



FOR INFORMATION

PUBLIC

OPEN SESSION

TO: Academic Board

SPONSOR: R. Paul Young, Vice-President, Research and Innovation

CONTACT INFO: Judith Chadwick, Assistant Vice-President,
Research Services and Portfolio Operations;
j.chadwick@utoronto.ca

PRESENTER: Doug McDougall

CONTACT INFO: (416) 978-0056, doug.mcdougall@utoronto.ca

DATE: March 28, 2013 for October 3, 2013

AGENDA ITEM: 7

ITEM IDENTIFICATION: University of Toronto *Inventions Policy* - Proposed Revisions

JURISDICTIONAL INFORMATION:

The Academic Board is responsible for considering research policies.

GOVERNANCE PATH:

1. Committee on Academic Policy and Programs [for recommendation] (April 16, 2013)
- 2. Academic Board [for recommendation] (October 3, 2013)**
3. Executive Committee – October 23, 2013 (for endorsement and forwarding)
4. Governing Council – October 30, 2013 (for approval)

PREVIOUS ACTION TAKEN:

The attached proposed revised *Inventions Policy* has been developed in the course of a review of current practices and consultation with the Research Advisory Board, Principals and Deans (P&D), Principals, Deans, Academic Directors and Chairs (PDAD&C) and the University of Toronto Faculty Association (UTFA). The revision process began in 2011. Drafts were brought forward for discussion in 2011 and 2012 to the Research Advisory Board and subsequently to P&D, PDAD&C and the UTFA. The proposed revised *Policy* was presented for information to the Academic Board on May 2, 2013. A subsequent timeline for the *Policy* to be considered by the Board for recommendation for approval in June was altered so that an additional round of consultation with the UTFA could take place before consideration by the Board in the Fall, 2013. All bodies' comments and suggestions have been addressed in the current version and their support received to move forward for Governing Council approval.

HIGHLIGHTS:

The current University of Toronto *Inventions Policy* was approved by Governing Council in 2007, replacing a policy approved in 1990 and amended in 2002.

Key objectives of the new *Policy* include:

- explicit inclusion of librarians;
- a streamlined path for inventors who take personal ownership of their inventions, including removal of the obligation to obtain University consent for their further assignments or licenses;
- a more accessible *Policy* with greater transparency regarding the sharing and distribution of invention revenue;
- clarification of signing authority with respect to invention-related documents;
- updates to current title of offices and office-holders.

RECOMMENDATION:

Be it Recommended to the Governing Council

THAT the proposed revised *Inventions Policy* be approved, replacing the *Policy* approved by the Governing Council in 2007.

DOCUMENTATION PROVIDED:

- *Inventions Policy* – Proposed Revisions – with track changes
- *Inventions Policy* – Proposed Revisions – clean copy

INVENTIONS POLICY

Preamble

The University of Toronto Inventions Policy has three basic objectives:

- to encourage creativity and innovation within the University community;
- to facilitate the translation of knowledge for the greatest possible public benefit, including by commercialization through development of Inventions into commercial products or processes; and,
- to ensure that revenue generated by these Inventions is distributed in a manner consistent with the first two objectives and the advancement of research at the University.

1. Definitions

1.1 **“Invention”** or **“Inventions”** means any:

- (a) “new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter” [Patent Act, R.S. 1985, c. P-4, s. 2], whether or not patentable;
- (b) computer software under section 2.6 of the University’s *Copyright Policy*;
- (c) research data or research tool, including, without limitation, biological material and other tangible research material; and,
- (d) proprietary information, know how, trademark related to any of the foregoing items;

and includes all legal and equitable rights relating to such property.

1.2 **“Inventor”** or **“Inventors”** means any person, including any member of the academic [staff](#), [librarian](#), ~~or~~ administrative staff, postdoctoral fellow, visitor, student, or person holding an academic appointment at the University, who makes or develops an Invention using, in any way, facilities owned, operated or administered by the University and/or funds of, or funds administered by, the University.

1.3 **“Management Fee”** means a fee for services provided by the University in connection with the commercialization of an Invention by the University.

1.4 **“Net Revenue”** means the royalty, licensing and other income or equivalent financial return, [including the proceeds of disposition of share capital or other financial instruments](#), received from the assignment or licensing of the rights in an Invention, less legal and other fees incurred directly in the process of establishing and maintaining the legal protection of those rights.

1.5 **“University”** means The Governing Council of the University of Toronto, as represented by its duly appointed officers and officials and their designates.

2. Application of Policy

2.1 **General.** This Policy applies to all Inventions disclosed to the University after the date fixed for implementation of this Policy by the University. This Policy does not apply to Inventions created in the course of demonstrably private research unrelated to the Inventor’s University functions or

in the course of private consulting activities to outside bodies, when such activities do not involve any substantial use of University facilities.

2.2 **Agreements.** Notwithstanding any other provision of this Policy:

- (a) all agreements between the University and third parties that relate to Inventions and/or Inventors shall remain in full force; and,
- (b) the determination of rights in, and the allocation of revenue from, an Invention made by an Inventor who also holds an appointment in an affiliated teaching hospital, centre of excellence, network of centres of excellence or other external institution shall be subject to the terms and conditions of agreements between the University and the hospital, centre, network or institution in force at the time of the disclosure of the Invention, or, in the absence of such an agreement, to negotiation between the institutions involved.

3. Disclosure and Ownership

3.1 **Disclosure.** When an Inventor makes an Invention, the Inventor shall make full and complete disclosure of the Invention to the University by submitting an invention disclosure form to the [office of the Vice-President, Research and ~~Associate Provost or his/her designate~~Innovation](#) without unreasonable delay.

3.2 **Ownership.** All rights in Inventions shall be owned jointly by the University and the Inventor at the time of their creation, unless these rights have been ceded (in whole or in part) to a third party under a prior written agreement.

3.3 **Exception.** Notwithstanding any other provision of this Policy, the University shall solely own all rights in Inventions which are:

- (a) made in the course of activities performed pursuant to direction given by a faculty or staff member of the University specifically with the object of making such an Invention;
- (b) made by an Inventor who is a member of the administrative and support staff of the University as a result of activities covered by the Inventor's contract of employment; or,
- (c) specifically commissioned by the University under a written agreement in which the Inventor assigns ownership of the Invention to the University;

and the disposition of all rights in, and the allocation of revenue from, such Inventions shall be at the University's sole discretion.

4. Commercialization

4.1 **By University.** An Inventor may offer an Invention to the University if the Inventor wishes the University to take full responsibility for the legal protection and/or commercialization the Invention. The University may undertake a commercial and/or technical assessment or other evaluation of the Invention before accepting the Inventor's offer.

Upon acceptance of the Inventor's offer:

- (a) the Inventor shall ~~either assign sole ownership of the Invention to the University, or take assignment of the University's interest in the Invention and appoint the University as the Inventor's exclusive agent to commercialize the Invention; and,~~

~~(b) in either case, Net Revenue shall be shared as follows, on an annual basis:~~

~~— up to 20% of Net Revenue retained by University as a Management Fee; and,~~

~~— of the remaining Net revenue:~~

~~— 75% payable to the Inventor; and,~~

~~— 25% retained by the University, to be distributed as set out in Appendix A of this Policy;~~

and,

(eb) if the University has not made reasonable efforts to enter into an agreement with a third party to commercialize the Invention within two years of entering into the assignment ~~or agency agreement~~ with the Inventor, the Inventor may request to assume responsibility for legal protection and/or commercialization of the Invention. If so, the University shall assign sole ownership of the Invention to the Inventor ~~or terminate the agency agreement, as the case may be~~, subject to the obligations set out in section 4.2.

4.2 **By Inventor.** If an Inventor wishes to take full responsibility for the legal protection and/or commercialization of an Invention, the Inventor shall inform the University and the University shall assign sole ownership of the Invention to the Inventor subject to certain obligations, including without limitation:

~~(a) Net Revenue shall be shared as follows, on an annual basis:~~

~~— 75% of Net Revenue retained by the Inventor; and,~~

~~— 25% of Net Revenue payable to the University, to be distributed as set out in Appendix A of this Policy;~~

~~(ba) the University's right to use the Invention for research, teaching and administrative purposes, without cost and in perpetuity, and to consent to further assignments or licenses of the Invention by the Inventor; and,~~

~~(eb) any obligations granted to third parties under any applicable funding or other agreements;~~

~~(c) all agreements with respect to the license or assignment of the Inventor's rights in the Invention shall include indemnification of the University; and,~~

~~(d) the Inventor shall provide to the University, on an annual basis, a copy of each such agreement entered into by the Inventor together with a report of all patent activity and business transactions undertaken and revenues received in respect of the Invention.~~

4.3 **Net Revenue.** Net Revenue shall be shared and distributed in accordance with Appendix A, on an annual basis.

5. Dispute Resolution

5.1 **Process.** If a dispute arises between an Inventor and the University with respect to the application of this Policy, the Inventor and the University shall attempt to resolve the dispute through mediation, failing which the dispute shall be referred for decision to a panel composed of one member nominated by the Inventor, one member nominated by the University and one member selected by the first two or, in the absence of an agreement between them, by the Dean of the Faculty of Law of the University. The third member so selected by the nominees or the Dean of the Faculty of Law will be a person with training as a neutral adjudicator. Each of the Inventor and the University will be permitted to have a representative act on their behalf before the panel. Normally, the parties shall share the costs of the panel's adjudication equally, except for those

costs incurred by the Inventor in the use of a designated representative which shall be borne by the Inventor.

- 5.2 **Standstill.** Until a decision is given by the panel, no action shall be brought by an Inventor against the University, or by the University against the Inventor, in any court of law on any matter arising out of this Policy.

6. Administration of the Policy

- 6.1 **General.** The Vice-President—~~Research & Associate Provost~~ and Innovation is responsible for the administration of this Policy and is authorized to approve guidelines, regulations and procedures pursuant to this Policy. The Vice-President, Research and Innovation (or designate) is also authorized to execute such assignments, agreements, consents, and other documents as may be necessary or desirable to implement this Policy, and the disposition of rights in Inventions thereunder, on behalf of the University.

June 25, 2007, replacing the Policy approved on March 6, 1990 (as amended on June 3, 2002).
[Amended \[DRAFT – January 22, 2012\]](#)

Appendix A

In this Appendix:

“**Connaught Fund**” means the fund administered by the University’s Connaught Committee, or any similar fund established by the University to support research.

“**Management Fee**” and “**Net Revenue**” have the meanings prescribed by the Policy.

~~Cumulative Net Revenue retained by the University under section 4.1, excluding any Management Fee, or paid to the University under section 4.2 of the Policy shall be distributed within the University as follows:~~

	Cumulative Net Revenue		
	Up to \$100,000	\$100,000 to \$1,000,000	Over \$1,000,000
Inventor’s Division	20%	15%	Subject to review by the Business Board of Governing Council, upon the recommendation of the Vice President, Research and Associate Provost and relevant stakeholders.
Inventor’s Department	50%	15%	
University General Revenue	30%	0	
Connaught Fund	0	70%	

The tables below show the distribution of Net Revenue to all participants:

Commercialization by the University:

<u>Cumulative Net Revenue</u>	<u>\$0 - \$500,000</u>	<u>\$500,001 - \$5,000,000</u>	<u>More than \$5,000,000</u>
<u>Inventor</u>	<u>60%</u>	<u>60%</u>	<u>60%</u>
<u>Management Fee</u>	<u>20%</u>	<u>20%</u>	<u>20%</u>
<u>Inventor’s Academic Division</u>	<u>10%</u>	<u>3%</u>	<u>0%*</u>
<u>Inventor Academic Department</u>	<u>10%</u>	<u>3%</u>	<u>0%*</u>
<u>Connaught Fund</u>	<u>0%</u>	<u>14%</u>	<u>20%*</u>

Commercialization by the Inventor:

<u>Cumulative Net Revenue</u>	<u>\$0 - \$500,000</u>	<u>\$500,001 - \$5,000,000</u>	<u>More than \$5,000,000</u>
<u>Inventor</u>	<u>75%</u>	<u>75%</u>	<u>75%</u>
<u>Management Fee</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
<u>Inventor’s Academic Division</u>	<u>12.5%</u>	<u>3.75%</u>	<u>0%*</u>
<u>Inventor’s Academic Department</u>	<u>12.5%</u>	<u>3.75%</u>	<u>0%*</u>
<u>Connaught Fund</u>	<u>0%</u>	<u>17.5%</u>	<u>25%*</u>

* unless otherwise determined by the Vice-President, Research and Innovation in consultation with relevant stakeholders and communicated to the Business Board of Governing Council

INVENTIONS POLICY

Preamble

The University of Toronto Inventions Policy has three basic objectives:

- to encourage creativity and innovation within the University community;
- to facilitate the translation of knowledge for the greatest possible public benefit, including by commercialization through development of Inventions into commercial products or processes; and,
- to ensure that revenue generated by these Inventions is distributed in a manner consistent with the first two objectives and the advancement of research at the University.

1. Definitions

1.1 **“Invention” or “Inventions”** means any:

- (a) “new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter” [Patent Act, R.S. 1985, c. P-4, s. 2], whether or not patentable;
- (b) computer software under section 2.6 of the University’s *Copyright Policy*;
- (c) research data or research tool, including, without limitation, biological material and other tangible research material; and,
- (d) proprietary information, know how, trademark related to any of the foregoing items;

and includes all legal and equitable rights relating to such property.

1.2 **“Inventor” or “Inventors”** means any person, including any member of the academic staff, librarian, administrative staff, postdoctoral fellow, visitor, student, or person holding an academic appointment at the University, who makes or develops an Invention using, in any way, facilities owned, operated or administered by the University and/or funds of, or funds administered by, the University.

1.3 **“Management Fee”** means a fee for services provided by the University in connection with the commercialization of an Invention by the University.

1.4 **“Net Revenue”** means the royalty, licensing and other income or equivalent financial return, including the proceeds of disposition of share capital or other financial instruments, received from the assignment or licensing of the rights in an Invention, less legal and other fees incurred directly in the process of establishing and maintaining the legal protection of those rights.

1.5 **“University”** means The Governing Council of the University of Toronto, as represented by its duly appointed officers and officials and their designates.

2. Application of Policy

2.1 **General.** This Policy applies to all Inventions disclosed to the University after the date fixed for implementation of this Policy by the University. This Policy does not apply to Inventions created in the course of demonstrably private research unrelated to the Inventor’s University functions or

in the course of private consulting activities to outside bodies, when such activities do not involve any substantial use of University facilities.

2.2 **Agreements.** Notwithstanding any other provision of this Policy:

- (a) all agreements between the University and third parties that relate to Inventions and/or Inventors shall remain in full force; and,
- (b) the determination of rights in, and the allocation of revenue from, an Invention made by an Inventor who also holds an appointment in an affiliated teaching hospital, centre of excellence, network of centres of excellence or other external institution shall be subject to the terms and conditions of agreements between the University and the hospital, centre, network or institution in force at the time of the disclosure of the Invention, or, in the absence of such an agreement, to negotiation between the institutions involved.

3. Disclosure and Ownership

3.1 **Disclosure.** When an Inventor makes an Invention, the Inventor shall make full and complete disclosure of the Invention to the University by submitting an invention disclosure form to the office of the Vice-President, Research and Innovation without unreasonable delay.

3.2 **Ownership.** All rights in Inventions shall be owned jointly by the University and the Inventor at the time of their creation, unless these rights have been ceded (in whole or in part) to a third party under a prior written agreement.

3.3 **Exception.** Notwithstanding any other provision of this Policy, the University shall solely own all rights in Inventions which are:

- (a) made in the course of activities performed pursuant to direction given by a faculty or staff member of the University specifically with the object of making such an Invention;
- (b) made by an Inventor who is a member of the administrative and support staff of the University as a result of activities covered by the Inventor's contract of employment; or,
- (c) specifically commissioned by the University under a written agreement in which the Inventor assigns ownership of the Invention to the University;

and the disposition of all rights in, and the allocation of revenue from, such Inventions shall be at the University's sole discretion.

4. Commercialization

4.1 **By University.** An Inventor may offer an Invention to the University if the Inventor wishes the University to take full responsibility for the legal protection and/or commercialization the Invention. The University may undertake a commercial and/or technical assessment or other evaluation of the Invention before accepting the Inventor's offer.

Upon acceptance of the Inventor's offer:

- (a) the Inventor shall assign sole ownership of the Invention to the University; and,
- (b) if the University has not made reasonable efforts to enter into an agreement with a third party to commercialize the Invention within two years of entering into the assignment with the Inventor, the Inventor may request to assume responsibility for legal protection

and/or commercialization of the Invention. If so, the University shall assign sole ownership of the Invention to the Inventor, subject to the obligations set out in section 4.2.

- 4.2 **By Inventor.** If an Inventor wishes to take full responsibility for the legal protection and/or commercialization of an Invention, the Inventor shall inform the University and the University shall assign sole ownership of the Invention to the Inventor subject to certain obligations, including without limitation:
- (a) the University's right to use the Invention for research, teaching and administrative purposes, without cost and in perpetuity;
 - (b) any obligations granted to third parties under any applicable funding or other agreements;
 - (c) all agreements with respect to the license or assignment of the Inventor's rights in the Invention shall include indemnification of the University; and,
 - (d) the Inventor shall provide to the University, on an annual basis, a copy of each such agreement entered into by the Inventor together with a report of all patent activity and business transactions undertaken and revenues received in respect of the Invention.
- 4.3 **Net Revenue.** Net Revenue shall be shared and distributed in accordance with Appendix A, on an annual basis.

5. Dispute Resolution

- 5.1 **Process.** If a dispute arises between an Inventor and the University with respect to the application of this Policy, the Inventor and the University shall attempt to resolve the dispute through mediation, failing which the dispute shall be referred for decision to a panel composed of one member nominated by the Inventor, one member nominated by the University and one member selected by the first two or, in the absence of an agreement between them, by the Dean of the Faculty of Law of the University. The third member so selected by the nominees or the Dean of the Faculty of Law will be a person with training as a neutral adjudicator. Each of the Inventor and the University will be permitted to have a representative act on their behalf before the panel. Normally, the parties shall share the costs of the panel's adjudication equally, except for those costs incurred by the Inventor in the use of a designated representative which shall be borne by the Inventor.
- 5.2 **Standstill.** Until a decision is given by the panel, no action shall be brought by an Inventor against the University, or by the University against the Inventor, in any court of law on any matter arising out of this Policy.

6. Administration of the Policy

- 6.1 **General.** The Vice-President, Research and Innovation is responsible for the administration of this Policy and is authorized to approve guidelines, regulations and procedures pursuant to this Policy. The Vice-President, Research and Innovation (or designate) is also authorized to execute such assignments, agreements, consents, and other documents as may be necessary or desirable to implement this Policy, and the disposition of rights in Inventions thereunder, on behalf of the University.

June 25, 2007, replacing the Policy approved on March 6, 1990 (as amended on June 3, 2002).
Amended [DRAFT – January 22, 2012]

Appendix A

In this Appendix:

“**Connaught Fund**” means the fund administered by the University’s Connaught Committee, or any similar fund established by the University to support research.

“**Management Fee**” and “**Net Revenue**” have the meanings prescribed by the Policy.

The tables below show the distribution of Net Revenue to all participants:

Commercialization by the University:

Cumulative Net Revenue	\$0 - \$500,000	\$500,001 - \$5,000,000	More than \$5,000,000
Inventor	60%	60%	60%
Management Fee	20%	20%	20%
Inventor’s Academic Division	10%	3%	0%*
Inventor Academic Department	10%	3%	0%*
Connaught Fund	0%	14%	20%*

Commercialization by the Inventor:

Cumulative Net Revenue	\$0 - \$500,000	\$500,001 - \$5,000,000	More than \$5,000,000
Inventor	75%	75%	75%
Management Fee	0%	0%	0%
Inventor’s Academic Division	12.5%	3.75%	0%*
Inventor’s Academic Department	12.5%	3.75%	0%*
Connaught Fund	0%	17.5%	25%*

* unless otherwise determined by the Vice-President, Research and Innovation in consultation with relevant stakeholders and communicated to the Business Board of Governing Council