X. SELECTED ADMINISTRATIVE POLICIES FOR FACULTY

H. Technology Transfer (Patent) Policy

1. Introduction

a. Relation of Technology Transfer to the Mission of the College

A significant aspect of the College of Charleston’s public service mission is to ensure that the results of its research are made available for public use and benefit. This "technology transfer" is accomplished in many ways, including educating students, publishing results of research, and ensuring that discoveries and inventions are developed into useful processes and products for public use in the commercial marketplace. The members of the Board of Trustees of the College of Charleston recognize the importance of obtaining the greatest public benefit and usefulness from the products of the College’s scientific research and inventiveness, and that the protection and control provided under patent laws and other legal means for the protection of property rights may be necessary to obtain this goal.

b. Provision of Assistance to Inventors

It is further recognized that employees of the College may require assistance in determining and evaluating patentability and in prosecuting patent applications for, or otherwise protecting, discoveries and inventions made by them. Furthermore, many such inventions involve equities beyond those of the inventor since the use of College facilities or resources, the assignment of duties as a condition of employment, and the use of research funds with contractual obligations regarding patent rights give rise to questions concerning the rights and equities of all concerned.

c. Purpose of the College’s Patent Policy

The purpose of this patent policy is to establish a mechanism to serve the public benefit and interest; to determine and apprise all concerned parties of relative rights and equities; to facilitate patent applications, the licensing of inventions, and the equitable distribution of
any royalties or other financial returns; to provide necessary uniformity in patent matters; and to provide for adequate reporting of patent activities.

d. Objectives of the College’s Patent Policy

Specific objectives of the College’s patent policy are: (1) to disseminate new and useful knowledge resulting from research at the College through the use of the patent system; (2) to license patents to industry in order to promote development of discoveries and inventions toward practical application; (3) to provide income for use in supporting further research and education, with a share of the income accruing to the inventor; and (4) to assure that patent-related obligations to external sponsors of research are met.

e. Overview of the Technology Transfer Process

(1) The U.S. Patent Process

New ideas generated through the College’s research enterprise may require considerable development before tangible research results are available for the public benefit. The U.S. patent system provides an effective means for promoting such development. The owner of a patent, or the owner’s authorized licensee, is granted a limited period (20 years) of exclusivity to practice or use the discovery or invention. This period of exclusivity provides the patent holder with an opportunity to successfully develop products and exclude others from copying the technology and offering competing products. In return for this limited right to exclude others, federal law requires the applicant for a patent to disclose details of the discovery or invention, thereby making new knowledge available to everyone and stimulating others to make further discoveries and inventions.

(2) Patent Rights Following Publication of a Discovery or Invention

The timing of communications to the academic community or public can be a factor in the determination of patent rights. U.S. patent law
allows for the filing of a patent application within a one-year grace period after the first "publication," the definition of which is highly technical under both U.S. and foreign patent laws. Any one of the many and various forms of academic communications or public use may establish the date from which the one-year filing period is measured. The filing deadline is referred to as the "publication bar date." Public disclosure of an invention before filing a U.S. patent application will preclude patent rights in nearly all foreign countries.

2. Definitions
   a. College Employee

      For the purposes of this policy, a College employee is defined as a permanent or temporary full-time or part-time employee or an undergraduate or graduate student performing research.

   b. Potentially Patentable Discoveries and Inventions

      Potentially patentable discoveries and inventions include novel machines and devices; compositions of matter (compounds; mixtures; genetically engineered cells, plants, and animals); genetic forms; plant varieties; software and computer systems; production processes; etc. or a related improvement to any of the foregoing or a new use for a known material or device.

3. Policy
   a. It is the policy of the Board of Trustees to encourage the concept that patentable inventions produced at the College shall be used for the greatest possible public benefit and to provide every reasonable incentive to the faculty and staff for the disclosure, evaluation, and dissemination of such inventions. When College support makes the research effort possible or when the College provides support for the discovery or the development of a patentable invention, it is reasonable for the College to participate in the fruits of such development, including reimbursement for its costs. To that end, the Board encourages the prosecution of patents for such inventions and the licensing thereof in the interest of the public, the inventor, and the College.
b. Under College policy, all potentially patentable discoveries and inventions made by College employees with the use of College resources must be disclosed to the College in a timely manner. College resources include personnel time (e.g., work leading to the invention or discovery was performed by the inventor, other College employees, and/or students during normal working hours), College facilities (e.g., office space, laboratory space, other campus facilities); administrative and technical services provided by the College (e.g., telephone, fax, photocopying, data processing, network connections); College-owned equipment (e.g., laboratory equipment; computers, printers, and plotters; field equipment; office equipment), and expendable materials and supplies purchased by the College (e.g., office, data processing, and laboratory supplies, chemicals, and biological materials). Prompt disclosure of a discovery or invention made with the use of College resources allows for determination of the assignability of rights to the invention or discovery and, as necessary, to plan the further communication regarding the discovery or invention so that the U.S. and foreign patent rights will not be compromised.

c. College employees, students of the College, or external parties (e.g., "off the street") may request that the College accept, for management and commercialization, intellectual discoveries and inventions, which are theirs alone (e.g., have been discovered or developed without the use of College resources). The College may opt to assess such discoveries and inventions for potential commercialization and may enter into an agreement to manage and commercialize such discoveries or inventions. These discoveries and inventions will be assigned to the Office of Research and Grants Administration for management in accordance with these policies and procedures and, if applicable, terms of the gift agreement from the third party.

4. Procedures for Technology Transfer

a. Disclosure of Discovery or Invention

Reporting of discoveries and inventions is accomplished by submitting a "Discovery and Invention Disclosure" form to the Office of Research and Grants Administration. This form provides information necessary for the College to
evaluate inventorship, assignment obligations, patentability, the desirability of obtaining patent coverage, and patent obligations to external research sponsors. This information is confidential and should be kept confidential by the inventor.

b. Determination of External Sponsor Rights

The Office of Research and Grants Administration will first review the discovery and invention disclosure to determine patent obligations owed to external sponsors of the research. The Research and Grants Administration Office will report such invention disclosures to the sponsor(s) as required. Because of the confidential nature of inventions, inventors should not report inventions directly to sponsors.

(1) Provisions in Grant and Contract Agreements

(a) Grant and contract agreements (including cooperative agreements and procurements) with sponsors supporting College research projects or transferring materials for research purposes often contain patent provisions. Those provisions establish the rights of the various parties in potentially patentable discoveries that may be made or inventions that may be developed during performance of the research agreement. The existing patent obligations of all parties must be fully understood in order to avoid conflicting obligations in proposed new agreements relating to the discovery or invention.

(b) The level of sponsor support generally determines the extent of patent rights available to the sponsor. In order to obtain a first right to negotiate an exclusive license, an industrial funding sponsor must fund all the costs of the College research, including full overhead costs and a pro-rata share of the principal investigator's salary.

c. Patent Rights in Federally Funded Research
Federally funded research has special provisions on rights to inventions. The Bayh-Dole Act gives the College title to discoveries and inventions arising from federally funded research. However, the College must grant non-exclusive use rights to the federal government. Also, if the College decides not to file a patent application on a discovery or invention and will not otherwise commercialize it, the College is required to return patent rights to the federal government.

d. Assessment of Assignability

The Director of Research and Grants Administration will appoint an *ad hoc* Discovery and Invention Review Committee (DIRC) to assess the discovery or invention to determine whether it will be assigned to the College or whether it will remain the property of the College employee. The DIRC will be comprised of the Chair of the inventor’s department (or the Dean of the inventor’s school in the event the inventor is a department chair), the Executive Vice President for Academic Affairs (or his/her designee), the university attorney, the Director of Research and Grants Administration, and three faculty members who are knowledgeable in the area of the invention, to be selected in consultation with the inventor and the chair of the inventor’s department. These committee members will have voting status. All members of the committee will be required to sign confidentiality agreements before learning the details of the discovery or invention. The inventor is expected to work closely with this committee in providing all required information about and explanations of the discovery or invention and its potential uses.

(1) All ownership rights shall be assigned to the College for any discovery or invention made by a College employee which:

(a) Results from research carried out by, or under the direction of, the College employee which is funded by a federal agency or with federal funds flowing through a state agency or other organization;

(b) Results from research carried out by, or under the direction of, the College employee which is funded by the College or from non-
federal funds which are under the control of or administered by the College; or

(c) Has been developed using resources or facilities belonging to the College.

(2) If the College employee makes the discovery or invention while engaged in outside consulting activities and does not involve the use of College funds, facilities, or other resources, ownership rights shall remain with the individual.

(3) If it is determined that the discovery or invention is not assignable to the College, a release shall be executed by the Office of Research and Grants Administration in favor of the inventor.

5. Preliminary Evaluation of the Discovery or Invention

A discovery or invention which is assigned to the College will undergo a preliminary evaluation to determine whether the College desires to apply for a patent in the name of the inventor.

a. The Discovery and Invention Review Committee will conduct the preliminary evaluation. The Executive Vice President for Business Affairs (or his/her designee) will serve the DIRC in a non-voting advisory capacity in this evaluation. If sufficient expertise to evaluate the patentability of the discovery or invention is not available in-house, the Director of Research and Grants Administration may also appoint, in a non-voting capacity, a non-College affiliated scientist with appropriate expertise to advise the DIRC. The DIRC and its advisors will assess such factors as patentability, benefit to the public, commercial potential, patent rights of outside parties, impending publication bar dates, the expected cost of patent prosecution, and benefits that might accrue to the College and the inventor. Advisors to the committee will be required to sign confidentiality agreements before learning the details of the discovery or invention.

b. During the period of preliminary evaluation, the inventor is expected to keep the Office of Research and Grants Administration apprised of any action he/she is contemplating, especially publications or other public
disclosures that might affect rights in the discovery or invention.

c. The Office of Research and Grants Administration and the Discovery and Invention Review Committee shall act promptly in carrying out the preliminary evaluation so that the property rights of the inventor and the College are protected and so that publication of research results through normal academic channels is not delayed. The Discovery and Invention Review Committee, however, may request further development of the invention before final action is taken in the evaluation.

d. If it is determined that the College has no interest in the discovery or invention, a release will be executed by the Office of Research and Grants Administration in favor of the inventor, subject to any applicable sponsor agreements.

e. If the Discovery and Invention Review Committee determines that an assignable discovery or invention qualifies for further consideration, marketing of the discovery or invention to find a qualified licensee will be initiated. The goals of marketing are to assess commercial interest in the discovery or invention and to find qualified licensee(s).

6. Securing the Preliminary Opinion on Patentability

When sufficient information on the potential patentability and the commercial viability has been gathered and sufficient financial resources are available from either the College or a qualified licensee, the case will be referred to a patent attorney to conduct a prior art search in the U.S. Patent and Trademark Office and render a preliminary opinion on patentability. Alternatively, the College may enter into an agreement with a technology transfer organization to determine patentability. A preliminary opinion on patentability of the discovery or invention is normally issued within 60 to 120 days.

7. Pursuing the U.S. Patent

a. If, based on the preliminary opinion, the College decides to proceed with filing a patent application, the Office of Research and Grants Administration will coordinate the process. A patent attorney (or a technology transfer organization) will be engaged to draft the patent
application. The inventor is expected to work closely with the attorney (or the technology transfer organization) to complete the application. The completed patent application will then be submitted in the inventor's name to the U.S. Patent and Trademark Office. At the time of filing of the application, the inventor will execute legal documents assigning the patent to the College.

b. When the application is filed, the patent attorney, the Director of Research and Grants Administration, and the inventor will work together to respond to the patent examiner’s requests for information (called "Office Actions") and to seek the broadest possible protection for the discovery or invention. (In general, about a year will elapse before the patent examiner takes the first substantive action on a newly filed patent application. Final approval may take two or more years.)

8. Filing for Foreign Patents

Because procedures for filing patent applications in foreign countries are varied, complex, and very costly, the Office of Research and Grants Administration recommends filing foreign patent applications only when the cost is likely to be recovered from a licensee. (Note: Public disclosure of an invention before filing a U.S. patent application will preclude patent rights in nearly all foreign countries. If a publication has been made after a U.S. patent application filing, a preliminary foreign filing must be made within one year of the U.S. filing date in order to preserve rights in other countries.)

9. Licensing of the Discovery or Invention

a. To pursue the licensing of a discovery or invention, the inventor will assist the Director of Research and Grants Administration in identifying companies that may be interested in licensing the discovery or invention. The Director of Research and Grants Administration will then contact appropriate companies to assess their interest in obtaining a license to the patent rights. (Note that licensing often occurs before the patent issues.) Coordination of all licensing contacts by the Office of Research and Grants Administration serves the interest of both the inventor and the College, and information the inventor provides regarding potential licensees is important to this process.
b. If a private company contacts an inventor directly, the inventor should refer the company to the Office of Research and Grants Administration. The College may permit evaluation of an invention by potential licensees prior to the issuance of a patent through use of a Confidentiality Agreement executed by both the College and the potential commercial partner.

c. When the Office of Research and Grants Administration identifies an appropriate commercial partner, a license agreement will be negotiated and executed on behalf of the Board of Trustees. Terms and conditions for licensing agreements vary and will be negotiated on a case-by-case basis. If a company needs time to evaluate an invention, an option acknowledgment may be negotiated. An exclusive license may be granted in instances where one commercial sponsor provided all of the funding for the research, or when it is the best way to assure development of the invention. An exclusive license must provide for diligent development of the invention, and it usually includes a minimum annual payment.

d. In some instances, a licensee may wish to engage the College inventor as an independent consultant to assist the licensee in transferring the technology from the academic to the private sector. The College does not usually become party to such consulting arrangements. However, College policies on faculty and employee consulting apply to this situation, and the inventor should ensure that any such consulting arrangements addressing patent or invention rights contain the phrase "subject to prior obligations to the College of Charleston."

e. In some situations, it may be in the best interests of the College, the general public, and the inventor to enter into commercialization agreements with entities wholly or partially owned by the inventor. Such arrangements may be considered and accepted, provided law does not specifically prohibit them and that adequate provisions, including full disclosure of interests, are made to avoid or otherwise protect against conflict of interest on the part of those involved. The Office of Research and Grants Administration will handle such negotiations.

f. If an invention was conceived or reduced to practice in whole or in part under a research agreement (grant,
contract, cooperative agreement, or procurement) with a federal agency, the U.S. government also receives a royalty-free license for government use, which is issued by the College.

10. Distribution of Royalties
   
a. Gross royalties, license fees, or other such payments, which are usually expressed as a percentage of sales or a fixed dollar amount per unit manufactured in return for the right to use, copy, reproduce, make, or sell an item of intellectual property or a product based on such property, will be negotiated with the licensee by the Office of Research and Grants Administration as a part of the license agreement. Rates depend on a variety of factors such as the value of the invention, the cost of commercializing the invention, and whether the license is exclusive or nonexclusive.

b. Net royalties will be calculated by subtracting from gross royalties, license fees, or other such payments the up front and direct costs of patenting and protection of patent rights, including attorneys’ fees and/or fees of any technology transfer organization retained to pursue the patent, and College funds used in further development of the discovery or invention.

c. Net royalties will be shared between the inventor and the College. When there are two or more inventors who are employees of the College, each will share equally in the income unless the inventors agree on an alternative distribution. When a joint invention arises involving another institution, net royalties will be shared with that institution and/or its inventor.

d. Net royalties will be distributed as follows:
   
   50% to Inventor (and/or his/her heirs and assigns)
   15% to Inventor’s Department or Administrative Unit (earmarked for research)
   15% to Inventor’s School or Division (earmarked for research)
   20% to College of Charleston (for the enhancement of research and education)

e. The College employee whose invention is licensed to an entity in which he/she has a proprietary interest (e.g.,
company officer, founder’s equity position, stock holdings exceeding ten percent of the total issued, etc.) will not receive the discoverer’s/inventor’s share of College net royalties. In this case, the net royalties will be distributed as follows:

35% to Inventor’s Department or Administrative Unit (earmarked for research)
35% to Inventor’s School or Division (earmarked for research)
30% to College of Charleston (for the enhancement of research and education)

f. The College employee whose invention is licensed to an entity in which he/she has a proprietary interest (e.g., company officer, founder’s equity position, stock holdings exceeding ten percent of the total issued, etc.) will receive his/her share of net royalties from any other licenses.

g. The Office of Research and Grants Administration reserves the right to suspend distribution of income when there is reason to believe that substantial deductible costs will be incurred in the future. The inventor will be informed of such decisions.

h. The Office of Research and Grants Administration and the Office of the Controller will do accounting for patent income and expenses. Royalty payments will be made to inventors in August of each year on amounts received in the previous fiscal year (July 1 to June 30).

11. Releasing Rights to Inventors

Where no overriding sponsor rights exist, patent rights may be released to the inventor when the College elects not to file a patent application or to commercialize a discovery or invention or when the equity of the situation clearly indicates such release should be given. Even if outside sponsorship is involved, the inventor may be able to obtain rights. The Office of Research and Grants Administration will assist the inventor in these procedures, and in the procedures necessary for the inventor to obtain clear title from sponsoring federal agencies, if applicable.

12. Appeal Procedures
a. Internal Appeals Process

Any disputes concerning application of this policy shall be resolved by a panel of three members upon written appeal to the Office of Research and Grants Administration. The panel will be comprised of a representative selected by the inventor, a representative designated by the Executive Vice President for Business Affairs, and a third person selected by the other two members. None of the panel members shall have served as voting or non-voting members on the Discovery and Invention Review Committee.

b. Mandatory Binding Arbitration

Any disputes arising under this policy that are not resolved to the satisfaction of either party under the internal appeals process shall be submitted to mandatory, binding arbitration under the guidelines and procedures of the American Arbitration Association. The parties shall agree upon one arbitrator to resolve the matter. If the parties are unable to agree upon a single arbitrator, then each party shall select one arbitrator and these two arbitrators shall select a third arbitrator. This three-person panel shall conduct an arbitration hearing and render a final, binding decision.

(Rev. May 2007)