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At its meeting of November 25, 1991, the Academic Senate approved the attached Policy Recommendation, "**Patent Policy, San José State University,**" presented by Nancie Fimbel for the Curriculum and Research Committee.

ACTION BY THE UNIVERSITY PRESIDENT:

Adopted as University Policy
Effective immediately


PATENT POLICY

SAN JOSE STATE UNIVERSITY

I. PREAMBLE

San Jose State University, hereinafter referred to as the "University," is dedicated to teaching, research, and the transfer of knowledge to the public. Personnel at the University recognize as two of their major objectives the production of new knowledge and the dissemination of both old and new knowledge. Inherent in these objectives is the need to encourage the development of new and useful devices and processes. Such activities promote the general welfare of the public at large, provide additional educational opportunities for students, contribute to the professional development of the individual staff members involved, and enhance the reputation of the University.

Inventions often come about because of activities of the University's faculty, staff or other employees who have been aided wholly or in part through use of facilities of the University. It becomes significant, therefore, to ensure the utilization of such inventions for the public good and to expedite their development and marketing. The rights and privileges, as well as the incentive, of the inventors must be preserved so that their abilities and those of other employees of the University may be further encouraged and stimulated.

The foregoing considered, the University does hereby establish the following policy with respect to inventions and their subsequent potential patentability and marketability.

II. DETERMINATION OF PATENTABILITY

A patent is a grant issued by the U.S. Government giving an inventor the right to exclude all others from making, using or selling the invention within the United States, its territories and possessions for a period of 17 years. When a patent application is filed, the U.S. Patent Office reviews it to ascertain if the invention is new, useful, and nonobvious and, if appropriate, grants a patent - usually two to five years later. Not all patents are valuable or unsusceptible to challenge.

Not all inventions are patentable. Questions relating to patentability are often complex and usually require professional assistance. (1) *General criteria for patentability* - An important criterion of patentability is that an invention must not be obvious to a worker with ordinary skill in that particular field. It also must not have been publicly known or used by others in this country or patented or described in a printed publication anywhere prior to the date of invention. (2) *Loss of Patentability* - Inventions that are patentable initially may become unpatentable for a variety of reasons. An invention becomes unpatentable in the U.S. unless a formal application is filed with the U.S. Patent Office within 12 months of disclosure in a publication or of any other action which results in the

details of the invention becoming generally available. (3) *Circumstantial impairment of patentability* - Many other circumstances may impair patentability, such as lack of "diligence." For example, unless there is a record of continuous activity in attempting to complete and perfect an invention, it may be determined that the invention has been abandoned by the initial inventor, and priority given to a later inventor who showed "due diligence." (4) *International variation of patentability regulations* - Regulations covering the patentability of inventions and application filing procedures vary considerably from country to country and are subject to change. It is important to note that an invention is unpatentable in most foreign countries unless a patent application is filed before any verbal or written publication occurs.

III. OWNERSHIP

University Research

All discoveries must be assigned by the inventor to the University unless it is clearly demonstrated that no University time or facilities were used. When a discovery has been made which might be patentable, an invention disclosure describing the invention and including other related facts should be prepared and forwarded to the Associate Academic Vice President for Graduate Studies and Research (AAVP/GS&R). An invention disclosure is a document which provides information about what was invented, the inventor, circumstances leading to the discovery, and facts concerning subsequent activities. It provides the basis for determination of patentability. Copies of the invention disclosure can be obtained from the Office of the AAVP/GS&R or the SJSU Foundation. If the University chooses not to file a patent application, then complete ownership rights to the invention revert to the inventor.

Sponsored Research

Sponsored project agreements (including but not limited to those projects sponsored by the federal government, state government, private foundations, and private industries) often contain provisions with respect to patents and licensing. In the majority of cases, these agreements will stipulate that any inventions occurring during the course of the agreement will become the property of San Jose State University. However, under special circumstances the sponsored agreement may be revised to waive the University's patent rights after negotiation between the Sponsor, the Foundation, the AAVP/GS&R and the Principal Investigator.

Under no circumstances may the sponsor prohibit or interfere with the University's or inventor's rights to publish research results regarding project inventions. The University may agree to a review of proprietary information by the sponsor prior to publication of such information or to a limited waiting period before publication.

IV. IMPLEMENTATION

The University, through the San Jose State University Foundation, contracts with Research Corporation Technology (RCT), 6840 East Broadway Blvd, Tucson, Arizona 85710-2815, to evaluate the patentability of inventions, and - when appropriate - to file and prosecute patent applications.*

Under the terms and conditions of the RCT contract, Benchmark Program, patent disclosure statements submitted to the University are sent to RCT. This statement alerts RCT staff that a patentability evaluation is necessary and ensures that in the event of a coincident claim of discovery the inventor has dated documentation in support of the prior discovery assertion. If RCT - after reviewing the disclosure within a reasonable time period - chooses not to file a patent application, then the inventor is free to do so on his or her own, or to accept the RCT evaluation and terminate the patent evaluation process.

If a positive assessment of patentability is made, then an agreement will be reached between the University and the inventor(s) concerning rights and responsibilities associated with the prosecution of the patent, the marketing of the product, and the distribution of any patent-related royalties.

V. DIVISION OF PROCEEDS

All costs associated with prosecuting the patent and marketing the invention are paid by RCT. The University's share of any gross royalties resulting from an invention shall be divided as follows: 60% to the inventor(s), 20% to the inventor's department, and 20% to the University. There are no restrictions on the use of the inventor's share of the distribution. The University and the Department shares, however, must be used to further promote research at San Jose State.

VI. SUMMARY

This policy shall become effective as of (*enter date*) and shall be reviewed on a bi-annual basis by the University Research Committee.

*The university agreement with RCT is considered a part of this policy by reference. The agreement states that RCT will conduct its review of invention patentability within a reasonable time after its receipt. At any time after three months from the date of receipt, the university may notify RCT that it must accept or decline to accept the invention on or before thirty (30) days after RCT's receipt of such notice. Failure to accept the invention within the thirty (30) day period shall be interpreted as RCT's decision to decline.

**Agreement Between
Research Corporation Technologies, Inc. ("RCT")
and
San Jose State University Foundation**

**("Institution")
For Disclosure, Evaluation
and Commercialization of Inventions**

Effective June 10, 19 91 (the "Effective Date"), *Institution* and *RCT* agree as follows (the definitions of terms appear in Article VI):

I. DISCLOSURE, EVALUATION AND ACCEPTANCE OF INVENTIONS

1.1. In its discretion, *Institution* shall submit to *RCT*, for evaluation and possible commercialization by *RCT*, the *Inventions* of its *Faculty* which *Institution* owns or shall be entitled to own or license to others.

1.2. *RCT* shall treat any *Invention* disclosed to it under 1.1. above, that has not been published or which is not the subject of an issued *Patent* or a pending *Patent Application*, as proprietary and with the requisite degree of confidentiality necessary to preclude jeopardizing the patentability of such *Invention*. If *RCT* discloses any *Invention* to any third party, *RCT* shall require such third party to exercise its best efforts to hold the same confidential.

1.3. *RCT* shall evaluate all such submitted *Inventions*. Within a reasonable time after *RCT's* receipt of any submitted *Invention*, *RCT* shall advise *Institution* in writing of its decision to accept or decline to accept such submitted *Invention* for commercialization under this Agreement. If *RCT* declines to accept any *Invention*, *Institution* shall, upon receipt of such written decision from *RCT*, be free to take steps to protect and commercialize such *Invention* as *Institution* may see fit to do, without further obligation under this Agreement. If *RCT* accepts any *Invention*, *Institution* shall promptly comply with the provisions of 1.5 below.

1.4. At any time after three (3) months from the date of receipt by *RCT* of any submitted *Invention*, *Institution* may notify *RCT* in writing that *RCT* must accept or decline to accept such *Invention* on or before the date thirty (30) days after *RCT's* receipt of such notice. If *RCT* fails to accept or decline such *Invention* on or before the expiration of such thirty (30) day period, *RCT* shall be deemed to have declined such *Invention*. The provisions of this paragraph shall not apply to an *Invention* so long as *RCT* has submitted such *Invention* to a third party for screening or other evaluation, with approval of *Institution*, in the course of evaluation of such *Invention*.

1.5. Upon *RCT's* acceptance of any *Invention*, *Institution* shall assign or arrange for assignment to *RCT* of all rights, title and interest in and to any such *Invention* and its corresponding *Patent Rights* (foreign and domestic), employing *RCT's* customary forms of assignment.

II. PATENTS

2.1. Upon *RCT's* acceptance of any submitted *Invention*, and *Institution's* assignment in accordance with 1.5 above, *RCT* shall file United States and foreign *Patent Application(s)* on each such accepted *Invention* as *RCT* may deem appropriate and prosecute such *Patent Application(s)* to the extent *RCT* determines that such prosecution will result in *Patent(s)* that have reasonable commercial potential.

2.2. *RCT* shall maintain such *Patents* to the extent *RCT* may deem desirable for its commercialization efforts. *RCT* may abandon or take no further action as to any such *Patent Application* or *Patent* subject to this Agreement and thereafter abandon same if *RCT* determines that corresponding commercialization efforts are no longer justified, or that patent protection is no longer desired. On or before the date sixty (60) days before *RCT* abandons same, *RCT* shall notify *Institution* that it will abandon such *Patent* or *Patent Application*. If, on or before the expiration of such sixty (60) day period, *Institution* requests, in writing, *RCT*

to assign such **Patent Application** or **Patent** to **Institution** or its nominee, **RCT** shall so assign such **Patent Application** or **Patent** as requested. In the case of foreign filed **Patent Applications**, only the perfected filing of a **Patent Application** under the Patent Cooperation Treaty or in the European Patent Office (to extend the time for filing **Patent Applications** which may be perfected in certain countries) in a country shall be regarded as the filing of such a **Patent Application** which requires such notice and only in the country of such perfected filing.

III. COMMERCIALIZATION

3.1. **RCT** shall expend reasonable efforts to commercialize each accepted **Invention** and corresponding **Patent Applications** and **Patents** and secure reasonable revenue from such commercialization in the manner **RCT** deems appropriate.

3.2. On or about March 15 of each year, **RCT** shall pay to **Institution** fifty-seven and one-half percent (57-1/2%) of **Gross Income**, if any, received during the prior calendar year in respect of each accepted **Invention**. **RCT** shall retain, for its own benefit, the remaining **Gross Income**. **Gross Income** and **Institution's** share of **Gross Income** shall be separately computed and reported for each such **Invention**, although payment of **Institution's** share of **Gross Income** for all **Institution's Inventions** commercialized under this Agreement may be aggregated and made in one check. If **Institution** has approved the deduction from **Gross Income** of **Special Expenses** pertaining to a particular **Invention** (the "**Invention's Special Expenses**"), **RCT** shall make the following adjustments to **Gross Income** attributable to such **Invention** and received in the prior calendar year (the "**Invention's Gross Income**"):

(a) subtract from the **Invention's Gross Income** the **Invention's Special Expenses** incurred during the prior calendar year and any excess of the **Invention's Special Expenses** carried forward from earlier calendar years; and

(b) if the **Invention's Special Expenses** incurred during the prior calendar year and the excess, if any, of the **Invention's Special Expenses** carried forward from earlier calendar years together do not exceed the **Invention's Gross Income**, **RCT** shall pay to **Institution** fifty-seven and one-half percent (57-1/2%) of the remainder.

RCT shall furnish a computation of all payments made to **Institution**. **RCT** shall maintain at its offices, in usual form, books of record, ledgers and accounts relating to its activities under this Agreement, which shall be open to examination by **Institution** or its nominees during usual business hours. **RCT** shall also annually report on its previous year's efforts to commercialize each accepted **Invention**.

3.3. **RCT** shall have the right to abandon its commercialization efforts for any accepted **Invention**, **Patent Application** or **Patent** if **RCT** determines, in its discretion, that such efforts are no longer justified. **RCT** shall notify **Institution** of such abandonment. Upon written request by **Institution**, **RCT** shall assign such **Invention**, **Patent Application** or **Patent** to **Institution** or its nominee. **RCT** shall continue as licensor, grantor or contracting party (or licensee, if applicable) as to licenses, grants, working rights, agreements or other contracts to which any accepted **Invention**, **Patent Application** or **Patent** is then subject if **RCT** reassigns to **Institution** such **Invention**, **Patent Application** or **Patent**. **RCT** shall also continue to compute, pay and retain **Gross Income** and to make reports under 3.2 above with respect to such **Invention**, **Patent Application** or **Patent**.

IV. TERMINATION

Either party may terminate this Agreement upon three (3) months' written notice to the other party, although any **Invention** **Institution** has submitted to **RCT** under this Agreement before the effective date of termination shall be subject to this Agreement. Such termination shall not relieve **RCT** of its duty or affect its rights under 3.2 above. Termination of this Agreement shall not prejudice or affect the tenor, validity, effectiveness or scope of any rights **RCT** may have in any submitted or accepted **Invention** or its corresponding **Patent Rights** or any agreement between **RCT** and any third party concerning any submitted or accepted **Invention**. Any such agreement shall survive termination of this Agreement or the assignment, if any, of such **Invention** and its corresponding **Patent Rights** from **RCT** to **Institution**. Any such agreement shall continue to be managed by **RCT** under this Agreement.

V. GENERAL

5.1. Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement shall be settled by arbitration, in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered may be entered in the highest court of the forum, state or federal, having jurisdiction.

5.2. This agreement is expressly subject to and conditioned upon any rights the United States Government may have in any *Invention* administered under this Agreement or the *Patent Rights* to such *Invention* as a result of any contract, grant or funding related to the research or other work that resulted in such *Invention* or *Patent Rights*.

5.3. All notices, requests and other communications provided for in this Agreement shall be directed to the respective parties at the address provided below, shall be in writing, and shall be deemed to have been made or given: (a) when delivered, if delivered by hand or sent by telex, telegram, telecopier or facsimile; (b) on the day following deposit with an overnight courier, if sent via overnight courier; or (c) on the date three (3) days following deposit with the United States Mail, certified or registered. Each party reserves the right to change such address for notification, by notice so given.

If to *RCT*: Research Corporation Technologies, Inc.
6840 East Broadway Boulevard
Tucson, AZ 85710-2815

If to *Institution*: at the address indicated below
on the signature block.

5.4. This Agreement constitutes the entire agreement and understanding of the parties concerning the subject matter of this Agreement. All prior understandings are merged into and extinguished by this document. This agreement shall be governed and construed according to the laws of the State of Arizona without regard to laws of Arizona concerning any conflicts of laws.

5.5. This Agreement shall apply to *Inventions* of *Faculty* which are submitted or assigned to *RCT* after the Effective Date and shall be in lieu of any earlier invention administration agreement, if any, between *RCT* and *Institution* (the "Superseded IAA") with respect to such *Inventions*. The Superseded IAA shall, nevertheless, continue in full force and effect as to any *Inventions* submitted and accepted by *RCT* before the Effective Date except to the extent *RCT* and *Institution* agree to treat any such previously submitted *Invention* under this Agreement.

5.6. Each party shall exercise due diligence and good faith in performing all acts required or contemplated by this Agreement.

VI. DEFINITIONS

6.1. When printed in italic letters in this Agreement, the following terms shall have the meanings set forth below:

"*Faculty*" shall mean the members of *Institution's* faculty, staff, fellows, associates, students, employees or others covered by the *Patent Policy*.

"*Gross Income*" shall mean money and other consideration received by *RCT* by reason of its assignment or licensing of any *Invention*, *Patent* or *Patent Rights* to which *RCT* has rights under this Agreement, but shall not include any amounts paid to *RCT* or to *Institution*: (i) for developmental research, feasibility or market studies, or other work undertaken to enhance the *Invention* or its commercialization; or (ii) for the expenses of filing or prosecuting any *Patent Application* or maintaining or working any *Patent* on such *Invention*; or (iii) in respect of, or as a return on, any equity interest *RCT* may have in an entity licensed to practice the *Invention* (although the parties understand and agree that any license agreement between *RCT* and any entity in which it has an equity interest must be approved in writing by *Institution*).

"*Invention*" shall mean invention or discovery or novel plant variety. An *Invention* shall be "made" when it is conceived.

"**Inventor**" shall mean one who makes an **Invention** or one who is a breeder of a novel plant variety eligible for protection by means of a Plant Variety Protection Certificate or the like.

"**Patent**" shall mean a patent or Certificate of Invention or Utility Model or Design Registration or Plant Variety Protection Certificate or other form of protection for an **Invention** issued by a government or governmental agency.

"**Patent Application**" shall mean an application for a **Patent**.

"**Patent Policy**" shall mean the applicable policies, programs, regulations and contracts, expressed or implied, governing or determining the rights of **Institution** in and to **Inventions, Patent Applications and Patents** and other intellectual property of its professors, teachers, assistants, researchers, staff, fellows, associates, students, employees or others who may be subject to same.

"**Patent Rights**" shall mean:

(a) all right, title and interest in and to an **Invention**, any **Patent Application** filed or to be filed on the **Invention**, any **Patent** issued or issuing on such **Patent Application**;

(b) the right to file for any such **Patent** and to have any such **Patent** issued in the name of the owner or assignee; and

(c) the right to claim any priority right to which the **Inventor** or anyone claiming under him may be entitled.

"**Special Expenses**" shall mean any expenses incurred by **RCT** for litigation or other legal proceedings concerning the infringement, enforceability, validity or scope of any **Patent** or **Patent Application** or any license agreement concerning same, including attorney's fees and disbursements and court costs.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed, and their corporate seals to be affixed, by their duly authorized corporate officers on the date(s) indicated below to be effective as of and on the Effective Date.

RESEARCH CORPORATION
TECHNOLOGIES, INC.

San Jose State University Foundation

One Washington Square

P.O. Box 760

San Jose, CA 95106

By: 
President Gary M. Munsinger

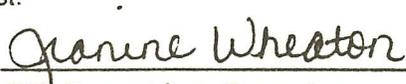


By: 
Title Executive Director

Date: June 13, 1991

Date: 6-10-91

Attest:
By: 
Secretary

Attest:
By: 
Title Executive Secretary

(Seal of **RCT**)

(Seal of **Institution**)

To: Research Corporation Technologies
6840 East Broadway Boulevard
Tucson, Arizona 85710

DISCLOSURE OF INVENTION BENCHMARK PROGRAM

Disclosure Title _____

Inventor _____ Title _____

Inventor _____ Title _____

Inventor _____ Title _____

Please consider the attached invention disclosure (title above) under Research Corporation Technologies' Benchmark Program and our Invention Administration Agreement. Under the Benchmark Program:

- RCT will complete an initial review within 30 days of receipt of this disclosure.
- Within this initial review period, RCT will either:
 - (A) Make a \$1,000 cash option payment and continue evaluation and commercial planning for this invention, or
 - (B) Return the invention disclosure with a brief summary of findings.
- During the option period, RCT professionals will thoroughly examine the scientific and technical merits of the invention, identify commercial applications, ascertain potential scope and force of patent or other protection, perform market analyses, define commercial potential, and examine alternative commercialization strategies.
- Within the option period, RCT will either:
 - (A) Accept the invention for administration, make a \$3,000 Project Acceptance Payment, and prepare to implement a commercialization plan, or
 - (B) Return the invention disclosure with a report of its findings.

Submitted by (Name and Title) _____

Signature _____ Date _____

On Behalf of (Institution) _____

Address _____

Telephone _____

