

## **GUIDELINES ON THE APPLICATION OF THE POLICY ON INVENTIONS AND SOFTWARE**

### **1. Purpose**

The Guidelines on the Application of the Policy on Inventions and Software (the “Guidelines”) supplement the Policy on Inventions and Software (the “Policy”). They shall be used for the purpose of clarifying the Policy and setting evolving processes and practices implemented in support of the Policy. These Guidelines may be modified from time to time by the Vice-President (Research and Innovation) after appropriate consultation with the Senior Administration, Deans, the Technology Transfer Office, and members of the University community and affiliated institutions having experience and expertise in matters of Inventions and Software.

### **2. Definitions**

For the purpose of these guidelines, the following definitions apply:

- 2.1 “Electronic research material”, or “ERM”, means the electronic representation, in whole or in part, of an Invention or Software, and includes, but is not limited to, digitized blueprints, programming source codes, and executable programs.
- 2.2 “Invention” means any new and useful art, process, machine, manufacture, design, or composition of matter, or any new and useful improvement to any art, process, machine, manufacture, design, or composition of matter, which is or may be protected by patent, plant breeder’s right, industrial design, utility model or other similar intellectual property right.
- 2.3 “Inventor” means any student, employee or appointee of the University, whether academic or administrative and support staff, or any physical person, such as a visiting professor, working or doing research at or under the auspices of the University, who satisfies the applicable statutory requirements of inventorship. In this policy, the term “Inventor” shall also be used in reference to the creators of Software covered by copyright.
- 2.4 “Net Income” means all consideration, including, without limiting the generality of the foregoing, royalties, cash, equity, and options, received by the Inventor(s) and the University from the sale, licensing, or other disposition of an Invention or Software, less the costs specifically related to the protection, licensing, distribution, financial charges imposed by the University for fund administration, or commercial development of the Invention or Software.
- 2.5 “Net Royalties” means all royalties, including, without limiting the generality of the foregoing, any one-time payment, milestone payment, or pass-through royalty received by the Inventor(s) and the University from the sale, licensing, or other disposition of an Invention or Software, less the costs specifically related to the protection, licensing, distribution, financial charges imposed by the University for fund administration, or commercial development of the Invention or Software.

- 2.6 “Software” means any set of instructions that is expressed, fixed, embodied, or stored in any manner and that can be used directly or indirectly in a device in order to bring about a specific result
- 2.7 “Tangible research material”, or “TRM”, means the tangible embodiment of an Invention or Software, and includes, but is not limited to, biological materials, such as antibodies, cell lines, and animal models or physical devices.

### **3. Commercialization of Inventions and Software**

- 3.1 *Receipt of the ROI:* Once a report of invention (ROI) is submitted to the Technology Transfer Office, the Office shall, within a reasonable time frame, acknowledge receipt of the ROI and assign the ROI to a member of the Technology Transfer Office. In the event the ROI originates from an affiliated institution, such affiliated institution will be informed of the receipt of the ROI.
- 3.2 *Preliminary Review of ROI:* Within sixty (60) days of acknowledging receipt of the ROI, the Technology Transfer Office shall have met (whether by phone or in person) with the Inventor(s) and completed a preliminary assessment of the Invention or Software. The objective of the meeting is to clarify aspects of the Invention or Software, the information included in the ROI, such as the correct identification of inventors and contributors, and whether the Inventor(s) have considered a commercialization path in order to complete a preliminary assessment of the ROI. Upon completion of this preliminary assessment, the Technology Transfer Office shall communicate to the Inventor(s), and copy the affiliated institution where applicable, one of the following:
- a) The Technology Transfer Office will proceed with a full due diligence review as set out in section c) (the ROI will remain under review until such due diligence is completed); or
  - b) the ROI is incomplete or more data/experiments are required and the decision on whether or not to proceed with a due diligence review will be deferred until the necessary details are completed or obtained; or
  - c) the Inventor(s) have all agreed that they wish to commercialize the Invention/Software independently of the University or the Technology Transfer Office has decided to decline the ROI and will not commercialise the Invention/Software. In such cases, the University will transfer its rights in the Invention or Software back to the Inventor(s) as is further set out in sections 4.3 and 4.4.
- 3.3 *Due Diligence Review:* Any ROI that is under review per section 3.2a) shall undergo a due diligence review by the Technology Transfer Office. The due diligence review includes, among other things, an assessment of the patentability, third party rights, marketability, and commercial potential of the ROI. This due diligence review shall be completed by the Technology Transfer Office within ninety (90) days of completing the preliminary assessment set out in section 3.2. Upon completion of the due diligence review, the Technology Transfer Office shall communicate to the Inventor(s), and copy the affiliated institution where applicable, one of the following:
- a) it has decided to accept the ROI and will proceed with commercialization of the Invention or Software, in which case the Inventor(s) and the Technology Transfer Office will prepare a development plan; or

- b) it has decided to decline the ROI and won't proceed with commercialization of the Invention or Software. In such cases, the University will transfer its rights in the Invention or Software back to the Inventor(s) as is further set out in sections 4.3 and 4.4.

- 3.4 *Commercial Evaluation Meeting and Patent Protection:* In the event that the Invention or Software requires patent protection, the Technology Transfer Office will generally obtain approval of the Commercial Evaluation Committee at a Commercial Evaluation Meeting before proceeding with such patent protection. The Commercial Evaluation Meeting is a regular meeting of the members of the Technology Transfer Office and may include from time to time representatives of a valorisation society, affiliated hospitals, or other outside experts. The Inventor(s) and the Technology Transfer Office will together prepare the presentation of the Invention or Software to the Committee. The outcome of the Commercial Evaluation Meeting is a decision for the patent protection phase and an outline of development milestones to be achieved prior to the next decision point.
- 3.5 *Development Plan:* The development plan shall outline all of the events and milestones that need to occur in order to bring the Invention or Software to the next step in the commercialization process. While the development plan may change or be replaced from time to time as the commercialization process advances, it shall always be subject to the approval of the Technology Transfer Office and the Inventor(s). The plan will address matters such as the need for additional research data, intellectual property protection, funding requirements (including potential sources of financing), and industry contact to gauge interest for the Invention/Software and will include a timeline. The plan shall clearly outline the responsibilities of both the Technology Transfer Office and the Inventor(s) in the commercialization process and may include input from the Commercial Evaluation Committee. Should the Technology Transfer Office and the Inventor(s) fail, at any time in the commercialization process, to agree on a mutually acceptable development plan, the matter shall, at the Inventor's choice, be resolved through the dispute resolution process, pursuant to section 8 of the Policy, or be resolved through the assignment of the Invention or Software to the Inventor(s) pursuant to section 4.3. The Technology Transfer Office shall be under no obligation to continue with the commercialization process (including the continued financial support of filed patents or patent applications) if there is no agreement on the development plan or if the milestones or tasks within the development plan are not completed.
- 3.6 *Cooperation between the Inventor(s) and The Technology Transfer Office:* Participation of both the Inventor(s) and the Technology Transfer Office in the commercialization process is essential to the development and implementation of a successful development plan. The Inventor(s) and the Technology Transfer Office shall cooperate in assembling, updating, and implementing the development plan, which will serve the interests of both the University and the Inventor(s). Notwithstanding the foregoing, the Technology Transfer Office shall have full authority to negotiate the terms of any and all agreements entered into by the University in connection with the development plan.
- 3.7 *Assignment:* In the event that, pursuant to section 3.3a), the University decides to proceed with commercialization of the Invention or Software, all rights to the Invention or Software shall be

assigned by the Inventor(s) to the University. If the Inventor(s) do not complete the assignments and other required legal documents, the University will be unable to proceed with the commercialization. Upon assignment, the University shall then become the sole owner of all rights to the Invention or Software, however the Inventor(s) shall retain the right to receive their share of the Net Income as set out in section 5.1.1.

3.8 *Tangible Research Material*: Tangible Research Material (TRM) may be distributed for academic purposes under agreements forbidding transfer to third parties. Where TRM is distributed for academic purposes, the Technology Transfer Office charges recipients only the costs related to generation, shipping, and handling. Where commercial development is envisaged, or where TRM is received from, or transferred to, a commercial entity, contracts concerning distribution or receipt of TRM are made through the Technology Transfer Office.

3.9 *Electronic Research Material*: Electronic Research Material (ERM) may be distributed for academic purposes under agreements forbidding transfer to third parties. Where ERM is distributed for academic purposes, the Technology Transfer Office charges recipients only the costs related to production, shipping, and handling. Where commercial development is envisaged, or where ERM is received from, or transferred to, a commercial entity, contracts concerning distribution or receipt of ERM, including, but not limited to, physical transfer on a storage medium and electronic transfer via fax, telephone, or internet, are made through the Technology Transfer Office.

#### **4. University Decision Not to Commercialize and Transfer of Rights to Inventor(s)**

4.1 *University Decision Not to Initiate Commercial Development*: As set out in sections 3.2c) and 3.3b), after an Invention or Software is disclosed to the University, the Technology Transfer Office may decline to initiate commercial development. Should the Inventor(s) disagree with that decision, they may, within thirty (30) days of the decision, in writing, refer the matter to the Vice-President (Research and Innovation), who will accept or reject the Technology Transfer Office recommendation and promptly communicate his or her decision to the Inventor(s). A decision by the Vice-President (Research and Innovation) on such a matter shall be final.

4.2 *University Decision to Stop Commercial Development*: Once commercial development of an Invention or Software has been initiated, the Technology Transfer Office may at some point in time decide to cease efforts toward commercial development. Should the Inventor(s) disagree with that decision, they may, within thirty (30) days of the decision, in writing, refer the matter to the Vice-President (Research and Innovation), who will accept or reject the Technology Transfer Office recommendation and promptly communicate his or her decision to the Inventor(s). A decision by the Vice-President (Research and Innovation) on such a matter shall be final.

4.3 *Transfer of Rights by the University*: Subject to section 4.4, the University shall assign its share of the rights to the Invention or Software to the Inventor(s) in the following cases. In such cases, the Inventor(s) shall then become the sole owner of the rights to the Invention or the Software:

- a) The University declines to pursue commercialization, or decides to cease its efforts to commercialize the Invention or Software, per sections 4.1 or 4.2;

- b) The Inventor(s) agree to commercialize the Invention or Software independently of the University;
- c) The Inventor(s) wish to develop the Invention or Software for the purpose of licensing or distributing it without profit, or for the purpose of putting it in the public domain so that it is easily accessible; or
- d) The Technology Transfer Office and the Inventor(s) have failed to agree on a mutually acceptable development plan, and the Inventor(s) has chosen not to take advantage of the dispute resolution mechanism contained at section 8 of the Policy.

4.4 *Conditions to a Transfer of Rights:* A transfer of rights from the University to the Inventor(s) shall be conditional upon, among other things, agreement by the Inventor(s) to the following, as applicable:

- a) to reimburse, prior to the distribution of any revenues received from commercialization of the Invention or Software, all costs to the University specifically related to the protection, licensing, distribution, or commercial development of the Invention or Software;
- b) to share Net Income with the University as set out in section 5.1.2;
- c) to report to the University, on a yearly basis, on the activities and efforts to develop and commercialize the Invention or Software;
- d) to grant back to the University a non-exclusive, perpetual, irrevocable, royalty-free license to use the Invention or Software for academic and research purposes, including research collaborations;
- e) to release the University from any and all claims relating to the commercialization by the University of the Invention or Software;
- f) to agree to include indemnification for the University in any commercialization agreement regarding the Invention or Software;
- g) to agree to use best efforts to ensure the Invention or Software benefits Quebec and Canada;
- h) to obtain written approval of the Vice-President (Research and Innovation) prior to entering into any commercialization agreement that places him or her in a situation of potential conflict of interest, in particular in the case of an agreement with an enterprise in which the Inventor has a substantial interest;
- i) to fulfill any obligations of the University that may exist to third parties in relation to the Invention or Software.

4.5 *Documentation:* Whenever rights are assigned to the Inventor(s) under section 4.3, the University shall execute any document reasonably required by the Inventor(s) for the purpose of protecting the Invention or Software and furthering its commercial development.

## **5. Sharing of Income and Expenses**

5.1 *Sharing of Net Income:* Net Income derived from the commercialization of the Invention or Software shall be shared between the Inventor(s) and the University on the following basis:

5.1.1 *Commercialization by the University:* In the case where the University is responsible for the commercial development of the Invention or Software, the first \$10,000 of Net Royalties

shall accrue solely to the Inventor(s). Of the balance of Net Income, 60 % shall go to the Inventor(s) and 40 % shall go to the University.

In the case where part of the Net Income received by the University is in the form of equity in a company, the University shall, taking into account any legal restrictions and the wishes of the Inventor(s) and the company:

- a) arrange for the Inventor(s) to receive his or her share of the equity directly from the company; or
- b) have all equity (i.e. including the Inventor(s)' share) issued in the name of the University, in which case the University shall be the sole decision maker as regards to disposition of the equity; the Inventor(s) sole right being the receipt of the appropriate share of such equity or its cash equivalent at such time and in such form as the University shall deem appropriate.

5.1.2 *Commercialization by the Inventor(s)*: In the case where the University assigns the rights to the Inventor(s) under section 4.3, and the Inventor(s) is responsible for the commercial development of the Invention or Software, after the University has been reimbursed for any out-of-pocket expenses it has incurred, if any, in the commercialization process, Net Income shall be apportioned as follows: 80 % shall go to the Inventor(s) and 20 % shall go to the University.

5.2 *Allocation of University's Share of Income*: Unless otherwise determined by OVPRI (the Office of the Vice-President (Research and Innovation)), in consultation with the Provost, the University's share of Net Income shall be apportioned as follows: 33 1/3 % to central administration, 33 1/3 % to the faculties of the Inventors, and 33 1/3 % to OVPRI (50 % the Technology Transfer Office, 50 % OVPRI). In respect of revenue received upon the liquidation of equity in a company, the share for central administration shall be earmarked for special projects that are not covered by the general budget of the University.

5.3 Where an affiliated institution or hospital is associated with the Invention or Software, a separate agreement will direct what percentage of the University share will go to the affiliated institution or hospital and the remaining amount will be shared per section 5.2. Any equity to be shared with the affiliated institution will be done as indicated in section 5.1.1.

## **6. Dispute Resolution**

Any dispute with respect to the application of these Guidelines shall be referred to the Vice-President (Research and Innovation) in accordance with the Policy.

## **7. Review of Guidelines**

There shall be an annual meeting convened by the Office of the Vice-President (Research and Innovation) to review the operation of these Guidelines. The focus of such a meeting will be to ensure alignment between the Guidelines and the Policy and update the Guidelines as required.

## **Guidelines on the Application of the Policy on Inventions and Software**

### ***History:***

### ***Approved:***

Senate  
Board of Governors

April 20, 2017  
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