

ASU System Policy

DRAFT

Effective Date: December 7, 2012

Subject: Patents

1. Purpose

Arkansas State University will secure ownership of and protect both the Originator's and the University's interests in patentable inventions or discoveries.

2. Definitions.

- A. **Arkansas State University.** Arkansas State University (ASU) means all the campuses within the Arkansas State University System, now and in the future.
- B. **Originator.** Originator means any ASU employee or student who in the course of Scholarly Production makes an invention or discovery that is subject to being patented.
- C. **Scholarly Production.** Scholarly Production means any research, creative activity, or development activity which is directly related to the duties and responsibilities for which an employee or student has been compensated by or through ASU or for which the employee or student makes more than incidental use of facilities owned, operated, or controlled by ASU to create the Scholarly Production. The receipt of student financial aid, except for financial aid provided for the purpose of conducting research, creative activity, or development activity, does not constitute student compensation.

- D. **Incidental Use.** Incidental use means occasional utilization of University facilities for limited amounts of time. The use of routinely available office equipment, including computers and commercially available software, and routinely available reference materials constitutes incidental use when used occasionally for limited amounts of time.
- E. **Patent.** Patent means that bundle of legal rights which protect inventions or discoveries.
- F. **Patentable Inventions or Discoveries.** Patentable Inventions or Discoveries shall be defined as set out in the current United States Code. Patentable Inventions or Discoveries include any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.
- G. **Moment of Creation.** Moment of creation means that point in time when a Patentable Invention or Discovery is first conceived or recognized by the Originator.
- H. **Royalty-Free License.** Royalty-Free License means a non-exclusive, nontransferable license for ASU's unrestricted use of the Patentable Invention or Discovery for noncommercial educational or research activities, the license being without royalty payments.
- I. **Net Income.** Net Income means the gross income received by the owner of the patentable invention or discovery less the costs for commercialization, patenting, licensing, or obtaining legal protection for the invention or discovery. Salaries or overhead for the Originator or any staff shall not be deducted when calculating Net Income.
- J. **Sponsored Research.** Sponsored Research means Scholarly Production for which ASU has received external or provided internal monetary support.
- K. **Facilities.** Facilities means buildings, equipment, software,

reference materials, or other resources provided for the use of students, faculty, and staff but not generally available to the public.

3. Arkansas State University Patent Policy

Arkansas State University is committed to securing immediate ownership of Patentable Inventions or Discoveries created by employees and students in the course of their Scholarly Production at the University. ASU will work with the Originator to commercialize Patentable Inventions or Discoveries to the mutual benefit of the Originator, ASU, and the public. In order to insure that ASU is granted immediate ownership, Originators, as a condition of employment or enrollment, make an immediate assignment of all ownership rights in Patentable Inventions and Discoveries to ASU effective at the moment of creation. To document the immediate assignment required by this policy, Originators also execute a Written Assignment as set out below.

4. Process

A. Written Assignment

As a condition of employment or enrollment, employees and students will confirm in writing their immediate assignment as an Originator of all Patentable Inventions or Discoveries to ASU.

B. Disclosure

All Originators shall furnish a full and complete disclosure of any Patentable Invention or Discovery immediately after the moment of creation to the office designated by the chancellor of that campus to manage research and technology transfer.

C. Review of Disclosures

Each chancellor shall designate a person responsible on that campus for reviewing disclosures who will recommend one of three possible actions following his or her review. ASU may:

1. Retain all ownership rights and develop the Patentable Invention or Discovery for commercialization at ASU's discretion;
2. Assign all rights to the Originator but retain a Royalty-Free License; or
3. Assign all rights to the Originator.

D. Development.

The owner of the Patentable Invention or Discovery bears the responsibility and financial burden of developing and marketing the invention or discovery and all legal fees and other costs related to obtaining and maintaining patent protection, unless otherwise negotiated.

If ASU does not furnish notice of intent to retain ownership rights of the Patentable Invention or Discovery within ninety (90) days after disclosure, the Originator may request that ASU transfer its rights subject to the retention of a Royalty-Free License or assign all rights to the Originator. ASU shall respond within thirty (30) days to the request of the Originator designating which of the three actions in 4.C. will be taken.

If ASU does not file a provisional patent within one (1) year of furnishing notice of intent to retain ownership rights of the Patentable Invention or Discovery, ASU shall assign all rights to the Originator if the Originator so requests.

If ASU chooses to patent an invention or discovery but takes no steps within two (2) years of disclosure to develop the invention or discovery commercially, the Originator may request that ASU transfer its rights subject to the retention of a Royalty-Free License or assign all rights to the Originator. ASU shall respond

within thirty (30) days to the request of the Originator designating which of the three actions in 4.C. will be taken.

E. Distribution of Income

In consideration of the provision of facilities or compensation by ASU to allow Originators to create Patentable Inventions or Discoveries and in consideration of disclosure and immediate assignment of Patentable Inventions or Discoveries by Originators to ASU, Net Income from the commercialization of a Patentable Invention or Discovery will be distributed as follows:

1. For the first ten thousand dollars (\$10,000.00) of Net Income, the Originator, Originator's heirs, successors, or designee shall receive eighty-five percent (85%) of that Net Income with the remaining fifteen percent (15%) belonging to the ASU campus at which the Originator is or was employed or enrolled.
2. Once the ten thousand dollar (\$10,000.00) plateau has been reached, Net Income up to two million dollars (\$2,000,000.00) will be divided fifty percent (50%) to the Originator, Originator's heirs, successors, or designee with fifty percent (50%) belonging to the ASU campus at which the Originator is or was employed or enrolled.
3. Once the two million dollar (\$2,000,000.00) plateau has been reached, Net Income will be divided forty percent (40%) to the Originator, Originator's heirs, successor, or designee with sixty percent (60%) belonging to the ASU campus at which the Originator is or was employed or enrolled.

Net Income will be distributed on an annual basis with payments being made within sixty (60) days after the end of a calendar year in which Net Income from the invention or

discovery have accrued.

F. Sponsored Research

Rights to Patentable Inventions or Discoveries produced as a result of Sponsored Research, including research sponsored by the Arkansas State University Research and Development Institute, Inc., are determined by the contractual or grant agreements negotiated between ASU and the sponsor.

Federal law controls the disposition of inventions or discoveries made while utilizing federal funds. ASU must comply with all federal laws and agency regulations regarding ownership of inventions or discoveries, including obtaining immediate assignment of ownership rights from the Originator.

(Adopted by the Arkansas State University Board of Trustees on December 7, 2012, Resolution 12-_____. This policy supercedes all sections addressing Patents in the System Intellectual Property Policy adopted on February 25, 2005. All remaining sections of the System Intellectual Property Policy continue in full force)