

Patent & Invention Policy

I. Preamble

The University of North Carolina at Chapel Hill is dedicated to education, research, and public service, including economic development in North Carolina. Inventions and discoveries sometimes arise in the course of research conducted by University faculty, students, and staff. The Board of Governors of the University of North Carolina has determined that patenting and commercialization of these inventions and discoveries is consistent with the mission of the University.

Service to the public is an integral part of the University's mission. Where possible, the University should enable inventions and discoveries resulting from its research to reach the public in a manner that will maximize their impact on society and, at the same time, provide adequate recognition and reward to inventors. This policy has been established to ensure that those inventions and discoveries in which the University has an interest will be utilized in a manner consistent with the public good through patent protection or other mechanisms as appropriate. In addition, the University is obligated under the Bayh-Dole Act and other statutes to be responsible stewards of inventions resulting from research funded with public money.

The provisions of this policy are subject to any applicable laws, regulations or specific provisions of the grants or contracts which govern the rights in inventions or discoveries made in connection with sponsored research. Under the terms of certain contracts and agreements between the University and various agencies of government, private and public corporations and private interests, the University is or may be required to assign or license all rights to inventions or discoveries that arise in the course of work conducted under such agreements to the contracting party. The University retains the right to enter into such agreements whenever such action is considered to be in its best interest and in the public interest.

II. Duty to Disclose Inventions to University

Each Invention must be disclosed promptly upon its creation, conception or discovery. The form of disclosure shall be determined by the Office of Technology Development, or its designee, such form to solicit, among other information, the name of the inventor(s) and a description of the Invention. Inventorship shall be determined in accordance with United States patent law, when applicable, or through procedures of the Office of Technology Development. Failure to disclose an Invention may prevent the Invention from being patented, may subject the University to risks for noncompliance with federal laws and/or contractual obligations, and may result in other University sanctions, including disciplinary action.

The Office of Technology Development can be contacted at:

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III. Duty to Notify Prior to Public Disclosure; Publication

The results of faculty and student research should be published in scholarly form. Though this Patent & Invention Policy does not limit the right to publish, except for short periods of time necessary to protect patent rights, publication or public use of an invention constitutes a statutory bar to the granting of a United States patent for the invention unless a patent application is filed within one year of the date of such publication or public use. Publication or public use also will generally be an immediate bar to patentability in most foreign countries.

It shall be the duty of the inventor to report or, if the inventor is not available to make such report, the duty of his/her supervisor to report to the Office of Technology Development any publication, submission of manuscript for publication, sale, public use, or plans for sale or public use of an Invention (hereinafter a “Public Disclosure Event”), if an invention disclosure (as described above) has previously been filed. This duty to report will apply immediately upon the inventor or his/her supervisor becoming aware of any such Public Disclosure Event, and shall remain an affirmative duty until a patent application or a provisional patent application is filed, or until the one-year anniversary of the first Public Disclosure Event, whichever event occurs first. If an Invention is disclosed to any person who is not employed by the University or working in cooperation with the University upon that Invention, a record shall be kept of the date and extent of the disclosure, the name and address of the person to whom the disclosure was made, and the purpose of the disclosure.

IV. University Ownership of Inventions

Unless otherwise agreed in a written agreement signed by a University official with delegated authority, the University shall own all right, title and interest in any Invention made by (1) any employee, (2) any non-employee using University facilities, equipment, materials or resources, and/or (3) anyone who receives funds provided by or administered by the University. As a condition to each inventor’s employment at University and/or use of University facilities, the inventor does hereby assign any and all such Inventions to the University.

The term *Invention*, as used in this policy, means an invention or discovery of any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, including compounds, prototypes, biological materials, software, complex multimedia works and tangible research results, provided that such invention or discovery (1) is patentable or commercializable, or (2) is obligated under a

sponsored research agreement, or (3) is created to support the administrative operations of the University.

Each inventor is required, as a condition to employment at the University and/or use of the University's facilities, to execute promptly all contracts, assignments, waivers or other legal documents deemed by the University to be necessary to implement this policy, including an assignment agreement or patent applications relating to the Invention.

V. Inventor Ownership of Inventions

An inventor that is a University employee or student may own all right, title and interest in certain Inventions (each an "Inventor-Owned Invention") under either of the two following circumstances:

1. If the subject matter of the Invention is outside the scope of the inventor's employment activities (such activities including the inventor's research, teaching, administrative, service or permitted entrepreneurial activities) at the University, an Invention may be an Inventor-Owned Invention if it was made:

- (a) without the material use of University facilities, equipment, materials or resources,
- (b) without funds administered by the University, and
- (c) without interfering with the inventor's obligation to carry out all of his/her primary University duties in a timely and effective manner.

2. If the subject matter of the Invention is within the scope of the inventor's employment activities (such activities including the inventor's research, teaching, administrative, service activities or permitted entrepreneurial activities) at the University, an Invention may be an Inventor-Owned Invention if it qualifies as an "external professional activity invention." An "external professional activity invention" means an Invention that:

- (a) meets the conditions set forth in section 1(a) through (c) above,
- (b) is made in the course of inventor's external professional activities in compliance with the University's Policy on External Professional Activities of Faculty and Other Professional Staff (or any substitute or complementary policy),
- (c) is not based on or, to be practiced, does not require the use of intellectual property owned by the University,

- (d) arises out of a specific scope of work defined in a written agreement between the inventor and a third party, and
- (e) if such Invention is within the specific subject area of inventor's current and ongoing University research activities, such inventor has received prior approval from his/her departmental chair, school dean, unit director or similar administrative officer to engage in such external research activity and notice of such approval has been provided to the University's Office of Technology Development

Any person claiming that an invention is an Inventor-Owned Invention has the responsibility to disclose such invention to the University and provide to the University additional information, as requested by the Office of Technology Development, in order to demonstrate that such invention qualifies as an Inventor-Owned Invention as defined herein. Such invention shall be disclosed in accordance with the University's disclosure procedures. Upon its final determination, the University will acknowledge in writing whether such invention is an Inventor-Owned Invention.

The University does not claim any rights in Inventor-Owned Inventions.

VI. University Release of University-Owned Inventions

1. The University Office of Technology Development, after consultation with the inventor(s), may in its sole discretion cause the University's rights to an Invention to be released to the inventor of such Invention (or the inventor's designee) if any one of the following conditions is met:

- (a) the Office of Technology Development has determined that there is limited commercial opportunity for such Invention, OR
- (b) the Office of Technology Development determines that the Invention is not patentable or does not warrant further evaluation as to patentability.

The Office of Technology Development will make such determination within 90 days of receipt of an adequate disclosure unless otherwise agreed in writing between the inventor(s) and the University.

2. If the University has determined to discontinue or abandon patent prosecution or maintenance, it will notify the inventor(s) (and/or sponsors) at least 90 days prior to the date of loss of rights in order to permit inventor(s) (and/or sponsors) to request a release. The Office of Technology Development may in its discretion and upon such terms as it deems appropriate, cause the University's rights to an Invention to be released to the inventor of such Invention (or to the inventor's designee)

3. The inventor(s) may request a release of his/her (their) Invention from the University, through the Office of Technology Development, if after one year from the date of disclosure the University has not licensed the Invention. Upon receipt of a request following such period of time, the Office of Technology Development may in its discretion and upon such terms as it deems appropriate, cause the University's rights to an Invention to be released or licensed to the inventor(s) of such Invention (or to the inventor's designee).

4. Each release of a University-owned Invention in accordance with this policy shall be subject to the University's ongoing right to use such Invention in connection with its educational and research mission.

VII. Revenue Sharing

1. The University shall share revenue that it receives from the commercialization of Inventions with the inventor(s). Revenue that the University receives from such Inventions may be exclusive of payments of royalty shares owed by contract to sponsors or contractors. The University may also contract with outside persons or organizations to obtain, manage and/or defend patents, and any royalty shares or expenses contractually committed to such persons or organizations may be deducted before revenues accrue to the University and the inventor(s).

2. The revenues that the University receives from an Invention will be applied first to reimburse the University for payments and expenses described in the preceding paragraph (including patenting costs). The remaining revenue shall be collected by the Office of Technology Development and shared among that office (20%), the inventor(s) (40%) and the inventor's department(s) or unit(s) (40%).

- (a) The 20% share of the revenues allocated to the Office of Technology Development will be applied to the Invention Management Fund for obtaining and maintaining patents, for marketing, licensing and defending patents or licensable inventions, and/or for technology transfer.
- (b) The inventor's share of such revenues (40%) shall be distributed by the Office of Technology Development. When there is more than one inventor, the inventors' share shall be subdivided equally among them, provided that the University may adjust distribution among inventors, including through written agreement (e.g., the University will typically honor an agreement of all inventors to distribute income in other than equal shares). Applicable laws, regulations or provisions of grants or contracts may, however, require that a lesser share be paid to the inventor. In no event shall the share payable to the inventor or inventors in the aggregate by the University be less than 15% of the gross royalties received by the University.

- (c) The department's share of such revenues (40%) shall be distributed by the Office of Technology Development to be used for research or other appropriate purposes. When there is more than one inventor, the department/unit share of income is distributed to each inventor's department/unit in the same relative proportion as the share received by the inventor in such department/unit. The University may adjust distribution among departments/units when the dean, department chair or unit director has agreed in writing with another department, center or unit to such adjustment.

VIII. Dispute Resolution

Any dispute arising in connection with this policy shall be subject to the written determination of the Director of the Office of Technology Development. Any University employee or student may appeal such determination by filing a written request to the Vice-Chancellor for Research within 30 days of the date of such determination. If the Vice-Chancellor's written determination fails to resolve the dispute, the University employee or student may further appeal such determination by filing a written request to the University's Provost within 30 days of the date of the Vice-Chancellor's determination. Promptly upon receipt of such notice, the Provost shall appoint a committee to recommend a resolution to the dispute. The committee shall be comprised of faculty, staff and/or (when appropriate) students qualified to evaluate and resolve such dispute. The committee shall report its recommendation to the Provost. The Provost will make the final and binding decision after receiving such recommendation.

IX. Procedures and Guidelines

The Office of Technology Development shall establish procedures and guidelines to implement this policy. Such procedures shall be set forth on the following website: http://otd.unc.edu/policies_and_procedures.php

University personnel may not: (a) sign patent agreements with outside persons or organizations which may abrogate the University's rights and interests as stated in the Patent & Invention Policy or as provided in any grant or contract funding the Invention, nor (b) without prior authorization use the name of the University or any of its units in connection with any invention in which the University has an interest.

X. Related University Policies

The rights and obligations set forth in this policy are in addition to the rights and obligations set forth in other University policies, including:

Equity: Policy on Equity Acquisition in Technology Licensing Arrangements

<http://www.unc.edu/campus/policies/equity.html>)

Policy for Use of University Resources in Support of Entrepreneurial Activities

http://research.unc.edu/red/university_resources_policy.php)

Policy on Individual Conflicts of Interest and Commitment

<http://www.unc.edu/campus/policies/IndividualsCOIPolicy.pdf>)

This Policy is maintained by the Office of University Counsel.