



Intellectual Property Policy
*Patents, Licensing, Technology Transfer,
Commercialization and Royalties*

Policy #:	RE004.1
Policy Type:	University
Responsible Executive:	VP for Academic Affairs
Responsible Office:	OSPR
Originally Issued:	January 1, 2020
Latest Revision:	January 1, 2020
Effective Date:	January 1, 2020

I. Policy Statement

The University of Louisiana Monroe's (ULM) Intellectual Property Policy defines how the university fosters a research environment conducive to inventor(s), whether faculty or staff members, to develop new products, designs or processes that have a commercial value and follow any and all federal regulations.

II. Purpose of Policy

ULM seeks to develop a Patents, Licensing, Technology Transfer, Commercialization and Royalties process that adheres to federal regulations while promoting an atmosphere where faculty and/or staff create patentable inventions, trade-marks or copyrights.

As such, the Office of Sponsored Programs (OSPR) is required under 35 U.S. Code §§ 200 et seq. to use the patent system to promote the utilization of inventions arising from federally supported research or development; to encourage maximum participation of small business firms in federally supported research and development efforts; to promote collaboration between commercial concerns and nonprofit organizations, including universities; to ensure that inventions made by nonprofit organizations and small business firms are used in a manner to promote free competition and enterprise without unduly encumbering future research and discovery; to promote the commercialization and public availability of inventions made in the United States by United States industry and labor; to ensure that the Government obtains sufficient rights in federally supported inventions to meet the needs of the Government and protect the public against nonuse or unreasonable use of inventions; and to minimize the costs of administering policies in this area. Further, the OSPR relies upon 37 CFR Part 401 to supplement the afore stated policy.

The OSPR will consider patents, trade-marks and copyrights as part of this policy. Patents will also include design, apparatus or methods/process patents. ULM will consider any student invention in the same manner as a faculty.

ULM will follow this policy unless the Vice President for Academic Affairs and the Director of the OSPR have approved a different process in writing and in advance.

III. Applicability

This policy and the associated procedures apply to all individuals employed at the ULM.

IV. Definitions

The following definitions are from 35 U.S. Code § 201 as amended by Pub. L. 96–517, § 6(a), Dec. 12, 1980, 94 Stat. 3019; amended Pub. L. 98–620, title V, § 501(1), (2), Nov. 8, 1984, 98 Stat. 3364; Pub. L. 99–514, § 2, Oct. 22, 1986, 100 Stat. 2095; Pub. L. 107–273, div. C, title III, § 13206 (a) (12), Nov. 2,

2002, 116 Stat. 1904. Specifically, the previous amendments include the, as commonly referred to the *Bayh-Dole Act* (also known as the University and Small Business Patent Procedures Act of 1980; Title 35, chapter 18 Sec. 200 et seq.), and those relevant sections in 37 CFR Part 401.

Anyone with questions should contact the OSPR at OSPR@ulm.edu or 318.342.1039. All submissions or inquiries should be directed to the Chief Counsel for the National Institute of Standards and Technology (NIST), 100 Bureau Drive, Mail Stop 1052, Gaithersburg, Maryland 20899-1052; telephone: (301) 975-2803; email: nistcounsel@nist.gov.

Definitions:

Funding agreement means any contract, grant, or cooperative agreement entered into between any Federal agency, other than the Tennessee Valley Authority, and any contractor for the performance of experimental, developmental, or research work funded in whole or in part by the Federal government. This term also includes any assignment, substitution of parties, or subcontract of any type entered into for the performance of experimental, developmental, or research work under a funding agreement as defined in the first sentence of this paragraph.

Contractor means any person, small business firm or nonprofit organization, or, as set forth in section 1, paragraph (b)(4) of Executive Order 12591, as amended, any business firm regardless of size, which is a party to a funding agreement.

Invention means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code, or any novel variety of plant which is or may be protectable under the Plant Variety Protection Act (7 U.S.C. § 2321 et seq.).

Subject invention means any invention of a contractor conceived or first actually reduced to practice in the performance of work under a funding agreement; provided that in the case of a variety of plant, the date of determination (as defined in section 41(d) of the Plant Variety Protection Act, 7 U.S.C. § 2401(d)) must also occur during the period of contract performance.

Practical application means to manufacture in the case of a composition of product, to practice in the case of a process or method, or to operate in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or government regulations, available to the public on reasonable terms.

Made when used in relation to any invention means the conception or first actual reduction to practice of such invention.

Small business firm means a small business concern as defined at section 2 of Pub. L. 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this part, the size standards for small business concerns involved in government procurement and subcontracting at 13 CFR 121.5 will be used.

Nonprofit organization means universities and other institutions of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. § 501(c) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C.

501(a)) or any nonprofit scientific or educational organization qualified under a state nonprofit organization statute.

Chapter 18 means Chapter 18 of Title 35 of the United States Code.

Secretary means the Director of the National Institute of Standards and Technology.

Electronically filed means any submission of information transmitted by an electronic or optical-electronic system.

Electronic or optical-electronic system means a software-based system approved by the agency for the transmission of information.

Patent application or “application for patent” includes a provisional or non-provisional U.S. national application for patent as defined in 37 CFR 1.9 (a)(2) and (a)(3), respectively, or an application for patent in a foreign country or in an international patent office.

Initial patent application means, as to a given subject invention, the first provisional or non-provisional U.S. national application for patent as defined in 37 CFR 1.9(a)(2) and (3), respectively, the first international application filed under the Patent Cooperation Treaty as defined in 37 CFR 1.9(b) which designates the United States, or the first application for a Plant Variety Protection certificate, as applicable.

Statutory period means the one-year period before the effective filing date of a claimed invention during which exceptions to prior art exist per 35 U.S.C. 102(b) as amended by the *Leahy-Smith America Invents Act*, Public Law 112-29.

V. Policy Procedure

A. Introduction

1. Application
 - a. This applies to any and all ULM employees regardless of whether the federal award or subaward is received by the ULM employee as compensation for rendered activity.
 - 1) This includes contracts;
 - 2) Grant awards; and/or
 - 3) Resulting from teaching.
 - b. Nothing here should be construed as superseding federal, state or University of Louisiana System laws, procedures or policies.
2. Promotion
 - a. In the course of teaching, research, and other intellectual and administrative activity by faculty, staff, fellows, students, and other individuals working with or for ULM may discover or invent patentable inventions.
 - 1) Such inventions may have a practical use;
 - 2) A pedagogical use; and/or
 - 3) A potential or actual commercial value.

- b. ULM's primary goals include both teaching and research.
 - 1) With regard to research, the OSPR is committed to promoting innovations and discoveries leading to patents with a commercial value.
 - 2) For those potential patents with an unknown, limited or no commercial value, the OSPR will determine whether to fund patent development.
 - 3) The process for filing a patent and commercializing said invention is known as "technology transfer."
- c. Additionally, ULM must:
 - 1) Make sure the university has adequate resources to enable faculty to continue to do research; and
 - 2) Consider ULM's obligation to respond to the needs of local and state economies and the nation as a whole.

B. Technology Transfer

The technology transfer process (See Appendix A below) is administered by the OSPR and funded through the Vice President for Academic Affairs unless the OSPR deems that said invention has no potential or actual commercial value.

Then, the College of the faculty, or immediate supervisor in the case of a staff member, may decide to pursue a patent.

In the case of the latter, it will be the responsibility of that College to fund all patent applications (See Appendix B).

1. The Patent Application
 - a. OSPR will form a technology transfer committee to advise them regarding filing for a patent.
 - 1) This committee will be ad hoc; and
 - 2) May include those from the ULM Foundation, or other relevant entities, including community experts.
 - 3) OSPR has developed a funding "matrix" to supplement the decision-making process.
 - b. The funding matrix is based on the following, but not limited to, values:
 - 1) Number of new patents (applications and issued) and years remaining on such patents for the most comparable invention;
 - Number of reported new provisional and non-provisional patent applications for the comparable university for the duration of the data years. This number does not include continuations, divisionals, or reissues.
 - A U.S. provisional application filed will be counted as new unless it is a refiling of an expiring U.S. provisional application.
 - U.S. provisional applications converted to US utility applications are not counted as new.
 - 2) Estimate cost of legal fees;
 - 3) Number of licenses of patents of comparable inventions as a proportion of applications and issued patents;
 - 4) Licensing income (total for all);
 - Income reported for the duration of the data years.
 - This number includes license issue fees, payments under options, annual minimums, running royalties, termination payments, the amount of equity received when

cash-in, and software and biological material end-user license fees equal to \$1,000 or more, but not research funding, patent expense reimbursement, a valuation of equity not cashed-in, software and biological material end-user license fees less than \$1,000, trademark licensing royalties from university insignia, or income received in support of the cost to make and transfer materials under Material Transfer Agreements.

- 5) Average income for all issued patents; and
 - 6) Specific scores for invention being considered for license. These will include IP score, anticipated yearly revenue, years of revenue stream, and additional ULM expenditures.
 - 7) Ultimately, the OSPR calculates a “hurdle rate” for all proposed licensing projects. This number represents the ULM-determined desired rate of return on the technology of interest. This number represents the minimum internal rate of return (IRR) needed for the university to move forward with further investments in the technology of interest. Higher hurdle rates are generally applied to riskier projects and lower hurdle rates are generally applied to less risky projects. The OSPR has an internal “hurdle rate” of forty (40) percent used to supplement the decision-making process. Those potential licensing projects scoring less than 40 percent should not expect a favorable recommendation from the OSPR or further ULM support.
 - 8) The OSPR uses Net present value (NPV) to develop the matric formation. The NPV is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. A positive NPV indicates that the projected earnings generated by a project or investment (in present dollars) exceeds the anticipated costs (also in present dollars). Generally, an investment with a positive NPV will be profitable, and an investment with a negative NPV will result in a net loss. In simple terms, again, factors influencing this number are: Hurdle Rate, Potential Cash Expenditure, Years of Revenue Stream, and Anticipated Yearly Value.
- c. If the OSPR decides to pursue a patent, a notification will be sent within two (2) weeks to the following:
 - 1) The Vice President for Academic Affairs;
 - 2) The Dean or Deans (in the case of a collaboration);
 - 3) The faculty or staff who has created the invention; and
 - 4) Any third-party with an interest in the invention (not including the source of federal or state funds).
 - d. The Vice President for Academic Affairs must approve this decision and expenditure of funds.
 - e. If the OSPR has declined to pursue the filing of the patent (and fund the process), then Dean of the College has the next right to fund or not to fund the patent application.
 - 1) The OSPR will notify in writing the potential inventor of their decision to not fund the patent process.
 - 2) The OSPR may decide after an initial patent has been filed, or at any time during the process, to decline further participation.
 - f. If ULM decides that it does not wish, and has no legal obligation, to participate in the patenting or licensing of an invention, ULM may release to the inventor ULM’s interest in the invention, and the inventor shall then be free to dispose of the invention as he or she wishes.
 - g. The Dean of the Graduate School does not have the authority to make decisions in this process.

2. Patent Granted
 - a. The OSPR retains the right to reject further participation at any time for any reason once the patent is granted or before.
 - b. The OSPR retains all rights to license any and all patents regardless of whether the Vice President for Academic Affairs or a Dean or Deans paid for protecting the intellectual capital.

3. If no patent is pursued by the OSPR or a Dean or Deans, then the faculty or staff member may elect to pursue a patent on their own using self-generated funds.
 - a. These funds may come from any source, but may include
 - b. Monies from Endowed Professorships or Chairs.
 - c. Any use of other federal or state funds not affiliated with the potential patent is subject to this process as if it were originally funded.
 - d. In such cases, there is no presumption that ULM will share royalty (or other) revenues with the faculty or staff member.
 - e. ULM and/or the College(s) may grant a former faculty and/or staff member rights to their IP, before or after a patent is filed. This is a case-by-case determination, but must include some measure of compensation for ULM and/or the respective College(s) for past remunerations, such as legal expenses, course releases, laboratory access and graduate student support.

4. In order to fulfil ULM's regulatory requirements to serve the public good, any and all federally funded research results must be disseminated. The priorities include the following in order of importance:
 - a. A patent (including trademarks or copyrights);
 - b. A peer-reviewed journal article;
 - c. An invited conference;
 - d. An attended conference; and
 - e. A course lecture (including on-line and in a laboratory).

C. Commercialization

1. Licensing Process
 - a. The OSPR is charged with ensuring ULM remains in compliance with all federal and state regulations. As such, the OSPR may not engage in a license that circumvents either federal or state law. The relevant federal regulations may be found in either
 - 1) 35 U.S. Code §§ 200 et seq., and
 - 2) 37 Code of Federal Regulations Part 401.
 - 3) The *Bayh-Dole Act* governs the procedures for technology transfer through commercialization.
 - b. The OSPR will notify the federal government (electronic filing preferred unless the agency states otherwise) and the specific federal agency or funding agency of the intent for ULM to apply for a patent.
 - c. The OSPR will notify said agency regarding ULM's intent to commercialize this invention.
 - d. The OSPR will either elect to:
 - 1) File the patent;
 - 2) Dean or Deans file the patent; or
 - 3) Decline to pursue a patent.

- e. The OSPR will follow preferences for U.S. based companies by favoring those small companies in the region from the patent process to the licensing to the marketing and monitoring process. In fact, ULM will attempt to use efforts that are reasonable under the circumstances to attract small business licensees. ULM is also expected to give small business firms that meet the standard outlined in the regulations clause (35 U.S.C. 202(c)(7)(D)) a preference over other applicants for licenses. What constitutes reasonable efforts to attract small business licensees will vary with the circumstances and the nature, duration, and expense of efforts needed to bring the invention to the market.

This will include:

- 1) Using U.S. patent attorneys;
 - 2) Seeking U.S. small business partners;
 - 3) Contracting with U.S. manufacturers; and
 - 4) Licensing with U.S. distributors.
- f. The Technology Transfer Review Committee (TTRC) is to provide or obtain a recommendation to create legal protection of an idea for the University AND the faculty/student/staff member. This committee will make recommendations to ULM's intellectual Property Advocate (IPA), the Director of OSPR.
 - g. The TTRC will have 30 days, after receiving written receipt of a written disclosure to make or obtain a recommendation to give to the IPA.
 - h. Membership of the TTRC will consist of OSPR, Vice President for Academic Affairs, Dean(s), Foundation Office and a member outside ULM.
 - i. The OSPR will submit an annual closeout and status of patent report to the said agency.
 - j. ULM allows any employee/inventor of the contractor to retain rights to a subject invention made under a funding agreement with a small business firm or nonprofit organization contractor, as authorized by 35 U.S.C. 202(d), and will impose upon the inventor at least those conditions that would apply to a small business firm contractor under paragraphs (d)(1) and (3); (f)(4); (h); (i); and (j) of the clause at § 401.14.
 - 1) Thus, licensing of patent(s) with a commercial value is a high priority for ULM; and
 - 2) Preference for any ULM support will be given to those inventors with the highest such value. This preference may include the use of the internal matrix formulation.
2. Special Considerations
- a. Special considerations
 - b. Current governmental regulations permit educational institutions to retain rights and title to patentable inventions which results from federally funded experimental, developmental and research work. Retention of rights by ULM is contingent upon the fulfilling of a number of obligations on the part of ULM and of the inventor(s) and these obligations must be discharged in order to protect the interests of all parties. Though ULM may retain rights and title to such patentable inventions, the federal government retains a royalty free license and places certain other restrictions upon the ultimate disposition of the patents(s).
 - c. In accordance with 35 U.S.C. 202(c)(5) and the terms of the clauses at § 401.14, agencies shall not disclose such information to persons outside the government. By extension, ULM shall not disclose or compete with the inventor through a third-party.

D. License and Royalties

1. General support from monies generated from any license or other royalty revenue will be used in support of additional research, or if not specifically prohibited by the funding agency contract, will accrue to the College and/or Department or Program from which such research was conducted.
 - a. Licenses for any and all patents must have the potential for generating royalties for ULM.
 - b. Each license is unique and subject to many variables and must be negotiated separately.
 - 1) The OSPR negotiates all such licenses and/or usages with the approval of
 - 2) The Vice President for Academic Affairs.
 - c. The OSPR has developed a matrix or scoring mechanism to supplement the decision-making process.
2. For purposes of this policy, “royalties” shall include running royalties, advances against running royalties, up-front license fees, milestone payments, shares of stock or other securities issued by the licensee or another corporation (“equity”), and any other payments received by ULM under a license agreement in consideration for licensing an invention, but shall not include amounts received from a licensee or others in sponsorship of research or under other agreements for other goods, services or rights.
 - a. Royalties shall be used first to offset out-of-pocket expenses incurred by ULM or the OSPR in applying for, obtaining, and defending a patent and in developing and negotiating license agreements during the life of the patent.
 - b. Expenses for this purpose will include fees paid to outside legal, consulting, and licensing organizations and any other out-of-pocket costs incurred by ULM.
3. Although there may be some minor variations to the final licensing agreement, the following distribution of net royalties will be as follows:
 - a. Forty (40) percent to the inventor(s);
 - b. Thirty (30) percent to the College of the inventor(s)
 - 1) In the case where the inventors are from different colleges, then an equitable distribution pre-agreed upon by the Deans will occur.
 - 2) In the case of a staff member being the inventor, then this thirty (30) percent will be distributed entirely to the Vice President for Academic Affairs when such staffer is a direct-report to said Vice President for Academic Affairs.
 - c. Twenty-five (25) percent to the Vice President for Academic Affairs.
 - 1) Half of this amount (or 12.5 percent) will be dedicated to support campus-wide research, but must
 - 2) Support a different college than the one where the inventor(s) are.
 - d. Five (5) percent to the OSPR.
4. Payments may occur annually or by semester.
5. Distribution of royalties must occur within nine (9) weeks of disbursement of royalty.
6. The OSPR has the obligation to periodically evaluate the success of the licensing agreement. Success may be defined as including royalties for ULM or the development of additional grant/contract opportunities.
7. Student inventor(s) will be treated the same as a faculty.

VI. Enforcement

The Vice President for Academic Affairs is responsible for enforcing all policy provisions.

VII. Policy Management

The Vice President for Academic Affairs will be the Responsible Executive for the management of this policy. The Director of the OSPR will be the Responsible Office in charge of maintaining and disseminating it.

VIII. Exclusions

None.

IX. Effective Date

January 1, 2020.

X. Adoption

This policy is hereby adopted on this 1st day of January 2020.

Recommended for Approval by:

Approved by:



Dr. Alberto Ruiz, VP for Academic Affairs



Dr. Nick J. Bruno, President

XI. Appendices, References and Related Materials

Association of American Universities. *Patents*. Available at <https://www.aau.edu/issues/patents>.
37 Code of Federal Regulations, Part 401. Available at <https://www.law.cornell.edu/cfr/text/37/part-401>.

The University of Chicago. *University Research Administration*. Available at <https://ura.uchicago.edu/page/patents-software>.

35 U.S. Code §§ 200 et seq. Available at <https://www.law.cornell.edu/uscode/text/35/200>.

World Intellectual Property Organization. *Academic Patenting: How universities and public research organizations are using their intellectual property to boost research and spur innovative start-ups*. Available at https://www.wipo.int/sme/en/documents/academic_patenting.html.

XII. Revision History

Original Adoption Date: January 1, 2020