



Rensselaer

**Intellectual Property  
Procedures  
Office of Technology  
Commercialization**

## I. INTRODUCTION

This guide is intended to assist the Rensselaer community in navigating the management of intellectual property, such as, patents, copyrights, trademarks, trade secrets, mask works and tangible research property. The Office of Technology Commercialization (OTC) manages Rensselaer's intellectual property and the commercialization process.

Successful protection of intellectual property and commercialization has valuable benefits for both Rensselaer and the creator in terms of prestige, peer recognition, new funding opportunities as well as potential income. Active cooperation between the creator and OTC is essential for the successful protection and commercialization of intellectual property. OTC is committed to guide and assist the creator in this endeavor.

Rensselaer has developed a set of definitions for commonly used terms relevant to intellectual property matters and that glossary is posted at [www.rpotechnology.com](http://www.rpotechnology.com).

## II. SUMMARY OF THE STEPS IN THE MANAGEMENT OF INTELLECTUAL PROPERTY AND THE COMMERCIALIZATION PROCESS

### A. DISCOVERY AND DISCLOSURE

1. A Rensselaer creator conceives an invention, copyrightable work or other item of intellectual property.
2. The invention or copyright disclosure is filed with the OTC.
3. Discussions are held with the creator(s).
4. The OTC evaluates the disclosure and any pertinent history, if any, regarding the sponsored research funding for the creation of the intellectual property
5. Intellectual property protection is initiated, if appropriate.

### B. LICENSING

6. A marketing plan is conceived by the OTC licensing associate in consultation with the creator
7. The OTC and the creator collaborate to execute the marketing plan
8. Prospective licensees are identified
9. Licensing negotiations occur in consultation with the creator
10. A license agreement is executed

### C. ROYALTY DISTRIBUTION

11. When licensing income is derived, it is distributed in accordance with Institute Policy.

## III. DISCOVERY, DISCLOSURE AND THE EVALUATION PROCESS

## A. DISCOVERY

Rensselaer researchers continually create materials, technologies or processes with significant commercial potential. Protecting the intellectual property behind these innovations and introducing them to the marketplace requires a significant investment of time and resources by all parties. OTC coordinates the efforts of the creator, patent attorneys and commercial partners throughout the protection and commercialization process.

Researchers should consider the commercialization potential of their intellectual property early in the discovery process. It is often useful for the researcher to engage in informal discussions about the innovation with a licensing associate prior to disclosure. This communication keeps OTC abreast of research developments, and may provide the researcher with information about commercial opportunities and potential collaborations with other researchers on campus. Most licensing contacts come directly from the professional network cultivated by the creator. OTC can also provide the researcher with advice on the licensing process along with the details on the various steps involved in the process of commercialization.

During the discovery period, the researcher should keep detailed records of the technology development. In the U.S., only the inventor(s) who can prove they are the first to invent are granted a patent; therefore it is important that bound laboratory notebooks be carefully maintained with dated, signed, and witnessed entries.

## B. DISCLOSURE

To disclose intellectual property to the OTC, a creator should complete and submit an invention or copyright disclosure form to the OTC. This should be done as soon as the concept of the invention has been practically or theoretically reduced to practice; and in the case of a copyrightable work, that work has been fixed in a tangible medium of expression. Forms for an invention or copyright disclosure are available on the OTC website that is located at [www.rpotechnology.com](http://www.rpotechnology.com).

Once the invention or copyright disclosure has been filed with OTC, it is OTC's responsibility to comply with applicable requirements to disclose to a sponsor under the terms of a sponsored research agreement. The creator needs to provide OTC with identifying information regarding the sponsored research project at the time the invention or copyright disclosure is initially filed with OTC, including the sponsored research agreement's "A" number, so as to enable OTC to comply with these requirements. Creators affiliated with other institutions or employers may also need to consider other disclosure requirements that may be applicable to them under the terms of an agreement with, or policies of, these organizations.

Upon receipt of the disclosure by OTC, it is assigned a case number, is delegated to the appropriate licensing associate, and the creator is notified of the case number and the

responsible licensing associate.

Rensselaer creator(s) are obligated to disclose new intellectual property to OTC prior to publishing any information related to their intellectual property, or offering it for sale, or otherwise publicly disclosing it. Should any of these events occur without such protection, almost all foreign rights are lost and if protection is to be obtained in the U.S., the OTC must complete a U.S. patent application within twelve months from the date of any of these events. At the request of the creator, if conditions enable and require it, and if the creator has provided OTC sufficient documentation and information, the OTC will process a commercially viable intellectual property disclosure within 3 to 5 business days and file for provisional patent protection through the US Patent and Trademark Office. The USPTO now requires that sufficient enablement and specifications must be included in a provisional patent application that will support the claims in the future non-provisional application.

### C. EVALUATION PROCESS

Working closely with the creator, the OTC performs a technical and commercial evaluation of the intellectual property. Such evaluations generally include patent and literature searches and may also include confidential discussions with internal and external experts. The decision to pursue a full patent filing is based upon the following three factors:

- Scientific and technical merit of the intellectual property
- Patentability and ability to enforce the patent
- Marketability and commercial potential of the intellectual property

The evaluation begins with a meeting between the creator and the OTC licensing associate. Through the meeting the associate gains a greater understanding of the technical merits of the intellectual property. Initial market research begins during this period as well as discussion about the commercial application space. The full evaluation and decision to pursue a full patent filing takes no longer than four months to complete.

After completing its evaluation, the OTC informs the creator that it has reached one of the following decisions. Rensselaer will either:

- Protect the technology in an appropriate form of intellectual property and pursue efforts to distribute, to license, or otherwise commercialize it; or
- Notify the creator(s) that it will not pursue patent filing and may, under certain circumstances, consider a transfer of the intellectual property to the creator(s), if Rensselaer is able to do so.

## IV. STEPS IN THE LICENSING PROCESS AND AGREEMENT OPTIONS

Intellectual property licensing and option rights in conjunction with Rensselaer sponsored research agreements are spelled out in *Procedures for Sponsored Research Agreement Review at RAF*, and will not be treated herein.

When conducting licensing negotiations pursuant to a sponsored research agreement, OTC will abide by the considered issues enumerated in Section II E. 2 of the *Procedures for Sponsored Research Agreement Review at RAF*. OTC will also conduct such negotiations so as to continually build upon the levels of trust that has been developed between the PI on the sponsored research agreement and the sponsoring agency, company or other party.

In the case of jointly-owned IP with the sponsoring agency or company, the OTC will explore exclusive licensing with the agency or company for the Rensselaer portion of the IP, and will also work with the agency or company in a cooperative manner to license the jointly-owned IP to a third party.

Focused marketing determines the appropriate commercialization strategy for innovations or groups of innovations, and finds the best fit among potential licensees. Working with the inventor, the OTC is responsible for leading this focused marketing effort. The goals of OTC marketing and licensing are to maximize the benefits of the relationship to all parties, and to get the innovation to market as quickly as possible.

During this stage, the OTC works closely with the creator to define the various commercial applications and potential licensees. Specific marketing actions taken by OTC may include the bundling of complementary intellectual property, the pursuit of the leads that the creator provides or the leads the OTC obtains from other sources such as through their attendance at exhibitions, conferences and trade shows, direct mail marketing as well as a listing of the technology on the OTC website.

There are several options for licensing and commercialization and the appropriate one chosen depends upon marketplace conditions, the attributes of the technology, the expertise of potential entrepreneurs, as well as, the availability of marketing funds. Some technologies are licensed to new ventures and may be incubated at Rensselaer's Incubator Center. Most technologies are commercialized via a license with an existing company. Terms of licensing agreements vary, but may include up-front and annual licensing fees, the reimbursement of patent expenses, the provision of equity in the licensee, and royalties on the sale of product by the licensee.

Potential licensees who are considering obtaining a license to a Rensselaer technology are invited to contact the licensing associate assigned by the OTC to the particular technology. OTC's licensing associate will aid the interested party in determining which technologies from Rensselaer's portfolio best fits the company's commercial needs.

## A. STEPS FOR LICENSING

1. An interested party may search Rensselaer's portfolio of available technologies or contact the OTC licensing associate.
2. The licensing associate provides non-confidential information about the intellectual property. Confidential information can be provided to the interested party under a non-disclosure agreement.
3. The creator provides further details and explanations of the technology and presents further information he or she has available that demonstrates the performance or usefulness of the technology.
4. If the parties decide to proceed, the licensing associate negotiates an agreement that fits the needs of the licensee and those of Rensselaer and the creator.

## B. SOME AGREEMENT OPTIONS

1. **Exclusive License** - An agreement between a licensee and the university, in which the company obtains sole rights to use the intellectual property. Rensselaer will retain rights to use any Intellectual Property exclusively licensed for research and education. This type of agreement is sometimes limited to a defined period of time and for a specific field of use.
2. **Non-exclusive License** - An agreement between a licensee and the university in which the company obtains non-exclusive rights to use the intellectual property. As with an exclusive license, a non-exclusive license may be limited to a defined period of time and field of use. The field of use may be broadly defined for use in a particular industry, or narrowly defined for use in a single product. Multiple companies may negotiate simultaneous non-exclusive licenses with the university to obtain rights to the same intellectual property.
3. **Software License** - An agreement between a licensee and the university in which the licensee is receiving non-exclusive licensing rights to a software product developed at the university on an as-is basis.
4. **New Venture License** - An agreement between a start-up company and the university in which a percentage of equity ownership in the new company is negotiated in exchange for licensing rights to the intellectual property.
5. **Exclusive Option** - A limited license agreement between a company and the university in which the company receives the option to negotiate an exclusive or non-exclusive license to the intellectual property after a specified evaluation period and for a specific field of use.
6. **Inter-institutional Agreement** - An agreement between institutions that defines the management and ownership of intellectual property resulting from collaborative research.

The receipt of equity in the form of corporate stock, warrants, etc., may occur within any of the above agreement options. The decision to accept Equity is made at Rensselaer's sole discretion.

## C. TRANSFER PROVISIONS FOR LICENSE OR ASSIGNMENT

The following provisions apply to licenses or assignments:

### 1. RESEARCH AND REVERSIONARY INTERESTS

Occasionally, Rensselaer may elect to grant a license or to assign its ownership in an intellectual property to the creators who wish to protect, market, and commercialize it on their own without Rensselaer involvement.

An arrangement between the creator(s) and Rensselaer for a license or to an assignment may include provisions granting Rensselaer a fully paid-up, permanent, world-wide, non-exclusive license to use the intellectual property, for internal use and distribution, and for educational, research and/or academic purposes.

If Federal funding supported the research work, Rensselaer cannot transfer the ownership to the creator(s). In such cases, the creator petitions the Federal funding agency for a license or an assignment to the intellectual property.

### 2. IMPROVEMENT RIGHTS

Nothing within these OTC Procedures should be understood to grant to the creator any rights to improvements to the transferred intellectual property that were made through the significant use of Rensselaer support. As such, any improvements made by the creator(s) under such a license or assignment shall be subject to these Procedures. If such improvements are made with Significant Use of Rensselaer Support, creator(s) are obligated to fully disclose them to the OTC and assign the improvements on the licensed or assigned intellectual property at the time those improvements are made.

### 3. UNDIVIDED RIGHTS

In the case of transfer by assignment, if Rensselaer elects to assign intellectual property attributable to more than one creator, each creator must provide his/her written consent to the transfer.

### 4. CONFLICT OF INTEREST AND/OR COMMITMENT

Rensselaer creator(s) are responsible for ensuring that any obligations or duties created under or by their commercialization activities for intellectual property transferred hereunder do not conflict with their obligations or duties to Rensselaer. Rensselaer's policies on outside activities and financial interests are indicated in the Rensselaer policies on conflicts of interest. Where it appears that a conflict of interest and/or commitment is likely to

arise, Rensselaer may refuse to transfer the intellectual property.

## V. REVENUE DISTRIBUTION

### A. PROCEDURE

The OTC calculates and distributes the Net Adjusted Income from each intellectual property license or licensing related transaction, according to the following formula established by the Rensselaer Intellectual Property Policy:

1. Net Adjusted Income = gross revenue, minus current and reasonable projected expenses that Rensselaer deems necessary to defend or maintain the intellectual property.
2. Creator's Share = 35% of the Net Adjusted Income.
3. Unit Share to the creator(s) Unit = 15% of the Net Adjusted Income. (For purposes of these Procedures, the term "Unit" means an academic department, school or center.)
4. Institute Share = 50% of the Net Adjusted Income.

Distribution of Net Adjusted Revenue Income occurs on a semi-annual basis.

### B. CREATOR(S) SHARE OF REVENUE FROM INTELLECTUAL PROPERTY

Creator(s) are solely responsible for managing and complying with any tax, legal or other obligations associated with the receipt of his or her share of funds. A creator's share of Net Adjusted Income from the intellectual property is fully alienable, assignable, and heritable, and it survives the creator's termination of affiliation with Rensselaer. Under any of these changed circumstances, the creator (or his or her estate) is responsible for informing Rensselaer of the new circumstances, and of making arrangements with Rensselaer to ensure that Rensselaer directs payments to the appropriate recipient. Rensselaer issues the creator or other designated recipient of the creator's Share an IRS Form 1099, or other appropriate form annually. Rensselaer cannot advise individuals on the tax consequences of these payments.

In the event that there are multiple creators of an intellectual property, the creator(s) Share will be divided equally among all creators unless all creator(s) agree to and request a different allocation in writing. Creators must disclose all students and/or colleagues who participated in the creation of the intellectual property to Rensselaer.

In order to assure that a creator continues to receive disbursements that he or she is entitled to under these Procedures after their affiliation with Rensselaer ends, it is important that he or she completes the intellectual property closing procedure, administered by the OTC and the Division of Human Resources. Under this Procedure, the creator must identify any previously disclosed or undisclosed intellectual property that is not expressly exempted from the terms of the Rensselaer Intellectual Property Policy.

## C. UNIT SHARE OF REVENUE FROM INTELLECTUAL PROPERTY

The OTC distributes the Unit Share using the guidelines set forth below.

### 1. Creator(s) with a Sole Unit:

The creator(s) corresponding Unit Net Income Share from intellectual property shall be distributed to the Unit(s) to which they are assigned at the time of their contribution to the intellectual property. In the event that the creator is not associated with a Unit, the Unit Net Income Share shall be added to the Institute Share.

### 2. Creator(s) with Multiple Units:

Where a creator is affiliated with multiple Units, his or her corresponding Unit share of Net Adjusted Income(s) from intellectual property shall be divided among the Units in accordance with the percentage of creative contribution attributed to the Unit as designated by the creator(s).

### 3. Multiple Creator(s) with Multiple Units:

If creators from different Units create an intellectual property the Unit Net Adjusted Income from intellectual property shall be divided in the same proportion as the creator Shares are divided among the creators.

## D. INFRINGEMENT REVENUE

Rensselaer distributes revenue resulting from a judicial judgment or settlement of an infringement, less appropriate expenses, in accord with the intellectual property revenue distribution provisions of Rensselaer's Intellectual Property Policy, unless otherwise provided for by written agreement with Rensselaer.

## E. REVENUE – SPECIAL CASES

In some cases, distribution of revenue to individuals is impractical, inappropriate

or unclear. The OTC, in consultation with the Principal Investigator (or Center director/department chair) reviews the circumstances that led to such a situation. If the creator's share is not allocated to individuals, Rensselaer may allocate it to a research or educational account in the Center/department where the intellectual property was developed.

#### F. DISTRIBUTION OF NET EQUITY INCOME RECEIVED FROM INTELLECTUAL PROPERTY

The decision to accept equity is made at Rensselaer's sole discretion, and does not oblige Rensselaer to disburse equity to the creator(s) or the creator(s)' Unit(s) until the equity is liquidated. Rensselaer also retains sole discretion to decide when to liquidate this equity. While Rensselaer holds this equity share, Rensselaer will own and exercise all rights of ownership, including the right to vote.

### VI. APPEAL PROCESS

Any disagreement arising from the outcome of these Procedures that is not resolved after an attempt at resolution through the OTC will be referred to the Appeal Process. OTC will solicit the opinions of all stakeholders and refer these positions to appeal with the pertinent supporting documentation. The appeal will then promptly be heard and determined by an Appeals Committee comprised of the Vice President for Research, the Provost, and the General Counsel of Rensselaer.