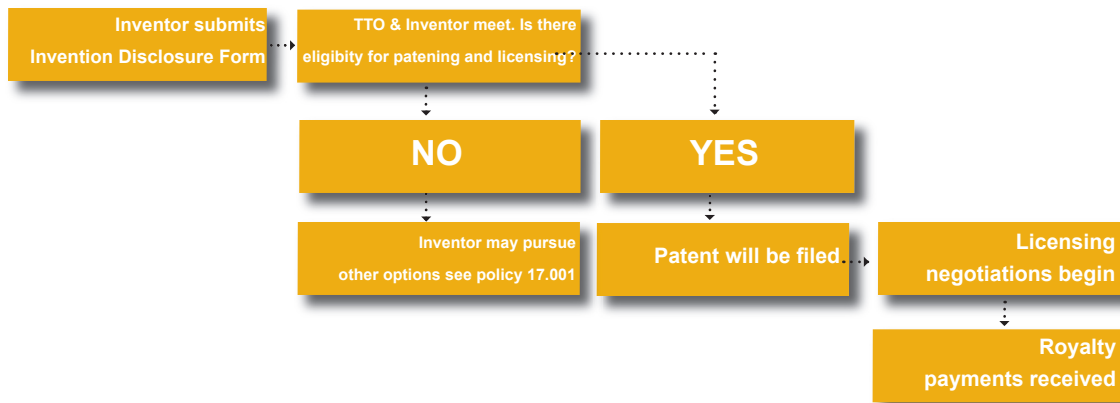


Protecting Your Intellectual Property Rights

At this point in your grant process, through your work, you may have had the good fortune to discover a new technology. OHIO's Technology Transfer Office (TTO) assists faculty who work with both private and public entities to commercialize the technology-based intellectual property through patent disclosures, copyrights, and licensing processes. The office also handles all arrangements needed to transfer loaned materials from the private sector for research use as well as confidentiality agreements on behalf of the university.

The general patent process for a faculty or staff member is:



Inventions include new processes, products, apparatus, compositions of matter, living organisms, or improvements to existing technology in those categories. These inventions are important to grants at OHIO because under federal law, the University is required to report inventions created under sponsored research to the federal government. If the University decides not to take title to such an invention (that is, decides not to keep it), then the government has rights to it. If the government doesn't wish to pursue it, the invention may be assigned back to the inventors. Non-government sponsors may also have intellectual property clauses and obligations attached to such sponsorship with which TTO must comply.

inventor: someone who first conceives of an invention, in detail, and with enough specificity that one skilled in the field could construct and practice the invention.

As an inventor on a grant, who has made a discovery that potentially needs a patent, your first step is to submit an Invention Disclosure Form to TTO office. The TTO office will need specific personal information, such as your work address, to contact you and your home address to mail royalty checks to you. Royalty payments cannot be made without a social security number. This creates a record of the invention (descriptive information), the inventor(s) involved, who sponsored the work, and public disclosures and publications. Disclosure Forms can also be obtained by calling TTO at (740) 593-1778 or visiting the following website <http://www.ictto.ohiou.edu/disclosure.html>.



Those who translate the concept into practice are not considered co-inventors unless they add to the original concept of the invention, although with the agreement of the inventor(s), they may share in the financial benefits.

All disclosures that are received by TTO are logged in and assigned a docket number. A TTO associate will then contact you to set up a meeting with you and any other co-inventors. Together the TTO staff will discuss the invention and make a preliminary evaluation of manufacturing feasibility, novelty, potential applications, and possible markets. At that point in the process, a preliminary development strategy will be developed.

All information provided to TTO will be kept confidential. Without adequate information, TTO cannot perform a complete evaluation of the invention's licensing potential, nor can it obtain an accurate legal opinion as to whether it is patentable. The first meeting of the TTO associate and the inventor(s) is a time when the invention may be discussed in greater detail.

Development Strategies

Different inventions require different development strategies. For example, a basic new scientific tool likely to be widely used is typically licensed on a non-exclusive basis. In contrast, an invention which requires significant investment of resources by a company is typically licensed on an exclusive basis. The exclusive license provides an incentive to the licensee to commit risk capital investments required for product development.

Part of developing a license strategy involves seeking information and feedback on market risk from various sources, such as potential licensees and venture capital firms. Confidentiality agreements may be required to protect overseas patent rights if no public disclosure of the invention has occurred. Based on this information, the TTO will then determine whether or not OHIO will elect title and file for a patent on the invention.



Non-Exclusive Licensing Rights are rights granted to more than one party.
Exclusive Licensing Rights are rights granted to only one party.

The U.S. patent system is a "first-to-invent" system; that is, he or she who can prove they were the first to invent an invention gets the patent rights. The dates of conception and disclosure are so important. Keeping dated lab notebooks that are witnessed by others, and other records of your research is very important for patenting.

A patent is a government granted right to exclude competitors from practicing an invention for a period of time, now twenty (20) years from the date of filing.

Every license has circumstances that necessitate special considerations. For example, startup companies typically cannot afford large initial payments but are able to compensate with equity in the company and/or payments once products are on the market. The signing of a License Agreement is the beginning of a long-term relationship. The licensee's performance is monitored by the TTO staff member for the duration of the license. Most License Agreements require periodic financial or development reports from the licensees.

Royalties

Royalty income for a particular technology is first applied to cover the associated patenting and licensing expenses before being subject to distribution. Generally, royalty income in excess of such expenses is distributed to inventors, their departments and their colleges according to the following schedule (as set forth in OHIO policy 17.xxx).

The Net Royalties are divided as follows:

\$100,000.00 annually

- 50% to the inventor(s)
- 15% to the department or originating unit
- 10% to the college of the inventor(s)
- 12% to the TTO
- 13% to the University

\$100,000.00+ annually

- 30% to the inventor(s)
- 20% to the department or originating unit
- 15% to the college of the inventor(s)
- 12% to the TTO
- 23% to the University

Department and college royalties must be used for research or educational purposes only and represent an important additional source of unrestricted funds for these entities. The TTO may at times accept equity in lieu of cash as part of the license issue fees. The University treats equity in lieu of royalties as royalty income and distributes equity according to the royalty distribution policy.

Publishing Your Work During a Patent Application

If you can disclose your invention well before your invention is publicly disclosed, the TTO staff can have time to evaluate to see if OHIO would want to protect foreign patent rights. It is not necessary, however, to refrain from publishing a paper or making an oral disclosure of an invention. Usually TTO does not file many foreign patents, as the US market offers larger potential.

If you happened to publish a paper or make an oral disclosure before a patent application has been filed, OHIO will not lose U.S. patent rights. Foreign rights, however, will be lost. In the US, OHIO has one year from the date of first publication in which to file a patent.

public disclosure: Anything that is readily available to the public (a journal paper, a conference presentation, a publication on the World Wide Web, even a dissertation indexed at the library) that describes the basic ideas in enough detail that someone else would be able to make and use the invention; i.e., those ideas that are new. Showing or telling these ideas may also constitute disclosure, as does selling or offering for sale a prototype of the invention.

The dates of disclosure are important because in the U.S. an inventor has one year from the date of public disclosure (this includes orally at a public meeting, in writing, or offering it for sale) in which to file a patent application. Once that year has passed, the invention cannot be patented. Moreover, foreign patent rights are lost once an invention has been publicly disclosed. While TTO does not often file for foreign patents due to their high costs, it strongly encourages inventors to disclose their inventions well before public disclosure so that TTO may keep this option open. The filing and prosecution of patent applications are done by outside patent attorney firms. OHIO assesses technical competence, prior experience in similar cases, and inventor preferences when selecting the appropriate patent attorney. The TTO does not file patent applications for all invention disclosures it receives due to the high cost of filing (\$6,000 - \$10,000).



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The inventor's cooperation is essential in patent filing and prosecution. The chosen patent attorney will be familiar with the field of the invention but he/she is unlikely to be an expert at the level of detail that makes the invention novel, useful, and non-obvious. You, the inventor, by providing both written and verbal information, will make an important difference and are indispensable for obtaining meaningful patent protection.



Abstract ideas, principles, and phenomena of nature cannot be patented.

Ownership of a Patent

In accordance with state law (Section 3345.44, Ohio Revised Code), patentable inventions created by OHIO faculty, staff and students are property of the University if the work was supported by University funds or performed in University controlled facilities. Computer software and databases are the property of OHIO if created as part of University-assigned duties.

License Negotiations

Concurrently with making the patent decision, the TTO will begin license negotiations with potential licensees. Companies likely to be interested are approached and are given an opportunity to evaluate the invention (if required, on a confidential basis). The TTO staff welcome an inventor's suggestions of companies to be approached and find those suggestions to be extremely valuable. Negotiations will then follow that attempt to produce a license agreement that is beneficial to both parties while guaranteeing that the technology will reach the marketplace. These agreements typically include terms relating to upfront fees, patent costs, royalties, license maintenance fees, commercialization milestones and definitions of the specific intellectual property rights conferred. These negotiations may require flexibility and creativity by both parties in order to arrive at a mutually satisfactory agreement.

Copyright

Copyright simply means the right to copy. Universities find themselves in a unique position of being both users and creators of copyrightable works. As users, individuals and libraries make copies for educational, scholarly and research purposes; and as creators, faculty, students and staff produce extensive numbers of work as part of their regular activities. At the outset, two classes of property should be differentiated: (1) physical or tangible property, and (2) intellectual property. Physical property refers to a tangible object like a book or a sculpture, while intellectual property refers to the intellectual nature of an object, such as the expression of the ideas contained in a book. In the U.S., the rights conveyed upon a creator are set out in the United States Copyright Act.

Ohio University's copyright policy #15.015 can be found at <http://www.ohiou.edu/policy/15-015.html>.

Confidentiality Agreements

When a faculty member wishes to discuss his/her work with individuals outside of the university, the TTO can prepare and execute a Confidential Disclosure Agreement (CDA) on behalf of OHIO. This protects the University's right to file patent applications, and it makes it more difficult for others to steal the faculty member's ideas (although a patent, if feasible, may be a better defense against such theft). We strongly recommend the use of a CDA if you wish to discuss your work with somebody working in industry.



A Confidential Disclosure Agreement (CDA) protects a university's right to file patent applications in preliminary discussions with individuals outside of the university.

The TTO will prepare all confidentiality agreements with the requesting outside organization. The only designated university official, the Assistant Vice President for Economic and Technology Development, is authorized to sign. Faculty members, department chairs/school directors or deans are in no way authorized to sign confidentiality agreements.

Confidentiality Agreements from Other Parties

Outside organizations may request that the University sign agreements with confidentiality provisions to protect confidential information shared during the course of sponsored research, clinical trials, material transfers, or discussions between the parties for other reasons. All agreements with confidentiality terms should be reviewed by TTO. This ensures the protection of the University's and faculty members' intellectual property rights.

Material Transfer Agreements

Researchers in the biological sciences frequently develop useful biological materials, including transgenic animals, genes, DNA fragments, cell lines, antibodies, plasmids, expression vectors, etc. It is common practice for scientists at different institutions to exchange these materials with each other. In fact, many journals insist that the person who first publishes such a material must share it with other investigators.

Such exchanges can pose problems, as the materials may contain commercially valuable intellectual property. This may be true even if the material itself is not patentable. All material transfer agreements are handled by the TTO. Should you have the need to ship material to a colleague at another institution or industrial partner, or should you need to have a colleague ship material to OHIO, please contact the TTO office to generate an agreement that will protect your interests.

Bayh-Dole Act

In 1980, Congress passed the Bayh-Dole Act. This act and subsequent amendment passed in 1984 provide the basis for current OHIO technology transfer practices related to any technology discovered using federal grant dollars. In a very basic summary, the Act allowed universities to elect to retain title to inventions through government funding. Universities are able to file patents on inventions they own and the government retains a non-exclusive license to practice the invention throughout the world. The Act dictates that preference for licensing be given to small businesses. In addition, the government retains march-in rights. If OHIO elects to file a patent on a government funded invention, some general rules apply, as identified below:

- OHIO must to disclose each new invention to the federal funding agency within two months after the inventor discloses it to OHIO.
- The decision whether or not to retain title to the invention must be made within two years after disclosing the invention to the agency. This time is shortened, if, due to publication of results, the one year U.S. statutory patent bar has been set in motion. Under those circumstances, OHIO must make an election at least sixty days before the end of the statutory period.
- Upon election of title, OHIO must file a patent application within one year, or prior to the end of any statutory period in which valid patent protection can be obtained in the United States. OHIO, within ten months of the U.S. filing, notify the agency whether it will file foreign applications. If OHIO does not intend to file, the agency may then file on its own behalf.
- If OHIO elects to retain title, the federal government is provided a non-exclusive, irrevocable, paid-up license to practice the invention (or have it practiced on behalf of the U.S.) throughout the world.
- Any company that holds an exclusive license for sales in the United States, must substantially manufacture the product in the U.S. Waivers of this rule may be granted by the federal agency upon showing that reasonable but unsuccessful efforts had been made to find a company that would manufacture in the U.S.

- As they proceed to license an invention OHIO must give preference to a small business firm, provided the firm has the resources and capability for bringing the invention to practical application. However, if a large company has provided research support that led to the invention, that company should be awarded the license.
- OHIO may not assign their rights to inventors to third parties, except to a patent management organization.
- OHIO must share with the inventor any income collected on the invention. Any remaining income, after expenses, must be used to support scientific research or education.

Commercializing Your Technology and Faculty-Owned Start-Up Companies

The passage of Senate Bill No. 286 by the Ohio General Assembly provides universities with more flexibility in commercializing technology developed by the faculty and selected staff. The bill allows these OHIO employees, under certain circumstances, to hold ownership interests in firms commercializing technology resulting from their university research. The bill also requires that universities draft rules outlining the process and procedures by which these commercialization efforts will proceed.

With the acceptance of appointment to Ohio University, an individual makes a commitment to Ohio University that is understood to be the primary commitment in the most inclusive sense. Employees are encouraged to develop discoveries and inventions with commercial potential; however, they should do so with due regard to the broader teaching and research mission of Ohio University. The members of the faculty and staff are expected to devote their primary professional loyalty, time and energy to their teaching, research, and administrative responsibilities. Accordingly, they should arrange their outside consulting activities and authorized private business activities so as not to interfere with the primacy of these commitments. Similarly, faculty or staff should not allow their interest in a financial opportunity arising out of their research efforts to interfere with their relationships with other faculty, staff and/or students. For more information regarding OHIO's implementation of Senate Bill No. 286, please consult OHIO policy 19.053.

If you are thinking about starting a company to further develop or to sell a product or service from your invention contact the Innovation Center, Ohio University's business incubator. The Innovation Center offers companies access to wet laboratories, office space, seminar and meeting rooms and shared research and office equipment. Business development professionals are available to help you grow your company. For further information, visit www.innovationcenter.ohiou.edu or call 740.593.1803.