UCSD PATENT PROGRAM

I. REFERENCES
   B. University of California Regulation 23 "University Policy Regarding Patents" (revised April 1, 1980).
   E. University of California Employment Certification form U1600.
   F. Patent Practices at the University of California (October, 1982).
   G. University Regulation No. 4 (Revised).

II. RELATED POLICIES AND PROCEDURES

   UCSD Policy and Procedure Manual (PPM)

   165-99 Payments to Postdoctoral Scholars

   165-100 Visiting Scholar Program

   230-20 Procedures for Appointment of Academic Personnel

   250-6.1 Student Employment Work-Study

   250-7 Personnel Transaction Forms

   500-5 University Copyright Policy

   523-10.1 Independent Consultants

III. BACKGROUND

   The University of California has maintained an active patent and patent licensing program for over 35 years. The major objectives of the University patent program are: (1) to disseminate new and useful knowledge resulting from University research through the use of the patent system; (2) to license patents to industry in order to promote the development of inventions toward practical application for use by the general public; (3) to provide income for use in supporting further research and education, with a share of the income going to the inventor, and (4) to assure that patent-related obligations to sponsors of research are met.

IV. POLICY
It is an objective of the University to promote the wide dissemination of new ideas to the general public. Most new ideas, however, require considerable development before tangible results are available for the public benefit. The patent system is an effective means for promoting such development. By granting the inventor a limited period (17 years) of exclusivity for the invention, the patent system of the United States encourages the investment of resources necessary for developing the invention to the point of practical application. In return for this limited right to exclude others, the inventor must disclose the details of the invention, thereby making new knowledge available to everyone and stimulating others to make still further inventions.

In order to encourage and assist the University inventor in the use of the patent system in a manner that is equitable to all parties involved, the Regents have adopted the University Policy Regarding Patents, Exhibit A. The Policy requires all University employees, persons not employed by the University but who use University research facilities, and those who receive grant or contract funds through the University to agree to assign patents and inventions to the University. In return, the inventor receives 50% of net royalties and fees received by the University.

V. PROCEDURES

A. Disclosure by Inventor
1. All persons subject to the University Patent Agreement (see paragraph VI) are required by University regulation and/or by the research sponsor when extramural funds are involved, to report promptly all possibly patentable devices, ideas, processes, or improvements to the Patent Administrator, 2490 Channing Way, Systemwide Administration, Berkeley, California 94720. Disclosure should be made on the form entitled University of California Record of Invention, effective January 1, 1982, Exhibit C. Copies of this form may be obtained from the University Patent Office or the OCGA. This information is CONFIDENTIAL and should be submitted promptly to the University Patent Office.

2. To protect United States and foreign patent rights, inventors should not, as a matter of University policy, disseminate copies of the disclosure to any other persons or offices. This policy serves to protect individual and University rights and to ensure that obligations to the research sponsors are met. It does not affect, however, the inventor's obligations to make specific technical reports as required under the contract or grant award.

3. Where a disclosure lists Federal Agency support, the University Patent Administrator will notify the UCSD Office of Contract and Grant Administration by copy of the acknowledgment letter to the inventor identifying the contract or grant under which the disclosure has been made.

B. Publication of Research

A public "enabling" disclosure of an invention before the actual filing date of a United States patent application automatically destroys patent rights in nearly all foreign countries. An "enabling" disclosure or description is one which will enable others in the same or related field to practice the invention without undue experimentation. Public disclosure means disclosure in any manner, such as by oral or written description, exhibit, demonstration, use, or the like, to outside parties in a nonconfidential environment. United States patent law allows a one-year grace period after first enabling printed publication, public use or sale of the invention in which to file a patent application.

C. Action by the Office of the Board of Patents

Upon receipt of a disclosure statement, the Patent Administrator will review the patent provisions of the appropriate contract or grant award (if the discovery occurred in the course of sponsored research) to determine the equity of the parties in the invention.
1. The disclosure is reviewed as to its novelty, commercial potential in private industry, and patentability.

2. The Patent Administrator will formally report the invention to the sponsor of the research and will also report such findings to the inventor.

D. Determining Commercial Potential

When the Board of Patents has made a determination that an invention is patentable, has practical application, and the University retains patent rights (see Exhibit A), the invention's actual commercial potential is investigated. The Board may not authorize the filing of patent applications unless there is reasonable expectation of recovering patent prosecution costs.

E. Filing the Patent Application

When the Board of Patents decides that an invention has commercial potential, Patent counsel will be retained, in association with the General Counsel, to file an application for patent and resolve any matters, such as litigations, pertaining to the prosecution of the patent.

F. Negotiating Licenses

Licenses are negotiated with industry by the Patent Administrator on an individual basis, taking into consideration possible limitations which may have been imposed upon the University by the sponsor of research. Financial terms generally include: provision for a license issue fee payable to the University upon execution of the agreement, assurance that the licensee will exercise due diligence in developing the invention; a percentage of sales as royalty; and a minimum annual royalty requirement as a further due diligence measure to insure continued sales effort on the part of the licensee.

The purpose of licensing inventions to industry is twofold: (1) to provide a mechanism for transferring the results of University research to the public for the public benefit, and (2) to generate income for education and research. Net proceeds from licensing income are shared equally between the inventor and the University in accordance with the University Policy Regarding Patents. The University's share is used to finance patent expenses and to support research generally in the University. Funds to support research are allocated annually to each Chancellor by the President. Since 1962, over $3.5 million have been returned to the campuses for graduate student research, special research projects, and other academic needs.
G. **Distributing Royalties to Inventors**

Net royalties are shared with inventors pursuant to the schedule set forth in Paragraph 6 of the *University Policy Regarding Patents* (see Exhibit A). The Board of Patents Office is responsible for the collection and distribution of royalties.

VI. **UNIVERSITY PATENT AGREEMENT**

. **Purpose**

The *University Patent Agreement, Exhibit D*, restates the University policy regarding patents and when signed by the employee and appropriately witnessed, binds the individual and the University to the conditions therein.

A. **Who Must Sign**

1. **All employees** (academic and non-academic) hired by the University.
2. **Any person** using University research facilities, exclusive of libraries, whether in an employee, volunteer, consultant or visitor status.
3. **Any person** who uses contract or grant funds obtained through the University or who interacts with University personnel engaged in research.

B. **Over-riding Patent Obligations**

Students are sometimes employed in private industry and their education subsidized by their employers. Since inventions may occur as a result of research conducted in the University, under no circumstances should such students be permitted use of contract or grant funds or research facilities unless they have signed the University Patent Agreement and assured their respective deans/department chairs that they have no overriding patent obligations to an outside employer (see *Exhibit E*).

C. **Exemption**

The following exemptions are limited in each case to only those persons who are not covered under B.2 and B.3 immediately above.

1. A member of the military service who is non-University compensated;
2. A teacher and lecturer of the Extension Division and of regular University curricula;
3. A visiting scholar on special short-term assignment of one year or less (if reappointed, a *Patent Agreement* must be signed);
4. A lecturer making a one-time appearance or a series of appearances;
5. A non-University compensated clinical appointee.

Note: The Patent Administrator has discretionary authority to resolve like situations not specifically covered herein, all subject to approval by General Counsel.

D. **Exemption Procedure**

1. Exemptions to signing the University Patent Agreement within the limitations set forth above are the responsibilities of the department chair/head. In situations where the department chair/head feels an exemption might be permissible but which is not specifically covered above, the matter should be referred to the Patent Administrator.

2. In all cases where an exemption is made by the department chair/head, the following statement must be completed, signed and dated by the department chair/head and filed in the individual's personnel file in lieu of a signed Patent Agreement:

   TO: EMPLOYEE'S PERSONNEL FILE

   RE: (Name of Individual Being Exempted)

   This is to certify that the above-named individual is [insert pertinent type of exemption listed under VI.D., above]. This individual will not be using any University research facilities or contract or grant funds obtained by or through the University in the course of his/her appointment. He/she therefore qualifies for exemption from the University's patent agreement requirements.

   Signed: Department Chair

   Date:

VII. **CONTRACT AND GRANT PATENT PROVISIONS**

   **General Policy**

   It is the policy of the University to secure patent provisions in each contract or grant agreement which conserve the potential rights of both the inventor and The Regents, while recognizing the probable rights of the extramural sponsor when the sponsor has a desire to have such rights considered.

   For information concerning the related area of copyrights, refer to PPM 500-4, University Copyright Policy. Agreements for ownership and other rights related to copyrighted material are administered by the Business Office.

   **Negotiation Guidelines for Classes of Sponsors**
1. Federal Agencies

The University, through the Office of Contract and Grant Administration, negotiates with federal sponsors to obtain agreements on patent provisions which will apply to all grants and contracts to which the University and the sponsor are parties. Negotiation is usually conducted in such cases in conjunction with the Patent Administrator.

When no such prior agreement has been achieved, it is University policy that grants and contracts with the Federal sponsor are acceptable when the patent rights provide no more than a non-exclusive, royalty-free license to the Government. The negotiations of provisions giving more comprehensive rights to the sponsor are coordinated by the campus Contract and Grant Officer with the Patent Administrator.

This policy is supported by recent federal legislation as documented by Public Law 96-517, effective July 1, 1981, and OMB Circular A-124, effective March 1, 1982, which provides for allocation of principal rights to small business and nonprofit grantees. Under this policy the Federal Government retains a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.

2. State, County, and Municipal Governments

Historically and traditionally, agreements with these agencies have not included any patent provisions, and this precedent should be continued. Requests for patent rights by such sponsors are forwarded by the Office of Contract and Grant Administration to the Patent Administrator for consideration and, if necessary, for presentation to the Board of Patents and/or The Regents. In no event may any exception to established policy be made without such submission.

3. Profit-Making Private Organizations

To protect the interests and the potential equities of both the University and its employees/inventors, it is University policy to secure patent provisions which grant patent rights to the University in awards from profit-making enterprises. This policy also applies to any improvements the University may make on an existing invention even though title to that invention vests in the sponsoring agency. However, a profit-making
sponsor may obtain certain patent rights through negotiation of an appropriate licensing agreement with the Patent Administrator which provides for energetic exploitation.

In order for any sponsor to be granted a right of first refusal to an exclusive license for the life of any United States' patent with the right to sub-license (insofar as may be possible in light of existing University obligations to other sponsors), the sponsor has the obligation to pay royalties on the license. In addition, the sponsor must pay all of the direct costs associated with the project, including salary compensation commensurate with the effort expended by the Principal Investigator of the project. (See Exhibit F, Summary of Sponsor Patent Rights Applicable to Funding Agreements with Industrial [For Profit] Sponsors of Research.) Support for indirect costs must also be provided by the sponsor, computed by application of the approved University indirect cost rate to the modified total direct cost base (ref. PPM 150-14).

4. Non-Profit Private Foundations or Organizations

In contrast with the profit-making private organizations, most non-profit private foundations do not engage in commercial development of inventions. Therefore, patent rights in the form of negotiated licenses are neither requested by these agencies nor offered by the University. However, the University's patent policy is still applicable with major concentration of its efforts to the awarding of licenses to commercial organizations with the capability of implementing the invention in the marketplace.

As in the case of the sponsors discussed above, the patent policy of each non-profit sponsor must be reviewed for compliance with University policy. In situations where policies may conflict, acceptable patent language must be negotiated between the University and the sponsor prior to award acceptance.

VIII. RESPONSIBILITIES

1. Provide assistance to the Office of Contract and Grant Administration in the negotiation of patent matters with extramural sponsors, when the object is to secure a change in the proffered patent terms of the sponsor.

2. Review all inventions reported to the University by individuals subject to the University Patent Agreement, including the:
Determination of the equity of the parties in the invention;

Reporting of the invention to the sponsor of the research;

Referral of patentable and commercially potential inventions to Patent Counsel for patent prosecution.

3. Negotiate licenses with industry on an individual basis.

A. Office of Contract and Grant Administration
   1. In consultation with the Systemwide Administration Patent Office, conduct negotiations with extramural sponsors relating to patent matters, when the object is to secure a change in the policy or proffered patent terms of the sponsor.
   2. Advise Principal Investigators, in writing, of patent provisions set forth in the agreement supporting their project, and of related University patent policies, regulations and procedures.
   3. At the time of the award and periodically thereafter remind all individuals associated with work under a contract or grant of both the University's and the sponsor's patent obligations, including the submission of any required interim and final patent reports.
   4. Maintain patent reference files on all extramurally sponsored research contract and grant programs. Coordinate with the Principal Investigator and the campus subcontract administrator the preparation of the agency patent reporting forms.

B. Department Chair / Head
   1. Ensure that all individuals, including graduate students, consultants, visiting scientists and scholars, involved in work under a research project, or using University facilities, other than students solely in pursuit of their University studies, have executed a University Patent Agreement, Exhibit D, before participating in research.
   2. Ensure that the exemption procedure is followed.

C. Principal Investigator
   1. Upon receipt of an award from an extramural sponsor, apprise themselves and their assistants of the obligations imposed upon them by the agency and discharge the obligations within the time specified. Ensure that all individuals, including graduate students, consultants, visiting scientists and scholars known to be involved in work under a research project, or using University facilities, other than students solely in pursuit of their University studies, have executed a University Patent Agreement before participating in the work.
2. Ensure that all individuals, including graduate students, consultants, visiting scientists and scholars known to be involved in work under a research project, or using University facilities, other than students solely in pursuit of their University studies, have executed a University Patent Agreement before participating in the work.

3. Where work and/or funds from more than one agency are being obtained by the investigator, take care to segregate the funds into specific projects and not to overlap their use so that in the event an invention occurs, conflicting patent requirements will not impede development of the invention.

4. Maintain bound laboratory notebooks on information leading to a possibly patentable discovery duly witnessed and dated (see Exhibit B).

5. Report promptly all possibly patentable devices, ideas, processes or improvements to the Patent Administrator (see Exhibit C).

6. Submit via the campus Contract and Grant Office timely interim and final patent reports to the sponsoring agency.