

INVENTIONS POLICY

Preamble

The University of Toronto Inventions Policy has three basic objectives:

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

1. Definitions

1.1 ~~Connaught Fund~~ means the Fund administered by the University's Connaught Committee, or any similar Fund established by the University to support research.

1.21 **“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.C. 195885, c. P-4, s. 2], whether or not patentable;
- (b) computer software pursuant to 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 or trademark related to any of the foregoing items;

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

1.32 **“Inventor” or “Inventors”**— means any person, including any member ~~(or members)~~ of the academic or administrative staff, postdoctoral fellow, visitor(s), student(s), or person(s) 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.

1.4 ~~Innovations Foundation~~ means ~~The University of Toronto Innovations Foundation, a corporation without share capital incorporated for the purpose of commercializing Inventions.~~

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

1.54 **“Net Revenues”**— means the royalty, licensing and other income or equivalent financial return received from the assignment or licensing of the rights ~~to~~ in an Invention, less legal and other fees incurred directly in the process of establishing and maintaining the legal protection of those rights. ~~Whenever specific amounts for Net Revenues are mentioned in this Policy, they are expressed in 1990 dollars.~~

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

~~1.7 **University Revenues** means that portion of Net Revenues received by the University in return for assigning to an Inventor its rights to an Invention.~~

2. ~~Rights to the Invention~~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. When an Invention is made by an Inventor 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, all rights to the Invention vest exclusively in the University.~~

~~2.2 When an Invention is made by an Inventor not 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, the University and the Inventor share equally rights to the Invention, unless these rights have been ceded (in whole or in part) to a third party under a prior written agreement, duly signed by the Inventor and the University.~~

2.32 **Agreements.** ~~Notwithstanding any statement elsewhere in 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, in cases where the~~

(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, the determination of rights to an Invention and the allocation of Net Revenues arising out of its commercialization 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.~~

~~2.4 Notwithstanding any statement elsewhere in this Policy, all contracts and agreements existing at the time of the adoption of this Policy between the University and governments, corporations and other outside organizations that relate to Inventions and/or Inventors shall remain in full force.~~

3. ~~Disclosure of Invention and Assignment of Rights~~Ownership

3.1 **Disclosure.** ~~In all cases When an Inventor makes an Invention, the Inventor shall disclose make full and complete disclosure of the Invention to the University by filling out the Isubmitting an invention disclosure form and submitting it to the Vice-President, Research and International Relations Associate Provost or his/her designate(s) without unreasonable delay. At this time, the appropriate officials of the University will inform the Inventor of the various options open to him/her regarding commercialization of the Invention, and of sources of information about those options. At the Inventor’s request, meetings with experienced University Inventors may also be arranged.~~

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;
- (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,

- (c) 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 responsibly 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;

(b) ~~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,~~

(c) ~~any obligations granted to third parties under any applicable funding or other agreements.~~

~~3.2 If the Invention meets the conditions set out in paragraph 2.2 above and the Inventor wishes to assume full responsibility for the legal protection and/or commercialization of the rights to the Invention, then the University will assign to the Inventor its rights to the Invention, in return for an agreement by the Inventor to pay to the University 25% of the Net Revenues or of any equivalent financial return to the Inventor (if any) on an annual basis.~~

~~3.3 If the Invention meets the conditions set out in paragraph 2.2 above and the Inventor does not wish to assume full responsibility for the legal protection and/or commercialization of the rights to the Invention, then the University may require the Inventor to assign to the University all his/her rights to the Invention. In return for such an assignment, the Inventor will receive the first \$1,000 in Net Revenues plus 25% of subsequent Net Revenues (if any), payable on an annual basis.~~

~~3.4 Before the University requests the assignment outlined in paragraph 3.3 above, it may seek a commercial and/or technical assessment of the Invention from the Innovations Foundation or a similar organization. If, as a result of this assessment, the University decides not to act to protect and/or commercialize the rights to the Invention, the University will assign to the Inventor its rights to the Invention in return for an agreement by the Inventor to pay to the University 10% of the Net Revenues or of any equivalent financial return to the Inventor (if any) on an annual basis.~~

~~4. The Role of the Innovations Foundation~~

~~4.1 If the University requests the assignment outlined in paragraph 3.3 above, it will assign the rights to the Invention to the Innovations Foundation unless, in the judgement of the Vice President—Research and International Relations, another course of action is more likely to lead to the achievement of the objectives of this Policy.~~

~~4.2 If the University assigns the rights to the Invention to the Innovations Foundation, the latter shall assume full responsibility for legal protection and commercialization of the rights. If, after a period of two years from the date of such assignment, the rights to the Invention have not been assigned or licensed, the University shall have the option to require at any time that these rights be assigned back to the University. In such circumstances, if the Inventor requests, these rights shall then be assigned back to the Inventor, in return for an agreement by the Inventor to pay to the University 5% of the Net Revenues or of any equivalent financial return to the Inventor (if any) on an annual basis.~~

~~5. Distribution of Net Revenues~~

~~5.1 In all cases where the rights to the Invention are assigned to the Innovations Foundation, the first \$1,000 in Net Revenues shall be paid to the Inventor. Thereafter, the distribution of the Net Revenues will be as follows:~~

~~For Cumulative Net Revenues Less Than \$200,000:~~

~~Inventor 25%
Innovations Foundation 50%
University
 Inventor's Department 10%
 Inventor's Faculty 5%
 University Distribution 10%~~

~~For Cumulative Net Revenues Between \$200,000 and \$500,000:~~

~~Inventor 25%
 Innovations Foundation 25%
 University
 Inventor's Department 10%
 Inventor's Faculty 10%
 University Distribution 30%~~

~~For Cumulative Net Revenues More Than \$500,000:~~

~~Inventor 25%
 Innovations Foundation 5%
 University
 Inventor's Department 10%
 Inventor's Faculty 10%
 Connaught Fund 50%~~

5.2 ~~In cases where the University receives a portion of Net Revenues in return for assigning to the Inventor its rights to the Invention, its portion of Net Revenues shall be divided as follows:~~

~~For Cumulative University Revenues Up to \$100,000:~~

~~Inventor's Department 50%
 Inventor's Faculty 20%
 University Distribution 30%~~

~~For Cumulative University Revenues Above \$ 100,000:~~

~~Inventor's Department 15%
 Inventor's Faculty 15%
 Connaught Fund 70%~~

5.3 ~~In all other cases, the distribution of Net Revenues shall be at the discretion of the Vice President—Research and International Relations.~~

65. Arbitration/Dispute Resolution

65.1 **Process.** ~~If a dispute arises between the 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 Board of Arbitration 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.~~

65.2 **Standstill.** ~~Until a decision is given by the Board of Arbitration, no action shall be brought by the Inventor against the University, or by the University or the Innovations Foundation 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 is responsible for the administration of this Policy and is authorized to approve guidelines, regulations and procedures pursuant to this Policy.

7. **Effective Date**

7.1 This Policy shall apply to all disclosures submitted to the University after January 1, 1990.

~~March 6, 1990~~

~~Section 1.2 amended and approved by Governing Council on June 3, 2002~~

INVENTIONS POLICY

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:

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