



UNIVERSITY of  
MASSACHUSETTS  
BOSTON  
100 Morrissey Blvd.  
Boston, MA 02125-3393

Office of the Vice Provost  
for Research  
617.287.5600  
Fax: 617.287.5616

## **A Note Concerning Use of University Resources in**

### **Support of Entrepreneurial Activities**

UMass Boston values and supports appropriate entrepreneurial activity by its faculty, staff, and students. These activities, such as engaging in industry sponsored research, starting new companies and licensing technology to established companies, are integral to its mission to support the economic and social development of the Commonwealth. The opportunity to engage in entrepreneurial activities broadens and stimulates campus research activities, attracts world-class faculty and motivated students from around the world, and invigorates undergraduate and graduate learning and teaching.

UMass Boston has established the Venture Development Center to provide additional opportunities for its employees to pursue entrepreneurial activities. A corporation may temporarily locate in the Venture Development Center in its early development stage to take advantage of university expertise and facilities.

Entrepreneurial activities are sometimes a balancing act. As a public institution, UMass Boston champions the free and open exchange of ideas, results and data, while corporations, concerned with competitive advantage, prefer to protect information. Yet, with the right planning, project management, agreement structure, and oversight, the interests of both parties will be in alignment and entrepreneurial activities will have mutual and lasting benefit.

The purpose of this Note is to explain how established university policies and procedures are being applied to these types of entrepreneurial activities to be consistent with the nature of the university as a public institution of higher education. These policies and procedures can be found at <http://umb.edu/research/policies/policies.html>.

#### **Using university facilities, equipment, or supplies**

As a general matter, entrepreneurial activities undertaken by university employees are normally considered part of their duties, and use of university resources is appropriate. Where activities are undertaken purely for an employee's personal gain without connection to the university's mission, use of university resources in support of such activities is not appropriate.

In order to temporarily locate in the Venture Development Center, a corporation (for-profit or not-for-profit) or an individual from the corporation must have an obvious relationship with the university, which exists if at least one of the following criteria applies:

- At least one of the principals in the corporation is a current UMass Boston faculty member, staff member, or student.
- The technology or business was developed or conceived through the activities of UMass Boston faculty, staff or students.

- The corporation has intellectual property rights that were or will be licensed or transferred from UMass Boston.
- The corporation is contracting with UMass Boston for substantial technical or business assistance provided or supervised by UMass Boston faculty, staff, or students.

A corporation located in the Venture Development Center will be charged a fee representing fair market value, which is the cost to the university to deliver the program offered by the Venture Development Center. In lieu of the fee, the university may accept equity in the corporation in a percentage to be negotiated. Corporations will also sign a *Real Property License Agreement*, which specifies terms and conditions of the use of university facilities, including compliance with applicable state and federal laws and university policies. This Agreement also protects the corporation's intellectual property rights in their contribution to discoveries they make on university premises. The university will use confidentiality agreements to create an environment in the Venture Development Center in which confidential information can be shared and maintained.

A unit of the university may request use of the Venture Development Center by a corporation with which it seeks to collaborate. The assistant vice provost for research and executive director of the Venture Development Center, after consultation with the appropriate university stakeholders, will determine if the interested corporation's mission is consistent with the goals of the university, the potential for collaborative research between the corporation and the university, and the potential economic and social impacts on the community. If the determination is favorable, then the *Real Property License Agreement* will be executed by the vice provost for research.

In the course of their affiliation with the Venture Development Center, corporations may want to occasionally use specialized university facilities, equipment, or supplies outside the Venture Development Center for research and testing purposes. As long as these requests are not for direct production or manufacturing, they will ordinarily be permitted with the approval of the appropriate department head or college dean, provided the use does not interfere with academic use of these resources, and the corporation pays fair market value for more than incidental use of the facilities, equipment, or supplies. The assistant vice provost for research and executive director of the Venture Development Center may act as the corporation's agent in negotiating a *Facilities Use Agreement* with the department head or college dean.

### **Using specialized university expertise**

In the course of their interactions with UMass Boston employees in the Venture Development Center, corporations may want to gain access to the employee's superior knowledge of a technical field that is of commercial interest to the corporation. When activities involve services but not research or investigation conducted by the employee, a *General Services Agreement* with the corporation is required. When activities involve research or investigation conducted by the university employee, working within the scope of his or her duties on behalf of the university, or resulting from work performed at the university, a *Sponsored Research Agreement* is required.

A sponsored research relationship is more beneficial to all parties because it allows for the use of intellectual resources as well as specialized laboratory equipment and facilities at the university; it provides the possibility of royalty income to the university employee; and such activity brings in sponsored research revenue to UMass Boston.

In accordance with the *University of Massachusetts Intellectual Property Policy*, discoveries or inventions made by employees of the university working within the scope of their duties on

behalf of the university, or which result from work performed at the university or with substantial university resources, belong to the university. It is important for university employees to understand that any research sponsored by the corporation allows the corporation to obtain and use the research results and associated reports. It does not include intellectual property embodied in the research results, which is owned by the university and must be obtained separately by the corporation through a negotiated license agreement.

In general, the provision of information available in the public domain by a university employee to a corporation does not pose a problem with respect to the employee's university obligations. Non-public information about an employee's previous or current research performed on university premises, or with substantial university resources, should not normally be provided except through a *Sponsored Research Agreement*.

A university employee will not normally have an outside consulting agreement with a corporation located in the Venture Development Center in order to avoid a conflict of interest. If one does exist, the potential conflict must be disclosed to the vice provost for research (see following). The university still retains the rights to the employee's intellectual property developed with use of university facilities and equipment.

### **Managing conflicts of interest**

In the course of their interactions with a corporation in the Venture Development Center, a university employee may have the potential for a conflict of interest if he or she has a financial interest in the corporation. Such interest includes having any stock, option, loan or other equity or debt interest or promise of the same, as well as paid consulting or employment with the corporation. Such interest will result if the university licenses intellectual property developed by the university employee to the corporation, and the employee receives a share of this compensation.

The university has established procedures to guard against an employee's financial interest resulting in a conflict of interest. University employees must disclose any potential financial conflict of interest to the vice provost for research. Approval steps include a full disclosure of the employee's relationship to the corporation, and a conflict management plan approved by the university's Conflict of Interest Committee that addresses issues such as management of university obligations; proposed participation in management of the corporation; limitation of equity ownership; use of university facilities; and student participation and employment. The university reserves the ability to prohibit the existence of conflicts of interest that present unmanageable risks or require excessive resources to manage.

### **Using the university name**

In the course of their interactions with a corporation in the Venture Development Center, a university employee may be asked to provide a testimonial about the corporation, its products, or services. The university is very limited in its ability to permit a corporation to say in any way that the university approves, adopts, has tested, recommends, endorses, or promotes sales of products of that corporation.

Any testimonial an employee provides would be viewed as a direct endorsement by the university and is not allowed. The corporation is only allowed to state that the product or service is currently being used by the employee in the course of his or her research at the university. Further information or testimonial would be seen as an endorsement by the university.

If the employee has had experience with the product outside of the scope of his or her duties at the university, the employee may state his or her experience with the product and indicate where he or she is employed, provided a disclaimer is included stating that the statement represents the opinion of the employee and does not in any way represent an official position of the University of Massachusetts. In other words, the name of the university may only be used to describe the credentials of the employee.

Advertising by a private for-profit corporation that displays or lists the university as a user of a product or service or as the source of research information on which a commercial product, program, or publication is based is prohibited.

### **Exchanging confidential information**

In the course of their interactions with corporations in the Venture Development Center, exchange of confidential information may result. Issues may arise when university employees discuss prior corporate sponsored research projects, or their results, with anyone other than the corporate sponsor. Through such discussion, the employee may expose him- or herself and the university to a claim of misuse of the corporate sponsor's confidential information, as well as risk jeopardizing a patent application by the university or the corporation.

Both the nature of the research sponsored by a corporation, and its results, are commonly considered to be confidential business information of the sponsoring corporation. Most sponsored research agreements contain provisions, which require the university and the faculty member involved with a sponsored research project to hold such information confidential except in narrowly defined circumstances such as publication rights. In certain situations, the employee may need to complete a *Confidential Disclosure Agreement* to protect their interests and those of the corporation.

### **Transmitting proprietary materials**

In the course of their interactions in the Venture Development Center, university employees may need to provide or receive compounds, reagents, or other materials to facilitate collaboration or to enable a potential corporate partner to evaluate the merit of an invention. In such situations, a *Material Transfer Agreement* (MTA) is put in place to define the rights and obligations of the parties. Failure to use a MTA could result in liability for the university, or could result in the corporation obtaining unintended rights to the results of university research.

### **Protecting intellectual property**

In the course of their interactions with corporations in the Venture Development Center, UMass Boston employees may discover or create intellectual property, which includes patentable inventions, copyrightable material, software, and tangible research materials. If a university employee provides the corporation with unpublished data from his or her studies in his or her university laboratory, or performs a study using equipment at the university, and an invention results from the corporation's use of that information, the employee's contribution to that invention will belong to the university.

The preferred time for a university employee to disclose intellectual property to the university is before publication. Publication includes giving a talk or a poster presentation, publishing an abstract or an article, sharing a patent application with someone outside the university for comment or evaluation, talking with external parties about the invention without the use of a *Confidential Disclosure Agreement*, transferring scientific materials without the use of a *Materials Transfer Agreement*, posting messages describing the invention on a website or to a public

newsgroup, and publication of student theses. Public disclosure of enabling information will immediately forfeit the ability to obtain a patent in most countries. It is best to disclose to the university at least two to three months before publication so that, if necessary, actions can be taken to preserve both U.S. and foreign patent rights.

With respect to inventions, the employee should disclose as soon as the invention is conceptualized, rather than waiting until the invention is reduced to practice. The university will evaluate its commercial potential and determine if patent or copyright protection should be obtained.

If the intellectual property was jointly conceived or reduced to practice, the parties have joint ownership in and the independent right to exploit the intellectual property, unless otherwise agreed. The university will offer to grant the corporation a first option to a worldwide, royalty-bearing, exclusive license with the right to sublicense. If the corporation does not exercise the option right, the university may license its commercial rights to any third party. If it does exercise the option right, then the university will negotiate a license agreement containing commercially reasonable terms. Under a typical agreement, the parties will jointly select and approve outside patent counsel. The university normally will be responsible for preparing, filing, prosecuting, defending, and maintaining the patent rights made in the name of both parties. The parties will also agree to cooperate to commercialize, utilize, and exploit the intellectual property under a joint ownership agreement.

When technology is licensed, the revenues generated (after expenses) are shared between the inventor, the inventor's department, and the University. The inventor receives 30%, the inventor's department receives 15%, the Office of the Vice Provost for Research receives 40% of the revenues, and the Commercial Ventures and Intellectual Property office in the Office of the President receives 15%. If there is more than one inventor, the revenues are shared with a distribution that is determined by the inventors. If there is more than one affiliated department, that portion of the revenues is also shared.

In general, the university owns copyrightable works, including software, unless the copyrightable work is a "traditional academic work" (e.g., manuscript, thesis, textbook, artwork, musical composition, or course content). University-owned software and copyrightable works are reviewed for commercial potential in the same way that patentable inventions are reviewed.

To obtain additional information or answers to questions about the use of university resources in support of entrepreneurial activities, please consult with the director of industry relations of the Venture Development Center.

*William Brah*  
*Assistant Vice Provost for Research and*  
*Executive Director*  
*Venture Development Center*  
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