

APPENDIX C: OAI OPERATING POLICY

INTELLECTUAL PROPERTY RIGHTS

Effective Date: 05/07/98

Approved by OAI Board of Trustees: 05/07/98

This policy will define all intellectual property rights pertaining to research and development projects conducted by or through the Ohio Aerospace Institute (“OAI”) and will be governed by the laws of the State of Ohio. Recognizing the somewhat unique requirements of the university-industry-government constituencies, independently and as a collective whole, broad objectives are:

To facilitate commercialization of research and development resulting from OAI collaboration and to create incentives for active commercial development and job creation.

To respect the academic missions of the member universities and seek acceptable compromises between the needs for proprietary protection and the need for active exchange of research ideas among faculty and students.

To provide incentives for individual participants and participating entities to pursue collaborative research and development leveraging the unique facilities and skills of OAI participants to obtain commercial applications for the economic benefit of themselves, the State of Ohio, and the United States.

To provide for an equitable sharing of rewards from commercialization among those responsible for the invention or discovery, the participating entities and OAI, subject to the policies of each participating organization or institution.

I. DEFINITIONS

1.1: Core Research Project. A generic research and development project undertaken by or through OAI for the general advancement of the state-of-the-art.

1.2: Task Research Project. A task specific research and development project undertaken by or through OAI using funds designated by the source for specific defined product, process or objective.

1.3: Participant: OAI shall be a Participant with respect to all Projects. Each OAI Member university and each OAI Sponsor (whether corporate or governmental shall be a Participant only with respect to:

a Core Research Project for which it provided funding or facilities or participating personnel;
a Core Research Project sponsored by an OAI Technology Working Group (TWG) if it (Industry or Governmental Sponsor) was a member of such Technology Working Group during some portion of the period in which such Project was being pursued;
a Task Research Project for which it provided funding or facilities or participating personnel.

Each Affiliate of an OAI Sponsor that is a corporation shall be a Participant with respect to any Project as to which such Sponsor is a Participant. For this purpose, Affiliate shall mean any entity that directly or indirectly (through one or more intermediaries) controls or is controlled by or is under common control with such Sponsor.

1.4: Project: Any Core Research Project or Task Research Project.

1.5: Intellectual Property. All inventions and discoveries (whether or not patentable), patents, patent applications, know-how, copyrights, trade secrets, mask works, computer software and other writings, and all forms of similar proprietary rights conceived or developed in the course of work performed on a Project.

1.6: Inventing Participant. A Participant who first conceives of, or first reduces to practice, any invention or development in the course of work performed on a Project.

1.7: Owner. A Participant who owns any Intellectual Property, as determined under Article 2.2 below.

II. OWNERSHIP AND USE OF INTELLECTUAL PROPERTY RIGHTS

2.1: Background Intellectual Property Rights. If OAI or any Participant believes it owns or controls any background intellectual property rights that are to be used in the conduct of a Project, such Owner will so notify OAI and all Participants for the Project. If all parties agree that such background intellectual property rights are or may be reasonably necessary to commercially use the results of the Project, then:

The Project will not proceed unless the Owner grants a license, under terms mutually agreed to by OAI and all Participants, to OAI and all Participants in the Project to use the background intellectual property rights to the extent necessary to utilize the results of the Project; or The Project will be changed to avoid use of the background intellectual property rights; or OAI and the Participants all consent to going forward with the Project with the understanding that a license for the background intellectual property rights will be negotiated prior to or at the conclusion of the Project.

Recognizing that it might be impossible initially to identify all background intellectual property rights that might be involved in a developing research Project, all parties involved will consider negotiating in good faith, subject to prior existing agreement, the granting of the necessary licenses for the background intellectual property to all interested Participants.

2.2: Ownership. All Intellectual Property resulting from any Core Research Project will be owned by OAI unless specified otherwise in the agreement with the Inventing Participant but, in all cases, OAI will retain at a minimum the rights necessary to grant the licenses referenced in Articles 2.4 and 2.5 below. All Intellectual Property resulting from any Task Research Project will be negotiated as a part of the terms of the applicable contract or equivalent written instrument for the Task Research Project.

2.3: Royalty Sharing. OAI will retain fifty percent (50%) of any royalties or other income received from the sale or licensing of Intellectual Property resulting from a Core Research Project and distribute the remaining fifty percent (50%) in equal shares to the Inventing Participant(s). Sharing of the royalties received from any Task Research Project will be negotiated as part of the terms of the applicable contract or equivalent written instrument for the Task Research Project.

2.4: Licenses. Subject to the limitation by Article 2.5 of this Policy, each Participant in a Core Research Project who expresses a good faith belief that there is a substantial likelihood that it will actively develop or commercialize the Intellectual Property resulting from any Core Research Project, will have a nonexclusive, royalty-free, worldwide noncancelable right and license to use (including make, have made, use and sell) without right to sublicense, all Intellectual Property conceived or first reduced to practice or developed in the course of such Core Research Project for any purpose. A right of first refusal to obtain this right and license will be provided for ninety (90) days after the time said Participants are given the opportunity to assess the potential of the technology. Failure to respond positively in accordance with the first sentence of this Article 2.4(a) within the defined time period will be taken as an expression of "no interest" and a relinquishment of rights to this technology.

Subject to the limitation by Article 2.5 or this Policy, each non-Participant OAI Member University and OAI Sponsor (whether corporate or governmental) will also have a right of first refusal for a nonexclusive, worldwide right and license to use (including make, have made, use and sell) without right of sublicense as described above. This right to license may only be secured upon obtaining the unanimous approval of the licensed OAI Participants for that technology and the OAI President. In this instance, however, royalties may be negotiated in order to convey

rewards to OAI participating institutions as specified in Article 2.3. However, royalties will be set so that minimal impediment is placed in the way of active development or commercialization, which is an objective of this Policy. If no OAI Participant, Member University or Sponsor obtains a license as described in paragraphs 1 and 2 of this Article 2.4, or actively pursues development or commercialization under the license, the Owner(s) of such Intellectual Property under Article 2.2 of this Policy will use reasonable efforts to license such Intellectual Property to other entities to the extent reasonably appropriate to provide for active development and commercialization thereof, with a preference (such as a royalty discount) for manufacture of the licensed product within the State of Ohio. If a non OAI affiliated entity requests a license for Core Research Project technology licensed to existing Participants, Member Universities or Sponsors, then a license may be secured upon obtaining the unanimous approval of the licensed Participants, Member Universities or Sponsors for that technology and the OAI President. Additionally, if a licensee wishes to obtain the right to sublicense, such right may be secured to the same approvals. Licensing terms and conditions for Intellectual Property resulting from any Task Research Project will be negotiated as part of the terms of the applicable written contract or equivalent written instrument for the Task Research Project.

2.5: Petition for Grant of Exclusive License Rights. All Participants of a Core Research Project will have an opportunity to obtain an exclusive license for Intellectual Property developed under that Project, when the Participants in that Core Research Project unanimously approve a request to negotiate for such exclusive license after the Project has been underway for a minimum of twelve (12) months.

2.6: Patent Applications. The Inventing Participant will promptly disclose all technology developed in the Project, whether patentable or not, to OAI and the Participants in the Project. For a Core Research Project, the Owner of the Intellectual Property will have the right to decide if and where patents or other statutory intellectual property rights will be sought, and may file, prosecute and maintain such applications and resulting rights at its discretion. Copies of all appropriate disclosure papers, including invention disclosures, applications and prosecution papers and resulting patents, will promptly be conveyed by Owner to OAI and other Participants in a Core Research Project. The expenses of such filing, prosecution and maintenance for a Core Research Project will be paid from the funding for the Project, up to a maximum of five percent (5%) of such funding unless OAI or another entity agrees to pay such expenses. If such expenses paid from the funding for the Project exceed the five percent (5%) limitation, and only for cases where OAI is not the Owner, OAI and the Owner will negotiate how to share any expenses in excess of the five percent (5%) limitation. If royalty income is received based upon licensing patents whose expenses were paid by OAI or another entity, such royalty income will first reimburse OAI or the other paying entity for such expenses and the remaining royalty income will be shared under the provisions of Article 2.3 of this Policy.

Should the Owner decide that statutory protection of worthwhile scope could likely be obtained, but decides nevertheless not to secure or maintain such statutory protection for technology derived from a Core Research Project, it should notify OAI and all other Participants, as defined under Article 1.3, in a timely manner. If OAI or any Participant wishes to fund the filing, prosecution or maintenance of patents or other statutory intellectual property rights after the Owner has decided not to do so, such entity will so advise the Owner. Such entity will provide the necessary funding to the Owner and the Owner will take such actions concerning such filing, prosecution or maintenance as may be reasonably requested and funded by such entity.

2.7: Proprietary Information. OAI Participants, sponsoring governmental units and Members anticipate that during the course of their joint research, it may be necessary to transfer to the other, information of a confidential and proprietary nature, including, but not limited to, processes, trade secrets, computer programs and other business practices of a confidential nature ("Proprietary Information"). Such Proprietary Information may be

transferred in writing, insofar as is practical, and will be marked "Proprietary" or other appropriate legend. Transferred information not so reduced to writing within sixty (60) days after the first disclosure and so marked, will not be treated as proprietary. The parties receiving Proprietary Information agree that they will use substantially the same efforts to maintain in confidence and not disclose to third parties this information as are used to protect their own confidential information. Disclosure of such Proprietary Information will be restricted to those employees who are directly participating in the relevant Research Project(s) and who have acknowledged their obligation to protect the confidentiality of such information in writing (including in an existing agreement with their employer). Nothing contained herein will in any way restrict or impair any party's right to use the Proprietary Information for any purpose reasonably required to make use of the results of the Project in connection with which the Proprietary Information was disclosed.

Nothing contained herein will in any way restrict or impair any party's right to use, disclose or otherwise deal, with any Proprietary Information which:

1. is published or generally available in the public domain, or thereafter becomes available to the public through no act of the receiving party; or
2. was independently known prior to receipt thereof, or made available to such receiving party as a matter of lawful right by a third party, or is developed independently without use of the Proprietary Information or disclosed by the owning party to others without obligation of confidentiality.

The above obligations of confidentiality shall be in effect for a period of five (5) years from the date the Proprietary Information is disclosed, or as otherwise negotiated as part of the terms of the applicable written contract or equivalent written instrument for a specific research project.

III. PUBLICATION RIGHTS

The performing entities under any Project have the right to publish the results of their research. Before publishing, however, the performing entities agree(s) to submit copies of any manuscript proposed for publication or presentation to OAI for distribution and review by all Participants in the Project at least forty-five (45) days in advance of the presentation or publication date. If OAI or Participant(s) ask to defer publication within thirty (30) days after receipt of the manuscript so that patent applications may be filed, or because preexisting confidential Proprietary Information of a Participant is included in the manuscript, the performing entity shall not publish or otherwise disclose to any third party any of the information contained in the manuscript:

1. until such time as a patent application has been filed, or the expiration of ninety (90) days from the date of submission to OAI or Participant(s), whichever occurs first; and
2. the pre-existing confidential Proprietary Information of the Participant(s) is deleted from the manuscript.

When the proposed publication represents a necessary requirement for obtaining a university degree, the above will not apply and instead, the OAI President or designee shall review the information for publication within five (5) working days of receipt by OAI and advise the Principal Investigator to remove any material which the OAI President or designee reasonably believes to be proprietary and/or injurious to the interests of the Participants.