by WSURF shall be defined as one or the other of the following: (1) in the case of property administered by an agency other than the WSURF (such as the Battelle Development Corporation, Research Corporation, or Washington Research Foundation), the sum received that is subject to this policy less a 5% administrative charge to be retained by WSURF; or (2) in the case of property administered by WSURF, the amount received that is subject to this policy less a 40% administrative charge to be retained by WSURF.

Net royalty income received by WSURF shall be distributed according to the following schedule:

<table>
<thead>
<tr>
<th>Cumulative Net Income</th>
<th>Inventor</th>
<th>WSU Research Foundation</th>
<th>Unit (e.g., Department)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 - $10,000</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>$10,001 - $40,000</td>
<td>50%</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Above $40,000</td>
<td>30%</td>
<td>35%</td>
<td>35%</td>
</tr>
</tbody>
</table>

In the case of multiple inventors, the cumulative net royalty income shall be distributed equally among them unless their initial disclosure specified an unequal distribution.

Royalty income allocated to inventors goes directly to them as personal income.

_The Washington State University Research Foundation as Assignee and Patent Agent_

Following review by the Intellectual Property Committee, the University will assign its interests in all patents and other intellectual property to the Washington State University Research Foundation for development. The assignment will take place under the agreement between the University and the WSURF. If the WSU/WSURF agreement is terminated, the University shall select a managing agent and execute the proper assignments to the agent.

Copies of the agreement between the University and the WSURF may be obtained from the Director of Patents, Copyrights and Trademarks.

Nothing in this policy shall be construed as abridging a faculty member's academic freedom in the classroom.