



NORTHWESTERN UNIVERSITY

Responsible University Official: Vice President for Research
Responsible Office: Innovation and New Ventures Office
Origination Date: January 1, 1974

UNIVERSITY PATENT AND INVENTION POLICY

Policy Statement

Any Invention or Discovery by an Individual who:

- 1. made the Invention or Discovery within the normal field of his or her employment responsibility and activity with the University, or
2. makes use of Northwestern University Resources,

is subject to the conditions of the University Patent and Invention Policy. Fulfillment of element "(1)" of this paragraph is made without regard to location or salary source, and specifically includes Individuals employed at affiliated hospitals and institutions.

Reason for Policy/Purpose

The purpose of this policy is to:

- 1. define what Inventions, Discoveries, and Tangible Research Property (TRP) are subject to this policy;
2. define ownership rights to Inventions, Discoveries, and TRP subject to this policy;
3. stimulate the timely disclosure of Inventions and Discoveries to the Innovation and New Ventures Office (INVO);
4. describe basic principles of the patenting and technology-transfer responsibilities delegated to INVO; and
5. describe how proceeds from licensed Inventions, Discoveries, and TRP are distributed.

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Who Approved This Policy

Provost

Who Needs to Know This Policy

All members of the Northwestern University Community need to know this policy.

Website Address for This Policy

<http://www.invo.northwestern.edu/policies/>

Contacts

If you have any questions on the policy or procedure for the University Patent and Invention Policy, you may:

1. Call the Innovation and New Ventures Office at 847-467-2097, or
2. Send an e-mail to invo@northwestern.edu

Definitions

Bayh-Dole:	U.S. legislation found at 35 U.S.C. §§ 200-212 pertaining to the reporting, ownership, patenting and licensing of Inventions or Discoveries made under Federally Sponsored Research Agreements.
Discovery:	One or more facts or conditions describing nature that may or may not be patentable under the patent laws of the U.S. or a foreign jurisdiction.
Federally Sponsored Research Agreement :	Any grant or contract to conduct research or development at Northwestern University wherein the source of the funds is the U.S. Federal Government.
Individual:	One or more members of the Northwestern University Community.
Innovation and New Ventures Office (INVO):	The Northwestern University Office responsible for patenting and technology-transfer of Inventions, Discoveries, and Tangible Research Property subject to this policy.
Invention:	A machine, method, manufacture, composition of matter, or design that may or may not be

patentable under the patent laws of the U.S. or a foreign jurisdiction.

Inventor: An Individual that made an Invention or Discovery, or created Tangible Research Property, subject to this policy.

Northwestern University Community: The Northwestern University Community includes: All University employees (including but not limited to: full-time, part-time, contributed service, and Health Service Clinician faculty, and all staff), all students, and all appointees or visitors funded by the University and/or who use University facilities or materials in the process of Invention or Discovery.

Northwestern University Resources: Northwestern University Resources includes private or governmental funds administered by the University; or the use of University space, materials, or facilities. Northwestern University Resources does not include use of the library.

Tangible Research Property (TRP): Tangible Research Property includes, but is not limited to, materials, computer software, computer databases, prototype devices or equipment, engineering designs or drawings, integrated computer chips, audiovisual works, antibodies, genetically modified animals, and cell lines.

Policy/Procedures

Preamble

Patentable inventions or discoveries may result from research or educational activities performed by members of the academic community. Northwestern University is committed to disclose and utilize ideas and discoveries for the greatest possible public good; to protect the rights of the University faculty, staff, and student body, as well as those of the institution itself; and to abide by the regulations of agencies providing funds for sponsored programs.

Applicability

Any invention or discovery by an individual who (1) made the invention or discovery within the normal field of his or her employment responsibility and activity with the University, without regard to location or salary source (specifically including individuals employed at affiliated hospitals and institutions), or (2) makes use of Northwestern University Resources, except library, shall be subject to the provisions of the University Patent and Invention Policy. Such an Individual is hereafter referred to as Inventor.

Limited exception for Health System Clinician Inventions or Discoveries

The Feinberg School of Medicine created a faculty category, Health System Clinician. For inventions and discoveries made only by one or more Health System Clinicians, and not by any other members of the Northwestern University Academic Community, Northwestern University will not assert rights in such inventions or discoveries if created without the use of Northwestern University Resources. For the avoidance of doubt, any invention or discovery made by one or more Health System Clinicians who makes use of Northwestern University Resources, except library, shall be subject to the provisions of the University Patent and Invention Policy.

When to Disclose an Invention or Discovery

United States patent law permits the filing of a patent application within one year of publication; however, under foreign patent law, any public disclosure disqualifies the Invention or Discovery from patent protection. Therefore, to protect academic priority as well as commercial priority, any Inventor making any Invention or Discovery subject to this policy is encouraged to report it promptly in writing and in reasonable detail to the Innovation and New Ventures Office (INVO) via the University's disclosure web site preferably within 30 days of making the Invention or Discovery. Public disclosure of the research results may affect patent rights.

Ownership of an Invention or Discovery

All Inventions or Discoveries to which this policy applies are owned by Northwestern University. The ownership rights to an Invention or Discovery are the exclusive property of the Inventor if the University has contributed nothing substantial or essential (as, for example, funds, space, materials, or facilities) to the conception or development of the Invention or Discovery, and the Invention or Discovery is outside the scope of the Inventor's normal field of employment responsibility and activity within the University. Where the University has entered into an agreement for a project sponsored by a government agency or private firm, the terms of that agreement will govern the disposition of patents and licenses.

Members of the Northwestern University Community may not assign, license or otherwise transfer rights in Inventions and Discoveries that are subject to this Patent and Invention Policy to any other party; on the contrary, only the University may do so. Members of the Northwestern University Community who enter into consulting or other agreements with parties outside of the University must ensure that such agreements contain no requirement to assign, license or otherwise transfer rights in any Inventions and Discoveries. For additional guidance in these matters, refer to the University's Policy on Faculty Conflict of Commitment and Conflict of Interest or the Policy on Staff Conflict of Interest. The Inventor's dean or center director and the Innovation and New Ventures Office must be notified of any patents or Inventions arising from external consulting agreements.

Where there is disagreement among the Inventors, or the Inventors and the University, as to ownership rights or the retention of rights by the University, the Vice-President for Research or his/her designate shall review the case in consultation with the Office of the General Counsel and provide a recommendation to the Provost, with supporting rationale, for resolving the disagreement. Within thirty (30) days after the Provost issues his/her decision, appeals can be made to the President.

Obtaining a Patent and Release of Intellectual Property Rights

Following disclosure of an Invention or Discovery to the University by the Inventor, the University makes reasonable efforts to determine the potential commercial use and patentability of the Invention or Discovery and seeks to make such contractual arrangements as may be appropriate for development of commercial use. When, in the judgment of the University, there appears to be sound basis for proceeding, the University will apply for a patent at no expense to the Inventor. The University owns the Invention and any patent obtained. The Inventor is expected to cooperate and participate in obtaining patent protection, including signatures on appropriate documents. If the Inventor consults with another patent counsel, he or she must bear all of the expense, realizing that final responsibility for prosecution rests with the University.

If the University does not file a patent application, the University will so notify the Inventor, preferably within ninety (90) days from full disclosure of the Discovery to the University, and the University will release its rights in the Invention or Discovery to the Inventor. The Inventor may elect to seek a patent or to continue prosecution at his or her own expense. If the University desires to terminate the application for a patent after initiating the application process, the University will so notify the Inventor, and the University will release its rights in the Invention or Discovery to the Inventor, subject to the Inventor's agreeing to reimburse the University for any costs incurred by the University in obtaining, maintaining, or marketing the patent before its release to the Inventor. Such reimbursement is payable from proceeds received by the Inventor from the Invention, whether by license, sale, or otherwise. If the Inventor declines to accept the patent, the University, at its discretion, may abandon the property at no cost to the Inventor.

Inventions or Discoveries Arising from Sponsored Projects

The intellectual property terms of all research agreements are governed by the following principles.

1. The Inventor is free to publish or present the results of a sponsored project, subject only to contractually agreed upon delays to permit the sponsor to review the proposed publication or presentation for the use of the sponsor's confidential information and the inclusion of patentable information.
2. In those cases where the University agrees to respect the proprietary nature of a sponsor's data disclosed to the University for certain limited purposes, all persons working on the project (faculty, staff, and students) are required to treat the sponsor's data as confidential.
3. Any Inventions, Discoveries, or patents arising from the sponsored project will be used in the public interest.
4. The University owns all Inventions and Discoveries made by Northwestern personnel arising from gifts or sponsored projects.
5. As outlined in section entitled "Proceeds from Inventions and Discoveries" below, the University and the Inventor share in the net income received from intellectual property developed under the agreement.

If the proposed contractual requirements of a sponsor are contrary to the University's Patent and Invention Policy and cannot be reasonably negotiated, the Vice President for Research, in consultation with the appropriate senior leadership, will determine whether to accept the proposed sponsorship.

Tangible Research Property (TRP) created by Inventors in the course of their research is owned by the University, except in certain cases of computer software, which will be decided on a case-by-case basis. TRP may be distributed for non-commercial research purposes to academic institutions or to companies. TRP also may be commercialized through license agreements, even though not protected by patent. Any revenue collected from the commercial license of TRP is distributed according to the provisions of section entitled "Proceeds from Inventions and Discoveries."

Development, Marketing, and Licensing of an Invention or Discovery

A primary goal of the University's technology-transfer efforts is to bring to the public the Inventions and Discoveries owned by the University, using whatever means seem best to develop, market, and license or otherwise commercialize each Invention, consistent with the provisions of this policy. The University may enter into agreements with outside agents to assist in developing Inventions or Discoveries, in obtaining patents, or in promoting or manufacturing Inventions, provided that such agreements are consistent with this policy. If a particular Invention or Discovery becomes subject to such an agreement, the Inventor will be notified about the agreement and any terms governing the relationship between the outside agent and the University.

The University may enter into any licensing agreements deemed beneficial to the University, the Inventor, and the public in general, provided such agreements are not prohibited by a sponsor's rules or regulations. Any terms governing the relationship between the licensee and the University due to such licensing agreements are made in consultation with the Inventor. Per Bayh Dole, the University gives license priorities to startups.

As a general policy, the University does not sell or assign patent rights.

Agreements with companies may involve equity participation by the University and/or the Inventor. Equity includes stock, stock options, warrants, and other non-cash consideration. The University and the Inventor are responsible for negotiating their respective equity positions. Management of the University's equity share is the joint responsibility of the Vice President for Investments and the Vice-President for Research.

Proceeds from Inventions and Discoveries

If there is more than one Inventor, the applicable royalty percentage will be divided equitably among the Inventors. Their departments and schools or centers will also divide the applicable percentage equitably. The Vice-President for Research or his/her designate retains the right to review the distribution and mediate among the parties. For the avoidance of doubt, to the extent a difference exists between the Inventor(s) identified in the Invention disclosure and the Inventor(s) identified in any resulting patent application, the latter shall control.

The allocation formula recognizes all forms of cash payments, including royalties and various fees from licensing. After recoupment of legal costs, and subtraction of certain costs outlined below, a percentage of the proceeds that the University receives from the licensing of Inventions and Discoveries will be paid to the Inventor, the Inventor's department, and the Inventor's school or center, as specified below. The Vice-President for Research or his/her designate will oversee the distribution of such funds according to a plan developed in consultation with the Inventor and

will provide an accounting to the Inventor and the Inventor's department and school or center on an annual basis.

A deduction of 20% to cover operating expenses incurred by INVO will be taken annually from the gross license revenue, with funds exceeding the annual INVO budget moving into a quasi-endowment earmarked for INVO operations, entrepreneurial activities, and research operations as determined by the Provost and vice-president for research. Income then remaining is the net income, which is distributed as set forth below.

To limit administrative costs, if the net income in any year is less than \$10,000, then no distribution will be made in that year to the schools, departments or centers; rather, such net income will be tracked until either (a) the dispersible net income (i.e., the net income summed over several years) exceeds \$10,000 or (b) five years passes, at which time a distribution will be made as set forth below.

So long as the cumulative net income (i.e., the net income from all years) is less than or equal to fifty million U.S. dollars (\$50,000,000), then the distribution will be allocated as follows:

1. Thirty three percent (33%) of the net income to the Inventor.
2. Seventeen percent (17%) of the net income to the department or departments in which the Inventor serves.
3. Seventeen percent (17%) of the net income to the school in which the Inventor serves.
4. Thirty three percent (33%) of the net income to the Central Administration.

When the cumulative net income exceeds fifty million U.S. dollars (\$50,000,000) but is less than or equal to five hundred million U.S. dollars (\$500,000,000), then any further distribution will be allocated as follows:

1. Thirty three percent (33%) of the net income to the Inventor.
2. Ten percent (10%) of the net income to the department or departments in which the Inventor serves.
3. Ten percent (10%) of the net income to the school in which the Inventor serves.
4. Forty seven (47%) of the net income to the Central Administration.

When the cumulative net income exceeds five hundred million U.S. dollars (\$500,000,000), then any further distribution will be allocated as follows:

1. Thirty three percent (33%) of the net income to the Inventor.
2. Five percent (5%) of the net income to the school in which the Inventor serves
3. Sixty two percent (62%) of the net income to the Central Administration.

If there is more than one Inventor, the applicable income will be divided equitably among the Inventors. If there is more than one school, department, or center in which the Inventor(s) serves, the applicable income will be distributed to the school, department or center that administered the academic year salary at the time of the disclosure. The University will review the proposed distribution plan, in light of the declarations of department, school and center affiliations declared at the time of Invention disclosure to the University as well as the sources of salary support at the time of disclosure. A priori, income will be split equally among all

Inventors (unless otherwise stipulated on the disclosure form) and, where necessary, will be split among the departments, schools, or centers according to the source of salary support (unless otherwise stipulated on the disclosure form and agreed upon by all the affected unit heads). In the case of student Inventors, distributions to departments and schools will be split according to the source of salary support for the student at the time of disclosure. In cases where students receive no salary, distributions will go to the department and school that housed the student's work. When multiple disclosures are used to develop a single patent or license, then the income is split equally across the disclosures unless a different distribution is agreed upon by all those affected (Inventors, unit heads, etc.). In cases of dispute, the Vice-President for Research or his/her designate will mediate among the parties and, if necessary, propose a distribution plan for approval to the Provost. Distributions to Central Administration are invested on an endowment basis for strategic initiatives of high priority to Northwestern as allowed by the Bayh-Dole legislation.

If the Invention or Discovery is the result of sponsored research and the sponsor regulates the distribution of income, such specific regulations shall take precedence over University policy with respect to distribution of the license revenue.

With respect to any patent matter in which another institution or an outside agency shall share in the income derived from the patent rights, distribution of income shall be made first to the other institution according to agreed-upon terms, and then to the Inventor according to this Patent and Invention Policy.

In the case of Inventions made by undergraduate or graduate students at the University to fulfill class assignments, the University has the right to ownership rights in such Inventions that are:

- i. conceived or developed with substantial or essential contributions of the University, such as, funds, space, materials, or facilities; or
- ii. developed in the course of or pursuant to a sponsored research or other agreement the University has entered into with a third party ; or
- iii. created as a "work made for hire;" or
- iv. developed in collaboration with faculty members not responsible for teaching the class.

For purposes hereof, a "work made for hire" will include a work or Invention created by a student as part of his/her employment responsibilities owed to the University, or a work or Invention which the University has in writing commissioned the student to create for the University.

In the event students elect to develop or improve, as their class assignment, ideas or Discoveries that are assigned to the University, or that are otherwise subject to the Patent and Invention Policy, University shall assert ownership rights in those projects. The University does reserve the right to assert ownership rights, if the Invention is made as a class assignment and further pursued as an independent project using significant resources of the University and that of a faculty or staff advisor employed by the University.

Inventions voluntarily assigned to the University by students shall be owned by the University and are subject to the remaining provisions of the Patent and Invention Policy.

Forms/Instructions

NA

Appendices

NA

Related Information

University Intellectual Property Policy

University Copyright Policy

Policy on Faculty Conflict of Commitment and Conflict of Interest

Policy on Staff Conflict of Interest

History/Revision Dates

Origination Date: January, 01, 1999

Last Amended Date: December, 18, 2014

Next Review Date: July, 01, 2015