



## Policies Regarding Intellectual Property

### **1. GUIDING PRINCIPLE**

The University's policies concerning intellectual property are intended to further its central mission--the sustained production, preservation, and dissemination of knowledge--while exercising due care for its fiduciary responsibility for the resources it administers.

### **2. PATENT POLICY**

#### *A. Basic Objectives*

Patents are created by the Constitution and the Laws of the United States "to promote the progress of science and useful arts by securing for limited times to . . . inventors the exclusive right to their . . . discoveries." The basic objectives of Centenary's policy include the following:

1. To maintain the University's policy of encouraging research and scholarship without regard to potential gain from royalties or other such income.
2. To make inventions developed in the course of University research available under conditions that will promote their effective development and utilization in the public interest.
3. To provide adequate recognition and incentive to inventors through a share in any proceeds from their inventions since University salaries are not based on the expectation of income from inventions.
4. To advance and encourage research and scholarly endeavors within the University with any funds accruing to the University from patents.
5. To recognize the equity of outside sponsors in the endeavors of the University by granting appropriate limited rights to the sponsors, consistent with the University's basic objectives outlined above.

#### *B. The University Research Board*

The University Research Board is hereby established and shall consist of the Provost, the Chief Operating Officer, the Chair of the Institutional Review Board and the Chair of the Institutional Animal Care and Use Committee. The Provost shall chair the University Research Board. The University Research Board is responsible for general oversight and administration of the University's Patent Policy as regards the University, its Faculty, employees, students, and outside sponsors.

The Business Office is responsible for the implementation of the Patent Policy and the University's technology transfer program, providing management of inventions and patenting and licensing services for inventions developed by members of the Centenary University community.

*C. Relationship Among the University and Faculty, Employees, and Students*

All Faculty members, employees, and students, in consideration of their membership in the academic community and upon the approval of this policy by the Trustees and the Faculty of Centenary University, agree to handle inventions and patents resulting therefrom as follows:

1. Except as set forth below, the creator or creators (herein "creator") of patentable intellectual property shall retain his/her rights, and the University shall not assert any ownership rights therein. The University will assert ownership rights to patentable intellectual property developed only under any of the following circumstances:
  - a) Development is funded by an externally sponsored research program that allocates rights to the University.
  - b) Development requires substantially more use of University resources than would normally be provided for the creator's employment duties, as compared, in the case of faculty, with all faculty and not just faculty within a particular department.
  - c) The creator is assigned, directed or specifically funded by the University to develop the material.
  - d) Development is a direct result of University duties.
2. All such patentable intellectual property must be disclosed to both the Office of Academic Affairs and the Business Office as soon as practicable. Such disclosure shall be made when it can be reasonably concluded that a patentable subject matter has been created, and sufficiently in advance of any public disclosure to allow time for possible action to protect the rights in the intellectual property of both the creator and the University.
3. The University will not seek to commercialize any patentable intellectual property on its own, but, as set forth below, may sell or license the right to do so.
4. The University Research Board shall determine that such patentable intellectual property be:

- a) assigned outright to the creator in the event the patentable intellectual property does not meet any of the criteria set forth in paragraph 1 above;
  - b) assigned outright to the creator if determination is made that commercial exploitation is not warranted;
  - c) transferred to one or more patent management organizations with which the University has contracted for commercial development or marketed by the Business Office; or
  - d) forwarded to the outside sponsor if such action is required under the terms of a sponsored project agreement or by law.
5. No Faculty member, employee, or student may assign or license or agree to assign or license any patentable intellectual property developed under the criteria listed in paragraph 1 above without prior written consent of the Provost and the Chief Operating Officer.
  6. When the University and an outside sponsor enter into an agreement for research or other scholarly endeavor to be conducted with funds or facilities provided by said sponsor, Faculty members, employees or students who utilize such funds or facilities shall comply with the conditions pertaining to inventions and patents contained in said agreement and may be required to agree in writing that they will so comply.
  7. If a dispute should arise between a creator and the University with respect to the provisions of this Section C, questions shall be referred for decision to the University Research Board.

#### *D. Distribution of Income*

The Net Equity Income realized by the University from an invention in which the University owns all rights in accordance with Section C above will be distributed as follows:

1. The creator will be paid 45% of the Net Equity Income realized by the University.
2. The Department(s) or Program(s) of the creator shall receive 10% of the Net Equity Income realized by the University. Such income shall be used for the purpose of research or scholarly activity, with preferential consideration being given to the field of activity in which the patentable intellectual property was created.

3. The balance will be paid to the General Operating Fund of the University.

For inventions which the University releases outright to the creator under the provision of Section C above, the University will also release all claims to any subsequent income received by the creator.

*E. Relations with Outside Sponsors*

Research supported by outside funds is governed by this Patent Policy and by any agreement entered into with the sponsor of such research.

When a sponsor of research at Centenary desires a formal agreement that includes conditions applicable to inventions and patents, the provisions of such agreements will be negotiated giving full consideration to this Patent Policy and to the objectives cited in Section A hereof.

*F. Centenary Policy on Equity*

1. Definitions

- 1.1 "Creator" means University Faculty or other employees who individually or jointly make an Invention subject to the Patent Policy and who meet the criteria for inventorship under United States patent laws and regulations.
- 1.2 "Equity" means shares of stock or securities, including but not limited to stock options, warrants, or any other rights to purchase stock or securities.
- 1.3 "Equity Pool" means the total allotment of Equity negotiated by the University as consideration for a license of the University's interest in an Invention.
- 1.4 "Patent Policy" shall mean the University's patent policy.
- 1.5 "Licensing Costs" means all historic and on-going patent and legal costs relating to the patents licensed.
- 1.6 "Net Equity Income" means the proceeds realized by the University from the dividends or sale of Equity received by the University in a licensing agreement, net of Licensing Costs.
- 1.7 "Intellectual Property Administrator" ("IPA") means the Chief Operating Officer.

## 2. Rules Governing Equity Transactions

2.1 License in Consideration of Equity. The principal purpose of licensing by the University is to promote the development of technologies to serve the public interest. If, after a diligent effort to identify prospective licensees, the IPA determines that the public interest is best served by a license in consideration of Equity, the IPA may negotiate such a license on behalf of the University, following approval of the University Research Board. The IPA should be satisfied that the licensee can demonstrate management and technical capability, and that it has the financial resources necessary to meet its developmental objectives and its obligation to the University. The IPA may accept Equity in the licensee for the University in lieu of license or other fees, provided that the Equity represents a fair valuation for the technology. The IPA shall include in each license measures of performance that must be met in order to maintain the license granted by the University.

2.2 Conflicts of Interest in License Agreements Involving Equity. License agreements involving Equity must be structured to protect the University from liability and to avoid conflicts of interest. The Creator shall disclose to the IPA any existing or proposed consulting agreement between the Creator and the prospective licensee or any other consulting agreements with other entities that have potential for conflicts of interest. The IPA shall inform the University Research Board and the involved Creator in writing of the proposed terms of the agreement and of any potential conflicts of interest. The University may impose limitations on the proposed license agreement, associated sponsored research agreement, consulting agreement between the Creator and the licensee, or other agreements.

2.3 Board Participation and Fiduciary Roles. The University will not accept a position on the board of directors of the licensee, but may accept and exercise observer rights on such boards. Exceptions to this policy require the approval of the President. In accordance with the University policy, a Creator may not take positions that affect adversely either the Creator's own independence or the integrity of the University. A Creator may not accept a regular and continuing position with significant responsibility for the management of an outside enterprise. Also, a Creator may not become a regular and continuing employee of any outside organization, either part-time or full-time, or accept any outside position that would tend to create a conflict of interest or a conflict of commitment with the individual's primary obligations to the University.

2.4 Disclosure of Equity. The University will require the prospective licensee to disclose all Equity offered to the University, its employees, and other institutions or individuals in consideration for the license agreement. In addition, the

prospective licensee will be required to disclose in writing to the IPA the specific terms and conditions associated with such Equity, and the anticipated capital structure of the venture. Furthermore, the prospective licensee and the Creator must disclose to the IPA in writing the Equity to be issued to Creator for his/her role as founder, consultant, or otherwise.

2.5 Direct Personal Ownership of Equity. The University generally requires that the Equity provided to a Creator from the Equity Pool must be issued directly to the Creator, in proportions consistent with the Patent Policy, at the time the Equity is issued. The Creator will be responsible for retaining his/her own business advisors, legal counsel and tax counsel. A Creator is responsible for all financial, tax and legal consequences related to the Equity he/she receives. A Creator who receives Equity from the Equity Pool will not be entitled to any share of the University's Net Equity Income.

2.6 Modifications of Rules. These Rules Governing Equity Transactions and Equity Distributions in License Agreements are subject to the review and approval of the President. These Rules will be reviewed on a regular basis by the University Research Board, which shall report recommendations for amendments to the President as needed.

2.7 Management of Equity. Any Equity received by the University under a license agreement will be held by the Business Office until the earlier of: i) the earliest date on or following the initial public offering (IPO) date in which the trading of the Equity is not restricted by law or underwriting agreement; and ii) the date that the company is acquired and its stock is converted into unrestricted stock in a publicly traded company.

At such time that the Equity becomes liquid through one of these events, the Equity shall be sold in an orderly fashion and the proceeds of the sale shall be transferred to the University for distribution in accordance with this Patent Policy.

### **3. COPYRIGHT POLICY**

#### *A. Basic Objectives*

Copyrights are created by the Constitution and the Laws of the United States "to promote the progress of science and useful arts by securing for limited times to authors . . . the exclusive right to their writings." The basic objectives of Centenary's policy as to copyrights include the following:

1. To maintain the University's policy of encouraging research and scholarship without regard to potential gain from royalties or other such income.

2. To maintain the basic right of any individual within the University community to write and publish.
3. To encourage the dissemination of copyrightable materials developed in the course of University activities.
4. To recognize each individual's right to all income resulting from his or her writings except as stated herein.
5. To disavow any claim of equity on the part of the University in the writings of any individual simply because of the individual's membership in the University community.
6. To advance and encourage research and scholarly endeavor within the University with any funds accruing to the University from copyrights.
7. To recognize the equity of outside sponsors in the endeavors of the University by granting appropriate limited rights to sponsors, consistent with the University's basic objectives outlined above.

The tradition of academic institutions is to give Faculty members the right to retain ownership of their copyrightable products. This policy protects that traditional right, and Faculty members are not obligated to disclose the creation of copyrightable material, even when the product might have commercial value (except as may be otherwise required by the Faculty Constitution and Handbook), unless the material is developed under one or more of the circumstances set forth in Section D below.

#### *B. University Research Board*

The University Research Board is responsible for general oversight and administration of the University's Copyright Policy as regards the University, its faculty, employees, students and outside sponsors.

The Business Office is responsible for the implementation of the Copyright Policy and the University's Copyright Licensing Programs, providing management of copyrights and trademarks and licensing services for the University community.

#### *C. Materials Subject to Copyright*

The types of material that may be subject to copyright include the following:

1. Literary works, such as books, journal articles, texts, glossaries, bibliographies, periodicals, manuscripts, study guides, laboratory materials, syllabi, and tests.
2. Visual works, including paintings and sculptures.
3. Musical works, including any accompanying words.
4. Dramatic works, including any accompanying music.
5. Pantomimes and choreographic works.
6. Motion pictures and other audio-visual works.

7. Podcasts and other materials posted or displayed on University-owned websites.
8. Sound recordings.
9. Architectural works.
10. Computer software.

*D. Relationship Among the University and its Faculty, Employees and Students*

All Faculty members, employees, and students, in consideration of their membership in the academic community and upon the approval of this policy by the Trustees and the Faculty of Centenary University, agree to handle material subject to copyright as follows:

- 1) Except as set forth below, the creator of copyrightable intellectual property shall retain his/her rights, and the University shall not assert any ownership rights therein. The University will assert ownership rights to copyrightable intellectual property developed only under any of the following circumstances:
  - a) Development is funded by an externally sponsored research program that allocates rights to the University.
  - b) Development requires substantially more use of University resources than would normally be provided for the creator's employment duties, as compared, in the case of Faculty, with all Faculty and not just Faculty within a particular department.
  - c) The creator is assigned, directed or specifically funded by the University to develop the material.
  - d) Development is made as a direct result of University duties.
- 2) When publication is the result of a group class assignment or project or an independent study project or assignment, not including any dissertation submitted by a candidate for an advanced degree, the University shall own the copyright thereto. A Faculty publication that is based on the efforts or results of one or more classes, but is not part of the assigned work for such class or classes, shall be evaluated pursuant to the preceding paragraph.
- 3) An individual student's work product shall be his or her own property, but the College will have a nonexclusive, perpetual, world-wide, royalty-free right and license to reproduce, publicly or privately, display, distribute or perform each student work for the University's own noncommercial educational purposes.
- 4) Notwithstanding paragraph 1(d) above, a Faculty member that produces syllabi, tests and other classroom materials shall own such materials, but the University shall have an unlimited license to use such materials, even after the Faculty member's cessation of employment with the University.
- 5) When the University and an outside sponsor enter into an agreement for research or other scholarly endeavor to be conducted with funds or facilities provided by said sponsor, Faculty members, employees or students who utilize such funds or facilities shall comply with the conditions pertaining to copyrights contained in said agreement and may be required to agree in writing that they will so comply.

Where the University is the recipient of sponsored research funding, it will generally retain ownership of copyrights, especially of technical data and patentable computer programs but not generally of literary, artistic, scholarly, or educational works (even if embodied in computer software or programs). Income realized by the University from such copyrights shall be distributed in accordance with the formulas in Section 3.E below, unless the written agreement requires otherwise.

- 6) Ownership of the copyright in computer software shall be in accordance with the provisions laid out above. However, because the analysis underlying the University's decision as to whether it will assert rights to any software may be more complex than the analysis with respect to other works, software is subject to special disclosure requirements. Specifically, if the Faculty member or other creator believes the software has commercial potential or wishes to license or otherwise commercialize the software developed, whether or not the creator believes the University would assert rights to it, he or she must disclose the software to the University for a determination of ownership of the respective intellectual property.
- 7) The University shall not, except as provided by specific contract between the creator and the University, claim any equity in or right to the copyrights in material other than that covered by paragraphs 1, 2, 3, 4, 5 and 6 above.
- 8) If a dispute should arise between a creator and the University with respect to the provision of this Section C, questions shall be referred for decision to the University Research Board.

#### *E. Distribution of Income*

The Net Equity Income realized by the University from a copyright in which the University owns rights in accordance with Section C above will be distributed as follows:

1. The creator will be paid 45% of the Net Equity Income realized by the University, except that the creator of any work described in paragraph D(2) above shall be deemed to be the Department or Program sponsoring such class or independent study.
2. The Department(s) or Program(s) of the creator shall receive 10% of the Net Equity Income realized by the University. Such income shall be used for the purpose of research or scholarly activity, with preferential consideration being given to the field of activity in which the copyrightable intellectual property was generated.
3. The balance will be paid to the General Operating Fund of the University.

#### **4. FURTHER INFORMATION**

Appendix I to these policies sets forth some Frequently Asked Questions and Answers that are designed to explain the background and application of the policies.

Appendix II sets forth the Procedures implementing these policies.

Approved by the Board of Trustees on June 25, 2015.

## **Appendix I**

### **FAQs**

#### **Why are we considering these policies?**

The most pressing reason is that the Middle States Visiting Team recommended that the University adopt an intellectual property policy. The University, however, had been working on policies for two years.

#### **Why?**

We started thinking about having an intellectual property policy when a professor wanted to publish the projects of one of his classes and inquired about the copyright.

#### **Then what?**

We looked at the intellectual property policies of several other colleges. A draft was shared with the faculty two years ago, and the Senate has discussed the policies several times since then.

#### **From where did these policies come?**

Lawyers like to build on good precedents, so these policies were initially modeled on those of Princeton and MIT. At the Senate's suggestion, we also looked at policies from several CIC schools as well as those at other small New Jersey private institutions.

#### **What do these policies cover?**

In general, there are three kinds of intellectual property: copyrights, patents and trademarks. These policies cover only copyrights and patents.

#### **Why not trademarks?**

The University has several trademarks covering, for example, the names and logos of the University, The Writing Collaboratory and WNTI. The purpose of trademarks is to keep others from using names and logos that might cause confusion. There is no chance of licensing them, and so they are therefore not included in the policies. This is true at other institutions too.

## **Do these policies cover everything I produce?**

No. The policies recognize that the normal teaching and research activities of the Faculty produce scholarly results, including books, articles, syllabi and tests, to name a few. The University encourages, indeed expects, Faculty to produce such results and, in general, makes no claim on any such output.

## **Is it certain that my scholarly work is my own?**

The policies make that absolutely clear. Without the policies, it could be a matter of dispute.

## **Then, to what works do these policies apply?**

When the University provides substantial support for scholarly activity, such as through lab facilities or research grants, or if the activity is a class project, then the University has an economic interest in such activity. The policies focus just on such areas and define the relative interests of the Faculty member, the relevant Faculty department and the University.

## **What constitutes substantial support?**

It's hard to set down firm rules, and each case will have to be evaluated on its merits. The University Research Board will decide close cases.

## **What is the University Research Board?**

It consists of the Provost, the Chair of the IRB, the Chair of the Institutional Animal Care and Use Committee and the COO.

## **What if I produce something on sabbatical?**

Unless the University provides substantial support for sabbatical research, not counting salary and benefits, sabbatical work constitutes normal scholarly activity and the University will have no claim to it.

## **What if I produce something using FR&D funds?**

Likely not, but the URB will determine whether such funds constitute substantial support.

## **Why class projects?**

The University's business is teaching, so the University has a claim to the copyright.

## **Would the coverage of class projects prevent a student from selling a piece of art produced in class?**

Not if it's the student's own work. The policy applies only to group work. The University, however, will have a perpetual license to use an individual student's works for our educational purposes.

## **Why group work?**

To give the Faculty member the ability to present group work—whether as part of a book, a presentation to a conference, a presentation to a business or in a museum—with out having to get consents from each student. The Faculty member would, of course, be expected to recognize the students for their work.

## **When would I have to notify the Provost of such activity?**

When the class project is published or presented outside the University.

## **What if I write an article based on what happened in one of my classes?**

No, a scholarly publication based upon a Faculty member's observations of, or experience with, a class, is traditional scholarly activity, not a class project, and therefore not covered by the policy.

## **What about my syllabi, tests and other classroom materials?**

You own those, and you can take them with you to another school. The University, however, will have a license to continue to use them in classes.

## **What if I develop a curriculum?**

The University has entered into several agreements with Faculty to create curricula. In most such agreements, the rights to such curricula are shared by the creator and the University.

## **What if I develop something at home, or at another job?**

The policy does not cover work done at home or through outside employment.

## **How will the URB work?**

The URB will determine first, if something is covered by the policies; second, if it has the potential for commercial exploitation; third, if it is covered by the terms of an outside research grant; and fourth, how best to exploit any such commercial potential.

## **What if something is financed by an outside research grant?**

If something is covered by the terms of an outside research grant, then such terms will govern. For example, federal grants typically have special terms to which we would be subject.

## **What if I produce something using both outside and University support?**

If the University and another entity were to provide significant support for a project, there would have to be an agreement setting forth the terms of the support as well as the ownership to any output.

## **What if something is not subject to the policies/does not have commercial potential?**

If something is not covered by the terms of a research grant and is either (a) not subject to the policies or (b) determined not to have commercial potential, it will be released outright to the creator.

## **Could I still try to make money on it?**

Yes, and, if an invention has been released because the URB didn't see commercial potential, but the creator does successfully commercialize it, the University will have no claim to any resulting earnings.

## **What if the URB does believe there is commercial potential?**

When the URB sees commercial potential, the University will not seek to commercialize the invention on its own, but will sell or license the right to do so.

## **Do you have an example?**

Yes, in the case of Princeton's big cancer drug, the invention was licensed to a large pharmaceutical company, and Princeton receives royalties during the term of the patent. Such royalties are then shared with the inventor and the inventor's department pursuant to Princeton's policy.

**Could I try to commercialize it?**

Yes, the University could sell the commercialization rights to an entity controlled by the creator.

**Then how would the profits be split?**

In that case, the University, the creator and the relevant department would receive the license fees.

**Would the University get a share of my future profits?**

It would depend on the form of the licensing arrangement. If we negotiated a flat fee, then no. If, however, the University took equity in the developer instead of cash, then the University would have a claim to a proportionate share of future profits.

**From where did the profit splitting formulas come?**

The Administration and the Senate looked at several policies, including those of Princeton, MIT, Carnegie Mellon, various CIC schools and other private New Jersey colleges. Based on such research, we came to the current formulas.

**Isn't there some federal law about this?**

The federal Bayh-Dole Act, which deals with federal sponsorship of research, presupposes that a university will have a policy to share any potential compensation from commercialization of such research.

**Does that mean we need a policy?**

Yes, to apply for federal grants, our Faculty, particularly the science Faculty, needs a policy to be in place.

**What is the AAUP position?**

The AAUP statements on intellectual property recognize that there are circumstances under which institutions have legitimate economic interests in faculty projects.

**What about *Stanford v. Roche*?**

The 2011 Supreme Court case of *Stanford v. Roche* is not on point. It was a dispute between two different assignees of a professor's invention and not one between the

professor and the University. In fact, the Court presumed that institutions would have policies to cover the distribution of potential proceeds.

**Most of these examples are for inventions, which are covered by patents. To what would copyrights apply?**

Class projects, which could include books, articles or films. Copyright would also cover works for hire, which includes most of the material produced by the administrative staff of the University, and could include works for Centenary Stage Company.

## **Appendix II**

### **Procedures**

#### **Notice**

Faculty members generally report their scholarly activities to their peers and the Provost. Indeed, the Faculty Handbook requires faculty members to describe “Professional Activities and Scholarship” in their self-evaluations for review purposes.

Faculty members who request FR&D funds must submit proposals to the FR&D Committee. The FR&D Committee shall forward approved proposals to the Provost.

Faculty members who request other research moneys must request funds from the Budget Committee. Both the Provost and the COO serve on the Budget Committee.

Pursuant to the Faculty Constitution and Faculty Handbook, Faculty members who seek outside grant funding for research must coordinate with the Provost and CFO.

Faculty members should also notify the Provost when a class project is published or presented outside the University.

#### **URB**

The Provost shall forward all such information, as received, to the other members of the University Research Board. If any member of the URB has questions whether or not the Intellectual Property Policies apply to any particular such activity, he or she shall call a meeting of the URB to consider the question.

If no member calls such a meeting within 30 days of notice from the Provost of such activity, the policies shall be deemed not to apply to such activity. The Faculty member responsible for such particular activity may request confirmation from the URB that the policies do not apply, in which case the Provost shall convene the URB for such purpose.