

INVENTOR'S HANDBOOK

Office of Commercialization and
Industrial Relations
Texas State University-San Marcos

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Mission & Goals

Mission

“The mission of the Office of Commercialization and Industrial Relations is to identify technology for commercialization resulting from research at Texas State University, protect it, and to facilitate the transfer of intellectual property to business and industry through the negotiation and execution of licensing agreements; and, when feasible, assisting in the formation of start-up businesses that utilize the university’s technology in order to provide benefits to the university and the regional economy”.

Goals

- Identify university intellectual property
- Protect university IP
- Commercialize university IP in a way that is consistent with the University mission and beneficial to the public
- Facilitate University-Industry relations
- Provide quality, hands-on learning experiences for students
- Obtain further sponsored research funding via industrial relationships
- Foster quality research opportunities for faculty
- Encourage cross-disciplinary & cross-departmental research

Lab Notebooks– A very valuable asset

Why keep a lab notebook?

The lab notebook is an important tool used to document timelines and inventor contributions when a patent is filed. A patent is granted to the inventor who was first to conceive the invention. The notebook establishes a permanent record of events that can be used to support your claims.

What should be recorded?

- Raw data and final results of experiments
- Drawings
- Protocols and designs of experiments
- Calculations on which results are based
- Details of equipment use
- Details of research and developmental efforts
- Ideas generated in meeting- list who contributed to the idea
- Dates when idea was formed and when work was started & completed
- Plans for future experiments

How should information be recorded?

- Use archival-quality, bound notebooks with numbered pages
- Each project should have its own notebook or set of notebooks
- Number each notebook in multiple-notebook projects
- Make entries in permanent ink
- Use consistent nomenclature
- Enter information on the same day as the event
- Do not skip pages or leave large empty areas
- Write legibly
- Draw a line through discarded entries
- Sign and date each entry & have the entry witnessed by someone knowledgeable about the work

How should notebooks be stored?

Maintain notebooks in a central location, preferably a fireproof safe or file cabinet

- If there is a sprinkler system, plastic bags should be used.
- Store notebooks in a cool, dry place away from damaging light, corrosive agents and organic fumes.

How long do I need to keep my notebooks?

It can take 2-6 years to obtain a patent. Patents typically run for 20 years. Notebooks need to be available for the life of the patent. Notebooks are a great help in cases of infringement and litigation.

note about electronic records:

Electronic notebooks are held to the same requirements as hard copy notebooks. Electronic notebooks should be copied to Read-only CD or DVD formats with a date stamp on a regular basis. All electronic documents **MUST** be convertible to a human-readable format. Electronic records need to be updated as the technology changes to meet these requirements.

Lab notebooks are the property of the University, not the individual.

What do I need to do?

Prior to ANY public disclosure:

Notify OCIR that you have a discovery.

Complete the Preliminary Disclosure Form from our website:
www.otc.txstate.edu

We can help you protect the intellectual property AND publish or discuss your work if we receive a timely disclosure.

Do you have any companies already interested? Do you know of any who may be? Your relationships with these entities can be valuable in successfully moving your inventions to market. OCIR will contact these companies.

Respond to requests for information and documentation. Your cooperation with the OCIR and our IP attorney is essential to the process.

Keep OCIR informed of publications, talks, and interactions with companies related to your discovery.

How long does the process take?

The internal process takes about 1 month from receipt of the disclosure form. We can file a provisional patent upon disclosure, if necessary. From copyright or patent to company partnership can take a very long time and will vary by discovery.

Can I publish my work and protect my IP?

Yes. Contact the OCIR prior to any publication or presentation. We can begin the process of getting your work protected.

Can I submit proposals containing my IP?

Yes. The University of Cincinnati has created a good guidance document: <http://www.ipo.uc.edu/index.cfm?fuseaction=overview.how>

What is public disclosure?

ANY publication, discussion, talk, presentation, conversation made concerning the work.

The disclosure to the OCIR is NOT a public disclosure.

Why is it important?

Foreign patent filings require absolute novelty. Any public disclosure will automatically bar the invention from being patented outside the US.

The disclosure will activate the US bar date. In the US, you have 1 year from first disclosure to file the patent.

Who owns intellectual property?

Ownership depends upon the situation. Considerations include:

- Use of University resources
- Terms of research agreements involving the IP
- Employment status of listed inventors/authors

When does the University own IP?

- If intellectual property is created by an employee within the scope of employment; or
- If intellectual property is created on University time, with the use of University facilities or state financial support; or
- If intellectual property is commissioned by the University, System or a component institution pursuant to a signed contract; or
- If intellectual property results from research supported by Federal funds or third party sponsorship.

When does an employee own IP?

- If it is unrelated to the employee's job responsibilities **and** the employee made no more than incidental use of System resources; or
- If it is an invention that has been released to the inventor in accordance with this Policy; or

- If the intellectual property is embodied in a professional-, faculty-, researcher- or student-authored scholarly, educational (i.e. course materials), artistic, musical, literary or architectural work in the author's field of expertise (from here on, a "scholarly work"), even though such a work may be within the scope of employment and even if System resources were used -

UNLESS it is a scholarly work (i) created by someone who was specifically hired or required to create it or (ii) commissioned by the System or a component institution of System, in either of which cases, University, not the creator, will own the intellectual property. Citation (Intellectual Property in Plain English , UT system)

What about discoveries made while consulting?

Consulting arrangements are governed by UPPS 04.04.06, found here: <http://www.txstate.edu/effective/upps/upps-04-04-06.html>

Faculty engaging in outside activity including consulting for companies must abide by the following guidelines:

- Obtain necessary approvals from your Chair and Dean
- Fill out the required form and file with HR: <http://www.hr.txstate.edu/Forms/outsideemploymentforms.html>

No university resources may be used. This includes your office, computer, lab facilities, and students

A consulting agreement is a contract between the faculty or staff member and a company. The university is not a party to a consulting agreement. A consultant usually provides advice, not actual work on the project.

University employees have an obligation to ensure that their personal activities are in compliance with university employment policies.

Faculty and staff engaging in outside employment or consulting activities must disclose any intellectual property or inventions arising from these activities.

What intellectual property obligations do consultants have to the university?

University Employees engaged in outside employment or consulting activities have an obligation to report any intellectual property developed in the course of their activity.

The University owns the IP in the following circumstances:

- The invention was developed or conceived in the course of a sponsored program or there is an obligation to an outside third party in place.
- University resources were used in the course of the IP's development or conception or
- The development or conception of the invention was determined to be in the scope of university employment.

The University recognizes the difficulty of invention disclosure when consulting with some commercial business entities. When requested, OCIR can sign a confidentiality agreement with the company covering disclosure of the new invention.

What if I make a discovery while on sabbatical?

Sabbatical leave is paid by the University. Depending upon the circumstances, the university will own the IP.

Who is an inventor?

Inventorship is defined by US patent law. An inventor is anyone who made significant contributions to the invention. Someone who merely followed the plan or direction of a manager or faculty member is not an inventor.

Sharing Material

What if I'm using someone else's' materials?

You can use the work of others and even materials of others but often permission is needed from the owner/author. Physical materials from outside sources may need a material transfer agreement. Please contact the OCIR if you are using or anticipate using materials owned by someone else. More information can be found on the OCIR website: <http://www.otc.txstate.edu/For-Inventors/MTA.html>

Can I share my materials?

Yes. Outgoing material may also require a material transfer agreement. Please contact the OCIR and we will assist you in this process.

Industry Sponsored Research

The Sponsored Research Agreement will often contain the terms designating IP ownership and any interest the sponsor may have in the results of the work. The University retains ownership rights to University developments under most agreements. If you have questions, please contact the OCIR.

Disclosing your inventions and discoveries to the OCIR

What to file

A preliminary disclosure form found here: <http://www.otc.txstate.edu>. The form answers some basic questions about your invention including who was involved, who funded the work and if there were any publications among other things. It should also have a description of the invention that can be understood by people who are not scientists. The form is used by the IP committee for initial discussion purposes. If the committee votes to move forward with a patent or other form of protection, you will be asked for a full disclosure.

How do I know if I should file a disclosure?

You should file whenever you think you have solved a problem or think your discovery may have some value. If in doubt, file a disclosure anyway. We will discuss the progress of your work and your options with you.

When should I file

Prior to ANY publication or ANY presentations. We can help you protect IP from proposal submission. Student posters, presentations and

thesis or dissertations are also included in this category. You should give us at least 90days so that we can file a patent, if necessary.

What happens to my disclosure after I file?

Review & Evaluation

- The OCIR in conjunction with the Intellectual Property Committee will review the disclosure for potential value.
- OCIR may request more information and additional forms to assist with this process

The decision to file

- The IP committee will vote on action to be taken based on the information received from the author/inventor and the evaluation of the disclosure.
- If the vote is to file or move forward, the OCIR will begin working with the TSUS contracted IP attorney to file the patent. The inventor's cooperation in this process is vital to a successful application.
- The patent process can take 6 years or more to complete and cost \$25,000 or more. However, we can file a provisional patent very quickly to initiate protection.
- If the decision is not to file or move forward, the IP committee may recommend that the work be released to the author/inventor. Approval of the University President is required. A decision to release means that the author/inventor may proceed on his own. However, the university, may maintain an interest.
- No matter which way the IP committee votes, the author inventor will be kept informed of any actions related to the disclosure.

Commercialization

Your enthusiasm and network are critical to this part of the process. Please provide contact information for any commercial partners that you know may be interested. We will make contact and proceed from there. You may be asked to participate in discussions and presentations.

Once a partner is located, a license agreement will be executed. The inventor can contribute to this process by providing contact information with anyone known to have a commercial interest in the discovery. The inventor is not included in the actual negotiation process but we will keep you informed and may ask your advice.

What is a license Agreement?

A license agreement is a legal document obligating the parties to the agreement to certain courses of action. The agreement will outline the rights and obligations of each party. Terms will include ownership of IP, rights in specific field(s) of use, milestones, payment, and more.

How is a licensee chosen?

The University will evaluate the potential partners based on the soundness of their business, the expected use of the IP, the commercialization plan for the IP, expected university return, and other factors. Public benefit and the continued right to do research in the field and publish are necessary elements to any agreement.

What do I get out of the deal?

Any financial return to the university is shared with the inventor according to university and BOR policy. With success, an inventor can expect,

increased opportunities for one's students, increased opportunities for partnership, consulting agreements and continued lab funding, and let's not forget prestige.

What is expected of me?

You may be asked to assist the licensee with commercialization of the invention. The relationship may require a consulting agreement or may be infrequent contacts and follow up. It will vary. Participation in startup companies will require significant time contributions depending upon your role within the company.

And if its not successful?

The OCIR will work to find another licensee and may request your assistance.

Start-up Companies

A startup company is a new business enterprise formed to commercialize intellectual property.

Can a faculty member form a start up?

YES.

Conflict of interest and commitment issues will have to be addressed. The OCIR can assist with this process.

And the IP?

If university owned IP is a part of the new company's business plan, the OCIR will work with the company to license the needed IP to the start up. Terms will be negotiated on a case-by case basis.

NOTE: This is not automatic or guaranteed.

Factors considered in the licensing process

Is there a sound business plan?

Is there a sound commercialization plan for the IP?

Is licensing to a startup the best avenue for public benefit?

Is licensing to the startup the best avenue for getting the IP to market?

The startup must be the best choice available for the license to be executed.

Equity

In some cases, the university may accept equity in place of cash when licensing to a startup. The exact percentages and terms are negotiated at the time of license.

Conflict of interest (COI)

What is a conflict of interest?

There are different types;

Financial

There is COI when a university employee has a financial interest in a company doing business with the university.

The university requires a financial COI disclosure under the following circumstances:

- The employee or close relative of an employee owns 5% or more of a company
- The employee or close relative serves on a Board or is in a management position of a company.
- The employee is engaging in sponsored research with a company in which he has an interest.

Commitment

A conflict of commitment occurs when a university employee has an interest or employment in a company or other entity which interferes with his commitments to the University.

Other

- Nepotism
- Reporting lines
- Account management

What resources are available to help me manage COI?

First you will need to disclose the conflict. If sponsored research or other research for a company is involved, the disclosure should be filed with the Office of the Associate Vice President for Research.

Forms will be available on the web (under construction)
Other conflicts are disclosed to your Chair and Dean and may be filed with HR.

The official policy and AVPR forms can be found here:
<http://www.txstate.edu/research/orc/investigator-conflict-of-interest.html>

And then what happens?

The disclosure will be reviewed and a determination will be made: yes there is a conflict or No, there is no real conflict.

If it is determined that there is no conflict, you will be notified in writing and the process is complete.

If it is determined that there is a conflict, you will receive assistance from the Office of the AVPR to write a conflict management plan.

The plan will be reviewed and recommendations for approval or revision will be made.

You may be asked to revise the plan. The OCIR will assist you.

Upon approval, you will be notified in writing.

Please note that there may be cases where conflict cannot be adequately managed. In these rare cases, the university may not be able to move forward with related pending agreements.

What do reviewers look for?

The following questions represent a few examples of the areas to be examined.

Can you separate university research from company research?

Can you provide unbiased and appropriate guidance and support to students?

Can you maintain academic integrity in research and education?

Are appropriate cost accounting standards implemented?

How will reporting take place?

(OTL, Stanford University)

Relevant Policies

- Texas Education Code 51.912
- TSUS Rules and Regulations Chapter III sections 12.16-12.18
- UPPS 04.04.06 Outside Employment Activities
- UPPS 01.04.02 Ethics Policy
- NSF 08-1 January 2008 Chapter IV - Grantee Standards
- NIH FCOI ([42 CFR Part 50, Subpart F](#))
- TXSTATE Financial Disclosure Policy: <http://www.txstate.edu/research/orc/investigator-conflict-of-interest/financial-disclosure.html>

Revenue Sharing

If there is any revenue from an agreement, it is shared with the inventor/author according to university and TSUS policy.

First the OTC will deduct any out of pocket expenses associated with the IP. Then 50% of the remaining funds are distributed to the inventor(s).

What about equity?

Faculty may take equity in companies and keep any revenue derived from that equity. Equity holdings must be disclosed according to university policy and state and federal law.

The university may also take equity in companies. Revenue from the university's equity holdings are not shared with inventors.

Taxes?

The recipient of the revenue is responsible for all related taxes.

What if there were multiple inventors?

The inventors will split the 50% allocated for the inventors according to their determined contribution to the IP. This information is provided by the inventors at the time of full disclosure.

Types of Intellectual Property

Copyright

Copyright is a property right granted by the US government granting the owner certain exclusive rights and applies to works set down in tangible form. It can be a manuscript, choreography reduced to appropriate notation, a painting, sculpture, a text book, software, etc. To ensure protection, the copyright should be registered with the Library of Congress Copyright Office.

Trademark

Trademarks protect words, names, symbols, sounds, or colors that distinguish goods and services from those manufactured or sold by others and to indicate the source of the goods. Trademarks, unlike patents, can be renewed forever as long as they are being used in commerce.

Trade Secret

A trade secret may be any form of intellectual property that is kept secret for competitive business reasons. Trade secrets may only be protected as long as they remain secret. Because university work is done for public benefit, it is rare for a trade secret to be maintained.

Patent

A patent is a property right granted by the US government that allows the owner to exclude others from using, making or offering the patented design, process or utility for sale. Patents are applied for a limited time, typically 20 years, and require public disclosure of the information.

A patent must be filed within 1 year of first public disclosure and pass the "obviousness" test. A patent may not be granted for applications that would be an obvious step or improvement for someone skilled in the art.

Patents can be filed for invention designs, processes or utilities (novel use).

University patent policy can be found in the TSUS Regents Rules, Section III, 12.1-18.

Mask Works

The United States Code (USC) defines a mask work as "a series of related images, however fixed or encoded, having or representing the predetermined, three-dimensional pattern of metallic, insulating, or semiconductor material present or removed from the layers of a semiconductor chip product, and in which the relation of the images to one

another is such that each image has the pattern of the surface of one form of the semiconductor chip product" (17 USC § 901 (a) (2)).

Glossary:

Bayh-Dole Act

Public Law 96-517, the law that governs the rights to inventions discovered at educational institutions or small businesses under projects funded in whole or in part with federal funds. The Bayh-Dole Act is codified in the federal regulations in 37 CFR 401.

COI

Conflict of Interest: A conflict of interest occurs when an **individual** or **organization** (such as a **lawyer**, **insurance adjuster**, **politician**, **engineer**, executive, director of a **corporation**, **medical research** scientist, **physician**, writer, editor, or an individual or organization cited as a source) has an interest that might compromise their reliability. A conflict of interest exists even if no improper act results from it, and can create an appearance of impropriety that can undermine confidence in the conflicted individual or organization. (Wikipedia)

Consideration

Something of value i.e. services, money, etc.

Contract

N. an agreement with specific terms between two or more persons or entities in which there is a promise to do something in return for valuable benefit known as consideration (Law.Com Dictionary)

Cooperative Agreement

A form of contract requiring active involvement of both parties in completing the scope of work.

Equity

A method of financing in which a company issues shares of its stock and receives consideration in return.

Gift

Something given with no expectation of consideration in return.

Grant

Financial assistance offered for research with no defined deliverable, often technical, financial and other reports are required.

Improvement

- A change for the better; progress in development
- The act of improving something; "their improvements increased the value of the property"
- A condition superior to an earlier condition; "the new school represents a great improvement" (wordnet.princeton.edu/perl/webwn)

Innovation

a new or variant product, idea, process or way of thinking
(www.usq.edu.au/planstats/Docs/GlossaryTerms.doc)

Invention

a unique object produced through the process of imagination and experience. (oregonstate.edu/instruct/anth370/gloss.html)

IP

Intellectual Property: intangible property that is the result of creativity i.e. patents or trademarks or copyrights (wordnet.princeton.edu/perl/webwn)

License

An authorization granting permission to perform duties which, without such permission, would be illegal. (www.pathwaytoeternity.com/glossary.php)

MTA

Material Transfer Agreement: A form of contract involving the transfer or exchange of tangible property.

NDA

Non Disclosure Agreement: A form of contract in which the parties to the agreement agree to hold information in confidence.

Provisional Patent Application

A form of patent application acting as a place holder. Provisional applications are not reviewed or published. They offer little in the way of legal protection but do preserve the priority date for full filing.

Research Tool

A form of tangible property that is useful in the performance of research. Research tools may be subject to MTAs.

Safe Harbor

A term used by universities to define allowable actions in industrial contracts in order to preserve the university's tax exempt status. The safe harbor guidelines have been determined by the Internal Revenue Service.

SRA

Sponsored Research Agreement: A contract for research.

Start-Up

The formation of a new company.

Technology Transfer

The process of transferring discoveries made by basic research institutions, such as universities and government laboratories, to the commercial sector for development into useful products and services.

(www.bio.org/speeches/pubs/er/glossary_t.asp)

Annual financial disclosure form is due September 1
<http://www.txstate.edu/research/policies/disclosures.php>

For questions about university policies regarding industry relationships, patenting and
licensing and Technology Transfer
Who to Contact

Associate Vice President for Research &
Office of Commercialization and Industrial Relations (OCIR)

Billy C. Covington, Associate Vice President for Research	512-245-2314	<u>bc18@txstate.edu</u>
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