

NEW YORK STATE SCIENCE & TECHNOLOGY LAW CENTER

MODEL TECHNOLOGY TRANSFER POLICIES

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PURPOSE

The University recognizes that the transfer of inventions to for-profit entities is essential for commercial development of new technologies. The University also recognizes that the use of inventions by non-profit entities is essential for advancement of education and research. Both of these activities directly promote the public good. Commercial development of new technologies fosters quality of life and economic welfare. Advancement of education improves the workforce and employment opportunities; and advancement of research provides new knowledge for the next generation of technologies. These Model Technology Transfer Policies seek to create a balance of rights among the University, for-profit entities and non-profit entities to maximize the public benefits resulting from licensed inventions.

EXCLUSIVE LICENSES

- The University will grant an exclusive license to a for-profit entity when the invention is at the alpha or beta testing stage and requires substantial follow-on investment of time, money and risk to transform the invention into a commercially viable technology.
- Exclusive licenses will include a commitment by the licensee to diligently pursue commercial development of the invention and meet the milestones of development progress. If the licensee fails to diligently pursue commercial development or to meet milestones, the exclusive license may be converted to a non-exclusive license or be terminated. The University will provide the licensee a reasonable opportunity to cure the default before taking any such action.
- Exclusive licenses will include field of use restrictions limiting the license to the licensee's core business market. If the licensee has multiple business markets, the exclusive license will include these multiple business markets with appropriate progress milestones for each such market.
- Exclusive licenses cannot be assigned or sublicensed without approval by the University. In deciding whether to grant approval, the University will consider whether the business, financial and scientific resources of the potential assignee or sublicensee are comparable to those of the licensee.
- Exclusive licenses can be assigned without approval by the University when the licensee is acquired by, or merged with, another company.
- Exclusive licenses will include rights to future improvements of the licensed invention that cannot be practiced without use of the licensed invention. Future inventions related to the licensed invention that can be practiced independently of the licensed invention will not be included in the exclusive license. However, the licensee will be notified of related future inventions and have the first option to negotiate a license for related future inventions.

- In all exclusive licenses, the University will reserve the right to use the invention, and to grant licenses to other non-profit entities to use the invention, for purposes of education and research.

NON-EXCLUSIVE LICENSES

- The University will grant a non-exclusive license to a for-profit entity when an invention is at the proof-of-concept or early-prototype stage.
- The University expects that these inventions will require significant additional research and development and that this research and development will result in the creation of new intellectual property. The University also expects that this new, downstream intellectual property will be the source of competitive advantage for the non-exclusive licensees.
- The University will grant non-exclusive licenses for research tools defined as inventions used to make inventions. If a research tool is intended to be commercialized, the University may grant an exclusive license for the sale of the research tool and non-exclusive licenses for the use of the research tool to persons who want to make the research tool on their own.

FEDERAL GOVERNMENT RIGHTS IN LICENSED INVENTION

- The University will inform prospective licensees of any federal government rights in the invention pursuant to the Bayh-Dole Act.
- The federal government has rights in an invention pursuant to the Bayh-Dole Act when the invention has been made during the course of a federally funded research project.
- The federal government rights in an invention pursuant to the Bayh-Dole Act include a non-exclusive, non-transferable, royalty-free, irrevocable license to use the invention on behalf of the United States; and the right to retake title to the invention in the event adequate steps have not been taken to commercialize the invention, or it is necessary to retake title for purposes of public health or public welfare.
- Licensees will acknowledge the existence of any federal government rights in the invention in the license agreement.

LICENSE FEES

- The University will seek to recover the costs associated with patenting an invention in the form of an up-front license fee in the case of an exclusive license to a for-profit entity. If an exclusive licensee cannot pay an up-front license fee, the University may recover its patent costs by charging periodic license fees over time.
- The University will not charge license fees in non-exclusive licenses.
- The University will not charge license fees in licenses to non-profit entities.

LICENSE ROYALTIES

- The University will seek to realize a reasonable rate of return on its investment in the licensed invention, including the direct and indirect cost of facilities, equipment and personnel, and research grants received from federal and state governments and other funding sources, through royalties on net sales of the invention.

- The University recognizes that licensees must also realize a reasonable rate of return on their post-license investment in the licensed invention. In negotiating licenses, the University will try to equalize the rate of return it receives and the rate of return the licensee receives, taking into account the respective risks assumed by the University and licensee.
- The University will seek higher royalty rates in exclusive licenses than in non-exclusive licenses.
- The University will seek higher royalty rates in broad field of use licenses than in narrow field of use licenses.
- The University will negotiate minimum and maximum royalty payments, and changes in the running royalty rate dependent on total royalties paid.

THIRD PARTY INFRINGEMENT

- An exclusive licensee may sue third parties for infringement of the licensed invention at its own expense. The University will fully cooperate with the exclusive licensee in prosecuting a third party infringement suit. In the event the exclusive licensee recovers damages in a third party infringement suit, the licensee is entitled to retain the damage award, but must pay the University royalties on the damage award.
- If an exclusive licensee chooses not sue a third party infringer, the University may in its sole discretion sue the third party infringer at its own expense. The exclusive licensee will fully cooperate with the University in prosecuting a third party infringement suit. In the event the University recovers damages in a third party infringement suit, the University is entitled to retain the damage award.

WARRANTIES

- The University warrants that to the best of its knowledge it is the sole owner of the licensed invention.
- The University warrants that to the best of its knowledge it has the sole right to license the licensed invention.
- The University warrants that to the best of its knowledge no other entity has rights that would restrict the rights granted in the licensed invention.
- The University disclaims all other express and implied warranties regarding the licensed invention including any warranties of title, use and fitness for a particular purpose. The University also disclaims any warranties that the sale or use of the licensed invention does not infringe third party patent rights and that the patent covering the licensed invention is valid.

INDEMNIFICATION

- The licensee will indemnify the University for any damages the University incurs resulting from third party claims related to the licensed invention other than third party infringement claims.
- The University will not indemnify the licensee for any damages it incurs resulting from third party claims related to the licensed invention.