PATENT AND LICENSING POLICY - CASE WESTERN RESERVE UNIVERSITY

-- Approved at Faculty Senate Meeting, January 1, 1984 --

1. ON CAMPUS

Unless otherwise assigned by specific agreement, the University owns title to patents and proprietary information developed on campus or using University facilities and equipment. The University shares all proceeds from licensing or other disposition of these rights equally with the inventor(s). This includes 50/50 sharing of equity positions gained by assigning rights to a commercial venture.

2. DEVELOPMENT OF UNIVERSITY RIGHTS

A. The preferred course for licensing to a commercial partner is to grant exclusive license, on a royalty basis, in a field of use matching the partner's capability and interests.

B. The University puts low priority on up-front payments for technology, in order to avoid putting either developer or University in the position of gambling on market potential. Long-range royalty or equity positions are preferred, in which major pay-out to the University occurs only if the technology is a commercial success. A key goal is to construct agreements which are based on mutual trust and respect, and which create a desire on both sides to work together again in the future.

C. The University bases its position that it is entitled to a share of any long-range benefits from faculty inventions under industrial research projects on the following:

i) Commercial partner support for direct research costs and audited overhead pays for only a fraction of total research capabilities committed to an industry research project. The University in fact cost shares in normal overhead. Much more important, project-based industry research support generally leverages an enormous prior University, government, and philanthropic investment in building a knowledge base, a technical talent pool, a network of outside scientific contacts, and a research infrastructure. This is generally much less expensive for industry than building up comparable in-house capabilities.

ii) A key to maintaining a high level of creativity and interest in industrial research projects is for the University to provide incentives to individual faculty and departments that make these a major part of the research program. These incentives come substantially from channeling royalty and other benefits to individual faculty and to the long-range development of departmental capabilities.

iii) Government policy currently encourages conversion of the University's basic research capabilities and knowledge base from government funded research to commercial ventures, but with the understanding that this will help insure the

long range vitality and continuous renewal of the University's technical capability. The University must also accept responsibility to insure that the potential of the technology is actively developed, so that public benefits are fully realized.

D. Details of the University's negotiating position on agreements depend on the circumstances of a specific technological development. The question of how much of the value of the proprietary information is created by employees of the University, versus the technological contribution from the commercial partner, is important in determining disposition of rights. Long-range research support commitments from the industrial sponsor are comparable in importance with long-range royalty or equity positions. Ability of the commercial partner to actively and fully develop the technology, and to help create new capabilities or intellectual excitement on campus, are significant factors. The "market" for technology in general areas is an overriding factor, in that the University has a responsibility to obtain from any selected partner an arrangement at least comparable to those obtained in similar circumstances from other commercial partners. Since University capabilities generally depend on government and philanthropic investment, it must avoid departing from conventional industry practice in defining terms of agreement with any one partner. On the other hand, since a key University goal is to insure active development of the technology for public benefit, it must not naively over-price technology transfer arrangements in a manner which inhibits commercialization.

E. Technology transfer agreements which create technological and economic activity in our region, especially with the potential for creating jobs, are given a high priority relative to alternatives lacking this potential.