

Auburn University Intellectual Property and Patent Policy

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1. Introduction

Auburn University is a public institution devoted to teaching, research and outreach. In pursuit of the research mission, faculty, students and staff discover materials, processes, devices and methods which improve the lives and promote the welfare of the citizens of Alabama, the Nation and the World. It is in the public interest to translate such discoveries to practical applications which solve problems of daily life. Although University research is not conducted primarily for commercialization, when discoveries are made which have commercial value, it is in the best interest of the public and the University that this intellectual property (IP) be protected. Generally, commercial interest in such discoveries is dependent upon protection of the intellectual property. With enactment of the Bayh-Dole Amendments (Public Law 96-517) entitled "The Patent and Trademark Amendments Act of 1980", the federal government facilitated University ownership of intellectual property created under federal sponsorship. This act gives universities the right to hold title to inventions that are made during the performance of government grants and contracts, with the intention that the patent system will serve as a vehicle for the transfer of government funded inventions to public use and benefit. While the Bayh-Dole Amendment is limited to IP created under federal support, it has provided additional encouragement for universities to seek ownership of IP created from the support of other sources as well. Therefore, Auburn University has enacted this Intellectual Property and Patent Policy to provide the incentives and protection necessary to encourage the discovery of new knowledge and expedite its transfer to the public benefit, while generating revenue to support the University and the public investment in its research endeavors. Specific objectives of this policy include:

a. To promote, preserve, encourage and aid scientific investigations and research.

b. To inform faculty, students and staff of policies, practices, responsibilities and related topics concerning intellectual property, patenting, and licensing.

c. To provide an organizational structure and procedures through which discoveries made through University research can be made readily available to public benefit through commerce.

d. To establish well defined standards to determine the rights and obligations of the University, inventors and sponsors of research.

e. To encourage, assist and provide incentives to University employees who create inventions and participate in the transfer of intellectual property to the public through commercial organizations.

f. To ensure compliance with applicable laws and regulations that enable the University to secure sponsored research support and protection of intellectual property.

g. To enhance recognition of the University as a leading academic institution which pursues the highest quality of scholarship to benefit society.

2. Ownership of Intellectual Property and Disclosure of inventions.

It is the policy of Auburn University that all inventions and associated materials which are conceived or reduced to practice by inventors during their employment or related professional responsibilities at Auburn University or from work carried out at University expense or with use of University resources shall be the property of Auburn University. Inventors are required to file invention disclosures for all inventions covered by this policy promptly to the Office of Technology Transfer (OTT). If an inventor believes that an invention was made outside the provisions of this Intellectual Property and Patent Policy, he or she may provide, along with the invention disclosure, a written statement of the circumstances leading to the invention. The Director of OTT in consultation with the Vice President for Research shall determine the rights and title to such inventions and inform the inventor of their decision. Inventions assigned to the University will be managed by the OTT to assure compliance with this policy. Inventors shall cooperate with the OTT in all procedures required for implementation of this policy.

3. Scope of this Policy

This policy applies to all personnel of the University, students, and any persons using University resources or facilities who do not have exceptions to this policy approved by the Vice President for Research.

4. Office of Technology Transfer

The Office of Technology Transfer (OTT) is responsible to the Vice President for Research for all aspects of administering the principles and policies set forth in this policy. Specific responsibilities of this Office are defined in the body of this policy but in brief include, but are not limited to:

a. Receiving intellectual property disclosures and processing them as appropriate, which may include sending them for review by the Intellectual Property and Patent Committee for recommendations regarding their disposition.

b. Managing all intellectual property, including tangible research property, trademarks (with the exception of the official Auburn University trademarks), copyrights, software, and patentable IP assigned to the University.

c. Applying this policy to all personnel, students, and any persons using University resources or facilities who do not have approved exceptions to this policy. Any exceptions must be approved in writing by the Vice President for Research.

d. Informing employees and students regarding intellectual property issues as necessary to assure compliance with this Intellectual Property and Patent Policy.

e. Facilitating the efficient and timely transfer of knowledge and technology from the University to the private sector for the public good.

f. Providing legal support to protect the interests of the University and Inventors/Creators against third party claims or unauthorized use of intellectual property.

g. Accounting for royalties, equities or other income derived from patents/license agreements resulting from IP with the inventors.

h. Identifying and attracting sources for marketing and licensing technology.

i. Providing services as needed to facilitate efforts to carry out the University's technology development and transfer activities.

j. Negotiating for Confidentiality, Non-Disclosure, Material Transfer Agreements and other memoranda of understanding as needed for University employees to interact with commercial concerns.

5. Responsibilities

A. University: Auburn University has responsibility for intellectual property development and technology transfer. The University's obligations to assure fulfillment of this responsibility include:

a. To inform employees regarding intellectual property and provide support as necessary to assure compliance with this Intellectual Property and Patent Policy.

- b. To facilitate the efficient and timely transfer of knowledge and technology from the University to the private sector for the public good.
- c. To provide legal support to protect the interests of the University and Inventors/Creators against third party claims or unauthorized use of intellectual property.
- d. To share with the inventors royalties, equities or other income derived from patents/license agreements resulting from IP.
- e. To encourage and support the discovery of new knowledge and technology.
- f. To identify and attract sources for marketing and licensing technology.
- g. To provide services to employees as needed to facilitate their efforts to carry out the University's mission of technology development and transfer.
- h. To promote State, regional and national economic development.

B. Employees who create intellectual property have the following responsibilities:

- a. To promptly disclose discoveries that may have intellectual property value to the OTT, prior to any public disclosure.
- b. To participate in technology transfer and licensing consistent with the AU Intellectual Property and Patent Policy and procedures
- c. To cooperate with appropriate parties in defending and prosecuting patents in legal actions taken in response to infringement.
- d. To arrange for the retention of all records and documents necessary for the protection of University interests.
- e. To promptly disclose any potential conflicts of interests.
- f. To abide by commitments made in license, sponsored research and other agreements, and laws related to federally and privately funded research.

C. Students

Undergraduate Students: Any undergraduate wishing to pursue a patent should be provided assistance by a faculty representative from that student's major department to insure that the proper protocol is followed in the disclosure process. The faculty are expected to advise and assist students who wish to disclose potentially patentable findings within the purview of this policy. Students can seek assistance directly from the OTT, if they wish.

Undergraduates are not obligated to disclose any inventions to the University if conception of the invention originates from any information gained through instruction (class lectures, class labs, etc.). However, if an undergraduate is employed or participates in any extensive projects, such as a Special Problems course, laboratory assistance, assistance to professor/graduate student research projects, and the like, then the student may be governed by this Policy. Professors/Instructors are encouraged to provide information in the written Course Objectives about patentability of discoveries made during participation in courses. If there are questions about the applicability of this policy to courses, the OTT is responsible for making that decision. Undergraduates who are actively involved in research which may result in

discoveries or inventions, or which have already produced IP, must be provided with a copy of this policy and counseled about provisions that apply.

Graduate Students: Any graduate student wishing to pursue a patent should have active participation by his/her major professor in the disclosure process to ensure that the proper protocol is followed. Graduate students can seek assistance directly from the OTT, if they wish. Graduate students, upon admission into the Graduate School, are to be provided with this Intellectual Property and Patent Policy and counseled about provisions which apply.

A graduate student is not obligated to file a disclosure with the University if the invention does not relate to University responsibilities or was invented without the use of University resources or facilities.

D. Participation Agreement

All members of faculty, emeritus faculty, visiting faculty or other visitors using research facilities, researchers, adjunct faculty, post-doctoral employees, graduate students, and undergraduate students participating in sponsored research as employees or otherwise, and all salaried employees, shall execute a Participation Agreement (Appendix A) as a condition of employment, participation in sponsored research or use of University resources. Rights and obligations under this agreement shall survive any termination of enrollment or employment at the University. Notwithstanding the above, an individual acknowledges that he or she is bound by this Intellectual Property and Patent Policy by accepting or continuing University employment or by using University resources or facilities. All employees and students shall be advised of the University's intellectual property policies and procedures through publication of this Intellectual Property and Patent Policy in the University's Faculty, Administrative and Professional, Graduate Assistant and Student Handbooks, and through other communications.

E. Federal Agreements

In general, federal laws and regulations provide that the University has first right to retain title to any inventions conceived or made in whole or in part during federally funded research. Federal law and regulations further provide uniform policies for all federal grants and contracts.

Because the law requires that the University initiate appropriate patent action for each invention, and because the co-mingling of federal support with other extramural funds limits the rights available to another extramural sponsor, it is essential that University researchers become familiar with the requirements of the law. The following is a summary of the most relevant provisions of the law:

a. The law gives a university or its designated patent management organization first right of refusal to ownership of inventions made in performance of federal grants and contracts unless otherwise stated in the individual funding agreement.

b. The University must have written agreements with persons performing the research, other than clerical and non-technical employees, requiring prompt disclosure of inventions. The agreement developed by the University for this purpose is included in Appendix A.

c. The University is required to disclose any invention conceived or first actually reduced to practice in the performance of work funded, in full or in part, by the federal government. This disclosure must be made to the funding agency within two months after the University inventor discloses it in writing to the appropriate University administrator.

d. The University's OTT must elect whether or not to retain title to the invention. If the University declines title to the invention, the rights to the invention pass to the federal funding agency that supported the research.

e. The federal agency retains a nonexclusive, non-transferable, irrevocable, paid-up, world-wide license to practice or have practiced the invention for governmental purposes. The individual funding agreement may grant additional rights to the federal government.

F. Non-federal Agreements

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. For this or other reasons, an exception to the University title policy may be approved by the University's OTT. However any exception must honor the general principles of this policy, protect the equities involved, and satisfy the requirements of the parties.

Industry-supported research is valued by the University when it maintains 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 will receive first option to negotiate a license to inventions conceived or developed with their support. 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. When it is foreseeable that an invention may be developed under such industry-supported research, the University may grant the sponsor an option for 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 that the invention is brought into public use promptly.

G. Companies Involving University Personnel

University research sponsored by companies owned or controlled by individuals who are also University personnel should generally be permitted at the University, provided that:

a. Research proposals are reviewed by the Office of Sponsored Programs, appropriate departments and colleges prior to approval.

b. Faculty involved in such companies make a full disclosure of their role in the company to the Office of Sponsored Programs as well as their department head and dean prior to approval.

c. At least semiannual written reports of activities are provided to the appropriate dean.

d. Faculty, staff, and students with equity and other potential financial benefits from success of any company involving University personnel (for example, royalties, consulting fees or profit sharing) are not the principal investigator on such sponsored research or the attending clinician in clinical trials or the recorder of patient data. The appropriate dean is responsible for appointing a Principal Investigator who does not have conflicts of interest. The faculty, staff, and students generally should not be permitted to negotiate a research contract or grant from the company to the University, and faculty, staff, and students are prohibited from purchasing goods or services from the company on behalf of the University.

e. Prior approval is obtained from the appropriate department chair and dean concerning involvement of graduate and undergraduate students in such businesses. In addition, the faculty, staff, and students in carrying out confidential research for the company should not delay or inhibit publication of research findings beyond the normally specified time.

f. An approved conflict management plan has been put into place to address any potential conflicts of interest or commitment.

H. Consulting Agreements

Faculty engaged in consulting work should use great care to determine that the IP clauses in their consulting agreement(s) do not involve conflict of interest problems and are not in actual conflict with sponsored grants or contracts and with University policy. A copy of this Intellectual Property and Patent Policy should be provided to any company that is considering hiring University personnel as consultants. Consulting agreements frequently ask that the consultant waive his/her patent rights as a condition of contract or employment. Consulting agreements containing such waivers shall be submitted to the Vice President for Research for review and approval. The employee must ensure that he or she does not attempt to waive patent rights held by the University. Where consulting activities involve the development of inventions or potential inventions conceived under federal sponsorship or supported by Auburn University funds or resources, permission to waive patent rights generally will not be granted. A determination by the University must be initiated when the faculty member submits an "Application for Permission to Engage in Private Consulting or University Activities for Extra Compensation" (UPO-10) in which there is any proposed variance from this Intellectual Property and Patent Policy, especially assignment of patent rights to the outside employer. Full disclosure of any invention discovered in the course of such work must be made to the Vice

President for Research. Ownership decisions ordinarily will be made within 60 days of receipt of the disclosure by the Vice President for Research.

I. Exceptions to this Policy

Arrangements with outside organizations that propose terms which are exceptions to this Policy must be submitted to the Vice President for Research. If approved in writing, the terms shall be binding upon all members of the faculty, staff, and employees of the University conducting such research or utilizing such facilities, and will supersede the provisions of the Intellectual Property and Patent Policy to the extent that the terms are inconsistent therewith.

6. Intellectual Property and Patent Committee

The University Intellectual Property and Patent Committee (IPPC), is appointed by the President from nominations provided by the University Senate. The terms of service will be three years with staggered terms. The IPPC is available to advise the Director of the OTT and Vice President as to whether the University should exert an interest in any particular invention based on technical merit and commercial potential or whether patent rights should be released to the inventor. The IPPC also makes recommendations on University Intellectual Property and Patent Policy implementation and disputes arising under this policy. The Director of the OTT shall serve as a non-voting member of the Committee and shall attend or appoint a designee to attend all meetings. In addition to reviewing disclosures and recommending action to be taken, this Committee shall:

- a. Recommend on the University's ownership of particular inventions,
- b. Recommend on granting exceptions to this Policy,
- c. Propose guidelines and procedures for implementation of this Intellectual Property and Patent Policy,
- d. Propose amendments to the Intellectual Property and Patent Policy,
- e. Advise the Vice President for Research and Director of OTT on the intellectual property management program, including reviewing current procedures and practices and making recommendations for future directions, or advise on other matters concerning IP, patenting and licensing as the Vice President for Research may request.
- f. Advise the Vice President and Director of OTT on resolution of conflicts of interest; arbitration of decisions concerning ownership of intellectual property; and mediation and resolution of any disputes between the University and developers.

7. Disclosure of Intellectual Property

Creative and scholarly works with potential commercial value must be disclosed to the OTT. (Please refer to section 2 of this policy on Ownership of Intellectual Property and Disclosure of Inventions) This includes sponsor-supported efforts, University assigned efforts, and University assisted individual efforts. Auburn University personnel shall promptly provide the OTT with a disclosure statement describing their creative and scholarly works and new material, devices, processes, or other inventions developed with substantial University resources, using forms provided by OTT. Auburn University personnel shall cooperate with the OTT and sign all documentation necessary to protect and commercialize the intellectual property. OTT is responsible for record keeping for all intellectual property activities.

Public disclosure of intellectual property may impact the patentability of the property. For United States patent protection, public disclosure initiates a one- year time limit to file for protection. To achieve global patent protection, filing must precede public disclosure. Therefore, to assure appropriate patent protection, inventors must initiate discussions with OTT prior to any public disclosure. The disclosure must include all participants who have or had creative contributions to the intellectual property. Failing to include anyone who has or had creative contributions may invalidate patent protection. The decision to protect intellectual property will rest with the Vice President for Research based on recommendation of OTT and the Intellectual Property and Patent Committee. This decision may be appealed as provided in section 14 of this Policy on “Resolution of Questions, Concerns and Disagreements”. Disclosure requirements for works of authorship, such as instructional or distance learning materials are provided for within the University Copyright Policy.

8. Patent Practice and Procedure

A. Administrative Responsibility

The Vice President for Research and his/her designee in the OTT will exercise responsibility for administration of the principles and policies set forth in this policy. OTT is responsible for acting rapidly on all intellectual property submissions. Inventors ordinarily should be notified within 60 days about the status of their disclosure.

B. Assignment of Rights

- If any intellectual property is determined, in accordance with this policy, to be owned by the University, the developer/creator will execute an assignment of rights, wherein they assign all rights, title and interests to the University. Formal execution of this assignment will be accomplished if a patent is filed or intellectual property is licensed.

C. Confidentiality

Occasionally contractual obligations and governmental regulations require that certain research information be maintained confidential. Additionally, some works, such as computer software, may best be protected and licensed as trade secrets. Some inventions must be maintained in confidence for limited periods to avoid the loss of patent rights. Accordingly, the timing of publications and/or presentations is important, and Auburn University personnel, including students, shall use their best efforts to keep the following items confidential:

a. All information or material designated as confidential in a contract, grant, or similar documents.

b. All information or material designated or required to be maintained as confidential under applicable government statutes or regulations.

c. All information relating to intellectual property developed by Auburn University personnel, which may be protected under this policy, must be kept confidential until application has been made for protection or a decision is made to release the information to the public domain.

D. Collaboration: disclosure and joint ownership of IP

Collaboration between Auburn University personnel and persons not employed by or associated with the University, including researchers at other universities or companies, can result in development of intellectual property that is owned jointly by the University and the other institutions or companies. Protection and commercialization of such jointly owned intellectual property can be difficult without extensive cooperation and agreement among the owners. Accordingly, it is important for AU personnel involved in or contemplating collaborative activities that may result in development of intellectual property to advise the OTT of such activities and work with OTT to develop appropriate agreements.

E. Commercial Interests

Auburn University has as a goal appropriate commercialization of Auburn University intellectual property. Primary administrative responsibility for this activity rests with OTT, but involvement of the inventors is essential to effective technology transfer. It is to the mutual advantage of both the University and the inventor to have as much cooperation as possible. Therefore, inventors are to cooperate with OTT in helping to locate potential commercial interests and in transferring the technology to them. The ultimate decisions on commercialization will be made by the Vice President for Research in consultation with OTT and the inventors.

9. Assignment of Ownership of Potentially Patentable Inventions

A. University ownership

The patent rights to inventions that result from research or other activities conducted by faculty, other employees or students within the specific field of their expertise, training and official duties and responsibilities, or to inventors that are programmed or substantially supported by the university, are retained by the University. Applicability and disposition of patent rights is determined by the University on a case-by-case basis.

B. Shared ownership with sponsors

Sponsored research at the University is usually conducted under contract with private industry or government agencies. The ownership and control of patent rights to patentable discoveries and inventions resulting from research sponsored by industry at the University are determined by the contractual arrangement between the sponsor and the University. In general, the University retains ownership and control of the patents; however, if requested by the sponsor, the University will consider assignment to the sponsor, under the contractual arrangements, of partial or complete rights to patentable discoveries and inventions resulting from the sponsored research. Where the University retains ownership and control of patents resulting from sponsored research, the University treats these patents just as it treats those resulting from its own research, and section 7A is applicable.

Auburn University complies with the government patent policies as set forth by the various executive departments and agencies of the federal government. The question of ownership and control of patents resulting from federally or state supported research is determined in each specific contract. Contracts with the State of Alabama shall be governed by section 7.A., unless otherwise provided.

C. Release of rights to inventors

Under certain circumstances, rights to a discovery or patentable invention will be released to the inventors upon their written request. First, in the event that Auburn University does not elect, normally within 60 days, but not longer than 8 months after submission of a disclosure, to pursue a patent or patents on any discovery or invention arising out of non-federally funded research, and to the extent Auburn University is not prohibited by the terms of the research funding agreement to do so, all rights to the invention or discovery may be released to the inventor or inventors upon their execution of appropriate release documents, and they may dispose of and handle them as they desire. Secondly, for federally-sponsored research, in the event the University does not elect to retain title to a resulting invention or discovery, OTT will notify the appropriate federal agency of the inventors' desire to attain title. Such request may or may not be approved by the Government. Finally, if an invention falls significantly outside the field of expertise, training and official duties of the inventor, ownership may be released by the University to the inventor, provided that no substantial University support was used in the development of the invention.

10. Licensing of Auburn University Technology

It is consistent with the public service mission of our land-grant heritage that the University encourages industry to commercially develop technology resulting from University research for public benefit. This recognizes the need to protect proprietary rights to encourage companies to risk the investment of their resources to develop an invention and take it into the marketplace.

The research, teaching, and public service mission of the University always takes precedence over intellectual property protection considerations. While the University recognizes the benefits of commercial development of faculty inventions, it is essential that the direction of University research not be established or unduly influenced by intellectual property considerations or personal gain.

The Office of Technology Transfer is responsible for the evaluation, marketing, negotiations and licensing of University-owned inventions with commercial potential.

11. Revenue from intellectual property including equity

A. Revenue from Royalties

Revenues received by Auburn University resulting from a patented invention shall be distributed to recognize the efforts of the creator(s) and the supporting administrative units and to provide stimulus for further research. Revenues do not include funds received for research support. Prior to declaring “net revenues,” the out-of-pocket costs sustained by Auburn University for patent prosecution, licensing, and license maintenance, including University costs for patent infringement actions, shall be recovered. In addition, an administrative fee in the amount of 15% of gross revenues (administrative fee) is to be set aside for the operation of the Office of Technology Transfer and to facilitate future patent acquisitions.

In the case of multiple inventors/creators, the inventors’/creators’ share will be distributed among all inventors/creators in accordance with a letter of agreement signed by all inventors/creators. The letter of agreement will be approved by the Vice President for Research prior to submission of the patent application or final execution of a license agreement.

The OTT will provide an accounting of revenue distribution and report this information to the relevant inventors, department chairs, directors of institutes and centers, deans and the Vice President for Research.

B. Net revenues will be distributed at least annually according to the following schedule:

Net Revenue	Inventors’ Share	University Share
First \$100,000	50%	50%
Second \$100,000	40%	60%

Over \$200,000	30%	70%
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a. The inventors' share is distributed to the inventors and has no restriction as to use.

b. Unless otherwise determined in advance, the University share is to be divided between the inventors' College(s) or School(s) (25% of University share), inventors' administrative unit(s) (department, center or institute) (25 % of University Share), the Vice President for Research's Office (25% of University Share), the OVPR research grant programs (12.5%), and the General Fund (12.5%). Distribution to the appropriate administrative unit(s), based on support of the research, will be recommended to the VPR through the appropriate dean(s), director(s) and department head(s). Administrative unit policies may be developed to cover unique considerations, but these may not supercede provisions of this University wide policy.

C. Equity holdings and distribution

The Office of Technology Transfer (OTT) occasionally has the opportunity to acquire equity in companies on behalf of the University as consideration for a license agreement.

Inclusion of equity in such agreements may be in the best interest of technology transfer. Young companies often do not have the requisite cash reserves to compete with an established company for rights to University technology. An offering of equity is a means of enabling otherwise qualified small companies to license University technology. However, the acceptance of equity presents two potential problems: risk and the generation of conflicts of interest and conflicts of commitment.

Risk is an issue because, at the time equity is given, it generally has no value. Whether or not it will acquire value will depend on the overall success of the company, which is a function of many factors that may not relate to the technology being licensed. Therefore, OTT will require some cash as part of the consideration for the license agreement to minimize risk.

Equity has considerable potential for creating conflicts of interest for inventors and the University because equity holders are part owners of the company. Owners stand to gain considerably if the company does well, and therefore there may be incentive to take actions and make decisions that favor the interests of the company over the academic missions of the University. For this reason, the University shall neither seek nor accept representation on the board of directors of a licensee in which it holds equity regardless of the level of its equity interest. University employees who may accept appointment to boards of directors and scientific advisory boards of licensees do so in their individual capacities and not as University representatives, but are nevertheless subject to all applicable University policies in so doing.

Where there is a proposal for the University to accept equity in a company as consideration for a technology licensing-related transaction, OTT, taking into account any legal restrictions and after considering the wishes of each inventor involved, shall either:

a. arrange for the inventor(s) to receive his or her share of equity directly from the company upon execution of the relevant agreement, including provisions relating to restrictions, if any, on transfer or disposition of inventor(s) equity; or

b. take all equity, including the inventor(s) share, in the name of the University, in which case the University will make decisions regarding equity disposition based upon sound business judgment and publicly available information. The inventor(s)' sole right under these circumstances is the receipt of the appropriate share, as indicated below, of such equity or its cash equivalent at such time and in such form as the University shall deem it appropriate.

The University shall determine the inventor(s)' share of equity according to the same formula as is applied to all other types of revenue, including the deduction of any out of pocket costs and the administrative fee as outlined in section 11.A.

D. Distribution after termination of employment or death

The revenue distribution to the Inventors' share shall survive termination of affiliation with Auburn University and upon the Inventors' death shall be distributed according to his/her will, or to his/her estate, or if deceased intestate, according to the actions of probate.

E. Implementation

Distribution of revenues or equity will be based on this policy if the date of the first distribution occurs after adoption of this policy. If the date of the first distribution occurs prior to adoption of this policy, then the formula for distribution will be based on the previous policy.

12. Policies and Procedures Concerning Non-Patentable Property of Commercial Value

There are instances where intellectual or real property has commercial value, but patenting may not be a desirable method of protection, particularly because of the extensive time delay and high cost inherent in the patent process. Therefore, alternative methods may be employed for protection, including: material transfer and other agreements, licensing, limited distribution or secrecy. Except for mechanisms of protection, all other aspects of such property comply with this policy. Personnel of the OTT should be consulted about specific methods of protection which apply to specific inventions.

A. Definition of tangible research property (TRP)

Tangible Research Property (TRP) is defined as corporeal products that are produced in the course of research projects supported by Auburn University or by external sponsors. TRP refers to products that can be distinguished from ideas or processes that do not generate a physical artifact. Examples of such property include biological materials, chemical moieties, engineering drawings, integrated circuit chips, computer databases, prototype devices, circuit diagrams, computer software and equipment whether or not patentable. Policies that govern ownership, income, licensing, etc., of intellectual property, also apply to tangible property.

B. TRP procedures

The following procedures for identification and distribution of TRP are designed to aid the traditional open distribution and exchange of TRP for research purposes, preserve the potential commercial value of TRP, assist the further development of TRP for public use, and protect the University and its employees from liability claims arising from the use of Auburn University TRP by others.

Identification of TRP. TRP should have an unambiguous identification code and name sufficient to distinguish it from other similar items developed at Auburn University or elsewhere. The OTT should be consulted for assistance in developing appropriate identification systems and for information regarding use of existing University systems (e.g., Biological TRP Registry, Trademark Registry, etc.).

Control of TRP. It is the responsibility of the inventor or principal investigator to control the development, storage, use and distribution of TRP. Such control includes determining if and when distribution of the TRP is to be made beyond the laboratory for scientific use by others. Because TRP may have potential commercial value as well as scientific value, the investigator may wish to make TRP broadly available for other scientific use by means which do not diminish its value or inhibit its commercial development for public use. Although valid non-commercial reasons may exist for the temporary delay of TRP distribution outside the laboratory or other scientific use (e.g., safety factors or the need to more fully characterize the TRP prior to distribution, etc.) scientific exchanges should not be inhibited due to potential commercial considerations.

Distribution of TRP. If TRP owned by Auburn University has commercial value, if there is a possibility of biohazard or other risk associated with the use of the TRP, if the TRP is likely to be used in clinical research, or if its creators consider it desirable to control its subsequent use, distribution must be coordinated with the Office of Technology Transfer (OTT) and must be accompanied by an appropriate agreement with the recipient. OTT will provide wording for the distribution agreement as necessary to preserve commercial value, provide coordination with existing or prospective commercial licensing activities, and liability protection for the University.

If there is a possibility of biohazard or other risk associated with the transport, storage or use of a particular TRP, or if the recipient is likely to use the TRP for clinical research, the Office of Biosafety should be consulted for advice regarding the appropriate precautionary language in the TRP distribution agreement.

If TRP developed by Auburn University as a result of research activities is to be distributed to outside users for commercial purposes, the distribution agreement must contain provisions negotiated by OTT covering the terms under which the property may be used, limits on the University's liability for the property or products derived therefrom, and disposition of

any royalty income to Auburn University from the licensing of intangible property rights associated with the use of the tangible property.

13. Conflict of Interest and Conflict of Commitment

A. Conflict of Commitment

Auburn University faculty members owe their primary professional allegiance to the University, and their primary commitment of time and intellectual energies should be to the education, research, scholarship, and public service programs of the University. The specific responsibilities and professional activities that constitute an appropriate and primary commitment will differ among colleges, schools and departments, but they should be based on a general understanding between the faculty member and his or her department chair and dean. Fulfillment of these obligations requires a primary commitment of expertise, time, and energy.

Conflicts of commitment usually involve issues of time allocation. Whenever an individual's outside consulting activities (as defined in Auburn's Policy on Outside Consulting) exceed the permitted limits or whenever a full-time faculty member's primary professional loyalty is not to Auburn, a conflict of commitment exists.

A full-time appointment conveys an obligation for a faculty member to have a significant presence on campus, to be accessible to students and staff, and to be available to interact with Auburn colleagues throughout the term of his/her appointment, unless the department chair and/or school/college dean has granted specific prior approval for extended or frequent absences from campus. Since requirements for field research and other reasons for absence from campus differ across the University, schools and departments should define for their faculties what qualifies as inappropriate, extended or frequent absences.

B. Conflict of Interest

A conflict of interest occurs when there is such a divergence between an individual's private interests and his or her professional obligations to the University that an independent observer might reasonably question whether the individual's professional actions or decisions are determined by considerations of personal gain, financial or otherwise. A conflict of interest is not an accusation of any impropriety and does not imply that an employee's judgment has been compromised. Conflicts may be real or merely a perception. Whether a conflict of interest exists depends on specific situations.

Faculty members should conduct their affairs so as to avoid or minimize real and perceived conflicts of interest and must respond appropriately when potential conflicts of interest arise. To that end, the purposes of this policy are to educate faculty about situations that generate conflicts of interest, to provide means for faculty and the University to manage conflicts of interest, to promote the best interests of students and others whose work depends on faculty direction, and to describe a non-exhaustive list of situations that are prohibited.

C. Avoidance of Conflicts

To avoid conflicts:

a. Faculty must maintain a significant presence on campus unless approved by and individual's department head and dean.

b. Faculty must not allow other professional activities to detract from their primary allegiance to Auburn University. For example, a faculty member with a full-time appointment must not have outside managerial responsibilities that interfere with his/her University responsibilities, or act as a principal investigator on sponsored projects that could be conducted at Auburn University but instead are submitted and managed through another institution, public, private, commercial or not-for-profit.

c. Faculty must foster an atmosphere of academic freedom by promoting the open and timely exchange of results of scholarly activities, ensuring that their advising of students and postdoctoral scholars is independent of personal commercial interests, and informing students and colleagues about outside obligations that might influence the free exchange of scholarly information between them and the faculty member.

d. Faculty may not use University resources, including facilities, personnel, equipment, material or confidential information, except in a purely incidental way, as part of their outside consulting activities or for any other purposes that are unrelated to the education, research, scholarship, and public service missions of the University. Non-incidental use of University resources must not interfere with the faculty member's University commitments, and, where appropriate, there must be reimbursement for the use of University resources.

e. In accordance with limits established on the Annual Certification of Compliance to the Faculty Policy on Conflict of Commitment and Interest (Appendix C), faculty must disclose to the University whether they (or members of their immediate family, as defined below) have consulting arrangements, significant financial interests (also defined below), or employment in an outside entity that might affect decisions associated with sponsored projects or technology licensing, before the University will approve the following proposed arrangements between such entities and Auburn: (a) gift; (b) sponsored project; (c) technology licensing arrangement; and (d) procurements.

f. Upon hire and on an annual basis thereafter, all faculty members must complete the Annual Certification of Compliance to the Faculty Policy on Conflict of Commitment and Interest (Appendix C).

g. The Vice President for Research must approve each school or college dean's plans to manage any real or perceived conflicts of interest or commitment.

14. Resolution of Questions, Concerns and Disagreements

Inventors or others affected by this Policy may submit questions, concerns or disagreements to the Vice President for Research regarding the University's handling of inventions, patents, tangible research property or intellectual property assigned to the University under this policy. The Vice President for Research may request assistance from the IPPC or other sources to resolve these questions, disagreements or grievances. University faculty, staff, and/or students shall have the right to appeal a decision of the Vice President to the President.

15. Condition of Employment or Admission to University

By accepting employment by or admission to Auburn University, faculty, staff and/or students agree to be bound by the decision of the institution in administering this policy.

16. Alabama Ethics Law

To the extent any provision of this policy is not consistent with the Alabama Ethics Law codified in §36-25-30, Code of Alabama, 1975, as amended, the application of such provision shall be restricted or reformed to the extent required for such provision to be in compliance.

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17. Amendments and revisions of this policy

Upon approval by further action of the Board of Trustees, this policy may be changed or discontinued at any time. Such changes or discontinuance shall not affect rights accrued prior to the date of such actions.

18. Appendices

- A. Definitions and Acronyms
- B. Participation Agreement
- C. Certification of Compliance with Policy on Conflict of Commitment and Interest.

Appendix A. Definitions and Acronyms

1. Conflict of interest occurs when there is a divergence between an individual's private interests and his or her professional obligations to the University, such that an independent observer might reasonably question whether the individual's professional actions or decisions are determined by considerations of personal gain, financial or otherwise. A conflict of interest depends on the situation, and not on the character or actions of the individual.
2. Conflict of commitment occurs whenever an individual's outside activities interfere with his or her professional obligations to Auburn.

3. Intellectual Property is any product of the human intellect that is unique, novel, and unobvious. It includes but is not limited to such things as ideas, results, inventions, expressions or literary creations, unique names, business methods, industrial processes, machines, new or improved devices, chemical formulae or compounds, new life form, new compositions of matter, genetically engineered organisms, computer program processes, software, presentations, or new and innovative uses of existing inventions. Intellectual Property may or may not be patentable or copyrightable. Intellectual Property can be created by one or more individuals, each of whom, to be an inventor or developer, must have conceived of an essential element or have contributed substantially to its conceptual development.
4. IP is the acronym for Intellectual Property
5. OTT is the acronym for the Office of Technology Transfer.
6. Tangible Research Property is a corporeal product that is produced in the course of research whether or not it is patentable. Examples include biological materials, chemical moieties, engineering drawings, integrated circuit chips, computer databases, prototype devices, circuit diagrams, computer software and equipment.
7. TRP is the acronym for Tangible Research Property.

Appendix B. Auburn University Participation Agreement

Name: _____

(Please type or print in blue ink)

Auburn University Identification Number: _____

In consideration of:

- my present or future employment at Auburn University (hereinafter “AU”); and/or
- my status as a graduate student and/or
- my participation in research at AU; and/or
- opportunities made or to be made available to me to make significant use of AU funds or facilities; and/or
- opportunities to share in royalties and other inventor/author rights outlined in the Auburn University Intellectual Property and Patent Policy

I agree to abide by all provisions of the Auburn University Intellectual Property and Patent Policy which is hereby incorporated by reference and I agree:

- A. To disclose promptly to the Office of Technology Transfer full information concerning inventions, discoveries or know-how (hereinafter “AU Intellectual Property”) I may make in the course of any such AU research or training program;
- B. To assign to Auburn University or its designee all my right, title, or interest to such inventions, discoveries, know-how, patent applications, patents, or copyrights;
- C. To execute all necessary papers and otherwise provide proper assistance at AU’s expense, during and subsequent to the period of my AU affiliation, to enable AU to obtain, maintain, or enforce for

itself or its nominees, patents, copyrights or other legal protection for such Intellectual Property; and

D. To prepare and maintain for AU adequate and current written records of all such AU Intellectual Property; and

E. Upon request, to deliver promptly to AU copies of all written records referred to in Paragraph D. above as well as all related memoranda, notes, records, plans, or other documents.

This agreement may not be modified or terminated, in whole or in part, except in writing, in which case it will be signed by an authorized representative of AU. Rights and obligations under this agreement shall survive any termination of enrollment or employment at AU.

Signature:_____Date:

Appendix C. ANNUAL CERTIFICATION OF COMPLIANCE TO THE FACULTY POLICY ON CONFLICT OF COMMITMENT AND INTEREST

For Confidential Review by Auburn University

Name: _____ **Title:** _____

Department(s): _____

The following questions apply to activities throughout the preceding academic year:

1. Did you have a managerial or principal investigator role in an activity outside the University? If yes, please list and explain in an attached statement.

No _____ **Yes** _____

2. Did you, your spouse or domestic partner, or dependents jointly or severally own at least a 5% or \$5,000 equity or ownership interest in a corporation, company, association, or firm, partnership, proprietorship, or any other business entity, or serve as an officer, director, trustee, or consultant in a business or company where the service provided income of at least \$1,000 as a result of your employment, consulting, financial or other significant relationship, including ownership, with a sponsor of your University teaching or research activities? The thresholds of 5% or \$5,000 equity or ownership interest or \$1,000 income should be applied on a per year/per sponsor basis and should include only that equity which is directly under your control, not that managed by a third party such as a mutual fund. If yes, please list each such arrangement and provide an attached written explanation.

No _____ **Yes** _____

3. Did you, your spouse or domestic partner, or dependents have an employment, consulting, financial or significant relationship, including ownership (at least 5% or \$5,000 equity or ownership interest or \$1,000 income), in a company that does business with the University that involves you as an employee of the University? Please consider only that equity which is directly under

your control, not that managed by a third party such as a mutual fund. If yes, please list each such arrangement and provide an attached written explanation.

No _____ Yes _____

4. Did you, your spouse or domestic partner, or dependents have an employment, consulting, financial or other significant relationship, including ownership (5% or \$5,000 equity or ownership interest or \$1,000 income), with an outside organization contributing gift funds to the University which are under your control or of direct benefit to your teaching or research activities? Please consider only that equity which is directly under your control, not that managed by a third party such as a mutual fund. If yes, please list each such arrangement and provide an attached written explanation.

No _____ Yes _____

5a. Did you submit a proposal to or receive an award from the Public Health Service (PHS) or the National Science Foundation (NSF)?

No _____ Yes _____ IF NO, GO TO QUESTION 6.

5b. If yes, did you submit a proposal to or receive funding from or conduct research for PHS or NSF which could benefit a company in which you either had a consulting arrangement (no minimum dollar amount) or had significant financial holdings (defined by those agencies to be at least 5% of equity or at least \$5,000 worth of ownership interests)?

No _____ Yes _____ IF NO, GO TO QUESTION 6.

5c. If yes, were those arrangements or financial interests disclosed at the time of proposal submission?

No _____ Yes _____

6. Were you an inventor of intellectual property which has been or will be licensed through the University to any outside entity in which you, your spouse or domestic partner, or dependents have an employment, consulting or financial or other significant relationship, including ownership (at least at least 5% or \$5,000 equity or ownership interest or \$1,000 income)? If yes, please list and explain in an attached statement.

No _____ Yes _____

7. Did you create, discover, or reduce to practice an invention(s) using University resources to which title has not been assigned to the University? If yes, please list and explain in an attached statement.

No _____ Yes _____

8a. Did you involve any of your students or staff in your outside employment, consulting or pro bono activities? If yes, please list and explain in an attached statement.

No _____ Yes _____

8b. If yes, was this student/staff involvement approved by the department chair?

No _____ Yes _____

9. Please describe on an attached sheet, if necessary, any other relationships, commitments, or activities you or any members of your immediate family have that might present or appear to present a conflict of interest or commitment with your University appointment. Such relationships might include financial or fiduciary interest or uncompensated activities.

CERTIFICATION

In submitting this form, I certify that the above information is true to the best of my knowledge, that I have read the “Faculty Policy on Conflict of Commitment and Interest,” and that I am in compliance with University policies related to conflicts of interest. I supply this information for confidential review by the University and I do not authorize release of any of it for any other use.

Signature: _____ Date: _____