

## University of Colorado Administrative Policy Statement

Title: Intellectual Property Policy on Discoveries and Patents for Their Protection and Commercialization

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Approved By: Jack O. Burns

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### Section 1. Introduction

The purpose of this Administrative Policy Statement is to implement Regent policy. Creating and disseminating knowledge is a fundamental mission for the University of Colorado. The creative environment of the University is conducive to the development of intellectual property. A clear and concise policy enhances the environment for development and commercialization of intellectual property such as inventions, patents and software.

In this policy the University of Colorado reaffirms its commitment to academic freedom. The University of Colorado also encourages and rewards its discoverers and innovators who benefit society and who create significant economic resources for themselves, their research programs and the University. This policy shall be interpreted to be consistent with other University of Colorado policies, and federal and state statutes and regulations.

### Section 2. Scope

This policy shall be applicable to all units of the University. Employees of the University are bound by this policy including those receiving salaries, scholarships, fellowships or other remuneration from the University, part time employees, student employees, University employees on sabbatical who receive remuneration from the University, and employees on a leave of absence who partake in *substantial use of University resources*. Adjunct and adjoint appointees, and visitors who are *collaborators with included persons* and partake in *substantial use of University Resources* are also bound by this policy.

This policy does not change the traditional relationship between the University and employees who are creators or authors of scholarly and artistic works. Ownership and copyrights in scholarly and artistic works – including but not limited to textbooks, electronic media, syllabi, tests, assignments, monographs, papers, models, musical

compositions, works of art and unpublished manuscripts - are governed by the Policy on Intellectual Property that is Educational Materials.

### Section 3. Definitions

The terms defined in Section 3 of the Regent Intellectual Property Policy on Discoveries and Patents for Their Protection and Commercialization applies to this Administrative Policy Statement. Terms used in this policy are defined below:

*"collaborator" or "collaborators"* means any person or persons who participate with an *included person* on a *discovery*.

*"Committee on University Discoveries"* means a committee of University employees empowered to oversee matters related to *University intellectual property* and hear appeals raised by University employees as authorized by the Regent Intellectual Property Policy on Discoveries and Patents for Their Protection and Commercialization.

*"conflict of interest agreement"* means a written agreement or management plan between the University and the *discoverer(s)* specifying how actual or perceived conflicts of interest or commitment are reduced or eliminated.

*"delegated authority"* means the approval granted by the University to a University Officer to execute agreements.

*"discovery" or "discoveries,"* means any inventive idea and/or its reduction to practice which relates to, but is not limited to: new processes or methods of producing a new and useful industrial result; any composition of matter, including chemical and biological compounds; any new devices; any new plant; any new design in connection with the production or manufacture of an article, any new computer hardware and/or software programs; any know how supporting these inventive ideas, systems, devices, compositions, programs or processes; and any new use or improvement of existing systems, devices, compositions, programs or processes.

*"discoverer" or "discoverers"* means any individual or group of individuals responsible for a *discovery*.

*"discoveries in which the University has an interest"* means *discoveries* made while performing duties required by a third-party grant or contract, and/or made with *substantial use of University resources*, and/or made as a result of the use of sponsored program funds supplied or administered by the University, and/or made in fulfillment of an included person's work responsibilities.

*"discovery disclosure"* means the confidential document provided to the *Technology Transfer Office* by a University *discoverer* which specifies the nature of the *discovery*, and which may include information useful to assess University ownership, patentability, technical feasibility and commercial viability of the *discovery*.

*"included persons"* means all employees of the University including those receiving salaries, scholarships, fellowships or other remuneration from the University, part time employees, student employees, University employees on sabbatical who receive remuneration from the University, and employees on a leave of absence who partake in *substantial use of University resources*.

*"intellectual property"* means any *discovery* for which legal protection is sought. For example, a *patent, copyright, know how, mask work, tangible research property, trademark, trade secret*, and other forms of *intellectual property* legally recognized now or in the future.

*"net receipts"* means all financial consideration received by the University or its agent from the transfer, license, development, or commercial exploitation of the *intellectual property*, less all *unreimbursed legal expenses*.

*"patent," "copyright," "mask work," "trade secret", "know how", "trademark"* and *"service mark"* have the meanings attributed to those terms by Federal statutes and case law.

*"Principal Technology Transfer Officer"* means the University Officer primarily delegated the responsibility to perform activities to execute this policy.

*"sponsored program"* means a research, instruction or service activity either financially supported, authorized or managed by the University.

*"substantial use of University resources"* means use of University funds, programs, equipment, space or other physical assets that go above and beyond those customarily and currently provided to *included persons*. For purposes of this policy, offices, office equipment, library access, desktop and laptop computers, photocopy equipment, telephone, and fax machines, which are customarily provided would be excluded from determination of *substantial use of University resources*.

*"tangible research property"* means a tangible physical or biological entity that is, or may be, useful in research. Examples include models, devices, designs, computer software, storage media containing machine instructions, text, cell lines, antibodies, recombinant materials, chemical compounds and compositions, formulations, plant varieties, laboratory notebooks and records related to *discoveries*. Some *tangible research property* may comprise *University intellectual property*.

*"Technology Transfer Office"* means the University unit responsible for securing, protecting, marketing, licensing and managing *University intellectual property*.

*"University intellectual property"* means a *discovery in which the University has an interest* and/or any legal means which the University may employ to claim ownership of *intellectual property* according to this policy.

“*unreimbursed legal expenses*” means all documented legal service expenditures incurred by entities engaged by the University to analyze, prepare, file, register, record, prosecute, issue, maintain, and litigate *University intellectual property*, including *but not limited to* searches, opinions and extraordinary expenses in connection with licensing, *infringement protection* and collection of license income.

#### Section 4. Responsibilities of *Discoverers*

##### A) *Discovery disclosure*

Involvement of *discoverers* in all aspects of the *intellectual property* protection and commercialization process is essential for successful technology transfer. *Discoverers* are responsible for preparing a timely written disclosure of discoveries using the University’s standard *discovery disclosure* forms. *Discoverers* will cooperate with the *Technology Transfer Office* and take all reasonable steps to fully complete *discovery disclosure* forms, and to execute assignments and other documents necessary for the protection of a *discovery* or other documents conveying rights to *University intellectual property*. *Discoverers* will also cooperate with the *Technology Transfer Office* in matters such as sharing contacts and leads for potential licensees, communicating or meeting with potential licensees, providing samples and information to potential licensees (when reasonably available), and other activities as reasonably requested by the *Technology Transfer Office* in support of efforts to secure, market and transfer *University intellectual property*.

##### B) Sponsored Programs, Corporate and Third Party Obligations

*Discoverers* should provide to the *Technology Transfer Office* timely prior written notice of any proposed publication or Sponsored Program requirement that reports or describes any *discoveries*. *Discoverers* shall inform all University and external *collaborators* of the terms and conditions of this policy and of any contractual agreements that might substantially affect rights to *discoveries* created by those *collaborators*. The *Technology Transfer Office* will assist *discoverers* in assessing whether or not a presentation or publication impacts patentability and in explaining this policy to *collaborators*.

##### C) Other reporting requirements

It is the responsibility of a *discoverer* to provide the *Technology Transfer Office* with current contact information and to provide the address to which the *discoverer’s* apportionment of *net receipts* should be sent. It is also the responsibility of the *discoverer* to work with the *Technology Transfer Office* to create a University account for his or her research program apportionment of *net receipts*.

#### Section 5. Responsibilities of the University

The Vice President for Academic Affairs and Research (VPAAR) has the primary responsibility for the implementation of this policy on behalf of the University. Only University Officials who have specific *delegated authority* may undertake actions in the name of the University to execute this policy.

The *Principal Technology Transfer Officer* will:

- (1) supervise the management of each case pursued by the *Technology Transfer Office* including complete record keeping and required reporting of all actions;
- (2) determine whether the University or any other party has rights to *discoveries* according to this policy, and if so, the basis and extent of such rights. In the absence of agreement on inventorship, the *Technology Transfer Office* will work with counsel to determine the actual inventors under United States Patent law;
- (3) Assess what steps should be taken with respect to the protection and commercialization of University *intellectual property* including patentability, licensing or use in the public domain. These decisions should consider the wishes of the *discoverer* whenever reasonably feasible, should be informed by commercially reasonable standards, should consider all relevant legally binding agreements and should be in the best interest of the University;
- (4) supervise the processes of the *Technology Transfer Office* by obtaining legal protection and arranging for licensing or other commercial development in those cases in which the University elects to pursue its rights, including preparing and prosecuting applications for *patent, copyright* registration, and other legal protection, or obtaining counsel or other assistance for that purpose, negotiating or assisting in negotiation of licenses and related agreements, and monitoring the collection and distribution of *net receipts*; and
- (5) supervise compliance with government regulations concerning *discoveries* developed with government support.

The procedure for administration of *discovery disclosures* by the *Technology Transfer Office* will be as follows:

Upon receipt of a *discovery disclosure*, the *Technology Transfer Office* will make all reasonable efforts to work with the *discoverer* to promptly evaluate the *discovery disclosure* for patentability, technical feasibility and commercial potential and may undertake any of the following actions: 1) request additional information and data from the *discoverer* to complete the *discovery disclosure*; 2) proceed to file a *patent* application on the *discovery*; 3) market the *University intellectual property* to potential licensees prior to *patent* filing; or 4) formally decide not to proceed with protecting and/or marketing the *University intellectual property* .

In all cases, based on reasonable cooperation by the *discoverer*, the *Technology Transfer Office* shall endeavor to make a preliminary decision on protecting the *University discovery* within four (4) months of receipt of a complete *discovery disclosure*.

Impending publication or other unique circumstances may motivate a decision sooner than the four month period. Should the *Technology Transfer Office* decide not to protect or market the *discovery*, the *Technology Transfer Office* will ask the *discoverer* in writing if he or she desires that the University release its rights in the *discovery* to the *discoverer*,

as allowed by law and Section 9 of this policy, subject to rights of sponsors and the right of the University to practice the *discovery* for academic use.

Only designated officials have the *delegated authority* to bind the University in an agreement involving *University intellectual property*. Should a University employee not possessing such *delegated authority* sign an agreement seeking to bind the University, such an agreement will be null and void.

#### Section 6. Committee on *University Discoveries*

The Committee on *University Discoveries* (“*Committee*”) shall be composed of nine members, five selected by the VPAAR in consultation with the Chancellors, and four selected by the Faculty Council; all members will serve staggered three year terms. Each year the *Committee* will elect its Chair, who will serve for the following one year. *Committee* members may serve no more than one term of three consecutive years after which time they will be ineligible for service for one year. Members of the *Committee* will not participate as members in deliberations or actions of the *Committee* concerning matters in which they have a beneficial interest. Official actions of the *Committee* will require the concurrence of at least five (5) members. The *Principal Technology Transfer Officer* will be a permanent ex-officio member of the *Committee*.

#### Committee Responsibilities

The *Committee* will:

- (1) review the Regent’s Intellectual Property Policy on Discoveries and Patents and Their Protection and Commercialization at least every three years;
- (2) review and advise the *Principal Technology Transfer Officer* on the standards and procedures contained in this policy;
- (3) convene at least twice per year to review the procedures used in implementing and administering this policy, and where deemed necessary, develop and recommend changes in standards and procedures to the *Principal Technology Transfer Officer*;
- (4) serve as a board to which *discoverers* may appeal actions of University officers responsible for executing this policy, subject to appropriate review standards and procedures set forth in this policy.

#### Discoverer Appeal Process

*Discoverers* or other *included persons* may appeal to the *Committee* actions of University officers responsible for executing this policy. Grounds for such appeal are alleged failure of University officers to comply with the provisions of this policy, to substantially follow implementing guidelines, or to demonstrate reasonable diligence in decision making.

A *discoverer* or other *included person* will submit the appeal in writing to the *Committee* Chair who will determine whether the petitioner has made reasonable efforts to resolve the complaint with the University officer and whether the substance of the appeal appears to be within the scope of this policy. The *Committee* Chair shall schedule the meeting. At least five *Committee* members must be in attendance. Proceedings will be informal and held in confidence. All parties will have adequate notice and an opportunity to be

heard. After considering all relevant information, the *Committee* Chair will send to the VPAAR a written report of the *Committee's* findings, which will include a decision on the issues raised by the petitioner and any recommended corrective action. The VPAAR will review the report and may adopt it in whole or in part and/or modify it on behalf of the University. The decision of the VPAAR shall be final.

## Section 7. Procedures for Receiving and Distributing *Tangible Research Property*

University researchers shall disclose and discuss the terms of transfer of research materials with a campus *Sponsored Program Office* or the *Technology Transfer Office* before accepting or distributing *tangible research property*.

### Receiving *tangible research property*

An agreement specifying the rights and obligations of *tangible research property* shall be executed by the external (institutional or commercial) parties involved in the transfer. *Tangible research property* agreements shall be negotiated by *Technology Transfer Office*, as may be applicable.

The *delegated authority* for signing an incoming *tangible research property* transfer agreement is within the *Technology Transfer Office*. Researchers receiving *tangible research property* shall sign the *tangible research property* agreement acknowledging the terms of the agreement.

### Distributing *tangible research property*

The *delegated authority* for signing non-exclusive transfer agreements providing for the distribution of *tangible research property* to non-profit organizations for non-commercial research and/or commercial use research use is within the *Technology Transfer Office*.

### Costs associated with the transfer of *tangible research property*

*Tangible research property* transfer agreements may provide for recovery of costs of the *tangible research property* to be delivered. As a general rule, five thousand dollars (\$5,000) is the upper limit allowable for recovery of *tangible research property* costs. Recoverable costs are those direct costs necessary to prepare and ship the materials. According to this general rule, transfer of *tangible research property* involving remuneration in excess of five thousand dollars (\$5,000) will be treated as a license agreement and the remuneration will be considered as royalty and subject to *net receipts* distributions.

## Section 8. Consulting and Business Activity Related to the Transfer of *Discoveries*

Consulting activities can lead to knowledge transfer. *Included persons* engaging in consulting or in business activity, and those with *delegated authority* to approve such activities on behalf of the University, are responsible for ensuring that any agreements with external entities are not in conflict with this policy. The *Technology Transfer Office*

will provide assistance to *discoverers* and those charged with approving consulting or business activity on interpreting and suggesting language in consulting and business related agreements concerning *intellectual property* rights subject to this policy.

Prior to engaging in consulting or business activity related to *intellectual property*, *included persons* should make their *University intellectual property* obligations clear to those external entities. The *Technology Transfer Office* will assist *included persons* and University officials reviewing consulting and related legal agreements to understand and appropriately revise, if need be, the *intellectual property* clauses of such agreements. In some cases it may be prudent for the *included person* to engage outside legal counsel to provide advice on such agreements concerning matters outside the scope of this policy.

*University intellectual property* rights and the obligations of *included persons* to the University shall not be diminished by the terms of *included persons'* consulting or business activity agreements with third parties, except as the *Principal Technology Transfer Officer* may specifically authorize in writing. As a general rule, consulting work that is evaluative or advisory, such as when expert opinion and scientific review are offered, is unlikely to constitute *discoveries in which the University has an interest*. Conversely, consulting work that is related to an investigator's field at the University that has the potential for the creation of *discoveries in which the University has an interest* would require that procedures related to *discovery disclosure* in this policy be followed. Requests for authorization to remove or limit the University's rights or *included persons'* obligations in consulting or business activity agreements are to be submitted to the *Principal Technology Transfer Officer* who, upon a request by the *included person*, will consult with the VPAAR, the *Committee* and other relevant University officers.

#### Section 9. Transfer of Rights to *Discoverers*

If the University decides not to pursue a *discovery in which the University has an interest*, then the *discoverer* has the right to pursue commercialization of the *discovery*, subject to any rights of other parties. If the *Technology Transfer Office* does not exercise its rights to *University intellectual property* through:

- 1) securing or maintaining legal protection within the four (4) month period described in Section 5 of this policy, or
- 2) licensure of rights to another party or dedication of its rights to the public, or
- 3) if the University chooses to protect *intellectual property*, but does not arrange for its commercial development or dedication to the public within a reasonable time, then; the *Technology Transfer Office* will inquire in writing to the *discoverer* if he or she desires the University to release its rights in the *discovery* to the *discoverer*. Upon receipt of a written affirmation by the *discoverer* (or in the case of multiple *discoverers*, a written affirmation by all *discoverers*), the *Principal Technology Transfer Officer* will release to the *discoverer(s)* the University's rights provided the University will retain a royalty-free license to use the *discovery* for research, educational, and service purposes for the legal life of the *discovery*. Such release will also be contingent upon the approval by the company or agency that funded research from which the *discovery* was derived.

The *Technology Transfer Office* will cooperate in obtaining the approval from the company or agency that funded research.

#### Section 10. Distribution of *Net Receipts*

In the event that a *discoverer* or anyone from the group of *discoverers* is no longer an employee of the University, that *discoverer's* personal share of *net receipts* will continue. Upon the death of a *discoverer*, his or her personal share of *net receipts* will be directed to his/her heirs or estate.

The Technology Transfer Office agrees to share and distribute *net receipts* received from the commercialization of any *discovery* developed under the terms of an agreement as follows: 25 percent to discoverer(s) personally; 25 percent to a University campus account for support of discoverer's(s') research; 25 percent to an account for the benefit of the University; and 25 percent to the Campus Chancellor, which will be directed to research with technology transfer potential and distributed on a percentage basis as determined at each individual campus. The Campus Chancellors' Offices will make information regarding this distribution readily available. In the event that a discoverer is no longer employed by the University, the 25 percent designated to his/her research account shall be divided 10% to the to an account for the benefit of the University and 15% to the Campus Chancellor, which will be distributed in a manner identical to the Campus Chancellor share mentioned above.

*Net receipts* amounts allocated to *discoverers* will be divided equally among them. However, individual *discoverers* may enter into agreements to reallocate such amounts either among themselves or others who contributed to the research upon which the *University intellectual property* is based. Participants in any apportionment also have the option of assigning their personal share to any account managed by the University. Such agreements must be in writing, signed by all of those affected and submitted to the *Principal Technology Transfer Officer*. In order for *discoverers* who desire to assign their personal share of *net receipts* to an account managed by the University to have no negative tax consequence, the assignment must occur before the first royalty or related payment is received by the University from the licensee.

If the University does not have the *discoverers* address, any *net receipts* amount allocated to an individual that cannot be distributed within a reasonable time will be transferred to a reserve account managed under the rules of the University's escheat property accounting policy.

When in the judgment of the *Principal Technology Transfer Officer* a reasonable basis exists for believing that *net receipts* subject to allocation and distribution under this policy may be required to be changed or otherwise expended, or that others may have a claim to such amounts, the allocation and distribution may be delayed for a reasonable period required for resolution of the matter. Payments made in good faith prior to such a resolution by the University to one or more claimants will fully satisfy any obligations on the part of the University to all claimants for the amounts so paid. Awards, prizes,

honoraria, and the like received by individuals primarily as recognition for invention achievement are not considered as *net receipts*.

#### Section 11. Special Circumstances Concerning Scope of this Policy

The University will make no ownership claim on *discoveries* created by a student who is not employed by the University or has not used *substantial University resources* to develop *intellectual property*, unless the student's work is part of a *discovery in which the University has an interest* and is *University intellectual property*. If the student-created *discovery* is a *discovery in which the University has an interest* and is *University intellectual property*, the student will be bound by this policy, including but not limited to, rights in the distribution of *net receipts*. A student, who holds an award such as scholarship or fellowship through the University and who creates a *discovery* developed during the course of the award, will be bound by this policy.

The University will make no ownership claim on *discoveries* created by an *included person* who has not used *substantial University resources* to develop a *discovery* and who has created a *discovery* which is not related to his or her research activities or field of expertise. However, the University may exercise its rights if the employee's work is part of a *discovery in which the University has an interest*.

#### Section 12. Special Circumstances Related to the Grant of a License to a Start-Up Company

The University encourages the start-up of companies based upon technology transfer *University intellectual property* provided that conflicts of interest and commitment are accounted for. The University may license *University intellectual property* to companies in which *included persons* have a financial interest provided that conflict of interest and conflict of commitment concerns have been adequately addressed in a *conflict of interest agreement* between those *included persons* and the University. Similarly, companies in which *included persons* hold a financial interest may sponsor research and if duly qualified, that *included person* may be an investigator, subject to an approved *conflict of interest agreement*. The responsibility for preparing and enforcing the *conflict of interest agreement* resides in the University employee's administrative chain of supervision or in other designated University committees. The *Technology Transfer Office*, The Office of University Counsel and other relevant University officers shall provide assistance in preparing the *conflict of interest agreement*.

The *Technology Transfer Office*, in consultation with the *discoverer*, will make a determination as to whether *University intellectual property* has the potential to be licensed as the basis of a new company. Three primary criteria for any start-up company to license *University intellectual property* are: 1) a business plan that sufficiently identifies the resources and steps necessary to commercialize the *University intellectual property*, 2) a commitment of sufficient initial capital and a reasonable chance to obtain additional capital necessary to commercialize the *University intellectual property*, and 3) a sufficiently experienced and available management team capable of raising capital and

executing the business plan. If the company does not meet these criteria, the company may receive either a time-limited exclusive option to the *University intellectual property* during which period the company should work to assemble the resources and information necessary to meet these three requirements or an exclusive license that conditions due diligence on at least these three criteria. Decisions about whether or not a potential licensee meets the three primary requirements for a license will be made by the *Principal Technology Transfer Officer*. The *Principal Technology Transfer Officer* may seek input on this decision from the *Technology Transfer Office* business advisory board as may be reasonably appropriate.

Equity received as consideration for a license, by either the University or an organization designated by the University to hold such equity, will be distributed as soon as it is feasible to do so. Equity received as consideration for a license to *University intellectual property* will be treated as *net receipts* upon liquidation.

### Section 13. Special Circumstances Related to Software

In order to determine whether or not software is within the scope of this policy, *included persons* will disclose all software intended for use outside of the University to the *Technology Transfer Office*. The *Technology Transfer Office* will provide a separate software *discovery disclosure* form. Software generally is covered by *copyright* protection, however, some software is patentable. If the software is determined by the *Technology Transfer Office* to be patentable, it will be handled as patentable *intellectual property* under the scope of this policy. If the disclosed software is determined by the *Technology Transfer Office* as not patentable, the *Technology Transfer Office* will either: 1) legally secure the software through *copyright* and market it to potential licensees 2) distribute the software through open source licensing, or 3) return the software to the *discoverer* under the terms of this policy. If the open source licensing is chosen, the *discoverer* will work with the *Technology Transfer Office* to ensure that no other parties claim rights to the software, no conflicts of interest would result from the open source license, and the appropriate type of open source license and disclaimer is being utilized in the software distribution. The *Technology Transfer Office* will use its best efforts to determine these issues and recommend a course of action for disposition of software to the *discoverer* within five (5) working days from the receipt of a complete software *discovery disclosure* form.