

## Yale University Patent Policy

1. **Encouragement of and Ownership of Patents and Other Inventions.** In the course of teaching, research, and other intellectual activity by faculty, staff, fellows, students, and other individuals in the University community, discoveries and inventions occur that may be patentable or unpatentable (“Inventions”). Encouragement of such Inventions in appropriate ways is both supportive of the public interest and consistent with the advancement of knowledge for its own sake, the primary purpose of teaching and research in a university. The University Patent Policy states the procedure to be followed in the administration of Inventions which result from teaching, research, and other intellectual activity performed under University auspices. Inventions include both patentable and other non-patent or unpatentable creations such as computer software and materials (including without limitation biological materials). The University shall own such Inventions made or conceived under University auspices except as otherwise provided in paragraph 6 or the University Copyright Policy.
2. **Purpose of Patent Policy.** The purposes of this University Patent Policy are (1) to help assure, in the public interest, that the patentability (or other means of exploitation) and practicality of Inventions will be evaluated by qualified persons, and that the income from Inventions will be used to support further research or other desirable University activities; and (2) to define remuneration to the inventor or inventors (hereinafter the “Inventor”) and the University as long as the Invention is productive of revenue.
3. **Procedure as to Inventions.** The University has established a committee of faculty and administration, the Yale Ventures Advisory Board, to advise the University on matters related to Inventions policy and administration. The Provost shall have the discretion to rename such committee from time to time. The University has also established Yale Ventures to facilitate development and commercialization of Inventions in the public interest.
  - a. **Disclosure and Initial Processing.** All Inventions shall be reported promptly in writing to Yale Ventures. The staff of Yale Ventures shall conduct an initial screening followed, when indicated, by a detailed evaluation of the Invention pursuant to established procedures. After the evaluation, the University may make application for letters patent or other intellectual property protection. Yale shall own all such patent applications and resulting patents or other intellectual property rights and, upon the request of Yale Ventures, the Inventors shall execute assignments or other documents confirming assignment to the University of all their rights in the

Invention and any patent applications, resulting patents, or other intellectual property related to the Invention. If the University decides that it does not wish, and has no legal obligation, to participate in the patenting, licensing or other commercialization of an Invention, the University may release to the Inventor the University's interest in the Invention, and the Inventor shall then be free to dispose of the Invention as the Inventor wishes, subject to government rules and requirements as applicable.

b. License Agreement.

1. If the University decides to participate in the patenting or licensing of an Invention, Yale Ventures will seek to enter into appropriate licensing agreements to commercialize the Invention. The objective of the University in supporting entrepreneurship and innovation is to promote the development of its technology in furtherance of its own educational mission and for the benefit of society in general. Therefore, as a general policy, the University will set the terms of its licenses so as to further the achievement of this objective. Exclusive licenses will be granted if it appears to Yale Ventures that this is the most effective way of ensuring development to the point that the public will benefit. Any exclusive license agreement will be so drawn as to protect against failure of the licensee to carry out effective development and marketing within a specified time period.
2. In research grants or contracts sponsored by industry, there will typically be a section covering patents on future Inventions, if any, as is required in all government grants. When deemed appropriate, the sponsor may be granted a license to any Inventions developed during the term of the grant or contract in accordance with the policies outlined in 1) above.

**4. Division of Revenue.**

a. Definition. For purposes of this policy, "Revenue" shall include running royalties, advances against running royalties, up-front license fees, milestone payments, shares of stock, other securities, or other equivalent ownership interests issued by the licensee or another corporation (such stock, securities, or ownership interests, "equity"), and any other payments received by the University under a license agreement in consideration for licensing an Invention, but shall not include amounts received from a licensee or others in sponsorship of

research or under other agreements for other goods, services or rights.

b. Recovery of Expenses. Revenue shall be used first to offset out-of-pocket expenses incurred by the University in applying for, obtaining, maintaining, enforcing, and defending a patent or license. Expenses for this purpose will include fees paid to outside legal, consulting, and licensing organizations and any other out-of-pocket costs incurred by the University. The fees paid to the external individuals or organizations for such services may be of fixed dollar amount or may be in the form of an agreed-upon fraction of the gross revenue, if any, or in any other form directly associated with commercialization/licensing of the Invention.

c. Net Revenue. After recovery of expenses by the University as provided in subparagraph (b), the remaining revenue will be designated Net Revenue.

d. Distribution of Net Revenue. The Net Revenue as defined above shall be divided between the Inventor(s) (as defined under the patent law, or if not a patentable Invention, as determined in subparagraph f below) and the Inventor's Lab, Unit, and School (as described in paragraph 5) as follows:

- The first \$100,000 of Net Revenue:

- 50% to the Inventor(s)
  - 15% to Inventor's Lab
  - 15% to Inventor's Unit
  - 20% to Inventor's School

- Net Revenue between \$100,000 and \$200,000:

- 40% to the Inventor(s)
  - 15% to Inventor's Lab
  - 15% to Inventor's Unit
  - 30% to Inventor's School

- Net Revenue exceeding \$200,000:

- 30% to the Inventor(s)
  - 15% to Inventor's Lab
  - 15% to Inventor's Unit
  - 40% to Inventor's School

For any equity received as consideration for a license, unless otherwise agreed in writing with an Inventor, the default position of the University shall be to retain ownership of the equity until it can be liquidated via Yale's Investments Office according to established procedures. The resulting proceeds will be distributed as outlined above.

For purposes of applying the above Net Revenue distribution formula (i.e., whether aggregate Net Revenue is \$100,000 or less, between \$100,000 and \$200,000, or more than \$200,000), equity shall be treated under Net Revenue exceeding \$200,000. The Inventors shall be responsible for tax liabilities associated with receiving equity or cash in connection with such Inventor's share of Net Revenue.

As used in this document, the term "Inventor" may represent two or more individuals. These individuals will be expected to agree among themselves on the fractional distribution of the "Inventor" share of any revenue. A written agreement must be signed by all the Yale individuals involved and deposited for the record with Yale Ventures. (Appropriate forms shall be provided by Yale Ventures.) If no written agreement has been deposited by the later of (i) 6 months from the date of initial Invention disclosure or (ii) the time of a distribution of Net Revenue, the Inventors' share of such distribution shall be divided equally among the Inventors.

e. **Overriding Agreements with Third Parties.** The foregoing provisions of this paragraph and the rest of this University Patent Policy are subject to the terms of applicable grants and contracts with third parties. See paragraph 7.

f. Inventors of non-patent Inventions shall be determined by written agreement among the Yale creators of such non-patent Invention. In the absence of a written agreement, the Inventors of a non-patent Invention shall be determined by the head of the laboratory from which such non-patent Invention was made.

5. **General Research Support from Net Revenue for Schools, Units, and Labs.** The share of Net Revenue retained by Yale University, including its Schools, Units, and Labs, will be used in support of research. Yale Ventures will administer the distribution of the Revenue to the respective Schools, Units, and Labs with an equal split for all Schools involved. "Unit" means a department, center, institute, or other academic organization smaller than a School but larger than a Lab. The Dean of each School shall have the option

to designate the entities to receive the Unit and Lab share if appropriate, provided they inform Yale Ventures *in advance* for proper bookkeeping. Any unique cases, such as joint appointments or Inventions made by faculty amongst more than one Unit, or Unit and Lab designations, will be resolved by the respective Dean(s) or Unit head(s) and the Provost. Each Lab and Unit share will be capped at \$1,500,000 in the aggregate for each fiscal year respectively for total distributions under Section 4, with any amount over the cap reverted to the Provost. If the principal investigator whose Lab is receiving a share of Revenue departs Yale, the associated Lab and Unit shares will revert to the School. The Unit and Lab caps shall be subject to periodic review and adjustment at the discretion of the Provost.

- 6. Inventions Not under University Auspices.** Inventions by University employees usually result from teaching, research, or other intellectual activity involving University facilities or personnel. Accordingly, all Inventions by University employees must be reported to Yale Ventures. When the University determines that an Invention by a University employee is unrelated to the activities for which the individual is employed and has not involved the use of University facilities or personnel, then the University will make no claim to the individual's share of such an Invention. All Inventions made or conceived under circumstances involving the use of University facilities or personnel or that are related to the activities for which the inventor is employed are the property of the University, except as provided in the University Copyright Policy.

An Invention made by an Inventor in the course of a consulting engagement, outside employment, or other external professional activities ("consulting") for a company or other entity ("company") may be assigned to the company only if it is unrelated to the activities for which the Inventor is employed by Yale and it was not made or conceived under circumstances involving the use of University facilities or personnel. Such an Invention will be considered unrelated to the activities for which the Inventor is employed by Yale if the Invention arises directly out of consulting activity paid for by the company, and, for example, it is made in response to a problem posed by the company and is based on non-public information provided by the company to the Inventor for use in the consulting engagement. It will be considered not to have involved the use of University facilities or personnel if no University facilities or resources (including but not limited to space, laboratory equipment, and supplies that is more than incidental), no University-administered funds, and no University personnel other than the Inventor himself or herself, are involved in the conception or reduction to practice of the Invention. All Inventions made by Yale faculty or other employees in the course of consulting, and any request to assign rights to such Inventions, must be reported promptly to Yale Ventures. Yale Ventures

will agree to abide by reasonable confidentiality restrictions for disclosures of Inventions and assignments made in the course of consulting.

7. **When Arrangements with Outside Organizations Override This Policy.** Arrangements with outside organizations that propose terms which are exceptions to this Policy must be submitted to Yale Ventures for review by the University for approval by the President or Provost. If approved by the University, the terms shall be binding upon all members of the faculty, staff, and employees of the University conducting such research or utilizing such facilities, and will supersede the provisions of the patent policy to the extent that the terms are inconsistent therewith.
8. **Inventions by Staff Resulting from Performance of the Responsibilities of Their Employment.** Not infrequently, in the course of carrying out assigned responsibilities of their employment, staff employees may make Inventions (e.g., the employee received salary or wages for the specific function of developing the work which ultimately has commercial value). In such cases, there is no presumption that the University will share Revenues with the employee. Normally, the University does not share Revenues with staff except in cases where it appears that the Invention has not resulted from the performance of assigned duties. In instances when staff have created such Inventions, a determination will be made by Yale Ventures and a recommendation will be made to the Provost. In such cases, the division of Revenue as specified in paragraph 4(d) of this policy need not apply and the Provost may substitute different provisions.
9. **Government Rights in Certain Inventions.** Government regulations permit educational institutions to retain rights and title to patentable Inventions which result from federally funded experimental, developmental and research work. Retention of rights by the University is contingent upon the fulfilling of a number of obligations of the University and of the Inventor(s) and these obligations must be discharged in order to protect the interests of all parties. Though the University may retain rights and title to such patentable Inventions, the federal government retains a royalty-free license and places certain other restrictions upon the ultimate disposition of the patents(s). Details of the implementing regulations may be obtained from Yale Ventures. Incumbent upon members of the University community who apply for and receive federal funding to support research or who use federal monies in the conduct of their research is the requirement for written agreement that they will promptly disclose patentable Inventions to the University and will execute all instruments necessary to protect the rights of the government and/or the University. Forms for this agreement will be provided to all faculty Inventors and will be available for other participants (i.e., collaborators, post-doctoral

associates and fellows, students) from the appropriate departmental (or Unit) chair or, at the chair's option, from the departmental (or Unit) Business Operations administration.

10. **Revocation or Amendment.** This patent policy is subject to revocation or amendment by the Corporation. In case of doubt as to the interpretation of this patent policy, a definitive interpretation will be provided by the President or Provost, after receiving the advice of the Yale Ventures Advisory Board. This patent policy is effective as to all Inventions made on or after December 3, 2023.

Revised December 3, 2023.