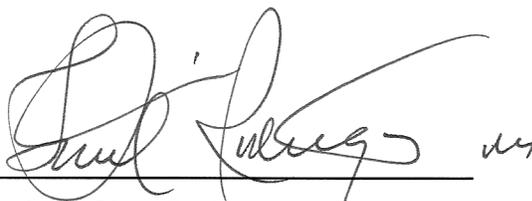


Universidad Central del Caribe

Intellectual Property Ownership and Disposition Policy

A handwritten signature in black ink, appearing to read 'José Ginel Rodríguez', is written over a horizontal line. The signature is stylized and cursive.

José Ginel Rodríguez, M.D.
Interim President

May 2008

Intellectual Property Ownership and Disposition Policy

PURPOSE:

To provide a policy governing the ownership of intellectual property and associated University employee responsibilities.

I. INTRODUCTION

Universidad Central del Caribe (UCC) encourages the development, production, and dissemination of intellectual work by its faculty, since it strongly believes that the Institution and the community are best served by their creative efforts and innovations aimed at the enhancement of the quality of the academic programs, health services and the development of scientific knowledge. In doing so, the Institution follows the principles of the American Association of University Professors (AAUP) regarding the definition, ownership, and use of intellectual property, approved in 1999. This policy is essentially a restatement of those principles, with some modifications consistent with their intent.

It has long been the tradition of UCC to disseminate scholarly and creative endeavors for public and private use and benefit. The growing responsibility of UCC to provide inputs for the ever increasing knowledge-based economy is seen in federal laws. The federal Patent and Trademark Law Amendments Act, more commonly known as the Bayh-Dole Act of 1980 grants universities ownership of inventions developed in the course of federal sponsorship and requires the creation of procedures for disclosing and developing inventions. For a private source of research funding intellectual property rights are stipulated by the contract under which such funding is granted.

II. DEFINITIONS

Intellectual property: refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce. Intellectual property applies to:

- A. Material developed for use in the classroom and distance education in department and institutional programs, such as syllabi, assignments, teaching strategies and tests;
- B. Discoveries which constitute any new and useful application, technique, process, machine, manufacture, or composition of matter, or any new and useful improvement thereof; created, made, or originated by a faculty member, or a group of faculty members.

Copyright: bundle of rights that protect the original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.

Invention: Any idea conceived by UCC employee(s), deemed to be potentially patentable and disclosed to the UCC Office of the Associate Dean for Research and Graduate Studies to be evaluated.

Inventor(s): A person(s) who made a significant intellectual contribution towards conceiving the Invention and mentioned in the Agreement described below in IV-B. Inventorship is restricted to those who have made a significant intellectual contribution to the invention, including the person who discovered or formulated the concept behind the invention and anyone else who made suggestions to improve the invention.

Specifically excluded from inventorship are persons who merely followed directions in carrying out experiments or in assembling devices, and who did not contribute significantly to refinement of the idea underlying their work. This type of relationship should be set out clearly in writing before work is undertaken to develop the invention commercially.

The University will consider all inventors listed on the initial invention disclosure as equal contributors unless the inventors agree to a different allocation.

UCC: Universidad Central del Caribe whose address is P.O. Box 60327 Bayamon, Puerto Rico 00960-6032

Patent: bundle of rights that protect inventions or discoveries to exclude others from making, using, offering for sale, or selling the invention.

Development: Is the series of activities performed in order to make possible the commercialization of an INVENTION from the time it is conceived and disclosed to the UCC until it becomes a marketable product or service.

Commercialization: Is the series of activities performed once the INVENTION becomes a marketable product or service in order to license such product or service to be commercialized by third parties, or to be sold or otherwise made available to prospective users or buyers to generate revenues.

Net Revenues: mean gross proceeds received as royalties from licensing or as income from selling of the INVENTION less all expenses pertinent to patenting, developing, commercializing, selling or licensing of the INVENTION. Net Revenue shall not be construed to include income derived from related commercially sponsored research, grants, investor's contributions or other support.

Royalties: "Royalties" mean proceeds received from licensing or selling arrangements for INVENTION entered into, once all parties have recovered all expenses associated with the particular intellectual property.

Students, Postdoctoral Fellows and Staff: This policy is applicable to students, fellows and staff. An invention will be deemed the property of the University if it is made: (a) in a course in which the student is enrolled or which the student is auditing, or (b) in connection with faculty-supervised independent work (including without limitation dissertation research), (c) in the course of the student's, fellow or staff employment, or (d) in the course of work, whether or not independent or supervised.

Royalties from the University's licensing of any invention made by a student, fellow or staff will be shared with the student, fellow or staff on the same bases that royalties are shared with faculty inventors of comparable inventions.

III. OBJECTIVES

- A. Create appropriate support mechanisms and incentives to encourage inventive work,
- B. Assure fair allocation of benefits between inventor(s) and the University,
- C. Establish general guidelines for University personnel, industrial sponsors and funding organizations on the disposition of intellectual property, and
- D. Define the rights and responsibilities of faculty, staff and students with emphasis on allowing

inventor(s) to become appropriately involved in and benefit from commercialization decisions and processes.

IV. PROCEDURES

A. Ownership of Inventions

Patentable inventions created by UCC faculty, staff and students (hereinafter called inventor(s)) in connection with activities either supported by University-administered funds or conducted in University controlled facilities, shall be the property of the University. If the University declines to pursue the patent, the inventor(s) and the funding agency will be notified in writing and the inventor(s) will have the right to patent independent of University ownership. A third option is for the University and the inventor(s) to share the ownership of the invention in proportions equal to the amount of financial investment made by the parties.

Software or computer databases created as a result or byproduct of a research agreement between outside sponsors and the University may, under terms of the agreement, require the University to convey commercial use rights to the sponsor. In such cases the University will be assigned ownership and the sponsor granted a license, thereby allowing the University to pursue commercialization and distribute license royalties to the creator. All such arrangements must contain language that holds the University harmless from all liability claims and product warranties.

Computer software or databases created by an individual as part of University-assigned duties shall be the property of the University. Otherwise, non-patentable software or databases created by an individual are owned by the creator. Ownership of such software and databases is not contingent on whether or not University facilities were used or University support was provided as is the case for patentable intellectual property.

When the need arises, the President will appoint a committee represented by members of the faculty and the administration, to make recommendations to solve emerging issues or disputes concerning intellectual property. The Committee shall serve as a forum for the receipt and discussion of proposals to interpret existing institutional policy and/or to provide recommendations for contract negotiations.

The Committee will make recommendations to decide disputes over ownership, and its attendant rights, of intellectual property. The Committee shall make recommendations on whether the University or any other party has rights to the invention or creation, and, if so, the basis and extent of those rights.

B. Invention Disclosure

Inventor(s) are encouraged to disclose all potential patentable intellectual property to the Office of the Associate Dean for Research and Graduate Studies (OADRGS). For sponsored research, inventor(s) have a contractual obligation to disclose potential patentable intellectual property.

A third party, at this moment the University of Texas Medical Branch Center for Technology Development, will review each intellectual property disclosure for commercialization potential and assess UCC's responsibility to disclose inventions to research sponsors. Such reviews shall take no longer than 90 days before a decision is made as to University interest in pursuing patenting and commercialization of the Invention. In order to start the review process a written agreement must be reached among the inventors delineating their percent of intellectual property ownership. Other conditions will be based on the type of agreement (Cases 1-4

described below in C) reached between UCC and the inventors.

Depending on the decision, an Agreement shall be signed by the University and the Inventor(s) specifying which course of action of the four possibilities explained below will be adopted 30 days after the decision has been made to pursue a patent by UCC.

Also at this time in the same or separate documents all pertinent assignments shall be done and future relationship among parties shall be set forth including revenues distribution and any pertinent dilution formulas to be used, if any. Such set of documents will be hereafter referred to as the "Agreement".

C. Distribution of License Royalties

In return for license rights granted to a commercial entity to develop, make, use, sub-license and sell the University's patentable intellectual property, the University shall seek royalty from the licensee. Royalties earned on any intellectual property owned by or assigned to the University will be distributed to faculty, staff or student inventor(s), or other inventive parties once all expenses associated with the particular intellectual property have been recovered by the University. Royalty is subject to distribution according to the following formula:

Case 1

In the event that the University chooses to patent, develop and commercialize the invention the royalties earned will be distributed as follows:

- A. 25% - 50% as direct payment to inventor(s); all named inventor(s) shall receive distribution according to the distribution reported in the Agreement.
- B. 50% - 75% to the University.

Case 2

In the event that the University and the inventor(s) share the expenses related to patenting, patent development and commercialization, royalties earned will be distributed among the university and inventor(s), once all parties have recovered all expenses associated with the particular intellectual property. Royalty is subject to distribution in proportions established in the Agreement.

Case 3

In the event that the University contributed with the patent costs but declined to pursue its development and commercialization, the inventor(s) and the funding agency will be notified in writing within 90 days of the initial disclosure mentioned in (B) and the inventor(s) will have the right to develop and commercialize the patent independent of University ownership providing it is not in conflict with pre-existing contracts and regulations. In this case the university will assign its ownership to the inventor(s) but will receive royalties established in the Agreement once all parties have recovered all expenses associated with the particular intellectual property.

Case 4

In the event that the University declines to pursue the patent and commercialization, the inventor(s) and the funding agency will be notified in writing within 90 days of the initial disclosure mentioned in (B) and the inventor(s) will have the right to patent, develop and commercialize independent of University ownership providing it is not in conflict with pre-existing contracts and regulations. In this case the university will not claim any royalties and will assign ownership to the inventor(s).

D. Ownership of Copyrights

Following the tradition in educational institutions, at UCC faculty members are considered to hold the copyright of works that are created independently and at the faculty member's own initiative. The copyright shall be the property of the faculty except as s/he (they) may voluntarily choose to transfer such property, in full, or in part. However, even though they are considered to be the property of the faculty member(s), the Institution will be permitted to use such material for internal instructional, educational, research, service and administrative purposes, including satisfying requests of accreditation agencies.

The University will be considered proprietor of copyrightable material created by the faculty member(s) when:

1. UCC expressly directs the faculty member(s) to create a specified work, or the work is created as a specific requirement or condition of his/her (their) employment or as an assigned institutional duty.
2. The faculty member(s) has/have voluntarily transferred the copyright, in whole or in part to the Institution. Such transfer shall be in the form of a written document signed by the faculty author(s).

V. INVENTOR(S)/EMPLOYEE RESPONSIBILITIES

Conflicts of interest exist when a University employee acts to advance his or her personal interest in a manner that diminishes or otherwise causes harm to an interest of the University or violates state or federal laws.

Conflicts of commitment exist when an individual who engages in commercial activity does not meet University obligations. These types of obligations generally include meeting classes, student advising, committee work, public service involvement, direction of student research advancement and similar scholarly activities. The key to University employees avoiding any conflicts of interest and commitment is full and open disclosure. Faculty and staff must disclose to their immediate supervisors all commercial arrangements related to their scholarly work in accordance with University regulations. A disclosure should be made whenever possible perceived conflicts of interest could arise. At a minimum, disclosure of all commercial activities including consulting arrangements should occur once a year. The disclosure should include the nature and duration of the relationship, the entity or individual with which the relationship has been established and any special circumstances about the relationship that pertain to the employee's work at the university, such as, student involvement or use of facilities or equipment.

University faculty and staff may not negotiate commercial agreements with third parties for intellectual property that is owned, assigned to or otherwise controlled by the University. It is the responsibility of the OADRGS to conduct such negotiations. Faculty and staff members may hold ownership in private entities that seek to commercialize the results of their research provided that (1) such arrangements conform to state and federal laws, (2) ownership is fully disclosed to the OADRGS, and (3) ownership does not bias scholarly activities of the person owning equity or of individuals directed by the person.