

NEW JERSEY INSTITUTE OF TECHNOLOGY PATENT POLICY

I. POLICY STATEMENT:

As a senior public research university, New Jersey Institute of Technology (NJIT) is committed to extending its knowledge through research, scholarship, academic instruction and professional service to the public. NJIT's enabling legislation encourages and promotes technological innovation through the development, commercial exploitation, and transfer of technological and scientific information to the public, as well as to private sponsors, thus contributing to the general economic development of the State of New Jersey and beyond. NJIT recognizes that patentable inventions arise in the course of scholarly research conducted by its employees, particularly but not limited to its faculty. NJIT has determined that patenting and licensing of inventions resulting from the work of NJIT personnel, including students, is consistent with the purposes and mission of NJIT, including the generation of revenue to provide funds for further basic and applied research and associated teaching at the university. NJIT also recognizes the value of patents in directing attention to individual accomplishment in science and engineering, and encourages technological innovation by rewarding inventors with a significant share of the net proceeds generated by patented inventions. Consistent with this philosophy it is the policy and directed practice of NJIT to disseminate its scholarly work in an atmosphere that, consistent with its mission, is efficient, candid, competitive, considerate of policy and applicable law, open and progressive. In furtherance of the espoused philosophy and its proper administration, the following constitutes NJIT's Patent Policy and Procedure:

II. OBJECTIVES:

The principal university objectives to be aided through administration of this Policy are:

1. to define and allocate the rights and concomitant responsibilities of and between individual inventors and NJIT, with respect to inventions and cognizable discoveries that may be made by inventors during their affiliation with NJIT;
2. to develop and articulate a workable structure and process under which inventions and/or discoveries will be analyzed for investment and commercial utility and/or assignment to the inventor(s) and/or investor(s);
3. to direct the method and manner of timely disclosure by inventors to NJIT of their inventions and/or discoveries, enabling the inventions/discoveries to receive consideration for patent protection, and to prevent the premature disclosure or publication of such inventions;

4. to provide the means and manner for promulgation, including commercialization, of research, while safeguarding and balancing the interests of NJIT, inventor(s), and sponsor(s);
5. to recognize and certify avenue(s) for inventor(s) to reap those benefits appropriate to the invention(s) and/or discoveries;
6. to provide for the advancement of research and scholarship; and
7. to contribute to the general economic development, through technological innovation, to the State of New Jersey and beyond.

III. SCOPE OF APPLICATION:

This Policy applies to all NJIT employees, both full and part-time, including faculty and other academic staff, professional and/or administrative staff, other employees, students (e.g., a graduate assistant) and all individuals who are or become affiliated with NJIT by virtue of their use of “NJIT Resources”, as defined herein. Upon prior written agreement, this Policy may be applied to persons not associated with NJIT who make their inventions and/or discoveries available to NJIT under circumstances where the further development and refinement of such inventions and/or discoveries are compatible with the directed mission of NJIT.

IV. PATENT OWNERSHIP:

Subject to a preexisting agreement, NJIT’s Distance Learning Policy, or legal mandate to the contrary, NJIT owns every invention and discovery that results either from research or other activity within the scope of employment or course of study of an inventor or from the use of NJIT Resources.

1. **Condition of Employment or Enrollment in Good Standing:** This Policy as amended from time to time, shall be deemed to be a part of the conditions of employment of every employee of NJIT, including student employees, and of the conditions of enrollment and attendance by every student at NJIT. All employees may be required, as an express condition of their employment, to execute an “Agreement Relating to Intellectual Property” concerning the ownership and treatment of inventions created either in the course of their employment or utilizing “NJIT Resources”. Neither the failure of NJIT to cause such agreement to be executed nor the failure or refusal of a person to whom this policy applies, to execute such a prior written agreement shall constitute a waiver of the full force and effect of this Policy as it relates to ownership, and/or future enforcement. A sample of this Agreement is set forth as an Appendix to this Policy.

2. **Inventions Made On Personal Time:** Inventions or discoveries made by NJIT employees or students entirely on their own personal time and neither within the scope of their employment nor involving any substantial use of “NJIT Resources”, are the property of the inventor. For purposes of this provision, an individual’s “personal time” shall mean time other than that devoted to normal, assigned, or foreseeably anticipated functions in the carrying out of employment and/or academic responsibilities. Any invention or discovery made while employed by or enrolled at NJIT and of a nature similar and/or related to the employee’s and/or student’s work or field of study at NJIT shall be presumed to have been made with “NJIT’s Resources” as defined herein. Neither use of NJIT’s library facilities nor use of non-confidential information in or authorized for delivery to, the public domain shall constitute substantial use of NJIT resources. All inventions and/or discoveries made on personal time must be disclosed in accordance with this Policy, demonstrating that individual ownership of the invention or discovery is neither in conflict with the employee’s or student’s responsibilities to NJIT nor in conflict with the spirit and/or letter of this Policy.
3. **Assignment of Inventions or Discoveries Made on Personal Time:** Nothing herein shall prevent the inventor(s) from formally seeking NJIT’s assistance and/or investment in an invention or discovery made on personal time, through an assignment under such written and duly executed, terms and conditions as may be agreed upon between the inventor(s) and NJIT.
4. **Waiver and Release of NJIT’s Ownership:**
 - a. **In Favor of Inventor:** NJIT reserves the right, in its discretion, to waive or assign some or all of its ownership rights, in an invention, in favor of the inventor, if NJIT is convinced that the discovery or invention is clearly one that is either non-patentable, not warranting further evaluation as to patentability, not of further academic or commercial interest to NJIT or more advantageously exploited by virtue of the assignment. In such case, NJIT shall retain a limited interest in the invention (e.g. a royalty-free right to use the invention, commonly known as a “shop right”) and may retain a right to receive royalties or other valuable consideration in exchange for such a waiver or assignment.
 - b. **In Favor of Third Parties:** NJIT may, in its discretion, assign some or all of its ownership rights in an invention to third parties if NJIT determines that the discovery or invention is one more advantageously exploited by virtue of the assignment. NJIT shall retain a limited “shop right” interest in the invention and may retain the right to receive royalties or other valuable consideration in exchange for such a waiver or assignment. The inventor will retain the right to the compensation set forth in Section V.1 or such other compensation as mutually agreed upon by NJIT, the inventor and the assignee. Any such assignment, whether

full or partial, must be written and signed by the President, the Vice President of Research and Development, or their formally and expressly authorized designees.

- c. **Conditions:** Any grant of waiver or any assignment, whether full or partial must be written and signed by the President, the Vice President of Research and Development, or their formally and expressly authorized designees. Except and only as may be set out in a formal waiver or assignment agreement, once NJIT waives/assigns its ownership interest in the invention or discovery, the inventor/assignee may neither utilize NJIT's name nor any formal indicia of a relationship between NJIT and the invention, discovery or the attempted commercialization thereof.

5. **Licensing of Rights to Inventors:** Subject to proper disclosure(s) and administration of and concerning actual or potential conflicts of interest, and other competing contractual obligations, inventor's may request licensure to commercially develop and exploit their inventions and/or discoveries as well as other NJIT owned inventions and discoveries. NJIT will consider such permissible relationships favorably when and where such investment and exploitation enhances the publication and/or commercialization of technological innovation, consistent with the university's mission.

V. COMPENSATION:

In addition to the costs to NJIT of facilitating the development, prosecution and commercialization of inventions and/or discoveries that yield a grant of Letters Patent, including but not limited to, imputed income received by the Inventor, through authorized, paid, release time, the following compensation structure shall guide all matters of income generated by utilization of the patented invention and/or discovery:

1. **Income to Inventor(s):** The inventor(s) shall receive, as personal income, one hundred percent (100%) of the first \$5,000 of net proceeds, fifty percent (50%) of the next \$95,000 of net proceeds and forty percent (40%) of all net proceeds over \$100,000 that are derived from commercialization of the patented inventions/discoveries, including licensing, sale, assignment or consulting income.
2. **Income to NJIT:** NJIT shall receive all net proceeds derived from commercialization of each patent, not distributed to the Inventor(s) as set out above or otherwise assigned as set out above. General Guidelines which may be formally amended from time to time for allocation by NJIT are as follows:
 - a. 25% of all net proceeds over \$5,000 will be distributed to the Academic Department(s) and/or Research Center(s) from which the invention(s) and/or discovery(ies) were generated on a pro-rata share basis, where there are multiple eligible distributees, as

determined by the Vice President of Research and Development, following consultation with IPAC. Proceeds will be utilized by the distributee(s) in furtherance of research and development activities and reported annually in accordance with 5 below.

- b. All remaining net proceeds shall be distributed to the Office of Technology Development's "Development Fund" which shall be used for further development of intellectual properties which are adjudged by NJIT as holding significant commercial potential. Expenditure of these funds shall be as determined by the Executive Committee for Technology Development following consultation, as appropriate, with both the Office of Technology Development (OTD) and the Intellectual Property Advisory Committee (IPAC).
3. **Multiple Inventors:** NJIT will permit the share of net proceeds allocated to multiple inventors to be divided upon whatever basis the inventors unanimously elect. However, if the inventors cannot reach unanimous agreement regarding allocation, then NJIT shall divide the proceeds among the inventors as it deems appropriate, given its review of comparative contribution, and such decision will be binding on all inventors. There will be a presumption that comparative contribution was equal.
4. **Multiple Inventions:** Where revenue generating inventions are licensed together toward a single technological venture, and outcome, the net proceeds attributable to the individual inventions shall be as set out by pre-existing technology transfer agreement. In the absence of agreement, the income from a commercial venture shall be distributed among the individually distinct inventions on a strict pro rata basis as determined by NJIT. There will be a presumption that the pro rata share will be equal among contributing patents.
5. **Annual Report:** NJIT will annually publish an accounting of patent and licensing activities, expenditures, revenue, distribution of net revenue and reinvestment of same in sufficient detail that policy compliance may be monitored and program experience evaluated.

VI. SPECIFIC CONDITIONS GOVERNING SPONSORED RESEARCH:

NJIT must ensure that its resources, including the results of the work of its employees and students are applied in a manner which fulfill its mission while best serving the interests of the public. Therefore, before any disposition of intellectual property rights under a research project, is agreed to, NJIT will make an assessment of the benefits to the university of such project, as well as the impact that its acceptance and participation in the project will have on the ability of NJIT to pursue its objectives as a public research university.

1. **Government Sponsored Research:** Patents on inventions arising from research financed by the United States Government or State Government(s) may be controlled by the terms of the grants and contracts specified by the government agency, pursuant to law. In some cases, the government claims rights to patents resulting from research financed through governmental agencies. Nevertheless, except as otherwise mandated by law or by government-supported grants or contracts, patent rights arising from government sponsored research are controlled by this Policy.
2. **Research Sponsored by Non-Governmental Entities:** NJIT will normally reserve the right to ownership of patents on inventions arising out of research supported in whole or in part by grants or contracts with nongovernmental entities, unless deviation therefrom is requested by the sponsor and approved by NJIT as consistent with the public interest. If the assessed consideration for (i) the sponsor's investment, (ii) the value to the university of engaging in such sponsored research, and (iii) the ultimate benefit to the university, warrant transfer of patent rights or the grant of an exclusive license thereto, special provisions may be negotiated by NJIT in such privately sponsored contracts.

VII. DISCLOSURE:

All those governed by this Policy who conceive, develop, or reduce to practice, an invention and/or discovery shall, before disclosure to either the public or any private entity, including but not limited to potential licensees, scholarly publications or colloquium, and soon enough to permit timely filing of a patent application in the United States and internationally, disclose their inventions, and/or discoveries to the Office of Technology Development (OTD) by a written technology disclosure (see Appendix B for approved format). Following disclosure, the inventor(s) shall execute such documentation as required to ensure both that title in such invention, normally with NJIT, is set as appropriate under the particular circumstances surrounding the invention and/or discovery. Disclosure of all inventions and/or discoveries, including those made on personal time not owned by NJIT, is mandatory in order that NJIT may properly evaluate the environment under which an invention and/or discovery was conceived and developed in order to ascertain whether there is an impermissible conflict of interest, as defined by NJIT Policy and/or State Regulations and/or whether such invention or discovery is within the "scope of employment" and/or conceived, developed or reduced to practice utilizing "NJIT Resources" as those terms are defined herein.

1. **Confidentiality:** Confidentiality must be maintained as necessary to protect the invention(s) or discovery(ies) patentability and commercial value by all parties. This includes the requirement that OTD and all others who have the right to review disclosures of discoveries or inventions made on personal time shall maintain such disclosures in strict confidence.

2. **Publication:** Where the publication of the results of research, as a scholarly achievement, is delayed in accordance with either this policy's restriction on publication or a sponsor's condition as set out in formal agreement and such delay may significantly and imminently affect (1) the evaluation of a faculty member's record of accomplishment concerning promotion and/or tenure (2) the evaluation of a non-faculty member's record of accomplishment in consideration of continuing employment or (3) the evaluation of a student's thesis or dissertation concerning the conferral of a masters or doctoral degree, the evaluating agent(s) of NJIT (e.g. Departmental Promotion & Tenure Committee and each of its members and/or authorized affiliates) shall, operating under a strict confidentiality agreement, receive and evaluate the in-camera publication as to its merit and contribution to the record of the evaluatee in the context of the issue under review. This evaluation will remain under confidentiality agreement with only those having a legal need to know informed while also operating under a strict confidentiality order. Waiver of this process in favor of unrestricted publication may only be authorized by the President.

VIII. ADMINISTRATION & OVERSIGHT

1. **Office of Technology Development:** The Office of Technology Development (OTD) is charged with administering the development, disposition (including assignment of ownership and licensing rights) and commercialization of NJIT's intellectual property in a manner consistent with the objectives of this Policy. In fulfilling its obligations, OTD shall: report to the Office of General Counsel all purported violations of this Policy or instances involving suspected misuse, misappropriation, infringement or improper encumbrance of any interest that NJIT may hold in an invention and/or discovery; maintain oversight and actively review the status of all inventions, completed and developing; coordinate and participate as needed in the evaluation and protection processes employed, concerning inventions and/or discoveries; and, at the direction of the Executive Committee for Technology Development (ECTD), following consultation with and consideration of appropriate input by the Intellectual Property Advisory Committee, actively pursue the commercialization of inventions. OTD shall issue a comprehensive, annual, written report to the President, including the status of all inventions, discoveries and recommendations for further development and commercialization.
2. **Intellectual Property Advisory Committee:** NJIT's Intellectual Property Advisory Committee (IPAC) shall be created as a permanent advisory body, entrusted with the responsibility both to review actual practices for policy continuity and propriety, and to make formal recommendations for both individual case management and program enhancement.
 - a. **Committee Composition:** IPAC shall seat five (5) permanent members as follows:

- i. Representative from the Office of Technology Development;
- ii. Representative, from the Office of General Counsel;
- iii. Representative from the Office of the Vice President for Administration and Treasurer;
- iv. Representative selected by the Faculty Council; and
- v. Representative selected by the Professional Staff Association, Inc./AAUP (PSA).

Additionally, three (3) representatives from the faculty, full time Academic Research Staff or Professional Staff engaged in technology innovation, selected by NJIT, shall serve three (3) fiscal year terms on a staggered basis. The initial terms for the rotating members shall be one for two years, one for three years and one for four years, effective July 1, 2002.

- b. **Confidentiality:** All members of IPAC shall, as a condition of membership on IPAC, maintain strict confidentiality of the contents of all matters brought before it except those that are specifically and expressly identified as disclosable. The representatives of the Faculty Council and the PSA may disclose the subject of the matters discussed, without disclosing the contents, in order to report back to the organization. Breach of this covenant shall be considered serious misfeasance, if not malfeasance and dealt with accordingly.
- c. **Administration:** Recommendation shall not issue from IPAC absent a quorum of the Committee taking part in deliberations and recommendation. Five (5) members of the Committee shall constitute a quorum.

A Chair shall be selected annually, from among the permanent members, by majority vote of the permanent members. The Chair shall convene meetings, preside over the agenda, prepare authorized recommendations and reports and, in the case of less than a majority recommendation, the Chair shall have two votes to create a majority recommendation.

- d. **Committee Deliberation and Recommendation:** IPAC shall meet at least quarterly. Additionally, upon the issuance of a ten day notice to the other members, made at the request of the Chair of the Committee, IPAC may convene at anytime. IPAC will review policy and process issues, generating recommendations, as appropriate, to the ECTD, concerning program and/or process enhancement, ownership, protection, (including publication), conflict resolution and commercialization of Inventions and/or Discoveries. Recommendations shall be prepared by the Chair and shall identify both the majority recommendation and formal dissent with reasons for both.

3. **Executive Committee for Technology Development:** The university's commercialization determination will be the primary responsibility of ECTD. In this regard, ECTD will consult with OTD, IPAC, independent scientific and technology transfer experts as needed and, as appropriate, other university officials and render a decision as soon as practicable on behalf of NJIT, published to the appropriate parties, including the inventor(s), as to whether to file a patent application, the protective processes to be employed, and, when and as appropriate, the manner and method of commercialization intended.
- a. **Appeal of Commercialization Determination:** If the inventor(s) disagree(s) with the determination concerning commercialization of the invention or discovery, the inventor(s) may, as the exclusive process for this type of challenge, appeal this determination to the President. This appeal, stating all the facts and bases for the inventor's position, must be in writing and filed within thirty (30) days following the date of notice of the determination being challenged. The President shall review the appeal and shall issue a decision setting forth the reasons therefore, if there is a substantial basis in fact, policy or law for either reconsideration or adjustment. The application will be remanded to ECTD for reconsideration based upon the President's decision. The decision of the President will be final and binding. Remand shall be available only once per ECTD review and accompanying NJIT commercialization decision. In the case of a commercialization decision, the President's decision will be implemented.
- b. **Additional responsibilities of ECTD:** In addition to the ultimate commercialization determinations that are the responsibility of ECTD, it shall provide executive oversight of the program, directing concerns raised by interested parties (e.g. inventors, IPAC, OTD, State of New Jersey, investors, labor constituents, legal counsel) to proper resolution, either through decision, publication and effectuation or through employing appropriate resources to resolve disputes or unsettled controversies. ECTD will provide expertise or identify those who are responsible for same and where appropriate, will identify and facilitate university authorized alternatives to matters brought before it.

NOTE: ECTD's responsibilities and concomitant authority do not subjugate standing policy and procedure for dispute resolution; it offers administrative streamlining services and, where appropriate, potential alternative(s) to standing practices and protocols.

- c. **ECTD Composition:** ECTD shall be comprised of the following permanent members:
1. Vice President for Research & Development (Permanent Chair);
 2. Sr. Vice President for Administration and Treasurer, and
 3. Vice President and General Counsel

Additionally, consultative experts in scientific and technological, innovation and exploitation will be employed and engaged as needed to make effective recommendations for maximum utility of NJIT's technology innovation, development, protection, and commercialization program.

- d. **Signatory Authority:** The President of NJIT, the incumbents in the positions comprising ECTD or their expressly specified designees, as set out in a signed written authorization, are the only officers and/or representatives of NJIT authorized to bind NJIT concerning any and all such matters under the jurisdiction of this policy. By way of illustration and not limitation, this includes assignment of ownership, sale of assets, acceptance of encumbrances, term and perpetual licensing of intellectual property, commitment of funds and engagement of legal and/or technology transfer services.

IX. DEFINITIONS:

1. "NJIT Resources", for purposes of this policy, shall mean assigned or released time concerning employment responsibilities, direct or imputed compensation from or under the stewardship of NJIT, facilities (which shall include all real and personal property of or under the control of NJIT), services authorized by NJIT, proprietary information, confidential information, intellectual property owned by or licensed exclusively to NJIT and/or personnel, including recognized student activities of, or performing functions on behalf of, NJIT.
2. "Inventions and/or Discoveries" for purposes of this policy shall mean original thought methodology(ies) and process(es) which are intended by the inventor(s) and/or sponsors, including NJIT, to be developed to their fullest intellectual, academic and/or commercial value.
3. "Scope of Employment" for purposes of this policy shall mean the parameters of responsibilities, initiative, accountability and activities that are reasonably foreseeable expectancies of and owing to employment at NJIT.
 - a. There is a rebuttable presumption that if "NJIT Resources" are either not utilized or utilization is *de minimis*, the inventions and/or discoveries are not created within the inventor's scope of employment. Scope of employment does not include any invention conceived and reduced to practicable form merely in the professional or scientific discipline which serves as the main or a primary focus of the position's reasonable expectations, except where the creation of inventions or discoveries is explicitly made part of the employee's work or the invention or discovery is created as a work for hire by NJIT.

- b. There is a rebuttable presumption that if “NJIT Resources” are used beyond a *de minimis* level, either directly or indirectly, the inventions and/or discoveries are created within the inventor’s scope of employment.
- 4. “Net Proceeds” for purposes of this policy shall mean the actual monies in United States currency that remain for distribution in accordance with this policy, following the successful commercialization of inventions and/or discoveries and after deduction of all associated expenditures attached thereto. Associated expenditures shall include actual costs for protecting (e.g. patent prosecution, registration and maintenance), defending (e.g. infringement litigation, settlement negotiation), marketing (e.g. commercial analysis, subscription costs, offering preparation and costs, advertisement, third party management) and licensing the inventions and/or discoveries. Associated expenditures do not include reimbursement of authorized costs associated with the development of the inventions and/or discoveries. This includes faculty release time, use of authorized NJIT facilities, research and development funds earmarked for the inventions and/or discoveries created and professional services from NJIT personnel, except as may be specifically set out as terms and conditions of the development and/or offering agreement of a particular invention and/or discovery.