The Faculty Council on Research met on Thursday, February 13, 2003, at 8:00 a.m. in 26 Gerberding Hall. Chair Asuman Kiyak presided.

**PRESENT:** Professors Booth, Heath, Kiyak, Sarikaya, Stewart, Tolnay, Troll, Vogt

*Ex-Officio* Dworkin, Kahl, Hogan, Parks, Zuiches

**ABSENT:** Professors Gordon, Kartsonis, Ruzicka, Vance, Vitaliano

*Ex-Officio* Sjavik, Stygall, Blake, Ghosh, Camber

**Guests:** Bob Miyamoto (APL), Ed Rubel (IPMAC), Jim Severson (OTT)

**Synopsis:**
1. Approve agenda
2. Approve minutes
3. Brief report from subcommittee on Classified Research Proposal
   - Robert Miyamoto, Applied Physics Lab
4. Proposed changes in Intellectual Property Rules (Mac Parks)

Kiyak called the meeting to order at 8:02 a.m.

**Approve agenda**
The agenda was approved.

**Approve minutes**
The January 30 minutes were approved.

**Classified Research Proposal - Robert Miyamoto, Applied Physics Lab**
Asuman Kiyak introduced Bob Miyamoto, Associate Director of the Applied Physics Lab, who has proposed a classified research project with the University of Hawaii entitled *Feedback Planning: Fundamentally improving undersea warfare acoustic mission planning through event reconstruction and analysis for U.S. Maritime Patrol and Reconnaissance Forces.*

The Classified Research Subcommittee (Kiyak, Brent Stewart, Dan Vogt) has met with Miyamoto to review summaries of the project. Stewart reported that the proposal does not involve any graduate students, does not contravene University policies as outlined in the UW Faculty Code, and does not contain any "red flag" issues.

In the judgment of the subcommittee, the project does make use of unique University capabilities (the Applied Physics Lab), does constitute a substantial public service, and does have very substantial scholarly and scientific benefits that will be published even though the project is classified. For these reasons, the subcommittee believes that the potential benefits outweigh the disadvantages of the restrictions and recommends that the project be approved.

Miyamoto described the Applied Physics Lab (APL) as one of four such labs in the country (UW, UT Austin, Johns Hopkins, Penn State). The UW APL has a special relationship with the U.S. Navy, for whom it has been doing work since 1954 -- the project under review is covered under a Navy contract that is already in effect, but the funding is being routed by Congress through a
company in Hawaii. The specific research involves looking at sensors in the water, evaluating the environment, and evaluating how the environment impacts the sensors. This is of interest to the Navy because of growing tensions in the Pacific, Miyamoto added. He also advised the Council that these classified requests will become more frequent because the UW will be partnered with private industry more often in the near future – contracts with Lockheed-Martin and Raytheon are in the offing.

Mark Troll moved to approve the classified request, and was seconded.

In discussion, Mac Parks clarified a point: There are no classified contracts at the UW, but there are classified components within some contracts. There is no research at the UW that is not known in a public form. Craig Hogan mentioned ITAR (International Traffic in Arms) research, which is not classified but has some potential restrictions on its publication. Should these proposals come before the Research Council? Perhaps the Council should take this under consideration.

Sam Dworkin asked who owns the data in a classified project such as this, where UW research is routed through a for-profit concern. What is the relationship of a private enterprise to the UW? Miyamoto said the government owns the data, but confirmed that the for-profit company does see the data.

Based on the subcommittee's recommendation and discussion, the APL contract entitled Feedback Planning: Fundamentally improving undersea warfare acoustic mission planning through event reconstruction and analysis for U.S. Maritime Patrol and Reconnaissance Forces was unanimously approved.

Proposed Changes in Intellectual Property Rules (Mac Parks)

Parks provided the Council with copies of:

- Proposed revisions to the Patent, Invention, and Copyright Policy (appendix)
- The Administrative Policy Statement on Technology Transfer (appendix)
- An Executive Summary of the proposed changes, in a memo dated 12/20/02 (appendix)

Parks said that the proposed changes to the Intellectual Property (IP) policy have been in the works for about four years, and are the result of many far-ranging discussions with FCR, the Intellectual Property Management Advisory Committee (IPMAC), and other interested parties. He introduced guest Ed Rubel, professor in Otolaryngology and chair of IPMAC, who has been involved in drafting the changes. Parks also introduced Jim Severson, Vice-Provost for Intellectual Property and Technology Transfer, who is responsible for implementing Intellectual Property policies.

Intellectual Property Rules govern patents and copyrights of artistic and scholarly works and inventions produced by UW employees. In general, Parks said, copyrights produced by UW employees belong to the person who created the work, while patents for inventions belong to the University. There are exceptions to both rules.

The University is required by law to share with the inventors a portion of the revenues realized from the commercial use of their inventions.

Licenses, said Parks, tend to erase some of the distinction between copyrights and patents, since licenses increasingly are issued on combinations of multiple technologies that can be covered by both copyrights and patents. In addition, multiple inventors may generate multiple licenses.
covering multiple technologies. Dealing with this kind of complexity is what drives many of the proposed Tech Transfer policy revisions, Parks added.

The proposed policy revisions, said Parks, are intended to clarify and simplify:
- Coverage - what is covered under the Intellectual Property Rules
- Revenues - what happens to the revenues and how they are spread around
- Management Structure – how Intellectual Property is managed at the UW

The proposed policy revisions are not intended to increase or decrease what is covered by the Intellectual Property rules, Parks stressed.

The proposed revisions have been discussed by FCR and the Board of Deans, and have gone through negotiations with various groups and constituencies. In drafting the revisions, IPMAC reviewed IP guidelines from many other research institutions and tailored some of the changes to bring Washington State Ethics Law to greater consciousness throughout the University.

Parks drew Council members' attention to the following portions of the proposed revisions:
- The Returns Policy, which governs procedures to be followed when the University has no interest in pursuing licensing. These revisions reconcile the Policy Statement with the Faculty Handbook.
- Better warnings about the State Ethics Act, to make faculty members more acutely aware of their obligations and liabilities under Washington State law, especially with regard to contractual obligations and work-for-hire.
- Changes in the revenue distribution from Technology Transfer. At present, the distribution is based upon a multi-tiered system. The proposed revision would eliminate the tiered distribution and substitute a distribution of one-third of the revenues each to the inventor, the inventor's school or college, and the Central Administration (the Royalty Research Fund, as required by Federal law), after an initial 20% has been deducted for Tech Transfer administrative costs. If the inventor opted to return his/her revenues to research, the University would match the reinvestment amount dollar-for-dollar.

Severson commented that elimination of the tiered distribution system would also simplify the administration of equity, both for the UW and for the inventors. UW Risk Management does not want to hold equity for the inventors – the proposed revisions would allow the immediate transfer of equity and allow the inventors to manage their own equity positions. Under the present system, Tech Transfer spends three person-months each year calculating royalty distributions so this would be a great efficiency for Tech Transfer.

Parks said the proposed system would mean a large shift in revenues from central administration to schools and colleges, and a smaller shift in revenues for inventors. Where small amounts of money are concerned ($40,000 or less) the inventor would receive a smaller share of the revenues. Above $40,000 in revenues, the inventor would get a greater share.

Troll took issue with the proposed change to revenue distribution. If (for example) 98% of the royalty streams to inventors amount to $40,000 or less, the net effect will be to reduce revenues to all those inventors. Without knowledge of the actual distribution, it is impossible to say that any of the inventors will get more. What is the actual distribution?

Rubel said the committee modeled the effects of the proposed distribution and found that the downside of the new model (for inventors with less than $40,000 in revenues) was a loss of
$3500, while the upside (for inventors with revenues of $1,000,000 or more) was a gain of $33,000. In addition, the inventors can control virtually 100% of the revenues, since – under the new model - the UW has to match the inventors dollar-for-dollar if they choose to re-invest the revenues into their own research.

Parks said that the reality of the new model is that most revenue streams are smaller and most faculty members will experience some loss in their share.

The tradeoff, said Parks, and the question that FCR needs to answer, is whether the increase in simplicity, reliability, and management of the system, plus the increase in the leverage inventors have over the revenues, warrants the decrease in the revenue to each inventor.

Rubel added that it is absolutely impossible to retain the present tiered system, because it is impossible for Tech Transfer to continue running it.

Troll conceded that simplifying the system is an important goal – administrative costs are very serious. He also commented that the UW's revenue-distribution is more generous than some he has seen. However, the net effect of the proposed revisions to the average faculty inventor will be to reduce revenue slightly.

But unless you look through the revision document very carefully, said Troll, you get the impression that there is not going to be any significant change other than making the process simpler. If FCR is going to present this to the faculty, it should be made clear that most of the revenues are smaller than $40k and so in most cases faculty members will get less revenue.

Ross Heath would like to see the history of these revenues included. Kiyak suggested adding an appendix that would include IPMAC's modeling of the revised revenue streams.

Troll wants to make sure the consequences of the proposed revisions are laid out upfront, rather than having people get upset later. Heath said that simplicity makes sense and the increased control of dollars makes sense, but if the net result is that 100 faculty members are worse off for every one that's better off, there is certainly some serious educating to be done.

Craig Hogan asked whether there are other choices – Rubel responded that the committee did model a two-tier system with other percentages, but the changes were so trivial and the complexity increased so that it opened the door to gaming the system. Rubel said the waiver-match system inherent in this proposal is more creative, has greater integrity, and puts the power in faculty hands where it should be. It also recognizes that you don’t get something for nothing, Rubel said, and is a unique policy that allows faculty to increase the pool of knowledge by putting the money back into their labs, or into any other unit in the University.

In response to Hogan's question, Rubel said the revenue could also be used for group salaries, though not for the inventor's personal salary. And it would have to be matched dollar-for-dollar by the University. Heath reiterated that this plan allows the faculty member to control how 2/3 of the revenue is spent (less the 20% admin cost, which may be a one-time cost in many cases), with the faculty member's school or college controlling the remaining 1/3.

Subtracting the admin cost, the faculty member controls slightly more than 50% of the revenue (2/3 of 80%).
Heath raised the issue of work-for-hire, pointing out that faculty members do not own the copyrights on any syllabi that their chairs tell them in writing to create. Parks said this is both variable and unsettled within current law. Parks said he would like to avoid having that debate when the intent of the changes is to only update the policy. Rubel said universities, including the UW, do not want to do this kind of policing. The UW policy for copyrights is "faculty own copyrights, except..." with the exceptions clearly delineated.

Kiyak noted that meeting time was growing short, and reminded members that an extra meeting has been added on February 27 to dispose of the growing list of agenda items. Council members are encouraged to review the IP revision materials so the discussion can be concluded on February 27 and a vote can be taken.

Both FCR and FCFA are reviewing the proposed revisions and will report to the Senate leadership as to whether they are, or are not, in favor of the revisions.

The meeting was adjourned at 10:00 a.m. Minutes by Linda Fullerton, Recorder.

Appendix:

Transmittal Memo and Executive Summary – pages 6-11


Technology Transfer Policy – pages 25-52
Transmittal Memo and Executive Summary

UNIVERSITY OF WASHINGTON

December 30, 2002

To: Lee L. Huntsman
   President

Fr: Mac Parks
    Assoc. Vice Provost for Research

Re: Proposed Changes in UW Intellectual Property Policies

I am recommending that you adopt the enclosed revisions to the Faculty Handbook (Vol. 4, Part 5, Chapter 7) and the Administrative Policy Statements (Section 59.4). These revisions summarize a process that began four years ago when you, as Provost, requested that the Intellectual Property Advisory Management Committee (IPMAC) re-examine policies governing the distribution of revenues from patent-based licenses. As these deliberations unfolded, it became clear that more extensive revisions were needed. The more comprehensive package of changes we are proposing today is intended to:

- Update and clarify text that has become inaccurate or awkward over time.
- Acknowledge changes in UW administrative structure.
- Revise the management and distribution of revenues from technology transfer.
  These revisions simplify existing policies, enhance faculty decision-making, and increase the level of funding going to colleges and departments.

The path to this point has been a long one, as you know. At various points along the way, preliminary proposals were reviewed and approved by the Intellectual Property Advisory Management Committee, the Faculty Council on Research, the Research Advisory Board, and the Board of Deans. Nearly all of the pieces have been tentatively approved at some point, but it is now time for the entire package to be reviewed.

Because the issues are complex and varied and because discussions have occurred over several years, I offer the following executive summary of the major changes to the Faculty Handbook and the Administrative Policy Statements.
Executive Summary

Updates and Clarifications

The University’s policy statements have been revised on several occasions over the years. Most of the updates and clarifications now being suggested are straightforward and do not warrant mention here. For the most part, they eliminate awkward language or inconsistencies that have accumulated over the course of successive changes over the past 20 years. Previous drafters, for example, did not anticipate the global character of contemporary intellectual property management. Thus, previous references to “the U.S. patent office” have been eliminated so as to allow a broader perspective. The list of intellectual property management firms with whom the University may do business has also been updated. Three changes do warrant mention:

1. Removal of inconsistency in descriptions of the returns policy.

   The “returns policy” covers the disposition of the University’s intellectual property in cases where the University has decided not to pursue licensing. This policy was modified in 2000 to incorporate the more restrictive stance required by the state ethics law, the Bayh-Dole act, and other contractual obligations that might apply in a given case. This revision is stated in Section 1.C of the current Faculty Handbook (Vol. 4, Pt. 5, Ch. 7). Unfortunately the UW Operations Manual (now the Administrative Policies Statement) was not updated to reflect this change. To correct this inconsistency, Section 2.d of the administrative policy statements has been changed.

2. Better warnings about the scope of the state ethics act.

   Revisions to the state ethics act made it illegal for faculty or staff to make significant, uncompensated use of University resources for the production of private works. Existing copyright policy statement in the Handbook (Section 2.B.3), however, did not adequately identify this potential liability. It focused only on the use of “service centers” rather than on the use of University resources more generally. To protect faculty and staff, the text has been updated to reflect the larger scope of the state ethics law.

3. Better coverage of copyright issues in the Administrative Policies Statement

   Section 59.4 of the current Administrative Policies Statement is limited to issues related to inventions and patents. We have broadened this section to include a general overview of copyrights and changed to title to the more inclusive "Technology Transfer." The revised section not only does a better job of directing readers to the relevant sections of the Faculty Handbook, but also includes a number of smaller edits to extend its application to a broader range of intellectual property.
Changes in University Administrative Structure

In the summer of 2000 technology transfer operations were separated from the Office of Research and a new Office of Intellectual Property Management and Technology Transfer (OIPTT) was created. Responsibility for the operational aspects of technology transfer shifted to the new Vice Provost for Intellectual Property and Technology Transfer. Accordingly, references to the “Director of the Office of Technology Transfer” have been changed to the “Vice Provost for Intellectual Property and Technology Transfer.”

This restructuring also required changes in the role and reporting of the advisory bodies mentioned in the policy statements. The most significant of these has been to designate the Intellectual Property Management Advisory Committee (IPMAC) as the advisory body for policy matters. IPMAC is appointed by and advisory to the President on the full range of intellectual property policy issues. Its activities will be coordinated by the Vice Provost for Intellectual Property and Technology Transfer. Existing policy references to a “committee” have been replaced with more specific language designating IPMAC as the advisory body for policy matters.

Changes in the Distribution of Revenues from Technology Transfer

Most of the revisions were the result of policy development efforts requested by the Provost and conducted through the Office of Research and the Intellectual Property Management Advisory Committee. Proposals continued to evolve through discussions with the Faculty Council on Research, the Research Advisory Board, and the Board of Deans. The result is a series of changes in the Faculty Handbook and the Administrative Policies Statement designed to accomplish the following:

1. A simplification and balancing of the distribution formula.

The current formula for the distribution of net royalties from patents and inventions is:

<table>
<thead>
<tr>
<th>Cumulative net</th>
<th>Inventor</th>
<th>S/C/D</th>
<th>UW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $10k</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>$10-40k</td>
<td>50%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Over $40k</td>
<td>30%</td>
<td>20%</td>
<td>50%</td>
</tr>
</tbody>
</table>

And the current formula for the distribution of net royalties and other revenues from copyrights is:
The proposed formula for the distribution of net licensing revenue of all types is:

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<table>
<thead>
<tr>
<th>Cumulative net</th>
<th>Inventor</th>
<th>S/C/D</th>
<th>UW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $20k</td>
<td>50%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Over $20k</td>
<td>30%</td>
<td>20%</td>
<td>50%</td>
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The proposed formula will eliminate the unworkable bottom tier in the current formula, simplify administration, and result in a substantially greater share of the revenues going to schools, colleges, and departments (S/C/D).

The "no tiers" proposal offers simplicity, ease of administration, and a reduction of liability. First, the "no tiers" model is immediately obvious, intuitive, and easy to explain. This is no small advantage given the rising level of contentiousness surrounding technology transfer revenue. Second, the "no tiers" model is far easier to administer than the current hodgepodge. Complex tier models make sense only in cases where there are one or two inventors, one technology, and one company involved in a license. Unfortunately, the typical situation today is for a license to involve multiple patents, multiple inventors, multiple companies, and on-going revisions in the list of both patents and inventors. Having to track cumulative sums of revenue split in such complex ways dramatically increases the level of administrative overhead as well as the likelihood of error. Third, multi-tiered systems encourage people (both inventors and administrators) to "game the system" in ways that a straight division does not. We are even beginning to see conflict over what counts as the proper unit for determining distributions (e.g., patents vs. disclosures). Regardless of its form, a multi-tier system cannot help but create conflict and perverse incentives. The "no tiers" system eliminates all this and allows us to focus on making sound business decisions about how to package disclosures and licenses. Finally, while we appreciate the loss of tiers in which inventors receive special treatment, the loss is more symbolic than financial—never more than $7,000 over the life a license.

2. Application of a single distribution formula to equity and all types of royalties.

We currently use different formulae to distribute royalties for patents and copyrights. Equity received by the UW as part of licensing agreements is distributed according to the top tier of the current formula for patent income. We propose to use a single distribution formula for all net revenues from licensing agreements. The goal is to provide a system than can be explained simply and administered less expensively.

3. Creation and application of a uniform administrative fee of 20%.
Administrative fees for licensing activities currently vary at the UW, from 15% for copyrights to 24% for patented technologies. This has not only resulted in confusion and contention among the faculty, but has also become difficult to administer because copyrights and patented technologies are now often bundled in a single licensing agreement. The uniform fee of 20% removes these difficulties and puts us in alignment with fees charged by several of our peers.

4. Creation of a new waiver/match program.

This innovative program would allow any faculty member (defined as faculty member eligible for PI status) to prospectively waive the receipt of a portion or all of his or her share of annual revenue received under a technology license. The waiver may be permanent or for a limited number of years. The faculty member may designate his or her laboratory or research program, department, or other University unit as the recipient of the waived amount. The waived funds will be matched 1:1 by the University with one half of the match coming from the school/college/department share and one half coming from the UW-central share. Plans for both waivers and matches must be approved by the Provost's Office in consultation with the Dean or Deans of the units involved. The plan is also subject to the following stipulations:

(a) The waiver must be irrevocable and executed prior to the first distribution of that year. The waived funds will be regarded as regular University funds subject to all of the usual and customary legal and administrative requirements of the University.

(b) The combined match from all units of the University (college/school/dept. and central administration) may not exceed $100,000 per employee per year, regardless of how many inventions are involved. It may not exceed $300,000 per year from a single license.

(c) It is expected that waivers and matches to units will only occur with the concurrence of the Dean of the receiving unit or units. It is further expected that the school/college/department share of the match will only occur with the concurrence of the Dean of the originating units.

Because this is a new program, there will be a review of its operation after five years.

5. Expenditures by colleges, departments, and other units in technology transfer activities may be reimbursed under certain conditions.

Although it is not in the general institutional interest to have units making speculative investments in hopes of reaping the benefits of technology transfer, there are cases in which certain expenditures for the further development of a disclosed technology may be appropriate and may be reimbursed. The expenditures and reimbursement will be governed by a memorandum of understanding among the participants and subject to the following restrictions. First, expenditures made by units prior to disclosure to the Office
of Intellectual Property and Technology Transfer will not be considered. Further, no reimbursements may be made for salaries for faculty hired prior to the disclosure. Finally, post-disclosure expenditures (usually for prototype or software development costs) up to $100,000 may be reimbursed from licensing income only when all those who are eligible for a share of the licensing income (inventors, school/college, Office of Research, Office of Intellectual Property and Technology Transfer) give written approval. This approval must be in advance of any expenditure.

6. "Big hits" may be handled flexibly.

Once the cumulative distribution of revenues from a given license reaches $3 million (in 2000 dollars) for the combined college/school/department share and the University share, the Provost will determine whether subsequent income should be distributed according to the formula or in some other way. As each additional multiple of $3M is reached, the distribution decision may be revisited. Under current policy, flexibility does not occur for all types of licensing revenue and its trigger is set higher at $5M in 1992 dollars.
Section 1. Patent and Invention Policy

A. This policy covers both patented and nonpatented technology, including computer software with commercial value, and is applicable to all faculty and staff employees. The policy is intended to show the University's positive attitude toward transfer of results of its research to the private sector.

B. The purpose of university research is to seek new knowledge for the general benefit. Although university research is not directed intentionally toward inventions, commercially valuable inventions do often result, and it is generally in the best interests of the University and the public that patents be obtained and/or licenses granted as described in this policy. Inventions shall be promptly disclosed and reported to the University's Office of Intellectual Property and Technology Transfer and all concerned shall cooperate to assure prompt initiation of appropriate technology transfer actions. The term "invention" means any invention or discovery which is or may be patentable or otherwise protectable as to ownership. An invention may be a process, machine, manufacture, composition of matter or design, or any new or useful improvement thereof. An invention is deemed to be "made" when it is conceived or first actually reduced to practice.

C. University employees shall report all inventions and discoveries to the University's Office of Intellectual Property and Technology Transfer within the Office of Research. As a condition of employment, and even if a specific patent agreement is not signed, University employees agree to assign all inventions in which the University has an interest to the University, to an invention management agency designated by the University, or to the sponsor if required under agreements governing the research. Employees shall execute documents of assignment and do everything reasonably required to assist the assignee(s) in obtaining, protecting, and maintaining patent or other proprietary rights. Students who are also employees, students working on a sponsored project, and students who have used University resources (other than for lecture-based coursework) shall also report all inventions and discoveries to the University's Office of Intellectual Property and Technology Transfer and shall assign all such inventions and discoveries in the same manner as University employees. Inventions in which the University has an interest but which do not meet University criteria for patenting shall be managed in accordance with policies and procedures determined by the University Office of Intellectual Property and Technology Transfer. If and to the extent permitted by state law and other University policies,
those procedures may include: (a) a mechanism by which the inventor(s) may personally pay patenting costs; (b) the formation of a commercial enterprise to pursue commercialization; and, under very rare circumstances, (c) the transfer, for appropriate consideration, of the patent rights to the inventor(s). These procedures shall be implemented at the discretion of the Director of the Office of Intellectual Property and Technology Transfer. Although all inventions and discoveries must be reported to the Office of Intellectual Property and Technology Transfer, there are instances when the University may choose not to assert ownership. The University will not require assignment of interests for any invention for which no equipment, supplies, facilities, or trade secret information of the University was used and which was developed entirely on the employee's own time, unless (a) the inventions related (i) directly to the business of the University, or (ii) the University's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the University.

D. Research funded wholly or in part by an outside sponsor is subject to this policy as modified by the provisions of the agreement covering such work. Employees engaged in sponsored research are bound by the provisions of the agreement between the University and the sponsor. Title to any inventions conceived or first reduced to practice in the course of research supported by Federal agencies, industry, or other sponsors shall generally vest in the University. In rare cases, an industrial sponsor may possess a dominant patent position in a certain technology area so that any patent the University might seek would be of little or no value. For this or other reasons, an exception to the University title policy may be approved by the University's Office of Intellectual Property and Technology Transfer when to do so will honor the general principles of this policy, protect the equities involved, and satisfy the requirements of the parties.

E. Industry supported research is valued by the University when it embraces a proper balance between the University's educational mission and industry's quest for the development of commercial products, processes, and services. Interaction with industry may take any of several forms, including grants, contracts, consortia agreements, and affiliate programs. Industry sponsors may be assured of at least a non-exclusive license to inventions conceived or developed with their support. Where the sponsor uses the invention entirely within its own operations, the license may be royalty-free. Where the sponsor, or a third party, manufactures and sells products, services, or processes based on the invention, reasonable royalty payments to the University, or its assignee, are required. If necessary for the effective development and marketing of a University invention, an exclusive license may be granted, usually for a limited time period. Where an invention is not identifiable in advance, the University may grant the sponsor an option to an exclusive license if the sponsor agrees to finance the cost of the University's patent application and observe certain diligence requirements that will assure
promptly bringing the invention into public use. The patent financing may be treated as an offset against royalties payable when the invention is marketed.

F. Although the University retains the right to file patents itself or to use other patent management firms, the University has designated the Washington Research Foundation as its primary patenting and licensing agent. The Foundation was formed specifically to provide patenting and licensing assistance to the University and other research centers in the State. The University also has agreements with the Washington Research Foundation, Research Corporation Technologies of New York, Tucson, Arizona and Battelle Development Corporation in Columbus, Ohio as patent and license agents.

G. Both the University and the inventor are entitled to a share of royalty income from licensed inventions; the University on the basis of salary and facilities support for the inventor and the cost of patent or license administration; and the inventor on the basis of creative activity, documenting the invention, and assisting as necessary with commercialization. To recognize creativity and to encourage prompt disclosure of inventions, Thus, the University allocates the greater a share of early royalty income to the inventor. The remainder is dedicated to further research by allocating shares to the college/department (or other unit) in which the invention was conceived or first reduced to practice and to the Office of Research and the Graduate School the Provost.

H. The University may take an equity position in a company whether or not license fees or royalties are paid to the University as part of a negotiated agreement. A typical circumstance under which the University might receive equity would be as part of an agreement licensing University-developed technology to a start-up or developing business venture. Another example might occur when an employee of the University utilizes the expertise and/or technology he or she has developed in the course of University employment and assists a business venture in the commercialization of an idea. (A business venture includes corporations, partnerships, or other commercial enterprises.) Such a commercial association with the University and its employees adds both value and credibility to the new business venture. To assure a balance of interests for the business venture as well as for the University, the University will generally require that it receive an equity position in such circumstances.

The University's equity interests are managed and disposed of in accordance with investment guidelines prescribed by the Board of Regents. and University employees may be eligible to receive a portion of the University's equity interest in accordance with the policies and procedures described in the University's Operations Manual Administrative Policy Statements and as allowed under state law and University conflict of interest policies. When such equities interests
are liquidated, the net proceeds, after recovery of all University costs and after any distributions to eligible recipients, accrue to appropriate University accounts and are administered by the Office of Research Provost to promote research and technology transfer across the entire University. If the proceeds from the disposition of a particular equity interest are unusually large, the Provost shall confer with the University Budget Committee, and with the Research Advisory Board, as well as with any other appropriate faculty bodies, on alternative uses for amounts in excess of a base figure (set at $3 million in 2000 dollars $5 million in 1992 dollars).

There may be situations in which both the University and its employees separately own equity interests in a business venture. In such circumstances, the employee's equity interest is considered to be independent of the University's equity interest and is not held, managed, disposed of, or distributed by the University. An example would be a case in which the University receives an equity interest in a business venture as a result of licensing certain technology developed by one of its employees and in which the same employee also owns a equity interest as a result of being a founder of the business venture receiving the license. In this example, the employee's equity interest is not held or managed by the University although the eligibility of the employee to participate in the distribution of the University-owned equity interest would be restricted because the employee is a founder.

I. As a public institution, the University should undertake sponsored research only when the results can be published. Publication may be deferred for a reasonable time during which the University and the sponsor review the feasibility of patent coverage or other protection on an invention described in the publication. Likewise, graduate student theses or dissertations containing invention details may be withheld from the Library shelves for a limited period while this evaluation process is conducted. Some research agreements may involve University access to a sponsor's proprietary data subject to a clause defining the conditions under which such data will be identified, accepted, and used. Students should be able to participate in such research in a meaningful way without access to proprietary data. When publication of the research involving proprietary data is contemplated, the University may agree to provide the sponsor with advance copy prior to submission for publication to allow the sponsor an opportunity to identify any inadvertent disclosure of proprietary data.

J. Employee consulting with commercial enterprises can be of significant benefit to the University, the employee, the commercial entity, and the general public. However, such involvements include the potential for conflicts of interest, for the inhibition of the free exchange of information, and for interference with the employee's primary allegiance to the University. University employees should be guided in these arrangements by the policy stated in Volume Four, Part V, Chapters 2
and 6 of the University Handbook. Invention clauses in consulting agreements must be consistent with the policy of the University and with University commitments under sponsored research agreements. Questions concerning potential conflicts should be referred to the University's Office of the Provost and the Office of Research Technology Transfer.

K. Conflicts of interest are of prime concern when a faculty member is involved in "deeper than consulting" arrangements with business ventures. Although the faculty member may hold an equity interest in a business venture, he or she must do so consistent with the principles and procedures of Executive Order 57 (University Handbook, Volume Four, Part V, Chapter 6, Section 6, Involvement with Commercial Enterprise, Deeper than Consulting). In situations where the employee is a board member or receives shares of stock, the option to purchase stock, or other equity interest in return for the use of his or her services and/or inventions in a business venture, approval by the Office of the Provost (after review by the dean and the chair) is required. The primary focus of the review by the Office of the Provost will be to ensure that potential conflicts of interest and exposure to liability are properly managed. For example, the interests of the graduate students involved in such cases must be protected, there must be no direct managerial involvement of the faculty member in the business venture, there must be an arms-length relationship between the faculty member's responsibilities to the business venture and the faculty member's academic responsibilities, and mechanisms must be in place to ensure that the research program of the faculty member is not distorted by his or her interests in the business venture.

L. A standing Committee on Technology Transfer shall be appointed by the President to monitor technology transfer activities, recommend changes in or exceptions to the University's Patent and Invention Policy, and safeguard the University's integrity. This Committee will include representatives of the faculty, administration, students, and community.

Section 2. Copyright Policy

A. Background.

The University encourages the publication of scholarly works as an inherent part of its educational mission. In this connection, the University acknowledges the right of faculty, staff, and students to prepare and publish, through individual initiative, articles, pamphlets, and books that are copyrighted by the authors or their publishers and that may generate royalty income for the authors. The variety and number of copyrightable materials that may be created in
the university community have increased significantly in recent years as have the author-university-sponsor relationships under which such materials are produced. Therefore, the following statement of University policy on ownership and use of copyrightable materials is provided to clarify the respective rights of individuals and the University in this increasingly important area. The policy will be administered by the University's Office of Intellectual Property and Technology Transfer.

B. General Statement of University Policy on Ownership and Use of Copyrightable Materials

University faculty, staff, and students retain all rights in copyrightable materials they create, except when special circumstances or contractual arrangements prevail. This right of ownership is subject to the following exceptions and conditions.

1. Grant and Contract Limitations. Conditions regarding rights in data or restrictions on copyright privileges contained in sponsored grants, contracts, or other awards are binding on the University and on faculty, staff, or student authors. **Copyright works, with the exception of routine progress reports, prepared as required elements of such sponsored grants, contracts, or other awards shall be reported to the Office of Intellectual Property and Technology transfer for review prior to any external dissemination of the work. If necessary to fulfill grant and contract limitations, authors shall execute an appropriate written assignment of copyrights to the University.**

2. University-Owned Materials. Materials shall be "University-owned" within the meaning of this policy statement if the work is a "work make for hire" under copyright law or the author was commissioned in writing by the University (or one of its colleges, schools, departments, or other divisions) to develop the materials as a part of the author's regularly compensated duties, as for example, released time arrangements in the case of faculty members. **The University owns all software developed by University faculty and staff within the scope of their employment.** As to a faculty member, "commissioned in writing" specifically does not refer to his or her general obligation to produce scholarly works.

3. University-Sponsored Materials. Materials shall be "University-sponsored materials" within the meaning of this policy statement if the author developed the materials in the course of performance of his or her normal duties and utilized University staff, resources, or funding to develop the work. **service centers (such as the Computer**
Centers, the Audio-Visual Services unit, or departmental service centers). As to a faculty member, "normal duties" does not include his or her usual scholarly activity unless it involves extensive uncompensated use of University service centers resources.

4. Written Agreements. It is desirable to reach agreement in writing as to the rights of the University and of participants before work begins whenever (1) a question exists as to whether the materials will be University-owned or University-sponsored, or (2) copyrightable materials are likely to result from the joint efforts of persons in academic departments and University service departments. As to jointly-developed materials, determination of rights in written form shall be accomplished no later than prior to sale of the materials in question. Questions concerning the interpretation and administration of this policy shall be resolved in accordance with Section IV.

5. Proportional Ownership. In case of materials developed in substantial part under commission and in substantial part through other means, the materials shall be regarded as "University-owned" in an appropriate proportion. In the case of materials developed in substantial part during the course of normal duties and with use of University staff, resources, or funding service centers and in substantial part through other means, the materials shall be regarded as "University-sponsored" in an appropriate proportion.

6. Royalty-Free Privileges to University. The University retains a right to royalty-free use of any copyrightable materials developed by University employees (other than books and materials available from a publisher through normal distribution channels) when the development of such materials was advanced through the use of University facilities, supplies, equipment, or staff services. This right exists even though the materials do not constitute University-owned or University-sponsored materials as defined above (e.g., where use of facilities by a faculty member was not extensive).

7. Student Writings. Students employed by the University in any capacity are covered by the terms of this policy. In addition, where a student receives financial aid or remuneration under a sponsored research, training, or fellowship program, his or her rights in copyrightable materials are limited by the terms of the University agreement with the sponsoring agency. The University has no ownership rights in copyrightable materials developed by students who are not employees of the University.
C. Types of Materials.

The types of materials to which this policy is intended to apply include:

1. Video and audio recordings, tapes, and cassettes.
2. Film, film strips and other visual aids.
4. Computer programs when copyright rather than patent or trade secret protection is relied upon as the primary source of legal protection. (When the primary commercial value of a computer program lies in its transfer in limited quantities under arrangements of confidentiality, it shall be treated as unpatented technology and be subject to the University Patent and Invention Policy.)
5. Musical or dramatic compositions.
6. Internet-based productions and multimedia products
7. Other copyrightable materials.

Editor's note: Section 2.D, “Interpretation and Administration of Policy” has been moved to a new Section 3 and generalized to include the oversight of both patents and copyrights.

D. Rights Involved in use of University-Owned or University-Sponsored Materials.

1. Two categories of use are differentiated for purposes of this policy: internal use and external use. a. Internal use refers to use by any unit of the University for instruction, research, or other educational purposes. b. External use refers to use by other educational institutions, government and other nonprofit institutions, and use resulting from lease or other contractual arrangements for commercial distribution of the materials.

2. Use of University-owned or University-sponsored materials under this policy shall be subject to the following conditions:

   a. Internal use

      (1). Each instance of use of such materials within the University requires the approval of the author and the department or college unless advance approval is waived through a prior written understanding or the author's consent is implicit in the terms of the grant or contract supporting the work. Internal uses of such materials will not
involve a transfer of funds between departments unless the lending department incurs incremental costs in order to make the materials available.

(2). As long as the author or producer of such materials remains an employee of the University, the author may: (a) request reasonable revisions of the materials prior to any instance of internal use, or (b) ask that the materials be withdrawn from internal use if revisions are not feasible.

In cases where the University has invested significant funds in the production of the materials and the author/producer is unable to agree with the department head on appropriate revision or withdrawal of materials, the question will be referred to the dean of the school or college for mediation.

(3). If the author or producer terminates employment with the University, then the University retains the right to continue internal use of the material unless the author/producer and the University agree in writing on special conditions for subsequent internal use of the materials and the procedures for their revision.

b. External use

Licensing or sale of University-owned or Washington-sponsored University-sponsored materials for external use shall be preceded by a written agreement between the University and the author or producer specifying the conditions of use, and including provisions concerning the right of the author or producer to revise the materials periodically, or to withdraw them from use—subject to existing agreements—in the event revisions are not feasible.

F. Division of Royalties.

1. General Policy on Royalties. As to University-owned materials, all royalties and income should inure to the University and its schools, colleges, and departments as such materials are prepared in exchange for agreed compensation. As to University-sponsored materials, a sharing of royalties and income is appropriate because of the author's provision of creative efforts on the one hand and the University's provision of salary, facilities, administrative support, and other resources.
2. Royalties on Sales to Outside Users. Where University-owned or University-sponsored materials are to be sold or rented to outside users, the following guidelines pertaining to financial arrangements should be observed (subject to any limitations specified by granting agencies):

a. All incremental expenses related to the distribution of copies will be recovered from each sale or rental. Original costs for production of the materials shall be recovered only if and as agreed to in writing prior to preparation of the materials by the author and the academic departments and and/or other University service centers units which incur those costs.

b. In the case of University-owned materials, royalty and other income from sale or use of the materials (after recovery of costs as specified in 1.) shall be divided one-half to the University and one-half to the school/college/department of the author or authors. The University share shall be used to promote research across the whole University and shall normally be administered by the Office of Research. The school/college/department share shall be allocated to the dean of the college or school, and may be used for research, education, and communications. At least 75% of this share should normally go to the author's department for use there according to departmental and college goals. The dean should have discretion in distributing the remaining 25% to promote activities according to the nature and needs of the college or school in question.

c. In the case of University-sponsored materials, royalty and other income from the sale or use of materials (after recovery of costs as specified in a.) shall be divided according to the Administrative Policy Statements on Patents and Inventions (Section 59.4) 50% to the author or authors, 25% to the school/college/department of the author or authors, and 25% to the University for the first $20,000 in cumulative net income; 30% to the author or authors, 20% to the school/college/department, and 50% to the University for that portion of cumulative net income above $20,000. In any given case covered by this subsection, the author may dedicate all or any portion of his/her allocation to the school/college/department, the Office of Research, or other administrative unit, subject to the provisions stated in the Administrative Policy Statements on Patents and Inventions (Section 59.4). Such dedication must be entirely voluntary and confirmed in writing to the Office of Technology Transfer. The school/college/department share and University share shall be administered as specified in b.
d. In certain instances it may be advantageous to market University-owned or University-sponsored materials through outside commercial sources or the University Press. Net royalty income from such sources shall be divided as specified in b. and c.

e. Royalty and other income from updating and revision of University-sponsored materials shall be treated as income and royalty from such University-sponsored materials, unless otherwise agreed to in writing by the author/producer and the University before preparation of the original materials. The cumulative net income from such upkeep or revision shall be separately computed on an annual basis for the purpose of applying the percentages-distributions referenced in paragraph c.

G. Protection and Liability.

1. Protection. The Office of Intellectual Property and Technology Transfer Director shall investigate allegations of unauthorized use or copyright infringement of University-owned and University-sponsored materials and shall recommend appropriate action. If such action is started by the University, all costs of such action shall be borne by the University. All proceeds in excess of such costs shall be shared as provided in Subsection F. subject to sponsoring agency limitations if a grant or contract is involved).

2. Liability. When there are allegations of violation of personal or property rights by the University, or by the author or producer of University-owned or University-sponsored materials copyrighted by the University, the University shall assume responsibility for the defense of any action and the satisfaction of any judgment rendered against the University or the author or producer.

Section 3. Interpretation and Administration of Policy

A. The President has designated the Vice Provost for Intellectual Property Management and Technology Transfer as the officer of the University to administer the provisions of this policy.

B. Committee. The President of the University shall appoint a Committee on University Sponsored and Owned Materials (hereafter "the Committee")—consisting of five members, a majority of whom shall be chosen from the faculty. The President has designated the Director, Office of Technology Transfer, as the officer of the University to administer the provisions of this policy. That officer (hereafter "Director") shall be an
additional non-voting member of the Committee. The President of the University will appoint an Intellectual Property Management Advisory Committee to review periodically the policy set forth in this statement and recommend such changes to the President as the Committee deems desirable. The Committee will also advise on broader intellectual property issues that arise in the promotion and protection of research. The Committee will report to the Vice Provost for Intellectual Property and Technology Transfer and consist of no less than five members, a majority of whom shall be chosen from the faculty.

C. Advice and Review. The Committee shall advise the Director on interpretations and applications of policy, and shall periodically review the policy set forth in this statement and recommend such changes to the President as the Committee deems desirable.

D. Distribution of Statement. When this statement becomes effective as University policy, the President's office shall see that all departments and administrative offices of the University are properly informed. Thereafter, the Vice Provost for Intellectual Property and Technology Transfer Director shall remind deans and department heads periodically of the existence of the policy, inform them about any significant interpretations of the policy, and invite comments or questions regarding it.

E. Duties of Vice Provost for Intellectual Property and Technology Transfer Director. The Director, Vice Provost for Intellectual Property and Technology Transfer, shall represent the University in negotiating agreements with inventors, authors or producers, or licensees pursuant to this policy. She or he shall consult also with authors' or producers' department heads and the heads of production units involved in drawing up these agreements for a given technology transfer, and she or he shall sign or recommend all agreements for signing consistent with delegated authority. Where copyright coverage should be obtained on University-sponsored or University-owned materials, the Office of Intellectual Property and Technology Transfer Director will facilitate the copyright application. The faculty or staff member who is the author of University-owned or University-sponsored materials shall execute a written transfer of copyright to the University when necessary or appropriate. All inventions and discoveries made by University employees shall be reported and assigned to the University or to a management agency or sponsor designated by the University as specified in Section 1.C of this statement.
F. Inquiries on Status of Materials and Inventions. Any faculty or staff member who has a question as to whether or not particular materials will be considered University-owned or University-sponsored should initiate an inquiry to the Office of Intellectual Property and Technology Transfer as to their status. This inquiry, with all relevant facts, should be forwarded via the author's department head. Thereafter, the Vice Provost for Intellectual Property and Technology Transfer shall advise the author or producer as promptly as possible as to whether or not it appears that the materials should be regarded as University-owned or University-sponsored within the meaning of this policy. The Vice Provost for Intellectual Property and Technology Transfer's Director's decision in such cases will be considered as an advisory opinion subject to final clarification when the work is completed. At that time, the faculty or staff member should either (1) indicate concurrence in the original decision, or (2) request that the question of rights be submitted for decision to the Vice Provost for Intellectual Property and Technology Transfer Committee. In the latter case, the decision of the Vice Provost Committee will be final unless the faculty or staff member requests arbitration of the question.

G. Arbitration. In the event of any differences between faculty or staff members, on the one hand, and the Vice Provost for Intellectual Property and Technology Transfer Committee, on the other hand, and when the questions cannot be reconciled by direct negotiation, the matter shall be submitted for binding arbitration either to a single arbitrator agreed on by all parties or to a special three-person panel consisting of one person representing the faculty or staff member, one person representing the University, and a third person designated by the first two. Knowledgeable members of the University community will normally be chosen for such panels in order to expedite a decision and minimize cost. In the event costs are incurred, they shall be divided equally between the faculty/staff member and the University. Decisions of the panel will be binding on both parties. The panel shall have full access to any pertinent records over which the faculty/staff member or the University has jurisdiction.
1. Technology Transfer and Intellectual Property

Technology transfer is the transfer of intellectual property rights between the University and companies or other entities outside the University. Such intellectual property rights may consist of patents, copyrights, trademarks, and trade secrets. The University unit responsible for all technology transfer and related intellectual property matters is the Office of Intellectual Property and Technology Transfer (OIPTT). This Administrative Policy Statement provides general information and a description of the procedures of OIPTT. The University’s Patent, Invention, and Copyright Policy may be found in the University Handbook, Vol. IV. Part V, ch. 7, which is available online at http://www.washington.edu/faculty/facsenate/handbook/04-05-07.html

2. Patents: A General Overview

a. Definition of a Patent

A patent is a grant for 17 years (in most cases) issued by the U.S. Government giving the owner inventor the right to exclude others from making, using, or selling the invention within the U.S in the jurisdiction where issued. This right may be assigned to the employer by the inventor as a condition of employment, or for other reasons, but the patent application must be filed in the name of the inventor.

b. Characteristics of a Patentable Invention

In order to be patentable, an invention must pass three tests. It must be:

- Useful (produces a desirable result, solves a problem, improves on or proposes a new use for an existing development—or shows promise of so doing);
- Novel (must not already be patented or described in public literature or in public use for more than one year); and
- Not obvious (i.e., a person skilled in the particular art would not be expected to achieve the invention with ordinary effort).
From a broad perspective, natural laws or scientific principles cannot be patented since they have always existed. They can be discovered but not invented. More specifically, the following are not usually patentable:

- Substituting one material for another, i.e., plastic for wood.
- Merely changing the size of a device.
- Making something portable.
- Substituting an equivalent element for another element.
- Changing the shape of an item.
- Printed matter.

**c. Identifying the Inventors**

Only persons who made an inventive contribution to the subject matter claimed in the patent application may be named as inventors in the application. Persons who have made other contributions such as gathering essential data or constructing a practical embodiment of an invention, are not inventors—unless they make an inventive contribution. Similarly, a project supervisor is not entitled to inventor status simply because of his or her supervisory role; an inventive contribution is the singular criterion. The determination of who has made an inventive contribution may be difficult when several researchers and students have been involved in a project. It can be fatal to an otherwise successful patent application if the name of a legitimate co-inventor is omitted from the application and competing applications are filed by different inventors. Therefore, it is important to clarify inventorship before the patent application is submitted to the U.S. Patent Office. If there is doubt concerning a person’s inventor status, it is preferable to grant tentative inventor status at the time the invention disclosure is prepared; patent counsel will clarify this by the time the patent application is completed.

**d. Principal Features of Federal Patent Policy**

Prior to 1980, there were almost as many federal patent policies as there were awarding agencies. In 1980, PL 96–517 (commonly known as the Bayh-Dole Act) was passed by Congress and provided a uniform government-wide patent policy applicable to awards made to nonprofit organizations, universities, and small businesses. Certain improvements were added in 1984 with the passage of PL 98–620. These new laws marked a dramatic liberalization of previous patent policy by allowing grantees/contractors to take title to inventions made in the course of their federally funded research. To enjoy the full benefits of this new law, the University must:
• Inform the sponsoring federal agency of an invention within two months of disclosure to the University's office for coordinating invention matters;
• Elect within two years of disclosure whether or not the University wants title rights;
• File a patent application within one year of electing title, or by the patent filing deadline under U.S. patent law, whichever comes first;
• Grant a royalty-free license to the government within six months after filing a patent application;
• Provide the government with annual reports on utilization of federally supported inventions administered by the University; and
• Secure written invention agreements from employees working on federally assisted research projects.

e. Employee Invention Agreements

It is the responsibility of the Office of Intellectual Property and Technology Transfer to disseminate the Patent and Invention Policy to University employees. This may include employee invention agreements, but failure of the University to secure a signed agreement in no way affects the responsibilities or obligations of either party under the Patent and Invention Policy of the University. Employees are expected to comply with the University requirements even if they have not signed a specific patent agreement.

3. Copyrights: A General Overview

a. Definition of Copyrights

Copyright generally protects original works of authorship embodied in a tangible means of expression. Copyrightable works include literary works, musical works, dramatic works, pantomimes and choreographic works, pictorial, graphic, and sculptural works, motion pictures and other audiovisual works, sound records, and architectural works. Copyright does not protect titles, slogans, short phrases, inventions, ideas, discoveries, or facts apart from their description. Copyright arises automatically when a work is created and does not require any formal registration or publication. The duration of copyright varies depending on a number of factors. For individually authored works created on or after January 1, 1978, the copyright lasts for the life of the author plus seventy years. Generally, the owner of a copyright has the exclusive right to do and to authorize others to do any of the following:
(1) To reproduce the work;
(2) To adapt the work;
(3) To distribute copies of the work to the public;
(4) To display the work publicly;
(5) To perform the work publicly.

b. University Copyright Policy. Under University Copyright Policy, faculty, staff, and students retain all rights in copyrightable materials they create, except when special circumstances or contractual arrangements prevail. All questions regarding ownership of copyrightable materials should be referred to the Office of Intellectual Property and Technology Transfer (OIPTT).

c. Software. Software may be protected both by copyright and by patent law. Patent law protects any novel, nonobvious, and useful process or method performed by a computer program. Copyright law protects the expression of the process or method.

All software developed by University faculty and staff within the scope of their employment is owned by the University. Software developed by students who are employees acting within their employment or who are participating in University projects or research are also owned by the University. The University may have ownership interests in software under other circumstances as well, as where University ownership is required under the terms of a grant or contract. When the employee on an outside consulting basis does improvements or updates to software, special arrangements may be approved by the University’s Office of Intellectual Property and Technology Transfer. Questions regarding software ownership should be directed to OIPTT.

4. Evaluation, Patenting, and Licensing
   a. Reporting Inventions
      The University policy pertaining to patents and inventions appears in the University Handbook, Volume 4, Part V, Chapter 7. All potential inventions should be reported promptly by the inventor to the University’s Office of Intellectual Property and Technology Transfer. Faculty and staff should contact that office for advice on:
      1). The format required for reporting inventions; and
      2). Special requirements of sponsoring agencies.

      The Office of Intellectual Property and Technology Transfer reserves the right to handle inventions directly or to use other technology administration agencies.
b. **Invention Disclosure**

The evaluation of an invention for patentability is usually based on an invention disclosure. Forms and guidelines for this purpose are available in the Office of *Intellectual Property and Technology Transfer*. The invention disclosure has several values. By writing the disclosure, the inventor clarifies the inventive conception. A disclosure is essential for technical evaluation of the invention, assessment of its commercial feasibility, and determination of its patentability. It is used for the novelty search in the U.S. Patent Office, and its clarity and completeness have a definite bearing on the quality and the conclusion of the patent search. The disclosure is used in preparing the patent application. A well-prepared disclosure allows the patent attorney to prepare an application at minimal cost. Where dated and witnessed laboratory notebooks are not available, the disclosure serves as proof of the conception and may help to determine, in any controversy, who first made the invention.

c. **Laboratory Notebooks**

Laboratory notebooks in diary format are especially helpful in preparing an invention disclosure and may be crucial in cases where two or more parties claim the same invention. In legal challenges, this record may provide the evidence necessary to establish the date the invention was conceived or first reduced to practice, and document the steps taken to reduce it to practice. Further advice regarding laboratory notebooks is available in the University’s Office of *Intellectual Property and Technology Transfer*.

d. **Evaluation, Patenting, and Licensing Process**

1). During the invention evaluation process, the invention will be subjected to technical, legal, and marketing analyses. This generally involves consultation with the inventor, patent counsel, and prospective licensee(s) under appropriate confidentiality arrangements. If commercial value is present but patent protection does not appear possible, the invention may be licensed as nonpatented technology (see Section 5.a, “Transfer of Nonpatented Technology”).

2). If a patent application is filed, it is common for several months to elapse before the U.S. Patent Office *office in which it is filed* acts on the application. The first “Office Action” often results in a detailed rejection of all or some of the proposed claims. At this point, the patent attorney normally consults with the inventor to prepare a response to the Patent Office, giving reasons for believing that certain parts of the Office Action are incorrect. This process is time consuming but typical for most patent applications. It is common for at least two years to elapse between the filing of an application and the issuance of a patent. However, licensing activity can be initiated while the patent application is being reviewed and claims negotiated.

3). If a decision is made not to proceed with the invention, the University will release the invention to the inventor with full freedom to pursue alternatives of his or her own choice assuming that these choices do not entail further University support or use of its facilities, and preexisting commitments to sponsoring agencies are cleared. *Inventions in*
which the University has an interest but which do not meet University criteria for patenting shall be managed in accordance with policies and procedures determined by the University Office of Intellectual Property and Technology Transfer. Those procedures may include: (a) a mechanism by which the inventor(s) may personally pay patenting costs; (b) the formation of a commercial enterprise to pursue commercialization; and, under very rare circumstances, (c) the transfer, for appropriate consideration, of the patent rights to the inventor(s). The choice of options in a given case will depend on what is permitted by state law, other University policies, and preexisting commitments to sponsoring agencies.

e. Types of Licenses
In general, there are two principal types of licenses: exclusive and nonexclusive. Under an exclusive license, the company is the University's sole commercial licensee and no other license may be granted by the University during the term of exclusivity. In some instances, exclusivity may be limited to a product line or geographical area. Nonexclusive licenses may be issued to all companies or organizations that meet the terms of the proposed license.

The preferred mechanism for the transfer of University technology is a nonexclusive license since it promotes greater competition and tends to make the invention more widely available. However, an exclusive license may be justified if exclusivity is required to attract commercial investment in the invention. An extended exclusive license may be granted only if it is clearly in the public interest.

f. Assistance in Licensing and Patenting Inventions
The University retains the right to negotiate technology licenses, but may on occasion engage other intellectual property management firms. The primary source of assistance in patenting and licensing technology for the University is the Washington Research Foundation located in Seattle. However, the University also has agreements with two other nonprofit agencies— the Washington Research Foundation, Research Corporation Technologies in New York City, Tucson, Arizona, and the Battelle Development Corporation in Columbus, Ohio, and occasionally uses other agencies on a case-by-case basis.

Under agreements with the Washington Research Foundation and the other agencies, neither the University nor the inventor is required to pay for the evaluation of inventions or the costs of obtaining and licensing patents. These expenses are assumed by the administering agencies until the costs can be offset against royalties payable on the invention.
3. **Patent Technology License Income**

   a. **Allocation of Costs and Division of Royalties, Equity and License Fees**

   1) **Allocation of Costs**—Direct costs incurred by the University in the protection and licensing of an invention a **technology** must be recovered before distribution of royalty income begins. The Director of **Vice Provost for Intellectual Property and Technology Transfer** may also retain amounts necessary to recover reasonably anticipated direct costs.

   Direct costs include legal expenses incurred by the University and associated with either:

   - Obtaining and maintaining patent, copyright, or other legal protection for an invention; or
   - Negotiating and managing assignments, waivers, licenses, and other contracts associated with acquiring and transferring the invention **technology**.

   Direct costs may also include the University’s expenses arising from non-routine transfer activities on behalf of a given invention, which may include, at the discretion of the **Director Vice Provost**, travel, market research, and other out-of-pocket costs.

   Colleges, departments, and other units will occasionally direct discretionary funds toward the further development of the specific technologies. In certain cases these expenditures may be treated as direct costs and may be reimbursed. The expenditures and reimbursement will be governed by a memorandum of understanding among the participants and subject to the following restrictions:

   (a) Expenditures made by units prior to disclosure to the Office of Intellectual Property and Technology Transfer will not be considered.

   (b) No reimbursements may be made for salaries for faculty hired prior to the disclosure.

   (c) Post-disclosure expenditures (usually for prototype development or software development costs) up to $100,000 may be reimbursed from licensing income only when all those who are eligible for a share of the licensing income (inventors, school/college, Office of Research, Office of Intellectual Property and Technology Transfer) give written approval. This approval must be in advance of any expenditure.

Total gross revenue is the total cash consideration (including **royalties, equity, and licensing fees**) received by the University pursuant to a contract pertaining to a given **technology** invention. Licensee-paid cost recoveries are direct costs incurred by the University and paid by a licensee. Adjusted gross revenue is the total gross revenue less licensee-paid cost recoveries.

The Office of **Intellectual Property and Technology Transfer** shall retain licensee-paid cost recoveries, and shall deduct an administrative fee of 20-24 percent from adjusted gross revenue. From the
remainder, the Office of Intellectual Property and Technology Transfer shall retain amounts necessary to cover incurred and reasonably anticipated direct costs.
2) **Division of Net Royalties, Equity, and License Fees**—After deducting and reserving expenses as provided in Section 3.a.1), net royalties, equity, and licensing fees derived from the licensing of intellectual property in which the University holds an interest royalty income received from University inventions will be distributed as follows:

<table>
<thead>
<tr>
<th>Cumulative Net Income</th>
<th>Inventor</th>
<th>Inventor’s Dept./College</th>
<th>University Research Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>First $10,000</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>$10,000–$40,000</td>
<td>50%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Above $40,000</td>
<td>30%</td>
<td>20%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Distributions will be made **annually** according to a calendar schedule published by the Office of Intellectual Property and Technology Transfer.

The share of net royalty income for the University Research Funds (including the Graduate School Fund and Royalty Research Fund) is used to promote research across the whole institution. The college/departmental share is allocated to the dean of the college for distribution. It is expected that at least 75 percent of this share will go to the inventor’s or author’s department (or other unit) for promotion of research according to departmental (or other unit) and college goals.

For purposes of applying the distribution schedule, income from improvements and updates of inventions (e.g., computer software updates) is considered as an addition to the cumulative net income on the initial invention technology. Special arrangements may be approved by the University’s Office of Intellectual Property and Technology Transfer when such updates are done by the employee on an outside consulting basis.

This royalty distribution schedule will be used to distribute royalty income received by the University on technologies disclosed on or after March 1, 1983 [insert new date]. No adjustments of prior
royalty distributions will be made. Agreements with development agencies made prior to 1969 and reconfirmed in writing thereafter will continue with the royalty arrangements specified therein.

3) Waiver/Match Policy. A University employee may prospectively waive the receipt of a portion or all of her or his share of annual revenue received by the University under a technology license. The following conditions apply:

a) The employee, at the time of the waiver, may designate his or her laboratory or research program, department, or other University unit as the recipient of the waived amount. The waived funds will be regarded as regular University funds subject to all of the usual and customary legal and administrative requirements of the University.

b) In order to ensure that the use of the funds is consistent with the broad mission of the University, or to avoid financial imbalances or hardships within or among University units, the Provost’s Office in consultation with the Dean or Deans of the involved units must approve a plan for the designation of funds submitted by the employee, and, thereafter, may review the use of the funds at any time. It is expected that the waiver plan will be approved only with the concurrence of the Dean of the receiving unit.

c) The waiver must be irrevocable and executed prior to the distribution during any given year.

d) Funds directed to the employee's research laboratory or program may only be used to support research and educational expenses associated with the employee's research laboratory or program. The employee's waiver of the funds will not be on any condition that they be used for the employee's travel (including transportation, lodging, meals, and attendant costs), salary for the employee or a family member, or other similar purpose.

e) The funds waived by the employee may be matched by the University subject to the following conditions:

1. The match will be on a 1:1 dollar basis.
2. Responsibility for the match by units of the University will be proportionate to the revenue distribution formula.
3. The combined match from all units of the University is not required to exceed $100,000 per employee per year, regardless of how many inventions or other intellectual properties are involved. It shall not exceed $300,000 per year from a single license.
4. It is expected that the college/school/department share of a match will be approved only with the concurrence of the Dean of the unit in which the invention or other intellectual property was created.

b. **Equity in Business Ventures**

The University may take an equity position in a company whether or not license fees or royalties are paid to the University as part of a negotiated agreement. A typical circumstance under which the University might receive equity would be as part of an agreement licensing University-developed technology to a start-up or developing business venture. Another example might occur when an employee of the University utilizes the expertise and/or technology he or she has developed in the course of University employment and assists a business venture in the commercialization of an idea. (A business venture includes corporations, partnerships, or other commercial enterprises.)

To ensure a balance of interests for the business venture as well as for the University, the University will generally require that it receive an equity position in such circumstances. This equity interest is managed and disposed of by the University in accordance with investment guidelines prescribed by the Board of Regents and the policies and procedures stated in this and the following section.

When such equity interest are liquidated by the University, the net proceeds, after recovery of all University costs and after any distributions described in the following section, are administered by the Office of Research to promote research and technology transfer across the entire University. If the proceeds from the disposition of a particular equity interest are unusually large, the Provost shall confer with the University Budget Committee and with the Research Advisory Board on alternative uses for amounts in excess of a base figure (set at $5 million in 1992, $3 million in 2000 dollars).

There may be situations in which both the University and its employees separately own equity interests in a business venture. In such circumstances, the employee’s equity interest is considered to be independent of the University's equity interest and is not held, managed, disposed of, or distributed by the University. An example would be a case in which the University receives an equity interest in a business venture as a result of licensing certain technology developed by one of its employees and in which the same employee also owns an equity interest as a result of being a founder of the business venture receiving the license. In this example, the employee's equity interest is not held or managed by the University although the eligibility of the employee to participate in the distribution of the University-owned equity interest would be restricted because the employee is a founder.

c. **Disposition and Distribution of Equity Interests**

1) **Summary**—This section describes the University of Washington's policies and procedures governing the disposition and distribution of equity interests received by the University as the result of the commercial licensing or other transfer of University-developed
intellectual property rights for commercial use. With the exception of persons who are founders or have certain relationships with founders, the same persons eligible to share in patent and copyright royalties are also eligible to participate in a distribution of equity interests received by the University, to the extent that the amount realized by the University from the disposition of those equity interest exceeds the University’s costs. These policies and procedures also provide that when the University makes a decision to publicly sell an equity interest, a prospective recipient may request to receive the distribution in either cash or marketable securities or a combination of both. Pending distribution of the securities, the University shall be considered the sole legal and beneficial owner of, and shall manage, the securities. Prospective recipients shall have only the right to receive the net proceeds (if any) realized by the University from a liquidation. In addition, under certain circumstances, the University may allow the distribution of an equity interest prior to sale by the University. All distributions of equity interests must be conducted in accordance with all applicable securities laws and in accordance with University policies and procedures.

2) **Definitions**—For purposes of this section, the following definitions apply.

- **Company** means a corporation, limited liability company, limited partnership or other similar for-profit business entity issuing or transferring Equity Securities.
- **Distribution** means a net distribution, after payment of all applicable University Costs, of:
  - Cash, a Marketable Security, and/or other proceeds of a Liquidation as described in Section 3.c.5, "Distribution of Cash and/or Marketable Securities upon Liquidation"; or
  - In Equity Security pursuant to an Early Distribution as described in Section 3.c.6, "Early Distribution of Equity Securities".
- **Early Distribution** means a net distribution, after payment of all applicable University Costs, of Equity Securities prior to a Liquidation, as described in Section 3.c.6, "Early Distribution of Equity Securities".
- **Equity Security** means any common stock, other equity security (including any security convertible into any equity security such as an option, warrant or other convertible security) or other similar right to share in the profits of a business received by the University in connection with the transfer or license to a Company of Intellectual Property Rights, including any accrued dividends thereon.
- **Founder** means any person who has received, receives or is likely to receive a substantial economic benefit as a result of acting as a founder, originator or promoter of a Company.
- **Intellectual Property Right** means all forms of intellectual property rights including, without limitation, patents, trademarks, copyrights, trade secrets, know-how and similar technology rights.
**Liquidation** means the disposition of the University's holdings of an Equity Security for cash or Marketable Securities, as described in Section 3.c.5, "Distribution of Cash and/or Marketable Securities upon Liquidation".

**Marketable Security** means an Equity Security that *is* freely *traded* without restriction on a public securities exchange or market.

**OIPTT** means the University's Office of Intellectual Property and Technology Transfer.

**Recipient** means any faculty member, researcher, inventor, employee or other person having a relationship with the University pursuant to which such person is eligible under the University's policies to receive a Distribution.

**SEC** means the U.S. Securities and Exchange Commission.

**Treasury Office** means the University's Treasury Office.

**University** means the University of Washington, including its various campuses, schools, departments, branches, divisions and units.

**University Costs** means all direct and other expenses incurred and/or reserved by the University in connection with a Liquidation and management of Intellectual Property Rights, including a 20 percent overhead fee for Intellectual Property Rights managed by the OIPTT, and any similar expenses incurred and/or reserved by the University for Intellectual Property rights managed for the University by a third party.

3) **Distribution Policies**—

   a) Except as provided herein, effective December 20, 2000, any inventor or similar person who is entitled, under applicable University policies, to share in royalties and related licensing fees received by the University in connection with the transfer of Intellectual Property Rights may be a Recipient.

   b) Any person who is a Founder, any person who lives in the same household as a Founder, or any person who has an immediate family member who is a Founder, shall not be eligible to be a Recipient. For purposes of this provision, "immediate family members" shall mean those persons having a relationship, whether by blood, law or marriage, of spouse, parent, child, grandparent, grandchild, or sibling.

   c) A Recipient shall be eligible to receive the same percentage of a Distribution (if any) as the percentage specified for inventors in the final tier of the University's patent royalty distribution policy. In this event more than one Recipient is eligible to receive a particular Distribution, such share shall be divided in accordance with any applicable written agreement signed by all of the Recipients, or lacking any such agreement, in accordance with University policies and procedures.
d) The College, School and Department (or other comparable University organizational units) shall receive the same percentage of a Distribution (if any) as the percentage specified for such units in the final tier of the University’s patent royalty distribution policy. Such share shall be distributed to the unit or units in which the research or other activities giving rise to the applicable Intellectual Property Rights were performed in the same proportion as would be distributed to the employees performing such research or other activities, subject to any adjustments deemed equitable and appropriate by the University.

e) If, for any reason, all or part of what would otherwise be a Recipient’s share is not distributed, the applicable College, School and Department (or other comparable University organizational units) shall receive the same percentage of such undistributed share as the percentage specified in the preceding Section 3.c.3), Item #4.

f) Any cash or other dividends previously paid by a Company on Equity Securities and accumulated by the University shall be distributed on the same basis as the Equity Securities upon which such dividends were paid.

g) In connection with any Liquidation in which the University is to receive Marketable Securities, Recipients will be provided a single opportunity to irrevocably request to receive (in whole or in part) a Distribution in the form of Marketable Securities in accordance with the procedures described herein.

h) Recipients may be provided, in certain circumstances, a single opportunity to irrevocably request to receive (in whole or in part) an Early Distribution of Equity Securities in accordance with the procedures described herein.

i) The University shall have the sole and exclusive authority to determine the timing of a Liquidation. As a general rule, a Liquidation will be initiated at the sole discretion of the University at such time it concludes, in its sole discretion, that a Liquidation would be in its best interests. Recipients, including prospective Recipients, shall have no rights to participate in the management of Equity Securities, and in particular, shall have no right to approve, consent to, or receive notice of any securities transactions.

4) General Rules and Conditions—

a) Only such persons who are expressly eligible to receive a Distribution, as provided in applicable University policies and procedures and under any applicable law, may be a Recipient. Prior to any Distribution, the University shall be considered the sole legal and beneficial owner of and shall have the sole right and authority to manage all Equity Securities. Prospective Recipients shall have only the right to receive the net proceeds (if any) realized by the University from a Liquidation.
b) Distributions shall be made in accordance with all federal, state and other applicable securities laws, including the rules and regulations of the SEC, and all Distributions shall be made on condition of compliance by the Recipient and the Company with all such laws.

c) The University may establish such procedures, conditions and limitations that it deems proper and appropriate with respect to Distributions, including any required tax withholding, restrictions on resale (including holding periods or other measures ensuring the restriction of transfer of Equity Securities in appropriate circumstances), and the filing of appropriate SEC notices and forms.

d) The University reserves the right to restrict, suspend or not engage in a Distribution if at any time it determines that:

1. The Recipient and the Company are not in material compliance with all relevant agreements with the University;

2. The Distribution cannot be effected in compliance with all federal, state, and other applicable securities laws, including the rules and regulations of the SEC; or

3. A Distribution would not be in the best interests of the University.

e) The University shall have the sole and exclusive authority to manage Equity Securities, including without limitation, to make all decisions pertaining to Liquidations, sales of Equity Securities, Distributions and Early Distributions, including their timing, manner and method.

f) All Distributions (whether in the form of cash, Marketable Securities or Equity Securities) will be net of University Costs, including but not limited to the costs to acquire, manage, transfer or liquidate such securities.

h) The OIPTT will administer all Early Distributions (except to the limited extent that Equity Securities have been placed under the control of the Treasury Office prior to the Early Distribution) and will ensure that Equity Securities distributed as part of an Early Distribution will not be released to Recipients until authorized under all applicable arrangements governing the Early Distribution.

i) A Recipient may waive (in whole or in part) the right to receive a Distribution in accordance with the policies and procedures relating to waivers of rights to receive royalties.

j) The University shall have the sole and final right to make decisions reserved to it under these policies and procedures and to construe, interpret and apply these policies and procedures, including the
making of any factual determinations necessary for their implementation.

k) The University reserves the right to change at any time its policies and procedures regarding Distributions.

5) **Distribution of Cash and/or Marketable Securities upon Liquidation**—

a) Authority—Liquidations may arise out of one or more of the following circumstances:
   1. The sale for cash of Marketable Securities in a public market;
   2. The sale of Equity Securities or Marketable Securities for cash or Marketable Securities in a private transaction (including as part of an acquisition or merger of the Company);
   3. The redemption by the Company of Equity Securities from the University for cash or Marketable Securities; or
   4. The conversion of Equity Securities to Marketable Securities (including the exercise of stock options or warrants or the conversion of other convertible securities).

b) Procedures—Upon the closing of an agreement (or as soon thereafter as may be practicable) pursuant to which the University will receive an Equity Security, the OIPTT will notify the Treasury Office of such an agreement and provide the Treasury Office with the following information:
   1. The anticipated delivery date of the Equity Security to the Treasury Office;
   2. The exact description and identification of the Equity Security;
   3. The name, address, telephone number and other contact information with respect to each Recipient;
   4. Each Recipient’s proportionate share or the basis for calculating such; and
   5. Copies of such additional supporting documentation as may be requested by the Treasury Office.

c) Request to Receive Marketable Security—Based on information furnished by the OIPTT, the Treasury Office will notify each Recipient in writing, at least ten days prior to a Liquidation affecting a Recipient, of the opportunity (if any) to request to receive all or part of the Distribution in the form of Marketable Securities. Distributions will be made entirely in cash, except Distributions of Marketable Securities may be made by the University if:
   1. The University determines that a Distribution of Marketable Securities would be lawful, consistent with University policies
and procedures, and not create an undue administrative burden;

2. A properly-completed and executed, irrevocable written request on a form prescribed by the University is returned to the Treasury Office within the time period specified therein;

3. The Recipient has an account with a duly-licensed stock brokerage firm approved by the Treasury Office. This firm will be one that accepts and clears stock transfers through The Depository Trust Company (DTC) and has furnished the Treasury Office all requested information regarding the Recipient's brokerage account; and

4. Arrangements, satisfactory and acceptable to the University, are made for payment, including reimbursement to the University, of any required taxes or tax-withholding obligations.

6) Early Distribution of Equity Securities

a) Authority and Conditions—An Early Distribution shall be allowed only if the University finds in its sole discretion that an Early Distribution would:

1. Be lawful and consistent with University policies and procedures;

2. Not be contrary to any securities laws, including the rules and regulations of the SEC, nor likely to create an unacceptable risk of a violation of any such securities law;

3. Not be in breach of or inconsistent with any agreements to which either the University, the Company, or the Recipient is a party;

4. Be manageable, if necessary, through implementation of measures limiting the transfer of unregistered or restricted Equity Securities, (including obtaining physical possession of stock certificates and/or having restrictive legends placed on stock certificates); and

5. Not create an undue administrative burden.

b) Procedures—In the event the University makes a decision to allow an Early Distribution (whether at the time of the closing of the agreement to acquire an Equity Security or thereafter), the OIPTT will notify all Recipients in writing of the opportunity to request to receive all or part of the Distribution as an Early Distribution. Whenever any Equity Securities to be included within an Early Distribution are
under the control of the Treasury Office, the OIPTT will provide the Treasury Office the following information:

1. The information described in Section 3.c.5)b; 
   Instructions for dividing the shares in the case of multiple Recipients;

2. The exact description and identification of the particular Equity Security, or portion thereof, subject to an Early Distribution;

3. Appropriate instructions regarding the release and delivery of the Equity Security; and

4. Copies of such additional supporting documentation as may be requested by the Treasury Office.

c) Request to Receive Early Distribution—No Early Distribution will be made to a Recipient unless in connection therewith:

1. A properly completed and executed, irrevocable written request on a form prescribed by the University is returned by the Recipient to the OIPTT within the time period specified therein;

2. The Recipient executes any written agreements required by the University and/or the Company, which may include custodial agreements, restriction-on-transfer agreements, and agreements containing appropriate indemnification provisions in favor of the University;

3. Arrangements, satisfactory and acceptable to the University, are made for payment, including reimbursements to the University, of any required taxes or tax-withholding obligations; and

4. Information, satisfactory and acceptable to the University, has been provided to enable the University to fulfill any tax reporting obligations, including information regarding the fair market value of the particular Equity Security subject to the Early Distribution.

4. Confidentiality and Public Disclosure
   
a. Public Disclosure/State Exemptions

   In general, nonpatented technology developed at the University becomes available to the public when the results of research are published. When patent applications are pending, the University may exempt patent details from public disclosure under state law for a period of five years. This same exemption applies to nonpatented technology according to the State Public Disclosure Act which exempts from disclosure “valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss.” Thus, an outside requestor would be entitled to access to all published research data but not
enjoy free access to unpublished research information, laboratory notes, or test data. In cases of doubt, advice should be sought from the Office of Intellectual Property and Technology Transfer and that office may seek advice from the Attorney General’s Division if necessary.

b. Safeguarding Confidentiality of the Invention Technology

The inventor’s or author’s disclosure is handled in strict confidence by the University (or its patent administration agent) and the U.S. Patent Office. If it is necessary to reveal the details of the invention technology to a prospective licensee before a patent has been issued prior to public disclosure, the prospective licensee may be required to sign a confidential disclosure agreement to protect against unfair appropriation of the invention technology. Once a patent is issued, there is no longer a need for confidentiality regarding the details in the invention since the University’s rights are then protected and the patent becomes public information at the date of issue.

Employees wishing to provide information or materials such as cultures, compounds, etc., to outside researchers for noncommercial purposes should protect their invention rights, and those of the University, by a written agreement before releasing the information or material. A form for this purpose is available in the Office of Intellectual Property and Technology Transfer.

c. Public Disclosure and Its Relationship to Patents

Any public disclosure of patentable material can invalidate some patent options. A public disclosure can result from the publication of a journal article, the placement of a graduate student thesis in the library, a detailed presentation at a conference, or the release of technical information to a person not bound by a nondisclosure/confidentiality agreement. The public disclosure of an invention prior to filing a patent application can bar obtaining a valid patent. Understandably, On the other hand, there is the understandable desire and obligation of University investigators to communicate the results of their research and new discoveries promptly. There are some reasonable procedures that can help with this dilemma. For example, a thesis that has been catalogued and placed on library shelves for circulation constitutes a publication. In order to gain time for patent consideration, the inventor or Director of the Vice Provost for Intellectual Property and Technology Transfer may petition the Dean of the Graduate School to temporarily withhold the thesis from the library shelves until patent considerations are evaluated.

In the U.S. a patent application must be filed within one year of a public disclosure. It should be remembered that most foreign rights will be forfeited at the point of publication public disclosure. Consequently, the most effective procedure is to file a patent application with the U.S. Patent Office before publication public disclosure takes place. If the inventor promptly furnishes a disclosure to the University’s Office for Intellectual Property and Technology Transfer (OIPTT), it is usually possible to investigate feasibility of patent coverage during the interval it takes for an article to be published. If a patent is justified and subsequently filed, the inventor and the University will qualify under the one-year deadline in the
U.S. and will also be allowed to file in most foreign countries within one year of the U.S. filing. **However, a seminar presentation or a paper delivered at a conference can also constitute public disclosure.** Contact the Office of Intellectual Property and Technology Transfer for advice on how to protect intellectual property.

To bar patent coverage, a publication must be enabling; i.e., it describe the invention in such detail that one familiar with the field could duplicate it or put it into use. The Office of Technology Transfer can assess whether the one-year deadline for filing a patent application has been triggered and can provide nondisclosure/confidentiality agreements to prevent public disclosures. Faculty members with questions concerning public disclosure should contact the Office of Technology Transfer.

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### 5. Relationships With Industry

**a. Transfer of Nonpatented Technology without Intellectual Property Protection**

Ordinarily, the best way to ensure the transfer of University technology to the private sector is by obtaining patent or copyright protection. Patents and copyrights provide a clear definition of the technology, a legal identification of the true inventors or authors, certain protections to the licensee, and a mechanism to enforce royalty payments. Nevertheless, in some cases, patent coverage is not feasible even though technology transfer to the private sector is desirable. In such cases, an agreement may be negotiated with the company. This agreement will provide royalty payments to the University for the “know how” or accumulated unpublished research data furnished to the company. In some cases, it is appropriate for the University to seek an equity position in the business venture (see Section 3.b, “Equity in Business Ventures”). The company may seek the direct involvement of the inventor as a consultant, in which case a separate consulting agreement consistent with University policies should be developed (see Section 5.b).

**b. Consulting Work Related to Inventive Activity**

1) **Consulting in General**—Consulting for commercial or other outside entities often takes place in situations prior to inventive activity. In such circumstances, it is important for the employee to avoid conflicts with the Patent, and Invention, and Copyright Policy of the University. This is particularly true where collaborative research is performed involving joint efforts between University employees and outside organizations.

It is important that faculty members avoid conflicts-of-interest when they undertake consulting relationships. For example, conflicts-of-interest may arise if the faculty member owns stock in the company, holds a management position in the company, has a continuing role in the scientific program of the company, or also receives research funding from the organization. It is extremely important that the scope of the consulting does not conflict with the faculty member’s University obligations, and that the faculty member is not obligated to provide to the company intellectual property resulting from his or her
University research. Consequently, faculty members must submit a Request For Approval Of Outside Professional Work For Compensation form to their department chair and dean for approval. Disclosure of potential conflicts-of-interest is crucial. They can often be defined so as not to present a bar to the consulting if disclosed in advance. When intellectual property is at issue, the Office of Intellectual Property and Technology Transfer should be involved to clarify the rights of the parties and of the University before the consulting takes place. These disclosures must take place before consulting agreements are negotiated so as to avoid having to renegotiate terms. In some cases, it is appropriate for the University to seek an equity interest in the business venture (see Section 3.b, “Equity in Business Ventures”).

2) Consulting in Relation to a Licensed Technology—Consulting related to an invention or technology already identified and being licensed by the University (or its agent) may ensure the orderly and full development of the invention or technology. Ordinarily, it is not expected that such consulting will be provided as part of the licensing consideration but will be covered instead by a separate consulting agreement between the inventor or author and the licensee. Occasional telephone inquiries from technical representatives of the licensee or brief meetings at the University during which the inventor explains the general concepts of the invention or technology are normally considered advisory exchanges and handled without cost to the licensee. When consulting results in improvements to licensed inventions or updates to any other licensed materials such as software, the University’s Office of Intellectual Property and Technology Transfer should be notified. Special arrangements for the distribution of income from these improvements or updates must be approved by OIPPT.

3) Consulting Agreements—Consulting agreements between a business venture and a University employee should:

1. Conform with the University’s policy on outside professional work;
2. Avoid conflict with the terms of any license agreement between the University and a licensee, or with any other University relationships;
3. Define the subject matter and scope of the consultation so as not to overlap with University-owned intellectual property (except when handled in conjunction with a license);
4. Clarify the ownership of the intellectual property developed as a result of the consultation project;
5. Grant an equity interest in the business venture to the University, where appropriate (see Section 3.b, “Equity in Business Ventures”);
6. Be discussed with the Office of Intellectual Property and Technology Transfer if there are questions about intellectual property or University policies;

7. Ensure payment of normal consulting fees and reasonable expenses to the University employee.

c. Reporting Inventions Technologies Developed Outside University Employment

In order to clarify the inventor’s title to inventions developed by employees entirely on their own time, and to ensure compliance with the requirements of any sponsoring agencies, all inventions technologies discovered by a faculty or staff member during employment with the University shall be reported to the University’s Office of Intellectual Property and Technology Transfer for determination of the degree of University interest. This ensures compliance with state law and the requirements of any sponsoring agencies as well as clarifying the inventor’s title to technologies developed by employees entirely on their own time and not in their area of professional responsibility as employees. The inventor’s report should include sufficient details to establish clearly that the invention technology is not employment-related and that University facilities were not utilized. The concurrence of the department head and dean should be shown on the inventor’s statement report prior to transmittal to the Office of Intellectual Property and Technology Transfer.

d. University Testing or Development of Privately Owned Inventions Technology

In general, University facilities should not be used to further developmental work related to inventions technologies already conceived and belonging to students or employees (the result of independent activity outside the University). However, in some cases, it may be in the best interests of the University to allow its facilities to be used in a collaborative effort even though the invention technology belongs to the student or employee. In such cases, the merits of the proposed collaboration must be documented as follows:

- The inventor employee must provide clear evidence that the invention technology was made independently of his or her employment at the University and the inventor’s employee’s statements must be confirmed by the chair or director of the inventor’s employee’s unit.

- The chair or director of the unit and dean should state the reasons why University facilities and/or resources should be utilized and indicate the benefits expected for the University from the proposed collaboration.

- If the proposal from the chair or director and dean is approved, a written agreement will be prepared by the University’s Office of Intellectual Property and Technology Transfer wherein the University will acknowledge the independent creation of the invention technology. The agreement will also provide clear assurances that University facilities will not be used to support any manufacturing or marketing efforts related to the invention technology.
• If the inventor **employee** ultimately markets the invention **technology**, any purchases by the University must satisfy fully the requirements of the state of Washington Conflict of Interest Law.

Proposals from University departments relating to the above matters should be forwarded to the University’s Office of **Intellectual Property and Technology Transfer**.

**6. Additional Information**

For further information, contact:

• Phone: 206–;
• Campus mail: Box 35;
• Email: @u.washington.edu;