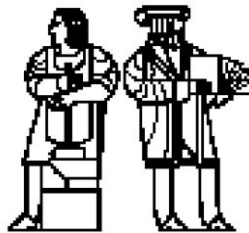


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GUIDE TO THE
OWNERSHIP, DISTRIBUTION AND
COMMERCIAL DEVELOPMENT
OF
M.I.T. TECHNOLOGY



Updated May 2008

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PART 1. INTRODUCTION

1.0 INTELLECTUAL PROPERTY AND RELATED RIGHTS

The material set forth in this document covers the ownership, distribution, and commercial development of technology developed by M.I.T. faculty, staff, and students and others participating in M.I.T. programs. These policies apply equally to the main campus, to the Lincoln Laboratory, and to other M.I.T. programs. (Lincoln Laboratory employees are considered sponsored research staff for purposes of this document). The term "technology" is broadly defined in this document to include technical innovations, inventions, and discoveries, as well as writings and other information in various forms, including computer software.

The principal rights governing the ownership and disposition of technology are known as "intellectual property" rights, which are derived primarily from legislation granting patent, copyright, trademark and integrated circuit mask work protection.

In some instances, distribution and commercialization of technology may be accomplished by the transfer or licensing of the intellectual property rights, such as patents and copyrights. In other instances, distribution and commercialization of technology may be aided by or depend upon access to the physical or tangible embodiment of the technology, as in the case of biological organisms, plant varieties or computer software.

Therefore, this policy will define not only the ownership, distribution, and commercialization rights associated with the technology in the form of intellectual property, but will also define policies and procedure which govern use and distribution of the technology in its tangible form.

The following overview of intellectual property rights is limited in scope. The M.I.T. Technology Licensing Office (TLO) should be contacted for further information regarding any of these rights.

1.1 PATENTS AND PATENT RIGHTS

A patent is a grant issued by the United States Patent and Trademark Office giving an inventor the right to exclude all others from making, using, or selling the invention within the United States, its territories and possessions, for a period which expires 20 years after the patent issues.

Patents may also be granted in foreign countries; procedures for filing, regulations for patentability, and term of patent grant vary considerably from country to country.

To be patentable in most countries, an invention must be new, useful, and nonobvious. In the United States, a grace period of 12 months from the first written public disclosure of an invention is allowed to file a patent application. In most foreign countries, an invention is unpatentable unless the application is filed **before** public disclosure (written or oral). However, **if** one has filed in the United States prior to disclosure, the applicant has 12 months to file in most non-U.S. countries without losing filing rights.

1.2 COPYRIGHTS

As provided in copyright law, a copyright owner has the exclusive right to reproduce the work, prepare derivative works, distribute by sale or otherwise, and display or perform the work publicly.

Under federal copyright law, copyright subsists in "original works of authorship" which have been fixed in any tangible medium of expression from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.

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For an individual author, copyright protection of a work extends for the author's life plus 70 years. For employers, copyright protection of a work extends for 95 years from the date of publication as of November, 1998.

In contrast to a patent which protects the "idea", copyright covers the "artistic expression" in the particular literary work, musical work, computer program, video or motion picture or sound recording, photograph, sculpture, and so forth, in which the "expression" is embodied, illustrated, or explained, but does not protect the "idea."

1.3 TRADE AND SERVICE MARKS

A trade or service mark is a word, name, symbol or device (or any combination) adopted by an organization to identify its goods or services and distinguish them from the goods and services of others. In the United States, trademark ownership is generally acquired through use of a term to identify origin of goods or services, although effective November, 1989, legislation enables organizations to file for trademark protection based on intent to use a particular term. Trade or service mark ownership is not dependent upon federal or state registration, but upon use of the mark. Registration of trade and service marks may be obtained on both the state and federal levels. However, to apply for a federal registration of a mark, it must be used in interstate commerce.

1.4 MASK WORKS

A mask work is defined as a series of related images representing a predetermined, three-dimensional pattern of metallic, insulating, or semiconducting layers of a semiconductor chip product. Under the Semiconductor Chip Act of 1984, mask work protection extends for 10 years and gives the owner of the qualifying mask work exclusive rights to its exploitation. Mask works are registered with the United States Copyright Office. Failure to apply within 2 years of the initial commercial exploitation results in the termination of the exclusive rights.

1.5 TANGIBLE RESEARCH PROPERTY

The term "tangible research property" refers to those research results which are in a tangible form as distinct from intangible (or intellectual) property. Examples of tangible property include integrated circuit chips, computer software, biological organisms, engineering prototypes, engineering drawings, and other property which can be physically distributed.

Although tangible research property may often have intangible property rights associated with it, such as biological organisms which may be patented or computer software which may be either patented or copyrighted, where appropriate, tangible research property may be distributed without securing intellectual property protection by using some form of contractual agreement, such as formal contract, loan agreement, letter agreement, or user license as further set forth in this document.

1.6 TRADE SECRET

The law of trade secret may be applied to almost any secret which is used in business and gives the owner of the trade secret a competitive edge over others. It is used to protect valuable proprietary information and is a commonly used form of protection for software. Unlike copyrights, there is no federal trade secret statute. Trade secret laws are determined by the individual states but generally adhere to similar principles. The most important aspect of this type of protection is that of secrecy. The protection will remain legally valid only as long as a trade secret is maintained. In order to maintain protection while a trade secret is being used, it is necessary to bind those individuals having access to the secret by a

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contractual agreement not to disclose it. Such agreements are called nondisclosure or confidentiality agreements.

M.I.T.'s policy with regard to the protection of third parties' confidential material used in conjunction with research projects is specified in the Institute's Research Policy Statements, which are available from the Office of Sponsored Programs.

PART 2. M.I.T. POLICY STATEMENTS

2.0 GENERAL POLICY STATEMENT

The prompt and open dissemination of the results of M.I.T. research and the free exchange of information among scholars are essential to the fulfillment of M.I.T.'s obligations as an institution committed to excellence in education and research. Matters of ownership, distribution, and commercial development, nonetheless, arise in the context of technology transfer, which is an important aspect of M.I.T.'s commitment to public service. Technology transfer is, however, subordinate to education and research; and the dissemination of information must, therefore, not be delayed beyond the minimal period necessary to define and protect the rights of the parties.

2.1 PATENT AND COPYRIGHT OWNERSHIP POLICY STATEMENT

With the exception of student theses as described in Section 2.1.5, rights in inventions, mask works, tangible research property and copyright ownership of materials, including software, made or created by M.I.T. faculty, students, staff, and others participating in M.I.T. programs, including visitors, are as follows:

M.I.T. OWNED

- (a) Patents, copyrights on software, maskworks, and tangible research property and trademarks developed by faculty, students, staff and others, including visitors participating in M.I.T. programs or using M.I.T. funds or facilities, are owned by M.I.T. when either of the following applies:
 - (1) The intellectual property was developed in the course of or pursuant to a sponsored research agreement with M.I.T.; or
 - (2) The intellectual property was developed with significant use of funds or facilities administered by M.I.T., as defined in Section 2.1.2.
- (b) All copyrights, including copyrighted software will be owned by M.I.T. when it is created as a "work for hire" as defined by copyright law, (see Section 2.1.3) or created pursuant to a written agreement with M.I.T. providing for transfer of copyright or ownership to M.I.T.

INVENTOR/AUTHOR OWNED

Inventors/Authors will own patents/copyrights/materials when none of the situations defined above for M.I.T.-Ownership of intellectual property applies.

2.1.1 SPONSORED RESEARCH AND OTHER AGREEMENTS

PATENTS: Research contracts sponsored by the Federal Government are subject to statutes and regulations under which M.I.T. acquires title in inventions conceived or first reduced

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to practice in the performance of the research. M.I.T.'s ownership is subject to a nonexclusive license to the government and the requirement that M.I.T. retain title and take effective steps to develop the practical applications of the invention by licensing and other means.

Contracts with industrial sponsors provide that M.I.T. retain ownership of patents while the sponsor is granted an option to acquire license rights.

COPYRIGHT: Normally, research contracts sponsored by the Federal Government provide the government with specified rights in copyrightable material developed in the performance of the research. These rights may consist of title to such material resting solely in the government, but more often consist of a royalty-free license to the government with title vesting in M.I.T.

When a work is created under the terms of a sponsored research agreement, authors of copyrightable works should be aware that there may be contractual terms relating to the form of the report, advance notice to the sponsor before publication, and the like.

GENERAL: M.I.T. personnel and visitors should contact the Office of Sponsored Programs (OSP) Intellectual Property Officer for information or assistance regarding interpretation of research contract terms; Lincoln Laboratory staff and visitors should contact their Director's Office. The terms of such sponsored research agreements apply not only to inventions made by faculty and staff, but also to those made by students and visitors, whether or not paid by M.I.T., who participate in performing research supported by such agreements. It is essential, therefore, that all individuals participating in the research be made aware of their obligation to assign rights to M.I.T. and sign Inventions and Proprietary Information Agreements as provided under PART 5.

2.1.2 SIGNIFICANT USE OF M.I.T.-ADMINISTERED RESOURCES

When an invention, software, or other copyrightable material, mask work, or tangible research property is developed by M.I.T. faculty, students, staff, visitors or others participating in M.I.T. programs using significant M.I.T. funds or facilities, M.I.T. will own the patent, copyright, or other tangible or intellectual property. If the material is not subject to a sponsored research or other agreement giving a third party rights, the issue of whether or not a significant use was made of M.I.T. funds or facilities will be reviewed by the inventor/author's laboratory director or department head, and a recommendation forwarded to the Technology Licensing Office (TLO), in the form of the letter that is Form 1 in Appendix A.

M.I.T. does not construe the use of office, library, machine shop or Project Athena personal desktop work stations and communication and storage servers as constituting significant use of M.I.T. space or facilities, nor construe the payment of salary from unrestricted accounts as constituting significant use of M.I.T. funds, except in those situations where the funds were paid specifically to support the development of certain materials.

Textbooks developed in conjunction with class teaching are also excluded from the "significant use" category, unless such textbooks were developed using M.I.T. administered funds paid specifically to support textbook development.

Generally, an invention, software, or other copyrightable material, mask work, or tangible research property will not be considered to have been developed using M.I.T. funds or facilities if:

- (1) only a minimal amount of unrestricted funds have been used; and
- (2) the invention, software, or other copyrightable material, mask work, or tangible research

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property has been developed outside of the assigned area of research of the inventor/author under a Research Assistantship or sponsored project; and

- (3) only a minimal amount of time has been spent using significant M.I.T. facilities or only insignificant facilities and equipment have been utilized. Use of office, library, machine shop facilities, and of traditional desktop personal computers and Project Athena are examples of facilities and equipment that are not considered significant; and
- (4) the development has been made on the personal, unpaid time of the inventor/author.

When an invention, software, or other copyrightable material, mask work or tangible research property is not subject to a sponsored research or other agreement (such as an equipment agreement), but has been developed using significant M.I.T. funds or facilities, the TLO may in its discretion and consistent with the public interest, license the inventor(s)/author(s) exclusively or nonexclusively on a royalty basis. The inventor(s)/author(s) must demonstrate technical and financial capability to commercialize the intellectual property, and the TLO will have the right to terminate such license if the inventor(s)/author(s) has not achieved effective dissemination within a reasonable amount of time (generally less than 3 years). The license is also subject to the inventor(s)/author(s) waiving their rights to royalty sharing under this policy Guide. Where such a license is issued, the inventor(s)/author(s) may be required to assume the costs of filing, prosecuting and maintaining any patent rights.

2.1.3 WORKS FOR HIRE

EMPLOYEES: A "work for hire," as defined by law, is a work product created in the course of the author's employment. Copyright of the work product in these situations belongs to the employer. For example, results of work assigned to staff programmers or writers of university publications are considered to have been created in the course of the author's employment and are the property of M.I.T. It is the policy of M.I.T. that it shall own all works for hire.

NON-EMPLOYEES: Under the Copyright Act, copyright of commissioned works of non-employees is owned by the author and not by the commissioning party unless there is a written agreement to the contrary. All M.I.T. personnel are cautioned to ensure that independent contractors agree in writing that ownership of the commissioned work is assigned to M.I.T., except where special circumstances apply and it is mutually agreed that the author will retain ownership.

2.1.4 INDEPENDENT WORKS

M.I.T. does not claim ownership of books, articles and other scholarly publications, or to popular novels, poems, musical compositions, or other works of artistic imagination which are created by the personal effort of faculty, staff and students outside of their assigned area of research and which do not make significant use of M.I.T.-administered resources.

Furthermore, in those situations where copyright to such scholarly or artistic work resides in M.I.T. under the terms of a sponsored research or other agreement, or by operation of the copyright law or otherwise as a result of M.I.T. policy, M.I.T. will upon the author's request and to the extent consistent with the intent of the sponsor and the laboratory director or department head, convey copyright to the author of such work. An author requesting a waiver should submit to the TLO Form 1 in Appendix A.

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2.1.5 THESES

The ownership of copyright in theses is set forth in Faculty Regulation 2.71. Students will own copyright in theses which do not:

- (i) involve research for which the student received financial support in the form of wages, salary, stipend, or grant from funds administered by M.I.T.; or
- (ii) involve research performed in whole or in part utilizing equipment or facilities provided to M.I.T. under conditions which impose copyright restrictions.

Where copyright ownership is retained by the student, however, the student must grant to M.I.T. royalty-free permission to reproduce and publicly distribute copies of the theses.

NOTE: Where significant use is made of M.I.T. equipment or facilities provided to M.I.T. without copyright restrictions, students own copyright in theses, per (ii) above; however, software code, patentable subject matter and other intellectual property contained in the theses are subject to Section 2.1.2 above.

2.2 TRADE AND SERVICE MARKS

Trade and service marks relating to goods and services developed at M.I.T. will be owned by M.I.T.

2.3 SOFTWARE ACQUISITION

Whether the software and databases used at M.I.T. are owned by users or third parties and are protected by copyright and/or other laws, or subject to license or other contractual arrangement, it is the policy of M.I.T. that users abide by any legal restrictions imposed by the owner of the software or database. It is the responsibility of the owner of the protected software or database to make the nature of the restrictions known to M.I.T.

PART 3. TECHNOLOGY EVALUATION, PROTECTION AND DISSEMINATION

3.0 RESPONSIBILITY

The Technology Licensing Office (TLO) is responsible for facilitating the transfer of M.I.T. technology for public use and benefit. The TLO evaluates, obtains proprietary protection for, and assists in the distribution of technology for research purposes, as described in this PART 3. TLO also assists in the commercial development of selected technology by identifying potential markets and negotiating license agreements as described in PART 4.

3.1 DISCLOSURE

The initial step in establishing contact with the TLO is usually the submission of an M.I.T. Technology Disclosure Form (See Form 2 in Appendix A), except at Lincoln Lab where clearance from the Lincoln Lab Directors Office is first required. The disclosure form can be obtained from the TLO. When submitted, the Technology Disclosure Form will initiate action by the TLO to investigate the patenting (or other methods of protection) and marketing of the technology unless accompanied by a letter requesting other action by M.I.T., such as a waiver of M.I.T.'s ownership rights in the technology (Form 1 in

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Appendix A).

SPONSORED PROGRAMS: The terms of sponsored research and other agreements normally create obligations with respect to the reporting of inventions, technical data, and copyrightable works such as software. In particular, inventions and copyrightable works developed under sponsored research should be promptly reported to the TLO by submitting a Technology Disclosure Form. The TLO will forward a copy of the Technology Disclosure Form to the OSP Intellectual Property Officer, who is responsible for discharging M.I.T.'s obligations to research sponsors.

OTHER PROGRAMS: Inventions or technology developed at M.I.T. either as work-for-hire or with significant use of M.I.T. funds or facilities, should also be submitted to the TLO using a Technology Disclosure Form. Independently-owned technology need not be disclosed to the TLO unless the owner of the technology desires the TLO to commercialize the technology. In such cases, the technology should be submitted to the TLO using the Technology Disclosure Form.

The Technology Disclosure Form serves to report technology to the TLO. A case number is given to the technology reported and the case will be assigned to a TLO Licensing Officer for evaluation.

3.2 PATENTS: PROTECTION

Although patent protection is sometimes sought for various noncommercial reasons, such as professional status, M.I.T. will not seek protection for inventions which are not commercially attractive, even if the invention is intellectually meritorious, unless otherwise requested by the sponsor. M.I.T. will normally seek patent protection on inventions in order to pursue commercial licensing and to comply with the terms of sponsored research agreements. The procedures for obtaining patents on inventions are described in PART 4 -- COMMERCIAL DEVELOPMENT.

It is important to understand at the outset that any publication (or even verbal disclosure) which describes an invention prior to filing for a patent may preclude patenting in foreign countries altogether, and may also preclude protection in the United States unless a patent is filed within one year from publication. The implications of publication upon patent rights should be discussed with the TLO and a decision on patent filing reached promptly so that publication will not be delayed.

3.3 COPYRIGHTS: ASSERTING AND REGISTERING

Copyright protection of books, articles, and publications is sought in order to recognize authorship and protect the integrity of the work. It is also essential in order for M.I.T. to license copyrightable materials to commercial book publishers and others and to comply with the terms of sponsored research agreements.

A copyright is established at the time expression is fixed in a tangible medium. In order to maintain the copyright for the period prescribed under the copyright statute, notice of copyright must be affixed to the copyrightable material. Failure to affix the proper notice will cause the copyright to be lost after a certain period of time has elapsed from the first publication of the work.

The following notice is to be applied on M.I.T.-owned works to protect the copyright:

"Copyright © [Year] MASSACHUSETTS INSTITUTE
OF TECHNOLOGY. All rights reserved."

The date in the notice should be the year in which the work is first published. No notice other than

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the foregoing is to be used for M.I.T.-owned works.

Further, for added copyright protection, certain works should be registered with the United States Copyright Office using its official forms.

Questions concerning copyright notices and registration should be brought to the TLO.

3.4 TRADE AND SERVICE MARKS: ASSERTING AND REGISTERING

A trade or service mark may be used to protect those names and symbols associated with certain M.I.T. activities and events and with certain technology developments such as computer programs. Prior to registration for trademark protection, the designation "TM" after a trademark or "SM" after a service mark will give adequate notice of a claim of ownership. The designation "®" for a trademark may only be used after Federal registration.

The use of trade and service marks to protect M.I.T. owned technology or to designate M.I.T. as the origin of a product, event, activity, service, or the like, may be instituted only at the direction of the TLO. It is important to note that trademark protection carries with it certain obligations on the part of the holder of the mark. Therefore, requests for use and registration of trade or service marks on behalf of M.I.T. must be referred to the TLO.

3.5 MASK WORKS: ASSERTING AND REGISTERING

Protection of a mask work commences with the registration of its initial commercial exploitation. If registration for protection has not been made within two years of the initial commercial exploitation, mask work protection may be lost and the work entered into the public domain.

To protect mask work rights, the following notice is to be applied on all M.I.T.-owned semiconductor chip products which incorporate mask works:

"Mask work "M" or (M) MASSACHUSETTS INSTITUTE OF TECHNOLOGY"

Questions concerning mask work notices and registration should be brought to the TLO.

3.6 TANGIBLE RESEARCH PROPERTY

Tangible research property (TRP) such as biological materials and computer software are frequently patented or copyrighted as appropriate and then licensed for commercial purposes.

However, these and other forms of TRP, including those under commercial license, generally are simultaneously distributed solely for research purposes either under simple letters of understanding or more formal licenses.

The following sections deal only with dissemination of TRP for research and other noncommercial purposes. Commercial licensing of TRP is covered in PART 4.

3.6.1 DISTRIBUTION FOR SCIENTIFIC RESEARCH

In keeping with the traditions of academic science and its basic objectives, it is the policy of M.I.T. that results of scientific research are to be promptly and openly made available to others. Since the traditional modes of dissemination through scholarly exchange and publication are not fully effective for most TRP, it is M.I.T. policy that those research results which have tangible form should also be promptly and openly made available to other scientists for their non-

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commercial scientific research, unless such distribution is inappropriate due to factors such as safety, the need to more fully characterize or develop the TRP prior to distribution, or unless such distribution is incompatible with other obligations.

3.6.2 CONTROL OF TRP

Where TRP is developed in the course of research which is subject to the terms of a sponsored research or other agreement, control over its development, storage, distribution, and use is the responsibility of the principal investigator, who will consult with the OSP Intellectual Property Officer or the Director's Office at Lincoln Lab. In other cases, significant use of Institute resources will be presumed, so control over TRP rests jointly with the laboratory director or department head and with the TLO. The responsibility for control includes determining if and when distribution of the TRP is to be made beyond the laboratory for scientific use by others in accordance with the terms of this policy.

3.6.3 TRP WITH POTENTIAL COMMERCIAL VALUE

Scientific exchanges should not be inhibited due to potential commercial considerations. However, TRP may have potential commercial value as well as scientific value, and the principal investigator who may wish to make TRP available for scientific use in a manner which does not diminish its value or inhibit its commercial development should seek guidance from the TLO.

The normal mechanism for commercialization of TRP is through licensing agreements as set forth in PART 4.

3.6.4 TRP IDENTIFICATION

Each item of TRP should have an unambiguous identification code and name sufficient to distinguish it from other similar items developed at M.I.T. or elsewhere. The TLO should be consulted for assistance in developing appropriate identification systems.

3.6.5 DISTRIBUTION OF BIOLOGICAL TRP TO RESEARCH COLLEAGUES

Biological materials are in many cases patentable and licensed for commercial purposes under various types of patent licenses. They are also a form of tangible research property which can be distributed for commercial and/or research purposes with or without patent protection.

Biological TRP owned by M.I.T. may usually be distributed for research purposes only with minimal conditions attached. Any such distribution is subject to an agreement by the recipient that commercial development or commercial use or further transfer of the biomaterial is not to be undertaken. An example of such an agreement for use of biomaterials may be found in the Appendix to this policy (See Form No. 3, "Materials Transfer Agreement", in Appendix A). In addition, the principal investigator may wish to control subsequent use, for example, by requiring recipients to follow a specific research protocol in the use of the biological materials.

When distributing biological TRP to research colleagues outside the laboratory, costs of the materials and handling may be recovered from the recipient, and returned to the account which funded those costs. When costs are charged for TRP distribution, adequate documentation must be maintained for audit purposes.

If there is a possibility of biohazard or other risk associated with the transport, storage, or use of a particular biological TRP, or if the recipient is likely to use the TRP for clinical research, the TLO should be contacted for advice on the appropriate form of disclaimers of liability and indemnities.

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If the biological TRP was developed under a sponsored research agreement, the TLO should be contacted to advise on possible contractual obligations with respect to the TRP prior to its distribution for noncommercial purposes. Distribution of biological TRP which is part of a patent or patent application should be coordinated through the TLO.

3.6.6 DISTRIBUTION OF COMPUTER SOFTWARE FOR RESEARCH PURPOSES

The distribution of M.I.T.-owned computer software to colleagues for research purposes must be coordinated with the TLO if the software has potential commercial value, if the principal investigator wishes to control subsequent use, or if it is subject to the terms of a sponsored research agreement.

The TLO will provide wording for the distribution agreement necessary to preserve commercial value and will arrange for trademark and copyright registration as appropriate.

The TLO provides the service of distribution of software for noncommercial research use, charging recipients a nominal amount to cover costs associated with reproduction and distribution. In addition to the handling of administrative details, including mailing, the TLO also makes arrangements for collecting departmental costs associated with providing software for noncommercial use and returning these costs to the department.

3.6.7 OTHER TRP

Distribution of TRP other than biological TRP should follow the procedures outlined in this policy for computer software.

PART 4. COMMERCIAL DEVELOPMENT

4.0 INTRODUCTION

It has long been acknowledged that the primary functions of a university are education, research, and public service. It is in the context of public service that M.I.T. supports efforts directed toward bringing the fruits of M.I.T. research to public use and benefit.

In many cases, mere publication of research results will be sufficient to transfer M.I.T. research to the public. In other cases, it is necessary to encourage industry, by protection of the intellectual property and the granting of license rights, to invest its resources to develop products and processes for use by the public.

4.1 COMMERCIALIZATION - GENERAL

The TLO will pursue the licensing of technology by researching the market for the technology, identifying third parties to commercialize it, entering into discussions with potential licensees, negotiating appropriate licenses or other agreements, monitoring progress, and distributing royalties to the inventors/authors in accordance with M.I.T. royalty policy. When it is appropriate to do so, M.I.T. may accept an equity position in lieu of cash royalties.

4.1.1 INVENTOR/AUTHOR ASSISTANCE

With few exceptions, the support and cooperation of the inventor/author is critical to licensing success.

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4.1.2 INVENTOR/AUTHOR OWNED TECHNOLOGY

M.I.T. faculty, staff, or students who wish to pursue the development of their independently-owned technology through the TLO may offer such technology for evaluation by submitting a Technology Disclosure Form. The TLO will evaluate the commercial potential and determine whether or not the technology will be accepted for licensing by the TLO, under the usual royalty sharing policies.

Faculty, staff, and students are equally free to choose some other mechanism for commercializing their independently-owned technology, but prior to such commercialization should make sure that the technology is not subject to a sponsored research or other agreement, does not constitute a work-for-hire, nor results from significant use of funds or facilities administered by M.I.T. If any of these conditions might apply, the inventor/author should request from the TLO an appropriate license to the intellectual property or a waiver of M.I.T.'s rights as set forth in this PART 4. A waiver request is Form 1 in Appendix A.

4.1.3 COMMITMENT OF FUTURE INVENTIONS

It is the policy of M.I.T. not to commit future inventions to licensees even where improvements to technology are anticipated. Some very narrowly drawn exceptions may occasionally be appropriate to handle subordinate patents and well-defined derivative works for licensed software.

4.1.4 CONSULTING CONTRACTS

The TLO will not negotiate consulting contracts for individual inventors/authors as part of a license arrangement.

4.2 PATENTS

4.2.1 EVALUATION

Once a Technology Disclosure Form disclosing an invention is submitted to the TLO, the assigned Technology Licensing Officer will begin the process of evaluating the invention for patentability, commercial potential and obligations to sponsors. The first step will typically be a meeting with the inventor. The TLO may also request that one of the inventors participate in a literature search of prior art, using the TLO's account with the M.I.T. Library computerized search service. Contact with industry may also be made as party of the evaluation process.

4.2.2 SPONSORED PROGRAMS

If the invention arose from a sponsored research project, the TLO will file for a patent and negotiate an appropriate license consistent with the terms of the contract.

The OSP Intellectual Property Officer may be contacted for information about the specific patent terms of individual research agreements.

4.2.3 WAIVER OF M.I.T. RIGHTS

When it has the right to do so, M.I.T. may, if requested by the inventor, and at M.I.T.'s discretion, "stand aside" in those situations where M.I.T. believes that it would enhance the transfer of technology to the public, is consistent with M.I.T.'s obligations to third parties, and does not involve a conflict of interest as set forth below. By "standing aside", M.I.T. agrees not to exercise its contractual rights to the technology, clearing the way for the M.I.T. inventor to seek ownership. Inventors may request that M.I.T. "stand aside" by submitting the letter that is Form 1 in Appendix A.

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In the case of **Federal agency sponsorship**, any "stand aside" by M.I.T. must be made by releasing the invention to the Federal government, following which the inventor may directly petition the agency for a release of rights to himself or herself. Federal research agreements are generally subject to a uniform patent law which provides that universities take title to resulting inventions subject to certain obligations concerning the exploitation in the public interest, Federal approval of any assignment of ownership, preferences for licensing, the retention by the Federal government of certain license rights, and march-in rights. Decisions by the Federal sponsors to permit individual inventors to acquire ownership are generally made on a case-by-case basis with the Federal Government retaining for itself those rights previously discussed.

In the case of **industrial sponsorship**, M.I.T. usually must seek approval of the sponsor prior to releasing its ownership rights in favor of the inventor.

4.2.4 LICENSING OF M.I.T. RIGHTS TO INVENTORS

M.I.T. faculty, staff, or student inventors may also request a license to commercially develop their M.I.T.-owned inventions where such licensing would enhance the transfer of the technology, is consistent with M.I.T. obligations to third parties, and does not involve a conflict of interest.

4.2.5 CONFLICT OF INTEREST OR COMMITMENT

Any of the following factors may signify a conflict of interest which will be taken into account prior to waiving or licensing M.I.T.'s rights to inventors under this Section 4.2 or to authors under Section 4.3:

- (1) an adverse impact on M.I.T.'s educational responsibility to its students;
- (2) an undue influence on the employment commitment of the inventor/author to M.I.T. in terms of time or direction of effort;
- (3) a detrimental effect on M.I.T.'s obligation to serve the needs of the general public;
- (4) potential conflict of interest as defined in M.I.T.'s Policies and Procedures.

If the inventor/author holds or will shortly acquire an equity or founder's stock and/or option position in a small, tightly-controlled company to which the invention is licensed, M.I.T. may accept equity in lieu of royalty only with the prior approval of the Vice President for Research. The inventor/author will be required to sign a Conflict Avoidance Statement (see Form No. 4 in Appendix A) if a license is granted to the company in which the inventor/author has an equity position. If M.I.T. does acquire equity in lieu or partial lieu of royalties for intellectual property, it will expect the company to grant the inventor/author holding or acquiring the equity position a total equity and/or option share reflective of the inventor/author's contribution both to the intellectual property and to the company operations, and such inventors/authors will not receive a share of the equity paid for the license. M.I.T. will take this factor into account in its license negotiations with the company. For all other inventors/authors, M.I.T. will require that the company distribute to those inventors/authors the percentages of equity that would have otherwise been distributed to them under the M.I.T. Policy if the payment had been made in cash.

4.2.6 RESEARCH FUNDING/EQUITY

M.I.T. will not accept research funding from a licensee in which M.I.T., through the TLO, or an M.I.T. inventor has an equity interest (including stocks, options, warrants or other financial instruments convertible into equity) unless:

- (i) the research is not likely to result in inventions dominated by the claims of the licensed patent

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or in software that is a derivative work of the licensed software; and

(ii) the research will not be conducted in the inventor's laboratory group; and

(iii) the inventor's students will not participate in any project funded by the licensee.

When an inventor/author desires to avoid equity in order to obtain research funding from a small company, M.I.T. will also avoid taking equity through a license agreement generally. In such cases, the TLO will require in its license agreements that the inventor not make any arrangements to obtain equity at a later date and avoid negotiating for equity until at least two years following the termination of the research agreement.

4.3 COPYRIGHTS

4.3.1 COMMERCIALIZATION BY THE TLO

Copyrightable works owned by M.I.T. are normally licensed through the TLO except where other arrangements are made in accordance with this policy. Copyrightable material not owned by M.I.T. also may be licensed through the TLO when submitted under a Technology Disclosure Form to the TLO by its author and accepted for licensing by the TLO.

COMPUTER SOFTWARE: Computer software in which M.I.T. acquires rights may be either patented or copyrighted and made available by M.I.T. for commercial purposes through the TLO under various forms of patent or copyright licenses. Authors and their departments/laboratories will share in royalties earned from licensing as further set forth in this policy. In those instances where the authors desire to distribute commercially licensed software for research purposes or as TRP, such licensing must be coordinated with the TLO.

VIDEO WORKS: This policy does not define commercialization and ownership rights to video works produced through use of M.I.T. facilities or those which may be specifically commissioned by a department or laboratory within M.I.T. Video works developed pursuant to an agreement will be subject to the terms of that agreement. The disposition of rights with respect to other M.I.T.-owned video works will be made on a case-by-case basis until such time as a policy has been defined.

4.3.2 WAIVER OF RIGHTS TO M.I.T. AUTHORS

When it has the right to do so, M.I.T. may, if requested by the author(s) and at M.I.T.'s discretion, "stand aside" in those situations where M.I.T. believes that it would enhance the transfer of technology to the public, is consistent with M.I.T.'s obligations to third parties, and does not involve a conflict of interest as set forth below. By "standing aside", M.I.T. agrees not to exercise its contractual rights to the technology, clearing the way for the M.I.T. author(s) to seek ownership. Authors may request that M.I.T. "stand aside" by submitting the letter that is Form 1 in Appendix A.

Federal research agreements presently vary widely with respect to rights in copyrightable technical data and computer software, but in general universities have the right to copyright and to control distribution of most materials. Several major agencies retain a large degree of control over computer software and will relinquish control only under limited circumstances.

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In the case of **industrial sponsorship** where the sponsor acquires license rights, M.I.T. usually must seek approval of the sponsor prior to releasing its ownership rights in favor of the author.

4.3.3 OTHER FORMS OF AUTHOR CONTROL

Where consistent with M.I.T.'s obligations to third parties, M.I.T. faculty, staff or student authors, with agreement of their laboratory director or department head and all of their co-authors, may request a license from the TLO to commercially develop their M.I.T.-owned works, may request to have the works openly distributed through royalty-free licenses, or may request that the works be placed in the public domain.

LICENSING TO AUTHORS:

Authors may request control of the copyrighted material through a grant of commercial license rights.

Consistent with the public interest, M.I.T. may grant the request for author control but M.I.T. will retain title to the work, with the right to use it for internal purposes, the right to the payment of appropriate royalties, and the right to withdraw such licensing rights in three (3) years if the authors have not achieved effective dissemination as agreed. In addition, such arrangements will be subject to M.I.T.'s Conflict of Interest and Commitment policies as stated in Section 4.2.5.

Where such requests relate to major projects that typically involve multiple authors and long development periods, determining the most effective course for dissemination will require discussion and special negotiation with the TLO.

M.I.T. will respond to author requests made under this policy within ninety (90) days. However, in those cases where the work, generally software, is not sufficiently developed to allow proper assessment, M.I.T. may require additional development prior to responding to an author request.

PUBLIC DOMAIN:

Authors may request that otherwise copyrightable material, including computer software, be placed in the public domain if such action will promote widespread use, for example by providing a means to establish a new standard such as a computer operating system.

In responding to a request for public domaining, M.I.T. will weigh the advantages of improved access, the complexity of the work and whether or not it is ready for effective public use, whether its quality can be maintained, and the author's reasons for seeking this mode of dissemination.

4.4 TRADE AND SERVICE MARKS

Trade and Service Marks owned by M.I.T. are to be licensed through the TLO. Any exceptions to this procedure must be approved in advance by the Vice President for Research.

4.5 MASK WORKS

Mask works owned by M.I.T. are to be licensed through the TLO. Any exceptions to this procedure must be approved in advance by the Vice President for Research. Mask works not owned by M.I.T. also

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The resulting Pool, if positive, is then divided:

- ½ to the MIT General Fund
- ½ to the respective Department, Laboratory or Center.

If the resulting Pool is negative, the General Fund absorbs the costs.

NOTE 1: The only Laboratories and Centers eligible to receive royalty income are those formally recognized by the Institute through access to the Laboratory Director's Account. Except as might otherwise be dictated by research contract obligations, the distribution of the remaining two-thirds of ARI to the Pool for each Department, Laboratory and Center shall be based on (i) the organization (Department, Laboratory, or Center) that administered the research contract from which the invention arose, and (ii) the academic Department affiliation of the inventors, if any, and shall be calculated as follows.

(a) If a research contract was not administered by a Laboratory or Center, the remaining two-thirds of the ARI shall be allocated to the Department Pool(s) with which the inventor(s) and research grant(s) are affiliated. Distribution to the Department Pools for such ARI shall be *prorata* based on the number of inventors affiliated with each Department. Final distribution of each Pool is then completed as set forth above.

(b) If a research contract was administered by a Laboratory or Center, the remaining two-thirds of the ARI shall be split between the Laboratory or Center Pool and the Department(s) Pool(s) with which the inventor(s) are affiliated. The distribution shall be according to the following algorithm per invention:

- (i) Each MIT inventor on the invention is allocated 2 points.
- (ii) If an MIT inventor has a Department affiliation, then the Department receives 1 point and the Laboratory/Center receives 1 point for that inventor. An MIT graduate student inventor's Department affiliation is the Department in which the MIT graduate student is a degree candidate.
- (iii) If an MIT inventor (such as a Research Associate) does not have a Department affiliation, then the Laboratory/Center receives 2 points for that MIT inventor.
- (iv) If the MIT inventor is an undergraduate student, the Laboratory/Center receives 2 points for that MIT inventor.
- (v) All of the points for the MIT inventors on each invention are then totaled for each Department, Laboratory or Center.

The ARI is then distributed to the appropriate Pools in proportion to the points allocated. Final distribution of each Pool is then completed as set forth above.

NOTE 2: Certain patenting costs are an element of M.I.T.'s indirect cost rate and are therefore borne by all research sponsors. In order to avoid complexity, this consideration is purposefully omitted from the above calculations.

4.8 ROYALTIES - SPECIAL CASES

In some cases distribution of royalties to individuals will be impractical or inappropriate; for example, where the material was developed as a laboratory project or where the authors/inventors are not easily identifiable. The Director of the TLO, in consultation with the principal investigator (or laboratory director/department head if not under a sponsored agreement) will review the circumstances of development when such situations have been identified. Generally in such cases, royalties will be split equally between the department or Laboratory and the M.I.T. General Fund. In any situation when royalty distribution to individuals is not recommended, distribution of income is subject to the approval of the Vice President for Research.

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4.9 COMMITTEE ON COPYRIGHTS AND PATENTS

A standing Presidential Committee will oversee the operations of the TLO. The committee will include representatives from those fields of technology generally served by the TLO. This committee may, from time to time, elect to create a subcommittee of experts in a specific technology whose function is to recommend policy that relates to the exploitation of that technology.

4.10 CONFLICT OF INTEREST—LICENSING OFFICE STAFF

In order to assure no present or potential future conflict of interest, an individual Technology Licensing Office staff member should not personally invest in non-public companies that have licensed M.I.T. intellectual property. If a staff member is a partner in a venture fund, that staff member should not engage in licensing negotiations with any company in which that fund is invested, and those who are voting partners should not recommend M.I.T. companies to that fund. TLO staff members also have a special responsibility to assure that their knowledge of a TLO license to a public company is not disseminated in any way that could affect the company's stock price, and that the knowledge is not used for investment purposes by themselves, their families, friends or business associates. (For additional guidelines on Conflict of Interest, see Section 4.2.5.)

PART 5. FACULTY, STUDENT, STAFF AND VISITOR OBLIGATIONS

5.0 GENERAL POLICY

It is the policy of M.I.T. that individuals through their employment by M.I.T. or by participating in a sponsored research project, or using M.I.T.-administered funds or facilities, thereby accept the principles of ownership of technology as stated under this policy. In furthering such undertaking, all participants will sign Inventions and Proprietary Information Agreements in accordance with the following policy.

5.1 PERSONNEL INVENTIONS AND PROPRIETARY INFORMATION AGREEMENTS

5.1.1 WHO MUST SIGN

Individuals at M.I.T. who:

- (a) receive support from sponsored research or M.I.T.-funded projects; or
- (b) otherwise may be in a position to make, conceive or reduce to practice inventions or otherwise develop technology under sponsored research or M.I.T.-funded projects, whether or not salary or other support is received from such projects, or through the use of significant M.I.T.-administered funds or facilities, must sign the M.I.T. Inventions and Proprietary Information Agreement. Note that this requirement specifically extends not only to M.I.T. personnel but also to visiting scientists and fellows or others.

5.1.2 ADMINISTRATION

Each M.I.T. laboratory and department through its Administrative Officer is responsible for ensuring that Inventions and Proprietary Information Agreements are signed by all faculty, students, staff and visitors, who may be or are involved with sponsored projects or who may have opportunities to use significant M.I.T. funds or facilities administered by that laboratory or department. The TLO will monitor laboratory and department compliance with this requirement. All Inventions and Proprietary Information Agreements should be signed in triplicate with one copy retained by the signatory, one copy retained in the laboratory/department files and one copy

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sent to the TLO.

Inventions and Proprietary Information Agreement forms may be obtained from the TLO which will assist with any questions which arise in connection with such Agreements (see Forms 5 and 6 in Appendix A).

PART 6. ADMINISTRATION

6.1 VICE PRESIDENT FOR RESEARCH

The Vice President for Research is the final arbiter of any disputed issues of interpretation relating to this document. In unusual circumstances, the Vice President for Research may also authorize exceptions to the normal procedure.

6.2 OFFICE OF SPONSORED PROGRAMS

The Office of Sponsored Programs (OSP) is responsible for the negotiation, execution, and administration of all M.I.T. agreements with external sponsors of research grants and contracts and for ensuring that the rights of the sponsors in technology developed under external grants and contracts are protected. The OSP Intellectual Property Officer is available to assist all principal investigators and sponsored program administrators in the negotiation and interpretation of intellectual property terms of grants and contracts.

Research priorities will have precedence over technology development priorities. Thus, no grant or contract terms are to be accepted which inhibit the utilization by the public of the results of research at M.I.T. In unclear situations or where there appears to be a conflict between the priorities, the Vice President for Research will be the final arbiter.

6.3 TECHNOLOGY LICENSING OFFICE

The M.I.T. Technology Licensing Office has two principal goals. The first is to facilitate the transfer to public use and benefit of technology developed at M.I.T. The second, where consistent with the first, is to provide an additional source of unrestricted income to support research and education at M.I.T. The TLO will work with the M.I.T. developers of technology and with industry in a manner which does not interfere with the normal flow of technical and academic information through publications, conferences and consulting.

APPENDIX A

FORMS AND AGREEMENTS

1. Letter of Determination Regarding Significant Use/Waiver of M.I.T. ownership rights
2. Technology Disclosure Form
3. Materials Transfer Agreement
4. Conflict Avoidance Statement
5. Inventions and Proprietary Information Agreement