

Boston College Intellectual Property

Introduction

Boston College, as an institution of higher learning, has two primary academic aims: to share existing knowledge with its students and to engage in research and scholarly activities. The products of scholarly and research efforts often have social and commercial implications. These products may, therefore, be of benefit to the individuals involved, to the University, and to society. This policy governs the protection and administration of intellectual property developed in support of the University's mission.

Boston College recognizes that commercially valuable intellectual properties may arise in the course of research and other activities conducted by employees and students using University resources and facilities. The purpose of this policy is to define the conditions of ownership, legal protection, development, and licensing of intellectual properties conceived or first reduced to practice by any Boston College employee or student. Under this policy, intellectual properties can be managed so as to further the University's mission, enhance the value of such properties, and maximize benefits to the University, inventors, and authors.

This policy applies to all persons employed by Boston College and any person using Boston College facilities under the supervision of University personnel, including, but not limited to, visiting and adjunct faculty, and under certain conditions specified herein, students. All exceptions to the policy must be negotiated in advance and agreed to in writing by the Associate Vice President for Research (AVPR) or his or her designee.

This policy supersedes the Office for Sponsored Program's Intellectual Property Policy, and its Policy on the Ownership of Software.

Definitions

For purposes of this policy, the following definitions apply:

Author is defined as a person who creates a copyrighted work.

Copyright is defined as a form of protection the law provides to the authors of "original works of authorship" for their intellectual works that are "fixed in any tangible medium of expression," both published and unpublished. Examples of works which are eligible for copyright protection include books, periodicals, software, musical or dramatic works, pictorial or other artistic works, and audiovisual works. Copyright includes a bundle of rights: the right to reproduce the copyrighted work; the right to distribute copies of it; the right to prepare derivative works based upon the copyrighted work; and the right to make public performances or displays of most copyrighted works.

Electronic course is defined as an academic course of study, delivered in whole or in part via electronic means, and fixed in any medium capable of display on a computer or electronic media screening device.

Intellectual property is defined as creations of the mind or intellect, the ownership of which is recognized and protected by law. It includes any patentable invention, tangible research property, copyrightable subject matter, trademarks, trade secrets, works of art, and inventions or creations that might normally be developed on a proprietary basis.

The **Intellectual Property Review Board** is a group appointed by the AVPR that advises on the interpretation and implementation of the Intellectual Property policy.

Invention is defined as any new or useful process or discovery, art, method, technique, product, machine, device manufacture, software, composition of matter, or improvement thereof.

Invention Disclosure Form is a form that reports and describes a new invention, signed by the inventor(s).

Inventor is defined as any individual associated with the University who makes an invention.

Patent is defined as a grant issued by the United States or a foreign patent office that gives an inventor, or the entity to whom the inventor has assigned ownership rights, the right to exclude others from making, using, or selling the invention within the country within which the patent is issued for a period of twenty years.

Proceeds are defined as all compensation of whatever kind received from the sale, license, or other transfer of intellectual property rights by the University to a third party. This includes, but is not limited to, percentage payments, up-front fees, milestone payments, shares of stock, and any other financial or in-kind consideration.

Scholarly web site is defined as a page or pages of the World Wide Web created for academic or research purposes.

Software is defined as any computer or computer-based materials, including but not limited to computer programs, databases, operating systems and application programs, or parts thereof, designed to accomplish a task or allow a user to produce, manage, analyze, or manipulate a product, such as data, text, a physical object, or other software. Software may be protected by patent, copyright, or trade secret.

Sponsored project agreement (SPA) is a contract between the University and a sponsoring organization that sets the terms and conditions for the conduct of a faculty research or training project. An SPA typically includes a description of the work to be performed and the terms of payment, and stipulates the ownership of intellectual property, publication rights, and other legal assurances.

Substantial resources are defined as significant University financial or in-kind support, or the use of University facilities and resources in excess of the norm for educational and research purposes in the department in which the inventor/or author holds his or her primary appointment. Academic year salary, office space, usual library resources, usual secretarial and administrative staff resources, or usual computer equipment are not regarded as falling within the definition of substantial resources in this policy.

Tangible research property (TRP) is defined as research results in their tangible physical form, and includes, but is not limited to, biological organisms, compositions of matter, instruments, machines or devices, and other property that can be physically distributed. Tangible research property may also have intellectual property rights associated with it, for example, compositions of matter which are patented.

Trademark is defined as a word, name, symbol, or device (or any combination) adopted by an organization to identify its goods and services and distinguish them from the goods and services of others.

Work-for-hire is defined as intellectual property created by an individual for the sole and exclusive use and ownership by the University.

Patentable Inventions

This policy section addresses the ownership of inventions; the assignment of rights associated with such ownership; the disclosure of inventions; and the licensing of commercial rights in inventions. Inventors working on projects funded by SPAs should be aware that the ownership of rights in an invention may be affected by the terms of the SPAs.

Ownership of Inventions

1. All rights in any invention that results from activities related to an individual's employment responsibilities or conducted with support, in whole or in part, from University-administered funds, facilities, or personnel, including student employees, shall be assigned to and owned by the University
2. All rights in an invention that results from activities unrelated to an individual's employment responsibilities and that is developed without University funds, resources, or facilities are owned by the inventor.
3. Ownership of rights in an invention developed in the course of, or resulting from, work supported, in whole or in part, by a grant or contract with a governmental entity or a nonprofit or for-profit nongovernmental entity, is determined in accordance with the terms of the grant or contract or, in the absence of such terms, shall be assigned to and owned by the University, except as otherwise provided in this policy.

Disclosure, Assignment, and Protection

1. All inventors must disclose promptly any discovery, invention, possible invention, or potentially useful Tangible Research Property (TRP) the inventor has conceived or reduced to practice and has reason to believe might be useful, patentable, or otherwise protectable. The disclosure is to be made on the University's Invention Disclosure Form, signed by all of the inventors, and submitted to the Office of Technology Transfer and Licensing (OTTL).
2. To protect and preserve the intellectual property rights defined in this policy, and to comply with federal regulations, inventors must execute assignments and other appropriate documents as may be requested by OTTL to perfect the University's ownership and rights to inventions.
3. OTTL is responsible for reviewing all invention disclosures, evaluating their patentability and potential commercial value, and endeavoring in good faith to provide an interim report to the inventor within 60 days. OTTL is to seek such internal or external advice and assistance as may be needed to conduct an appropriate evaluation of each disclosure.
4. The AVPR is responsible for determining whether the University should seek patent protection for an invention. Such determinations are based on an assessment of the respective invention's commercial value and other relevant factors, and are reported to the Executive Vice President on a periodic basis. All decisions not to seek patent protection will be reviewed by the Intellectual Property Review Board and the Executive Vice President. When the failure to patent is based solely upon lack of funds, any Dean or Director may commit discretionary funds to patent an invention, and, should it be licensed, may recover the costs upon receipt of proceeds. No inventor of University-owned intellectual property can require the University to have an invention patented. However, an inventor may seek patent protection of such property if the University has waived its ownership rights, pursuant to this policy, and it is able to obtain, on behalf of the inventor, any waivers that may be required from funding sponsors.
5. The right of employees to publish the results of research remains inviolate, subject only to the terms of a grant or SPA funding the work. However, any public disclosure of an invention, such as a presentation, publication, or grant proposal, prior to filing a patent application, limits patent rights and reduces an invention's commercial value. Therefore, employees must disclose their inventions to the University by filing an Invention Disclosure Form as soon as the employee believes an invention has been created and prior to sending out manuscripts, grant applications, or other public disclosures.

Licensing and Commercialization

1. License agreements that grant to commercial entities the rights to develop inventions commercially are encouraged. OTTL is responsible for negotiating such agreements on behalf of the University in close coordination with inventors, and within parameters established by, or

- otherwise with the approval of, the Executive Vice President, the Provost and Dean of Faculties, the AVPR and the Office of the General Counsel. Authority to execute license agreements conforming to this policy is hereby delegated by the President to the Director of OTTL.
2. Whenever practicable, inventors are advised and consulted on the progress of license negotiations, but in no event do they have a right to approve such agreements, including any right to approve payment or other terms of such agreements.
 3. Upon the award of a patent or the successful execution of a license, OTTL is responsible for notifying the AVPR and the Dean(s) or department Chair(s) of the inventor(s).

Copyright

This policy section addresses copyright ownership; the assignment of rights associated with copyright ownership; the disclosure of copyright; and the licensing of commercial rights in copyrighted works. Boston College encourages the preparation and publication of copyrightable works that result from teaching, research, and scholarly and artistic endeavors by members of the faculty, staff, and student body. The University affirms the right of faculty members to retain primary control over their works. Exceptions to this general rule may include projects funded under the terms of SPAs, projects involving the provision of substantial resources by the University, or projects constituting “works-for-hire” as outlined below in this Policy.

Ownership of Copyrighted Works

1. In keeping with academic tradition, except to the extent required by the terms of any grant or SPA, and except as otherwise provided in paragraphs 2 through 5 below, the University does not claim copyright ownership in pedagogical, scholarly, or artistic works, regardless of their form of expression. These copyrighted works include, but are not limited to, textbooks, course materials, refereed literature, and works created by students in the course of their education, such as dissertations, theses, papers, and journal articles. Accordingly, works that are created as part of a faculty member’s independent research or scholarship that are developed without substantial resources are not owned by the University. Furthermore, the University claims no copyright ownership in general nonfiction, novels, poems, musical compositions, or other works of artistic imagination that are developed without substantial resources.
2. The University owns all rights in copyrighted works, including software, and any other electronic media, that are created for nonacademic institutional purpose in the course of an employee’s job-related duties (a.k.a. a “work-for-hire”). These include works to which there have been simultaneous or sequential contributions over time by numerous faculty, staff, or students. Whether copyright in a work is held by the University depends upon the purpose for which the work is created and not the form of its expression. (See next paragraph 3.)
3. In determining the ownership in any copyrighted work not covered by a written agreement, three factors must be considered: (a) the creative initiative and/or purpose for the work; (b) control over the content and final approval; and (c) substantial resources or compensation, if any, provided by the University. The AVPR is responsible for determining when substantial resources have been provided. The Intellectual Property Review Board is responsible for reviewing and ruling on all disputes regarding copyright ownership, and for reporting all of its findings to the Executive Vice President.
4. The growth of the World Wide Web and information technology has led to the emergence of electronic courses and scholarly web sites. Where the University contributes substantial resources to authors, the authors are to assign their rights in such works to the University in exchange for the royalties described below (see Distribution of Proceeds). The University’s title is to include all rights provided by U.S. copyright law. Such title is necessary to guarantee the University’s exclusive right to control the method and manner in which its educational programs and courses are offered to the public, and to secure new revenues from which to replenish and enhance University technological resources. Authors retain the copyright in texts and other materials

incorporated in electronic courses and scholarly web sites, and may develop derivative works therefrom, but automatically grant to the University a worldwide, irrevocable, perpetual license to use the derivative works for educational purposes. Should the authors commercialize a derivative work, they are to execute an agreement with the University whereby the University's contribution is acknowledged through an equitable sharing of the proceeds from the derivative work. Authors are to include in electronic courses and scholarly web sites only those texts and other materials in which they hold copyright. If authors wish to include texts or other materials in which they do not hold copyright, they are to consult with the University's Office for Research Compliance and Intellectual Property Management, and obtain appropriate licenses or permissions from the authors or creators of such texts or other materials. The University will notify authors of its intent to license, or to allow others to preview, electronic courses. Sufficient time is provided to enable the University to consider the authors' views on the prospect of executing such licenses or permitting such previews. Authors are to reply and offer their views within fourteen (14) days of receiving notification from the University.

5. The creation of electronic courses for other institutions or organizations may place authors in conflict of interest with their responsibilities to the University. Therefore, prior to reaching any final agreements concerning the creation of electronic courses for other institutions or organizations, authors are to discuss each potential arrangement with the AVPR. Should there be any disagreement between the authors and the AVPR, the matter is to be referred to the Intellectual Property Review Board for resolution.

Authorship and Permissions

1. Collaborators on a single work are joint authors, as that term is defined under U.S. copyright law. Because joint ownership creates complex management problems, it is recommended that faculty sign agreements that define the interrelated rights and duties, including the proportional distribution of anticipated proceeds, among the parties prior to beginning work.
2. All copyrighted works owned by the University must bear prominently the legend "© <year> Trustees of Boston College. All rights reserved."
3. Authors are responsible for securing all required permissions or licenses from copyright owners before reproducing, distributing, making a derivative work, or displaying copyrighted works. Authors must be prepared to document such permissions or licenses in the event questions arise. All material displayed on the Internet is to be considered copyrighted unless permission is expressly granted within the material or the material clearly resides in the public domain. Whether a particular use constitutes "fair use" under U.S. copyright law can be difficult to ascertain. Assistance regarding questions of fair use and copyrights is provided by OTTL and the Office of the General Counsel.
4. The following provisions pertain to situations in which authors of electronic courses leave the University
 - a. *In the event the University owns the copyright in electronic courses:* If the authors believe that the electronic courses are out-of-date and no longer properly reflect their views and opinions, and if the University decides not to update the electronic courses, the authors may request to be disassociated from the electronic courses. The University, to the greatest extent practicable, is to make the changes necessary to conform to the authors' desire to be disassociated without destroying the ability to use the electronic courses, including the incorporation of a statement that reflects the authors' disassociation from the electronic courses. As copyright owner, the University is to have the final decision regarding changes to the content of the electronic courses. All authors' requests to be disassociated from electronic courses are to be directed to the Office of the General Counsel.

- b. *In the event the authors own the copyright in electronic courses:* At any time, the University may request that the use of its name in association with, or as a part of, electronic courses be changed or deleted.
5. The use of University trademarks or logos by any author requires the permission of the University. See [Use of Boston College Indicia](#), for additional information.

Disclosure, Licensing, and Commercialization

1. The policies for disclosure and assessment of copyrighted works are the same as those described above under Patentable Inventions, Disclosure, Assignment and Protection.
2. Each faculty member engaged in work supported in whole or in part by one or more SPA must sign the University's Agreement on Intellectual Property. The faculty member must also ensure that others working on each sponsored project, including students paid by project funds, sign the Agreement on Intellectual Property. It is essential that all those working on sponsored projects sign the Agreement on Intellectual Property so as to avoid disputes over ownership and control of intellectual property rights. All signed agreements must be delivered to OTTL before an account will be established for an SPA.
3. Agreements that grant to third parties the rights to develop commercially software, electronic courses, or other copyrighted works owned by the University are encouraged. OTTL is responsible for negotiating such agreements on behalf of the University and in close coordination with the authors, and within parameters established by, or otherwise with the approval of, the Executive Vice President, the AVPR and the Office of the General Counsel. Authority to execute license agreements conforming to this policy is hereby delegated by the President to the Director of OTTL.
4. Whenever practicable, authors are advised and consulted on the progress of license negotiations, and their comments are considered seriously and in good faith. However, in no event do authors have a right to approve such agreements, including any right to approve payment or other terms of such agreements.

Tangible Research Property

1. Ownership of tangible research property (TRP) resides with the University unless the TRP arises as a result of a grant or SPA, in which case the terms and conditions of the grant or SPA apply. Where the grant or SPA is silent, TRP is owned by the University.
2. All TRP which is patentable or copyrightable shall be disclosed in accordance with the provisions of this Policy which govern such disclosures. Any TRP which the inventor believes may not be patentable or copyrightable shall be disclosed to OTTL if a) the TRP may have utility for commercial purposes; b) the inventor wishes to provide the TRP to an individual or entity external to BC; or c) disclosure of the TRP is required under a grant or SPA.
3. Principal investigators and laboratory directors are primarily responsible for the custody, care, and control of TRP, including its storage, use, and distribution.
4. Principal investigators may wish to make TRP available for others' research use. Scientific exchanges should not be inhibited by potential commercial considerations. However, prior to any transfers of TRP external to the University, an appropriate license or material transfer agreement must be executed by the Director of OTTL. Any requests received from external sources wishing to obtain TRP or associated intellectual property rights must be referred to OTTL.

Special Considerations for Inventions Discovered Under Federal Projects

1. Research funded by the federal government carries with it legal requirements for disclosure. The federal government retains intellectual property rights to inventions created and reduced to

practice under federal grants. Under federal regulations (37 CFR 401, et seq.), the University must report all such inventions to the funding agency and elect to file for a patent within a reasonable period of time. If the University elects not to file for a patent it must so inform the agency, which then has the right to file. Inventors must report all inventions on an Invention Disclosure Form, and provide a copy to OTTL for submission to the sponsoring agency.

2. Where the University is the recipient of sponsored research funding, the control and stewardship of the data and information is governed by the University's Policy on Access to and Retention of Project Data, available in the Boston College Principal Investigator's Handbook.
3. Inventors whose inventive work is conducted under federal funding, regardless of amount, should be aware that the federal government retains a perpetual, nonexclusive license to all research results.

Distribution of Proceeds

Upon receipt of each royalty payment, license fee payment, lump-sum payment, or other payment of proceeds that results from the licensing or distribution of intellectual property to which the University retains ownership, the University shall first pay or reimburse itself with respect to all consulting, licensing, legal, marketing, and other direct invention-related expenses until all such costs are recovered. Following full direct cost recovery, the University shall thereafter retain 15% each such payment to fund ongoing indirect costs, and shall distribute the remaining proceeds as follows:

Intellectual Property Licenses:				
	Up to \$100,000	\$100,001 - \$499,999	\$500,000 - \$999,999	\$1,000,000 and Above
Inventor(s)/Authors(s)	50%	40%	35%	30%
Inventors'/Authors' Academic Unit	30%	35%	35%	40%
Provost and Dean of Faculties	20%	25%	30%	30%

Tangible Research Property Transfer Agreements:			
	Up to \$5,000	\$5,001 - \$10,000	\$10,001 and Above
Inventor(s)	100%	85%	50%
Provost and Dean of Faculties	0%	15%	50%

1. Proceeds following cost recovery are to be distributed according to the policy in effect at the time initial payments are received by the University from license and other agreements. The University reserves the right to determine the frequency of distribution.
2. The inventors' share is normally shared equally among all inventors unless they agree otherwise. Such agreements must be in writing, and a copy maintained on file with OTTL. Any distribution paid pursuant to this policy represents an employee benefit from the University to the recipient. Creators of intellectual property covered under this policy should understand that the receipt of distributions may have income tax ramifications; accordingly, it is highly recommended that creators seek their own competent tax advice concerning the tax treatment of any income derived through the implementation of this policy.
3. An inventor may waive his or her personal share in order that the University retain the proceeds to support further the inventor's research and research within the inventor's department. The

appropriate administrator of the inventor's academic unit is to maintain control of all such proceeds and resulting expenditure requests. Inventors/authors are advised to consult with personal tax advisors since IRS regulations provide that this would be personal income.

4. An inventor's rights to distribution of payments under this policy survive termination of his or her employment at Boston College.
5. In cases of large sums of cumulative proceeds (i.e., greater than \$1 million), academic unit administrators must arrange with the University for the dedication of their shares to create an endowment for support of their activities.
6. The academic unit administrator's and Provost and Dean of Faculties's shares are used to support excellence in teaching and research, as appropriate, in such a way as to maximize the effect of such proceeds.

Waiver of University Rights

Process for Review

Inventors and authors shall receive written evaluations of their disclosures of invention, copyright, or TRP within 120 days of the date of formal submission to OTTL. Such period of time is provided to insure that adequate review and consideration are given to patentability and commercial potential. The evaluation shall indicate whether the University plans to seek patent protection for, license, or otherwise commercialize the disclosure. If the intellectual property in question is not yet developed to the point at which its commercial potential can be determined, evaluation of the disclosure may be deferred and the inventors or authors will be so informed. The disclosure will then be re-evaluated by OTTL once further development has been successfully undertaken. If, upon final review, it is determined that a disclosure will not be patented, licensed, or otherwise commercialized by the University, the inventors or authors may request, in writing, that the University waive ownership rights. The Director of OTTL shall consider such request and, with the approval of the AVPR and the Intellectual Property Review Board, and following notification to the Executive Vice President, may waive the University's ownership rights in favor of the inventor or author, subject to any sponsored program requirements. Ownership rights will not be waived by the University in cases in which one or more of the following conditions apply: (a) federal regulations that govern intellectual property prohibit such release; (b) the terms of any SPA under which the disclosure arose prohibit such release; or (c) release of the intellectual property in question would create an undue liability or risk to the University, due to potentially dangerous or inappropriate way(s) in which the intellectual property could be used.

Royalties to University

In consideration of any University contribution of substantial resources to support the work in which the intellectual property is developed, inventors and authors are required, as a condition of the waiver, to grant back to the University fifteen percent (15%) of the annual royalties or any other revenues they receive as the result of any license or sale of said invention or copyrightable work. In addition, prior to retaining any such royalties or other revenues, inventors and authors must fully reimburse the University for any legal expenses, including patent costs, which the University incurred relating to said intellectual property.

Conditions to University's Waiver of Rights

All releases of the University's intellectual property rights incorporate the following terms and conditions whether or not this policy is referenced in any documents evidencing or documenting such releases:

1. The inventor must report annually to OTTL any licenses or other commercialization agreements entered into with respect to the particular intellectual property for the purpose of disclosure of potential conflicts of interest, as well as the date of the first sale of a product or process that results from an invention.

2. The University retains a perpetual, nonexclusive, nontransferable, worldwide, royalty-free license to use said intellectual property and any patents or copyrights applicable thereto for current or future research.
3. The inventor's licensees, sublicensees, and assignees must agree to defend, indemnify, and hold harmless the University, its trustees, officers, employees, and agents from all claims or demands made against them (and any related losses, expenses, or costs) arising out of the use of or conduct regarding the intellectual property.
4. The waiver creates no right of the inventor and/or licensees to use, nor any interest whatever in, the University's technology, trade name, or trademarks, unless otherwise provided in the waiver. Any use by the inventor or the inventor's licensee(s) of the University name or trademarks may be made only with the express written permission of the University Office of the General Counsel.
5. The inventor's rights under the waiver are subject to any U.S. government purpose rights under 35 USC §202(c)(4) and any march-in rights under 35 USC §203.

Intellectual Property Review Board

1. The Intellectual Property Review Board (Board) is an advisory body that reports directly to the AVPR. The Board includes approximately seven members drawn from the membership of the University Research Council and the University Council on Teaching, other members of the faculty as may be appropriate, and is chaired by the AVPR. Ex officio members include the Financial Vice President and Treasurer or his or her designee, the University General Counsel, the Director, Office of Technology Transfer and Licensing.
2. Board members serve at the pleasure of the AVPR, and the normal term of appointment is for two years. A majority of the members constitute a quorum.
3. In addition to other responsibilities stated in this policy, the Board advises the Provost and Dean of Faculties by (a) interpreting the terms of this policy; (b) recommending changes or exceptions; and (c) annually reviewing the progress of intellectual property development with regard to the University's invention disclosure, patent application, and licensing activity.

Policy on Equity

Definitions

For purposes of this policy, the following definitions apply:

Equity is defined as shares of stock or securities, including but not limited to stock options, warrants, or any other rights to purchase stock or securities.

Equity pool is defined as the total allotment of equity negotiated by the University as consideration for a license of the University's interest in an invention.

Licensing costs are defined as all historic, administrative, marketing, patent, and legal costs relating to the intellectual property licensed.

Net equity income is defined as the proceeds realized by the University from the dividends or sale of equity received by the University in a licensing agreement, net of licensing costs.

Procedures that Govern Equity Transactions

License in Consideration of Equity

OTTL's purpose in licensing by the University is to promote the development of technologies to serve the public interest. If, after a diligent effort to identify prospective licensees, OTTL determines that it is

appropriate and in keeping with the public interest to accept equity as full or partial consideration for a license, then it may negotiate such a license on behalf of the University, following approval by the Intellectual Property Review Board and the Executive Vice President. As with any license, OTTL is to be satisfied that the licensee can demonstrate management and technical capability, and that it has the financial resources necessary, to meet its developmental objectives and its obligation to the University. OTTL may accept equity in the licensee on behalf of the University in lieu of or in combination with royalties, license fees, or other fees, provided that the equity together with any other consideration represents a fair valuation for the technology. OTTL is to include in each license measures of performance that must be met in order to maintain the license granted by the University.

Conflicts of Interest in License Agreements that Involve Equity

License agreements that involve equity must be structured to protect the University from liability and to avoid conflicts of interest. The inventor is to disclose to the OTTL any existing or proposed agreements between the inventor and the prospective licensee, or any other agreements with other entities that have potential for conflicts of interest. OTTL is to inform, in writing, the Intellectual Property Review Board, the Executive Vice President, the University's Conflict of Interest Committee, and the inventor of the proposed terms of the agreement, of any potential conflicts of interest. If it is determined that a conflict of interest exists, the University may impose limitations on the proposed license agreement, any associated sponsored research agreement, any consulting agreement between the inventor and the licensee, or other agreements.

Board Participation and Fiduciary Roles

The University is to exercise due care in evaluating whether to accept a position on the board of directors of the licensee, but may more routinely accept and exercise observer rights on such boards. The decision to accept a position on a licensee's board of directors must have the approval of the Office of the General Counsel and the Executive Vice President. In accordance with the Conflict of Interest Policy Pertaining to Sponsored Projects, the inventor may not take positions that affect adversely either the inventor's own independence or the integrity of the University. An inventor may not accept a regular and continuing position with significant responsibility for the management of an outside enterprise. Such positions include membership on the outside enterprise's board of directors or serving as a corporate officer of such an organization. Also, an inventor may not become a regular and continuing employee of any outside organization, either part-time or full-time, or accept any outside position that would tend to create a conflict of interest or a conflict of commitment with the individual's primary obligations to the University.

Disclosure of Equity

The University is to require the prospective licensee to disclose all equity offered to the University, its employees, and other institutions or individuals in consideration for the license agreement. In addition, the prospective licensee is to be required to disclose, in writing, to OTTL the specific terms and conditions associated with such equity, and the anticipated capital structure of the venture. Furthermore, the prospective licensee and the inventor must disclose to OTTL, in writing, any equity to be issued to the inventor for his or her role as founder, consultant, or otherwise.

Direct Personal Ownership of Equity

The University is to require generally that the equity provided to the inventor from the equity pool be issued directly to the inventor, in an amount to be specifically negotiated by and between OTTL and the inventor, with the approval of the EVP, at the time the equity is issued. The inventor is to be responsible for retaining his or her own business advisors, legal counsel, and tax counsel. The inventor is responsible for all financial, tax, and legal consequences related to the equity he or she receives. An inventor who receives equity from the equity pool is not to be entitled to any share of the University's net equity income.

Modifications of Rules

This Policy on Equity is to be reviewed on a regular basis by the Intellectual Property Review Board, which is to report recommendations for amendments to the Executive Vice President as needed.

Management of Equity

If equity is sold by the University, the proceeds of the sale are to be transferred to the University for

distribution in accordance with any agreement entered into by and between the University and the inventor pursuant to this Policy.

In some cases, the equity is not to be sold in the open market, but rather is to be transferred to the University investment portfolio for consideration equivalent to the prevailing price. Such transfers are to take place when and if the Treasurer determines that the equity represents an attractive investment opportunity. This determination is to be based solely on economic and investment considerations, and the Treasurer may consult with external specialists in assessing the equity's prospects.