



## **BOARD OF REGENTS POLICY:** ***Commercialization of Intellectual Property Rights***

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### **SECTION I. SCOPE.**

This policy governs the University of Minnesota's (University) ownership and commercialization of intellectual property rights, subject to the exclusions provided in Section IX of this policy.

### **SECTION II. GUIDING PRINCIPLES.**

The following principles shall guide the University in commercializing intellectual property rights under this policy:

- (a) The primary mission of University research is the generation and dissemination of knowledge, and academic freedom requires that faculty, staff, and students be free to pursue areas of research and study without regard to the potential for the creation of inventions.
- (b) The development and dissemination of new knowledge, technology, or scientific procedures resulting in innovative products, practices, and ideas is a valued supplement to scholarly publications.
- (c) University commercialization activities shall not inhibit the ability of University researchers to pursue research of their choosing, to publish results of their work in a timely manner, and otherwise to exercise their rights of academic freedom.
- (d) Licensing University-owned technology to private companies promotes the University's interest in successful commercial development of University-owned intellectual property. In some circumstances, a non-commercial method of distribution, such as open source sharing of technology or licensing for humanitarian needs, may be the preferred method of providing public access to, and use of, University discoveries.
- (e) The University may use money earned from the commercialization of University-owned intellectual property to support commercial and other organizations that assist or promote such commercialization.

### **SECTION III. DEFINITIONS.**

#### **Subd. 1. Inventor.**

*Inventor* means an individual who is employed by the University, who used substantial University resources to create technology, or who is otherwise subject to this policy. Visiting instructors and researchers, post-doctoral and other fellows, and students are subject to this policy and its exclusions.

**Subd. 2. License Equity.**

*License Equity* means securities acquired by the University under Section VI, Subd. 1(b) of this policy in connection with commercializing a technology.

**Subd. 3. Net Income.**

*Net income* means the gross monetary payments the University receives in consideration for granting rights in a technology less (a) the University's out-of-pocket expenditures (including legal and administrative fees) directly attributable to protecting, developing, and commercializing the technology, and (b) a fifteen percent (15 percent) technology commercialization administrative fee of the gross monetary payments to help defray the costs associated with operating the Technology Commercialization office. *Net income* includes the net cash proceeds received from the sale of License Equity. *Net income* does not include the net cash proceeds received from the sale of securities acquired under Section VI, Subd. 3, (a) and (b) of this policy. Fees, charges, and other monetary payments made to the University to compensate it for administering intellectual property agreements or seeking and maintaining intellectual property protection for technology shall not be considered monetary payments under this policy.

**Subd. 4. Research Data.**

*Research Data* means recorded factual material commonly accepted in the scientific or scholarly community as necessary to validate research findings, excluding preliminary analyses, drafts of scholarly or scientific work, plans for future research, peer reviews, communication with colleagues and physical objects. *Research Data* includes only recorded factual material that the University commercializes alone or jointly with technology.

**Subd. 5. Substantial University Resources.**

*Substantial University Resources* means resources provided by the University that go above and beyond what is customarily provided to University employees or students. *Substantial University Resources* will vary by department/unit and context. To be substantial, the resources must be beyond the ordinary and must be more than what other members of the department or students in similar situations are regularly offered as support for their work.

**Subd. 6. Student.**

*Student* means an individual who is enrolled in a University course or who otherwise participated in a University educational activity.

**Subd. 7. Technology.**

*Technology* means the intellectual property and related rights in:

- (a) a discovery or invention, patentable or not;
- (b) software; and
- (c) a trademark identifying a technology.

**Subd. 8. University Official.**

*University Official* means an individual defined by Board of Regents Policy: *Institutional Conflict of Interest*.

**SECTION IV. ACADEMIC FREEDOM AND THE RIGHT TO PUBLISH.**

To permit the registration, application for, and protection of the intellectual property rights in a technology, the University may request an inventor to delay the publication or public disclosure of a description of the technology for a brief period of time.

## **SECTION V. OWNERSHIP OF TECHNOLOGY.**

### **Subd. 1. Ownership.**

The University hereby claims and shall own all right, title, and interests in a technology created by an inventor in the course of their University employment or appointment or using substantial University resources and in research data generated or acquired by an inventor through research projects conducted at or under the auspices of the University, regardless of funding source.

### **Subd. 2. Ownership of Student-Created Technology.**

The University does not claim ownership of a technology developed or research data generated or acquired by a student in connection with their participation in a University course or University educational activity. Notwithstanding the foregoing, the University hereby claims and shall own all right, title and interests in a technology developed and in research data generated or acquired by a student when:

- (a) an external sponsor solely or partially funded the development of the technology;
- (b) the technology was an improvement of a University-owned technology;
- (c) the student used substantial University resources to develop the technology; or
- (d) the student and an inventor jointly developed the technology.

In each such situation, the student shall be deemed under this policy an inventor of the technology, with all commensurate rights and obligations.

### **Subd. 3. Inventors' Assignments of Intellectual Property Rights in a Technology.**

An inventor hereby irrevocably assigns to the University all of their rights, titles, and interests in a technology they created in the course of their University employment or appointment or they created using substantial University resources. An inventor shall cooperate with the University to effectuate this assignment.

## **SECTION VI. DELEGATIONS OF AUTHORITY.**

### **Subd. 1. Commercialization.**

The president or delegate is authorized to approve the University:

- (a) assigning, waiving, licensing, or otherwise granting a person a right to practice the University's intellectual property rights covering a technology; and
- (b) accepting equity securities and entering into related equity-ownership agreements in connection with commercializing a technology.

### **Subd. 2. Private Company Board Membership.**

The president or delegate is authorized to approve the appointment of an individual to serve on behalf of the University as a voting member of the governing body of a privately held company commercializing a technology. The individual shall:

- (a) have demonstrated experience and competence in technology commercialization and in company creation, management, and capitalization; and
- (b) be reasonably insured against liability arising from service on the governing body.

The individual:

- (a) shall not accept compensation (excluding reasonable reimbursement for service-related expenses) from the company for their service as a member of the governing body;
- (b) shall comply with applicable Board of Regents (Board) and administrative policies and procedures;

- (c) shall discharge fiduciary and contractual responsibilities to the company, subject to the performance of University duties as provided in Board and administrative policies and procedures if the individual is an employee of the University; and
- (d) shall resign as a voting member of the governing body of the company prior to the company's becoming publicly held, unless the president or delegate approves an extension of the appointment.

### **Subd. 3. Financial Support.**

The president or delegate is authorized to approve the following:

- (a) the purchase of equity securities and securities that are convertible to equity securities of a company formed to develop and commercialize technology up to \$1,500,000 per company. The securities may be purchased in one or a series of transactions.
- (b) providing to a non-University person in a single project up to \$250,000 from income the University earned from the commercialization of technology to directly encourage, promote or assist with the development or commercialization of technology.

## **SECTION VII. EQUITY SECURITIES.**

### **Subd.1. Disposition of License Equity.**

The University shall sell license equity as soon as practicable and in compliance with all applicable laws.

### **Subd. 2. Investment.**

University officials shall not purchase or invest, directly or indirectly, in the equity securities of a non-public company commercializing a technology. University employees who are not University officials may purchase such equity securities if permitted under applicable Board and administrative policies.

## **SECTION VIII. NET INCOME DISTRIBUTION.**

The University shall distribute the net income it received from commercializing a technology as follows:

- (a) thirty-three and one-third percent to the inventors of the technology,
- (b) twenty-five and one-third percent to the department, division, or center that supported the creation of the technology, to be spent in support of the inventor's research or directly related University work,
- (c) eight percent to the collegiate unit that supported the creation of the technology, and
- (d) thirty-three and one-third percent to the Office of the Vice President for Research & Innovation, to be spent in support of the University's technology commercialization activities and to fund University research and scholarly activity.

The president or delegate may change the distribution to collegiate units or to departments, divisions, or centers if such cumulative amounts become disproportionate compared to their budgets or if there have been administrative organizational changes, including an inventor's movement among units or departments. The president shall inform the Board in each instance after changing a distribution to a collegiate unit or to a department, division, or center.

## **SECTION IX. EXCLUSIONS.**

### **Subd. 1. Copyright.**

The University only claims ownership of copyrighted works as stated in Board of Regents Policy: *Copyright* and related administrative policies and procedures, except the University claims ownership of the intellectual property rights in software developed by inventors in this policy.

**Subd. 2. Trademarks.**

With the exception of intellectual property rights in University trademarks that identify University-owned plant varieties or that are commercialized in conjunction with other technology covered by this policy, this policy does not apply to the use of University-owned or licensed names, trademarks, or service marks as defined by Board of Regents Policy: *Founding Date, Corporate Name and Seal, and University Marks* and related administrative policies and procedures.

**SECTION X. REPORTING.**

The president or delegate shall report annually to the Board on University activities under this policy as a component of the annual report on the state of the University research enterprise.

**SECTION XI. IMPLEMENTATION.**

The president or delegate shall implement this policy and maintain appropriate administrative policies and procedures to administer it.

**REVISION HISTORY**

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**Supersedes:** Educational Materials dated April 14, 1967, Patent and Technology Transfer dated October 10, 1986, Intellectual Property adopted October 8, 1999, Use of Royalty Income to Support Technology Commercialization adopted March 12, 2004, and Acquiring Controlling Equity Interests in Technology Licensees adopted December 8, 2006.