



SAN DIEGO STATE  
UNIVERSITY

Technology Transfer Office

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## Explanation: Disclosure and Assignment of Intellectual Property to SDSU Research Foundation

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The San Diego State University (SDSU) Research Foundation, like other research institutions, requires all employees and other personnel who participate in extramurally-supported research to sign an Intellectual Property Assignment as a condition of employment or participation in such extramurally-supported research. This is primarily done to ensure compliance with federal laws governing sponsored research. Inventors are entitled to a share in royalties produced by intellectual property.

The Intellectual Property Assignment requires the individual to promptly report and fully disclose potentially patentable inventions. In addition, the individual acknowledges an obligation to assign to SDSU Research Foundation inventions and patents that are conceived or developed while employed by SDSU Research Foundation or while using any gift, grant, or contract research funds received through SDSU Research Foundation. The SDSU Research Foundation Technology Transfer Office (TTO) and University Copyrights and Patents Committee (UCPC) evaluate each invention disclosure for development and commercialization potential and may require the inventor to formally assign rights to SDSU Research Foundation. Persons signing the Intellectual Property Assignment agree to promptly disclose all potentially patentable inventions. As further explained below, it is imperative that research institutions require, by written agreement, that researchers assign and promptly disclose all inventions developed during the performance of federally funded research.

The Bayh-Dole Act grants institutions the right to retain title to inventions conceived or reduced to practice utilizing government funding.<sup>1</sup> The institution must also promptly report such inventions to the Federal Agency.<sup>2</sup> If the institution decides against retaining title to a subject invention, then the right to elect to retain title passes to the funding agency.<sup>3</sup> However, the Patent Act provides the rights to inventions and patents by default to the inventor(s),<sup>4</sup> and such rights may only be transferred by way of an assignment in writing.<sup>5</sup> Thus, in order to comply with the Bayh-Dole Regulations (37 C.F.R. § 401 et seq.), SDSU Research Foundation must require, by written agreement with its researchers, that they promptly disclose in writing any subject invention made under contract and the assignment of at least all inventions developed during the performance of federally funded research.<sup>6</sup> Even in the event that, SDSU Research Foundation decides against retaining title to a subject invention, the institution must have in place a written assignment with the inventor in order to preserve the federal government's rights and facilitate the transfer of rights to the funding agency.<sup>6</sup> The Intellectual Property Assignment required by SDSU Research Foundation puts SDSU Research Foundation into compliance with these above-discussed federal regulations, allows SDSU Research Foundation to comply with

common terms of sponsored contracts not subject to the above-discussed regulations, and is consistent with good business practices. The necessity for faculty engaged in research on sponsored projects that stipulate assignment of patent rights to the SDSU Research Foundation or the sponsor is further addressed in SDSU Senate Policy on Patents, Section 4.0.<sup>7</sup>

Importantly, financial incentives are available to those inventors whose inventions are licensed and become commercially successful. The Bayh-Dole Regulations require that SDSU Research Foundation share royalties collected on subject inventions with the inventors,<sup>8</sup> and it is SDSU Research Foundation's practice to share fifty percent (50%) of such royalties received with the inventors after outside expenses are reimbursed.

More information on intellectual property, assignments, university policy, and the commercialization process can be found on the TTO website. Further questions about the Intellectual Property Assignment should be directed to the SDSU Research Foundation Director of Technology Transfer, Tommy Martindale, via phone at (619) 594-0791, or email at [tto@foundation.sdsu.edu](mailto:tto@foundation.sdsu.edu).

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<sup>1</sup> 37 C.F.R. § 401.14(b)(2). "The *contractor* may retain the entire right, title, and interest throughout the world to each subject invention subject to the provisions of this clause and 35 U.S.C. § 203. With respect to any subject invention in which the *contractor* retains title, the Federal government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world." The term "contractor" means "means any person, small business firm or non-profit organization which is a party to a funding agreement," and includes the SDSU Research Foundation for all the purposes of this document. 37 C.F.R. § 401.2(b).

<sup>2</sup> 37 C.F.R. § 401.14 (c)(1). "The contractor will disclose each subject invention to the Federal Agency within two months after the inventor discloses it in writing to contractor personnel responsible for patent matters. The disclosure to the agency shall be in the form of a written report and shall identify the contract under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding to the extent known at the time of the disclosure, of the nature, purpose, operation, and the physical, chemical, biological or electrical characteristics of the invention. The disclosure shall also identify any publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to the agency, the contractor will promptly notify the agency of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the contractor."

<sup>3</sup> 35 C.F.R. § 401.14. "(d) Conditions When the Government May Obtain Title. The contractor *will convey to the Federal agency*, upon written request, title to any subject invention ... (3) [i]n any country in which the contractor decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in reexamination or opposition proceeding on, a patent on a subject invention."

<sup>4</sup> 35 U.S.C. § 101.

<sup>5</sup> 35 U.S.C. § 261.

<sup>6</sup> 35 C.F.R. § 401.14 "(f)(1) The *contractor* agrees to execute or to have executed and promptly deliver *to the Federal agency* all instruments necessary to (i) establish or confirm the rights the Government has throughout the world in those subject inventions to which the *contractor* elects to retain title, and (ii) convey title *to the Federal agency* when requested under paragraph (d) above and to enable the government to obtain patent protection throughout the world in that subject invention.(s) The contractor agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to

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disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the contractor each subject invention made under contract in order that the contractor can comply with the disclosure provisions of paragraph (c), above, and to execute all papers necessary to file patent applications on subject inventions and to establish the government's rights in the subject inventions.”

<sup>7</sup> SDSU Senate Policy, Section 4.0, Patents. “Faculty engaged in research on sponsored projects that stipulate assignment of patent rights to the SDSU Research Foundation or the sponsor shall (a) execute a written Assignment of Patent Rights with the San Diego State Research Foundation, on behalf of the University, encompassing all current and future contracts and grants, (b) promptly disclose any invention to the University Copyrights and Patents Committee by means of the invention disclosure process, and (c) execute a written Assignment Agreement in order to effectuate patent prosecution rights and authority.”

<sup>8</sup> 35 C.F.R. § 401.14(k)(2). “The contractor will share royalties collected on a subject invention with the inventor, including Federal employee co-inventors (when the agency deems it appropriate) when the subject invention is assigned in accordance with 35 U.S.C. § 202(e) and 37 C.F.R. § 401.10.”