

### EXECUTIVE SUMMARY

The impact of technical change on society is increasing and all aspects of this change are receiving increased attention at the University. New technologies are an important part of economic growth and University research plays a key role in the development of new technology. New types of intellectual property protection, such as that provided by the Chip Mask Protection Act and by the expanding coverage of patents (especially in the areas of software and biotechnology), are available for technologies developed at the University. Technology transfer by the University thus becomes an increasingly important component in the University's objectives of education, research and public service.

In response to the growing societal needs for effective technology transfer a new University policy has been developed with the primary aim of providing a favorable environment under which technology transfer in all its forms can occur. The policy covers virtually all persons at the University except students who are not engaged in sponsored research or otherwise employed by the University and consultants, who will be covered by their consulting agreements.

The University fosters an atmosphere of freedom in academic pursuits. Technology transfer at the University will therefore depend upon a free and willing participation of the developers of new technology consistent with contractual obligations entered into under funding arrangements.

If a development is made under funding where there is no arrangement requiring disclosure and disposition, and the developers do not wish to protect and commercialize the development, the policy imposes no obligations concerning that development. On the other hand, if the developers do wish to protect and commercialize that development, then the University has the right to acquire title to the development. The University must either acquire title and use its best efforts to protect and commercialize the development, or it must waive its rights to the development and the developers may then proceed as they wish.

If a development is not made under specific funding, the developers have no obligations to the University under the proposed policy. They may freely pursue commercialization of the development. This category includes developments made with general contributions from the University (e.g., general salary, support of facilities, general purchase of equipment, etc.).

The policy also covers formulae for the distribution of net income derived from technology transfer arrangements. In the most common case of revenues from licensing a patent, net income is divided equally between the University, the unit from which the development came (College and Laboratory) and the developers. In all cases an equitable distribution is proposed based on the relative input to the development and recognizing the critical role of individual University personnel in the innovative process.

The University Office of Patents and Licensing is responsible for implementing the policy. The University Patent and Technology Transfer Council is responsible for interpretation of the policy and for the development of any proposed policy changes.

PATENT AND TECHNOLOGY TRANSFER POLICY

1. PREAMBLE

The three basic purposes of the University are education, research, and public service. This policy is intended to advance these purposes by providing a means to transfer University developed technologies directly to external parties for beneficial use and to obtain and distribute income from such transfers. To accomplish this it is necessary to: (i) encourage faculty to identify and disclose technologies developed at the University; (ii) protect these technologies through patents, copyrights, semiconductor chip mask registrations, the Plant Protection Act, and other suitable means; (iii) advance beneficial public use of these technologies by effecting transfers under suitable agreements; (iv) derive income from such transfers to be used to support technology protection and transfer, advance University research and education, and compensate the University developers for their contributions to the development and transfer of technology; and (v) obtain recognition for the University and the University developers for advancing technology beneficial to society.

2. DEFINITIONS

The following terms shall have the indicated definitions throughout this policy and shall appear in upper case letters.

- a. PERSONNEL shall mean all persons employed or otherwise compensated by the University, including faculty, visiting faculty and researchers, staff, civil service employees, research and teaching assistants, residents, fellows and trainees. Personnel shall not include consultants to the University.
- b. UNIVERSITY FUNDS shall mean funds provided by the University for the specific purpose of supporting research. Typically this support may come from grant program administered by the Graduate School, College or Department, the Office of International Programs, or the Center for Educational Development. Additionally, this support may be from funds received by the University through federal and state appropriations to various university units.
- c. UNIVERSITY ADMINISTERED FUNDING shall mean funding provided to the University by an external entity to support research. Typically, such funding is provided by an agency of the federal government, the State of Minnesota, or private sources such as industry or foundations.
- d. DEVELOPMENT shall mean the results of research by PERSONNEL yielding such products as inventions, discoveries, apparatus, devices, processes, computer hardware, computer software, plants, organisms, genetic material, etc., and falling into one of the following categories:

CATEGORY (1) A DEVELOPMENT involving the use of UNIVERSITY FUNDS or UNIVERSITY ADMINISTERED FUNDING where disclosure and disposition of DEVELOPMENTS are required by the terms of the funding arrangement.

CATEGORY (2) A DEVELOPMENT involving the use of UNIVERSITY FUNDS or UNIVERSITY ADMINISTERED FUNDING where disclosure and disposition of DEVELOPMENTS are not required by the terms of the funding arrangement.

CATEGORY (3) A DEVELOPMENT not involving the use of UNIVERSITY FUNDS or UNIVERSITY ADMINISTERED FUNDING.

- e. DEVELOPERS shall mean all PERSONNEL who produce a DEVELOPMENT (e.g., the inventor of an invention upon which a patent application is filed, the author of a work upon which copyright is obtained, etc.).
- f. TRANSFEREE means any legally constituted organization or individual that acquires rights in a DEVELOPMENT under a license from the University.
- g. NET INCOME means the gross monetary payments the University receives as a result of transferring rights in a DEVELOPMENT less the University's out-of-pocket costs for protecting, developing, and transferring that DEVELOPMENT.

### 3. APPLICATION OF POLICY

- a. This policy shall be a condition of employment from the time that this policy becomes effective and applies to all PERSONNEL.
- b. This policy applies to all DEVELOPMENTS whether or not such developments are patentable, copyrightable, or protectable in another manner. However, DEVELOPMENTS do not include matter that is primarily educational, literary, or artistic in nature, except where the research sponsor requires application of this policy.

### 4. RIGHTS AND OBLIGATIONS

- a. Publication: Nothing in this policy shall be construed as affecting the rights of PERSONNEL to publish. An appropriate means of protection of a DEVELOPMENT may require a limited period of nondisclosure in order to secure certain rights. PERSONNEL may agree to observe such nondisclosure requirement.
- b. Category (1) DEVELOPMENTS: DEVELOPERS shall fully disclose to the University all DEVELOPMENTS made under a funding arrangement as required by that arrangement. The University shall handle such DEVELOPMENTS in accordance with the terms of the funding arrangement and this policy. The University may require the DEVELOPERS of such DEVELOPMENTS to assign title in such DEVELOPMENTS and to sign all papers and provide all other assistance

necessary to effect the University's obligations under the funding arrangement.

- c. Category (2) DEVELOPMENTS: For DEVELOPMENTS where disclosure and disposition is not required under a funding arrangement, participation by DEVELOPERS in the technology transfer process at the University is voluntary. However, if DEVELOPERS elect to protect and/or commercially exploit their DEVELOPMENTS, they must first fully disclose in confidence those DEVELOPMENTS to the University. The University shall have the first right to acquire title to such DEVELOPMENTS.
- d. Category (3) DEVELOPMENTS: Participation by DEVELOPERS of Category (3) DEVELOPMENTS in the technology transfer process at the University is strictly voluntary. Obtaining protection for such DEVELOPMENTS is complementary to the University's mission, is compatible with academic pursuits, such as publishing, and enhances the potential for beneficial use of the DEVELOPMENT. Accordingly, DEVELOPERS are urged to consider utilizing the University's technology transfer service.
- e. Category (2) and (3) DEVELOPMENTS: The University shall evaluate each disclosed DEVELOPMENT and shall, within two weeks of the disclosure, contact the DEVELOPERS to discuss disposition of the DEVELOPMENT. If the University proceeds with protection or commercialization of the DEVELOPMENT, it will require the DEVELOPERS to assign title in the DEVELOPMENT to the University. The DEVELOPERS shall sign all papers and provide all assistance necessary to enable the University to obtain patent, copyright, chip mask, or other suitable protection for a DEVELOPMENT assigned to the University. DEVELOPERS shall also provide reasonable assistance to the University in identifying potential TRANSFEREES and in providing potential TRANSFEREES with information concerning such DEVELOPMENT. The University shall, at its own expense, use its best efforts to suitably protect and transfer DEVELOPMENTS assigned to the University. The University shall keep DEVELOPERS fully informed of such efforts. If the University determines that it will not proceed with the DEVELOPMENT and if it is permitted by the funding arrangement, the University will waive title to the DEVELOPMENT to the DEVELOPERS.
- f. Scope of Protection: The nature and extent of the protection sought shall be decided by the Office of Patents and Licensing in consultation with PERSONNEL.

##### 5. FINANCIAL CONSIDERATIONS FOR CATEGORY (1) AND (2) DEVELOPMENTS

- a. Generally: Out-of-pocket costs of assistance to be provided by DEVELOPERS under 4.b. and 4.e. shall be approved in advance and reimbursed by the University. The University shall share income derived from a DEVELOPMENT as provided below. Gross monetary income received by the University from a DEVELOPMENT shall first be used by the University to reimburse itself for out-of-pocket costs associated with that DEVELOPMENT.
- b. Distribution of NET INCOME from DEVELOPMENTS upon which a Patent Application is Filed: NET INCOME from such DEVELOPMENTS shall be divided as follows:

- (i) 33 1/3% to the Office of Patents and Licensing. The share of Patents and Licensing shall be used to cover the UNIVERSITY's out-of-pocket costs for technology protection, development and transfer activities concerning other DEVELOPMENTS not otherwise covered. The remaining portion of such share shall be used to support University activities.
  - (ii) 33 1/3% to the unit from which the DEVELOPMENT came, to be divided 8% to the DEVELOPER's college, and 25 1/3% to direct support of the DEVELOPER's research. In the event that the DEVELOPER leaves employment by the UNIVERSITY, the latter share reverts to the DEVELOPER's department.
  - (iii) 33 1/3% to be divided among the DEVELOPERS of the DEVELOPMENT. The DEVELOPERS and any others shall share in proportions agreeable among the DEVELOPERS.
- c. Distribution of NET INCOME from DEVELOPMENTS upon which no Patent Application is Filed: NET INCOME from such DEVELOPMENTS shall be divided as follows:
- (i) 25% to the Office of Patents and Licensing.
  - (ii) 75% to be divided among the DEVELOPERS. The DEVELOPERS and any others shall share in proportions agreeable among the DEVELOPERS.

#### 6. FINANCIAL CONSIDERATIONS FOR CATEGORY (3) DEVELOPMENTS

Gross monetary income received from such DEVELOPMENTS shall be first used by the University to cover out-of-pocket costs associated with that DEVELOPMENT. NET INCOME shall be distributed as appropriate to the specific situation as agreed to by the DEVELOPER and the Office of Patents and Licensing. As a general rule for DEVELOPMENTS on which a patent application is filed, the NET INCOME will be distributed 50% to the DEVELOPERS and 50% to the Office of Patents and Licensing.

#### 7. ADDITIONAL FINANCIAL CONSIDERATIONS FOR CATEGORY (1), (2) AND (3) DEVELOPMENTS

- a. Distribution of Other Compensation: The University may, as circumstances warrant, negotiate forms of compensation other than monetary income for a transferred DEVELOPMENT (e.g., shares of stock). In such circumstances the University shall make suitable arrangements for compensation of all persons and units having a right to a share in NET INCOME, with the express agreement of all such persons and units.
- b. Other Payments to DEVELOPERS: At its discretion, the University may pay DEVELOPERS for extraordinary efforts in identifying potential TRANSFEREES and interesting them in the DEVELOPMENT.

## 8. FUNDING TERMS

The obligations and procedures outlined by this policy are subject to the terms and conditions of any funding arrangement governing the disposition of a DEVELOPMENT. In the case of arrangements with industrial or other for-profit sponsors, the University shall not agree to any terms that give such sponsor substantial rights in DEVELOPMENTS without first consulting with the principal investigators. Generally, industry sponsors will acquire some rights in DEVELOPMENTS made under research projects they fund.

## 9. TRANSFER TERMS

The University will seek to transfer DEVELOPMENTS for commercialization to maximize their public utility and to obtain a fair return to the DEVELOPERS and the University for distribution in accordance with this policy. While it is impossible to define all of the situations that may arise and the appropriate terms for such situations, the following principles shall generally apply:

- a. The University shall not grant rights to a DEVELOPMENT without fair compensation in the form of royalties and/or other consideration, which may include funding of the research.
- b. The University may grant exclusive rights (including a grant of title) in a DEVELOPMENT to effect transfer. The University shall provide terms in the exclusive agreement that will obligate the party obtaining rights to adequately exploit the DEVELOPMENT to meet a market. The University shall also retain a right to terminate the exclusive agreement and reacquire all rights to the DEVELOPMENT if the party having exclusive rights does not adequately exploit the DEVELOPMENT.
- c. The University may grant rights to DEVELOPMENTS under more favorable terms than in (9.a) and (9.b) above where special circumstances warrant (e.g., a project utilizing base technology contributed by the sponsor or a situation where there are sufficient assurances that a DEVELOPMENT will be adequately exploited without the terms specified in (9.b)).
- d. The University may enter into agreements with organizations that will themselves attempt to transfer a DEVELOPMENT for commercialization.

## 10. OFFICE OF PATENTS AND LICENSING

All disclosures of DEVELOPMENTS shall be made to the University Office of Patents and Licensing. It is the responsibility of the Office of Patents and Licensing to administer disclosures and DEVELOPMENTS in accordance with work within this policy and seek approval from the Patent and Technology Transfer Council for variations where the provisions of the policy are inadequate or inappropriate for a specific situation.

## 11. EFFECTIVE DATE

This policy shall become effective when adopted by the Board of Regents upon recommendation of the University Senate.

## PATENT AND TECHNOLOGY TRANSFER AGREEMENT

I have read and understand the attached Patent and Technology Transfer Policy. In consideration of the provisions of that policy and my employment at the University of Minnesota, I agree to abide by that policy.

I agree to disclose to the University all technical developments that I conceive or develop with the use of University funds or University administered funding in all cases in which I decide to seek protection for that development through patents, copyrights, or other means or have decided to seek commercial exploitation of that development. I also agree to disclose to the University all technical developments I make under a University administered funding arrangement when required by that arrangement. For all developments I have agreed to disclose under the previous two sentences, I agree to sign all papers and provide all assistance necessary to give the University title to such developments, enable the University to obtain patent, copyright, or other suitable protection for such developments and enable the University to satisfy the terms of any applicable funding arrangement. I also agree to provide reasonable assistance to the University in identifying companies that may be interested in such developments and in providing information to such companies.

I understand that nothing in the Patent and Technology Transfer Policy or this Agreement restricts my right to publish the results of research I perform at the University. I also understand that I am not required to disclose technical developments to the University made without the use of University funds or University administered funding.

I understand that this Agreement does not give me any rights to developments not conceived by me.

Name (Please print or type) \_\_\_\_\_

Date \_\_\_\_\_ Signature \_\_\_\_\_

Social Security Number \_\_\_\_\_



UNIVERSITY OF MINNESOTA  
TWIN CITIES

Office of the President  
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(612) 626-1616

February 8, 1988

To the University Community

Dear Colleagues:

I am writing to transmit a copy of the Patent and Technology Transfer Policy and to encourage your participation in the University's Technology Transfer Program.

The Technology Transfer Program advances our missions of education, research, and public service by encouraging and actively supporting the transfer of University technology to external parties for beneficial public use. This is of great potential value to the State of Minnesota and its economy. Participation in the Technology Transfer Program benefits both the faculty and the University. Broad benefits arise through increased recognition of the University and its faculty, and financial returns help to stimulate further research and education, as well as to compensate faculty inventors. Maximum faculty involvement in the program will lead to increasing numbers of invention disclosures, and therefore to additional University patents and licenses, and will maximize public utilization of University inventions.

The attached Patent and Technology Transfer Policy is the cornerstone of the University's Technology Transfer Program. It is an important policy; please take a few minutes to read it. The faculty Patent and Technology Transfer Council revised the policy to compensate faculty inventors fairly, to promote faculty disclosures of discoveries, and to facilitate licensing with industry. The new policy is as generous as those of other major research universities and increases the faculty's share of net royalties from a licensed patent, as set forth below:

- 33 1/3% -- to the faculty inventor/s.
- 25 1/3% -- to the inventor/s' research.
  - 8% -- to the inventor/s' College/s.
- 33 1/3% -- to the University.

For faculty desiring to patent their research discoveries, the policy provides a reasonable delay prior to publication to allow time to file patents. This procedure does not unduly delay publication, and the policy does not otherwise affect the faculty's rights to publish their research findings or disseminate the results of their research.

The Office of Patents and Licensing is responsible for the administrative aspects of patenting, licensing, and most facets of intellectual property matters. This Office maintains professional staff with expertise in these areas. Please contact them with questions you may have regarding any promising new developments, patent matters, industry relations, computer

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software, licensing, and the creation of new businesses to commercialize faculty inventions. Patents and Licensing staff will explain your rights and obligations and the procedures involved, under the University Patent and Technology Transfer Policy.

The success of any University's technology transfer activities depends ultimately upon the size of its research base and the level of commitment by both its faculty and administration. Over the last few years, the annual numbers of faculty invention disclosures, patents, and University licenses, and the volume of industry-sponsored research, all have increased significantly, owing to the faculty's commitment to research and participation in the Technology Transfer Program. Continued and growing faculty participation is necessary if the University's Technology Transfer Program is to attain its maximum beneficial impact.

A variety of external groups -- business-related, private, quasi-governmental, and governmental -- are turning to the University with increasing expectations for technology transfer and economic development activities. It is important that the University participates actively to promote economic development and technology transfer. I support the Technology Transfer Program and encourage all faculty to continue their research programs and seek out opportunities to undertake research and consulting activities with industries in Minnesota and nationwide. Contact the Office of Patents and Licensing, discuss with them your research and its potential for patentable discoveries, and participate in the University's Technology Transfer Program. The program is another way for the University to benefit our State, its economy, and ultimately to serve its citizens, while simultaneously furthering the research efforts of faculty.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Kenneth H. Keller", with a long horizontal flourish extending to the right.

Kenneth H. Keller

KHK:pln

Enc.

# UNIVERSITY OF MINNESOTA PATENT AND TECHNOLOGY TRANSFER POLICY

Enacted as Policy by the Board of Regents, October 10, 1986

## 1. PREAMBLE

The three basic purposes of the University are education, research, and public service. This policy is intended to advance these purposes by providing a means to transfer University developed technologies directly to external parties for beneficial use and to obtain and distribute income from such transfers. To accomplish this it is necessary to: (i) encourage faculty to identify and disclose technologies developed at the University; (ii) protect these technologies through patents, copyrights, semiconductor chip mask registrations, the Plant Protection Act, and other suitable means; (iii) advance beneficial public use of these technologies by effecting transfers under suitable agreements; (iv) derive income from such transfers to be used to support technology protection and transfer, advance University research and education, and compensate the University developers for their contributions to the development and transfer of technology; and (v) obtain recognition for the University and the University developers for advancing technology beneficial to society.

## 2. DEFINITIONS

The following terms shall have the indicated definitions throughout this policy and shall appear in upper case letters.

- a. **PERSONNEL** shall mean all persons employed or otherwise compensated by the University, including faculty, visiting faculty and researchers, staff, civil service employees, research and teaching assistants, residents, fellows and trainees. Personnel shall not include consultants to the University.
- b. **UNIVERSITY FUNDS** shall mean funds provided by the University for the specific purpose of supporting research. Typically this support may come from a grant program administered by the Graduate School, College or Department, the Office of International Programs, or the Center for Educational Development. Additionally, this support may be from funds received by the University through federal and state appropriations to various University units.
- c. **UNIVERSITY ADMINISTERED FUNDING** shall mean funding provided to the University by an external entity to support research. Typically, such funding is provided by an agency of the federal government, the State of Minnesota, or private sources such as industry or foundations.
- d. **DEVELOPMENT** shall mean the results of research by PERSONNEL yielding such products as inventions, discoveries, apparatus, devices, processes, computer hardware, computer software, plants, organisms, genetic material, etc., and falling into one of the following categories:  
**CATEGORY (1) A DEVELOPMENT** involving the use of UNIVERSITY FUNDS or UNIVERSITY ADMINISTERED FUNDING where disclosure and disposition of DEVELOPMENTS are required by the terms of the funding arrangement.  
**CATEGORY (2) A DEVELOPMENT** involving the use of UNIVERSITY FUNDS or UNIVERSITY ADMINISTERED FUNDING where disclosure and disposition of DEVELOPMENTS are not required by the terms of the funding arrangement.  
**CATEGORY (3) A DEVELOPMENT** not involving the use of UNIVERSITY FUNDS or UNIVERSITY ADMINISTERED FUNDING.  
Developments do not include matter that is primarily educational, literary, or artistic in nature, except where the research sponsor requires application of this policy.
- e. **DEVELOPERS** shall mean all PERSONNEL who produce a DEVELOPMENT (e.g., the inventor of an invention upon which a patent application is filed, etc.).
- f. **TRANSFEREE** means any legally constituted organization or individual that acquires rights in a DEVELOPMENT under a license from the University.
- g. **NET INCOME** means the gross monetary payments the University receives as a result of transferring rights in a DEVELOPMENT less the University's out-of-pocket costs for protecting, developing, and transferring that DEVELOPMENT.

## 3. APPLICATION OF POLICY

- a. This policy shall be a condition of employment from the time that this policy becomes effective and applies to all PERSONNEL.

## 4. RIGHTS AND OBLIGATIONS

- a. **Publication:** Nothing in this policy shall be construed as affecting the rights of PERSONNEL to publish. An appropriate means of protection of a DEVELOPMENT may require a limited period of nondisclosure in order to secure certain rights. PERSONNEL may agree to observe such nondisclosure requirement.
- b. **Category (1) DEVELOPMENTS:** DEVELOPERS shall fully disclose to the University all DEVELOPMENTS made under a funding arrangement as required by that arrangement. The University shall handle such DEVELOPMENTS in accordance with the terms of the funding arrangement and this policy. The University may require the DEVELOPERS of such DEVELOPMENTS to assign title in such DEVELOPMENTS and to sign all papers and provide all other assistance necessary to effect the University's obligations under the funding arrangement.
- c. **Category (2) DEVELOPMENTS:** For DEVELOPMENTS where disclosure and disposition is not required under a funding arrangement, participation by DEVELOPERS in the technology transfer process at the University is voluntary. However, if DEVELOPERS elect to protect and/or commercially exploit their DEVELOPMENTS, they must first fully disclose in confidence those DEVELOPMENTS to the University. The University shall have the first right to acquire title to such DEVELOPMENTS.
- d. **Category (3) DEVELOPMENTS:** Participation by DEVELOPERS of Category (3) DEVELOPMENTS in the technology transfer process at the University is strictly voluntary. Obtaining protection for such DEVELOPMENTS is complementary to the University's mission, is compatible with academic pursuits, such as publishing, and enhances the potential for beneficial use of the DEVELOPMENT. Accordingly, DEVELOPERS are urged to consider utilizing the University's technology transfer service.
- e. **Category (2) and (3) DEVELOPMENTS:** The University shall evaluate each disclosed DEVELOPMENT and shall, within two weeks of the disclosure, contact the DEVELOPERS to discuss disposition of the DEVELOPMENT. If the University proceeds with protection or commercialization of the DEVELOPMENT, it will require the DEVELOPERS to assign title in the DEVELOPMENT to the University. The DEVELOPERS shall sign all papers and provide all assistance necessary to enable the University to obtain patent, copyright, chip mask, or other suitable protection for a DEVELOPMENT assigned to the University. DEVELOPERS shall also provide reasonable assistance to the University in identifying potential TRANSFEREES and in providing potential TRANSFEREES with information concerning such DEVELOPMENT. The University shall, at its own expense, use its best efforts to suitably protect and transfer DEVELOPMENTS assigned to the University. The University shall keep DEVELOPERS fully informed of such efforts. If the University determines that it will not proceed with the DEVELOPMENT and if it is permitted by the funding arrangement, the University will waive title to the DEVELOPMENT to the DEVELOPERS.
- f. **Scope of Protection:** The nature and extent of the protection sought shall be decided by the Office of Patents and Licensing in consultation with DEVELOPERS.

## 5. FINANCIAL CONSIDERATIONS FOR CATEGORY (1) AND (2) DEVELOPMENTS

- a. **Generally:** Out-of-pocket costs of assistance to be provided by DEVELOPERS under 4.b. and 4.e. shall be approved in advance and reimbursed by the University. The University shall share income derived from a DEVELOPMENT as provided below. Gross monetary income received by the University from a DEVELOPMENT shall first be used by the University to reimburse itself for out-of-pocket costs associated with that DEVELOPMENT.

b. Distribution of NET INCOME from DEVELOPMENTS upon which a Patent Application is Filed: NET INCOME from such DEVELOPMENTS shall be divided as follows:

(i) 33 $\frac{1}{3}$ % to the Office of Patents and Licensing. The share of Patents and Licensing shall be used to cover the UNIVERSITY'S out-of-pocket costs for technology protection, development and transfer activities concerning other DEVELOPMENTS not otherwise covered. The remaining portion of such share shall be used to support University activities.

(ii) 33 $\frac{1}{3}$ % to the unit from which the DEVELOPMENT came, to be divided 8% to the DEVELOPER's college and 25 $\frac{1}{3}$ % to direct support of the DEVELOPER's research. In the event that the DEVELOPER leaves employment by the UNIVERSITY, the latter shall revert to the DEVELOPER's department. It is recognized that in a rare instance a DEVELOPMENT will return such a large amount of income to the UNIVERSITY that providing the full 25 $\frac{1}{3}$ % share to the DEVELOPER's research would be inappropriate. In such instance, the DEVELOPER's Dean and Department Head may reduce the share of the net income that supports the DEVELOPER's research in a manner consistent with the preamble of this policy.

(iii) 33 $\frac{1}{3}$ % to be divided among the DEVELOPERS of the DEVELOPMENT. The DEVELOPERS and any others shall share in proportions agreeable among the DEVELOPERS.

c. Distribution of NET INCOME from DEVELOPMENTS upon which no Patent Application is Filed: NET INCOME from such DEVELOPMENTS shall be divided as follows:

(i) 25% to the Office of Patents and Licensing.

(ii) 75% to be divided among the DEVELOPERS. The DEVELOPERS and any others shall share in proportions agreeable among the DEVELOPERS.

#### 6. FINANCIAL CONSIDERATION FOR CATEGORY (3) DEVELOPMENTS

Gross monetary income received from such DEVELOPMENTS shall be first used by the University to cover out-of-pocket costs associated with that DEVELOPMENT. NET INCOME shall be distributed as appropriate to the specific situation as agreed to by the DEVELOPER and the Office of Patents and Licensing. As a general rule for DEVELOPMENTS on which a patent application is filed, the NET INCOME will be distributed 50% to the DEVELOPERS and 50% to the Office of Patents and Licensing.

#### 7. ADDITIONAL FINANCIAL CONSIDERATIONS FOR CATEGORY (1), (2) and (3) DEVELOPMENTS

a. Distribution of Other Compensation: The University may, as circumstances warrant, negotiate forms of compensation other than monetary income for a transferred DEVELOPMENT (e.g., shares of stock). In such circumstances the University shall make suitable arrangements for compensation of all persons and units having a right to a share in NET INCOME, with the express agreement of all such persons and units.

b. Other Payments to DEVELOPERS: At its discretion, the University may pay DEVELOPERS for extraordinary efforts in identifying potential TRANSFEREES and interesting them in the DEVELOPMENT.

#### 8. FUNDING TERMS

The obligations and procedures outlined by this policy are subject to the terms and conditions of any funding arrangement governing the disposition of a DEVELOPMENT. In the case of arrangements with industrial or other for-profit sponsors, the University shall not agree to any terms that give such sponsor substantial rights in DEVELOPMENTS without first consulting with the principal investigators. Generally, industry sponsors will acquire some rights in DEVELOPMENTS made under research projects they fund.

#### 9. TRANSFER TERMS

The University will seek to transfer DEVELOPMENTS for commercialization to maximize their public utility and to obtain a fair return to the DEVELOPERS and the University for distribution in accordance with this policy. While it is impossible to define all of the situations that may arise and the appropriate terms for such situations, the following principles shall generally apply:

a. The University shall not grant rights to a DEVELOPMENT without fair compensation in the form of royalties and/or other consideration, which may include funding of the research.

b. The University may grant exclusive rights (including a grant of title) in a DEVELOPMENT to effect transfer. The University shall provide terms in the exclusive agreement that will obligate the party obtaining rights to adequately exploit the DEVELOPMENT to meet a market. The University shall also retain a right to terminate the exclusive agreement and reacquire all rights to the DEVELOPMENT if the party having exclusive rights does not adequately exploit the DEVELOPMENT.

c. The University may grant rights to DEVELOPMENTS under more favorable terms than in (9.a) and (9.b) above where special circumstances warrant (e.g., a project utilizing base technology contributed by the sponsor or a situation where there are sufficient assurances that a DEVELOPMENT will be adequately exploited without the terms specified in (9.b)).

d. The University may enter into agreements with organizations that will themselves attempt to transfer a DEVELOPMENT for commercialization.

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All disclosures of DEVELOPMENTS shall be made to the University Office of Patents and Licensing. It is the responsibility of the Office of Patents and Licensing to administer disclosures and DEVELOPMENTS in accordance with this policy and seek approval from the Patent and Technology Transfer Council for variations where the provisions of the policy are inadequate or inappropriate for a specific situation.

#### 11. EFFECTIVE DATE

This policy shall become effective when adopted by the Board of Regents upon recommendation of the University Senate.

Approved by the University Senate, June 5, 1986

Enacted as Policy by the Board of Regents, October 10, 1986.

### PATENT AND TECHNOLOGY TRANSFER AGREEMENT

I have read and understand the attached Patent and Technology Transfer Policy. In consideration of the provisions of that policy and my employment at the University of Minnesota, I agree to abide by that policy.

I agree to disclose to the University all technical developments that I conceive or develop with the use of University funds or University administered funding in all cases in which I decide to seek protection for that development through patents, copyrights, or other means or have decided to seek commercial exploitation of that development. I also agree to disclose to the University all technical developments I make under a University administered funding arrangement when required by that arrangement. For all developments I have agreed to disclose under the previous two sentences, I agree to sign all papers and provide all assistance necessary to give the University title to such developments, enable the University to obtain patent, copyright, or other suitable protection for such developments and enable the University to satisfy the terms of any applicable funding arrangement. I also agree to provide reasonable assistance to the University in identifying companies that may be interested in such developments and in providing information to such companies.

I understand that nothing in the Patent and Technology Transfer Policy or this Agreement restricts my right to publish the results of research I perform at the University. I also understand that I am not required to disclose technical developments to the University made without the use of University funds or University administered funding.

I understand that this Agreement does not give me any rights to developments not conceived by me.

Name (print or type) \_\_\_\_\_ Soc. Sec. No. \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_