

A. Policy Statement

The New York State Office of Mental Retardation and Developmental Disabilities (OMRDD) engages in medical research and other scientific and technological investigation. Such research and investigation will occasionally produce patentable inventions or proprietary technology of value to the public. It is the policy of OMRDD to encourage the development of such inventions and technologies and, where feasible, promote the full exploration of the beneficial applications of such; to encourage and aid the inventor; to attract and retain research scientists and other staff of the highest caliber; to ensure that the public receives the benefit of these inventions and technologies and to provide an additional source of revenue for research and program enhancement through the management and transfer of such inventions and technologies. The OMRDD will take steps to secure research support, identify inventions and technologies, secure appropriate patents, market inventions and technologies through licensing and other arrangements and manage royalties and other related income.

It is not the intent of this policy to inhibit OMRDD employees or others from obtaining prompt publication and dissemination of their research results. Nor is it the intent of this policy to hold anyone liable who compromises the proprietary rights of the involved parties, by publishing, in good faith, the results of their research. Instead, this policy is intended to set forth a process that will ensure the prompt disclosure of inventions and technologies to appropriate OMRDD officials, so that, where appropriate, through the timely application for patents or other protective measures, the proprietary rights of all parties are defined and protected as necessary.

B. Relevant Statutes and Standards

Public Officers Law Sections 64-a, 73 and 74.
Mental Hygiene Law Sections 7.07 and 7.15

C. Body of Directive

1. Applicability

- a) This policy applies to all Management/Confidential employees, all employees represented by the Public Employees Federation or any other bargaining unit with which OMRDD has reached agreement on this policy, all unrepresented employees, and all other individuals acting on behalf of, or volunteering for, the Office of Mental Retardation and Developmental Disabilities, as well as all those utilizing OMRDD facilities or resources.

- b) All grants, and other sponsored research agreements, made available to the OMRDD, either directly or by or through the Research Foundation for Mental Hygiene, Inc. (Foundation), shall be subject to this policy. Nothing in this policy shall prevent the acceptance of research grants from, or the conduct of research for, other public or private entities, including agencies of the United States, either directly or through the Foundation. In those instances where Federal law or regulations require a different disposition of rights and entitlements to inventions, technologies or patents, or a different disclosure and assignment process, or a different distribution of royalties or other income, Federal law or regulations shall overrule this policy.
- c) Where this policy is at conflict with the policies of other public or private entities supporting or jointly engaged in research with the OMRDD, either directly or through the Foundation, this policy shall be deemed controlling, unless another arrangement has been agreed to by the OMRDD in writing as a condition for receiving such support or for engaging in such research. Any such arrangement would be subject to the approval of the New York State Comptroller.

2. Patents and Inventions Review Committee

- a) The Commissioner of the OMRDD shall establish and appoint a Patents and Inventions Review Committee and shall designate a chairperson, in accordance with the following terms and conditions:
 - (i) The Committee shall have no more than ten members who shall be selected in order to provide a broad range of expertise to the Commissioner of the OMRDD in the areas of basic and applied science and the patenting, development, financing, manufacturing, marketing, management or licensing of inventions and other technological products.
 - (ii) The members of the Committee may come from the public or private sectors. State employees and Foundation members shall serve without extra compensation, and all members shall serve at the pleasure of the Commissioner. The normal term of appointment for the members shall be three years.
- b) The Patents and Inventions Review Committee shall advise the Commissioner of the OMRDD on the following matters, including but not limited to:
 - (i) The extent of interest in pursuing a patent on, or the marketing of, an invention or technology. In advising the Commissioner on this matter,

the Committee may, with the Commissioner's approval, take actions to verify the validity of an invention or technology.

- (ii) The most appropriate strategy for patenting, developing, financing, marketing, managing or licensing of inventions and other technology.
 - (iii) The advisability of proposed business arrangements and contracts relative to the patenting, developing, financing, marketing, managing or licensing of inventions and technologies.
 - (iv) The ownership of a particular invention, technology or patent.
 - (v) The process and forms to be used by Inventors in disclosing inventions and technologies, or in assigning rights in such properties, to the OMRDD.
 - (vi) Revisions to this policy.
 - (vii) When necessary, the determination of the proportion of shares in any revenue generated by an invention or technology.
 - (viii) Other patent, invention or technology related issues deemed appropriate by the Commissioner or the Committee.
- c)
- (i) The Patents and Inventions Review Committee shall meet from time to time as the Commissioner of the OMRDD, or the Committee chairperson, may require. The Committee shall submit a report, detailing its review and recommendations, to the Commissioner after each review.
 - (ii) The Committee shall also report to each Inventor who has made a disclosure of an invention or technology pursuant to subdivision C, paragraph 5), subparagraph b) hereof on the status of the Committee's review of such invention or technology. Specifically, the Inventor shall be advised on each occasion when the Committee makes a recommendation to the Commissioner regarding his or her invention or technology, including but not limited to the need for further information, additional consultant expertise or whether to pursue patenting. Each Inventor shall be entitled to at least one report each year, but may request such additional reports as may be appropriate. The Committee may, from time to time, elect to create subcommittees for purposes of expediting the review and recommendation process.

- d) When reviewing and developing any recommendation to the Commissioner regarding a particular invention, technology or patent, the Committee shall provide the Inventor with an opportunity to present his or her opinion, position or recommendation and supporting documentation to the Committee prior to the Committee's deliberation on and recommendation regarding the particular invention, technology or patent.
- e) All members of the Patents and Inventions Review Committee shall maintain the confidentiality of the intellectual property they are asked to review and evaluate and shall be required to sign an agreement to that effect. A member shall disclose any actual or potential conflict of interest and shall excuse himself/herself from participation as appropriate in the circumstances.
- f) An Inventor who is not satisfied with a Committee recommendation may petition the Commissioner to review and reconsider the Committee's recommendation. The Commissioner may appoint a designee who is not a member of the Patents and Inventions Review Committee for this purpose. The Inventor shall be provided with the opportunity to present his or her opinion, position or recommendation and any supporting documentation to the Commissioner or the designee prior to any final decision by the Commissioner.

3. Management and Transfer of Inventions, Technologies and Patents

- a) The OMRDD may contract with public or private entities or private investors, for the purpose of obtaining services and advice with respect to the patentability and marketability of inventions and technologies; the obtaining of patents and other administrative approvals; the financing of applied research and product development, and the development, management or transfer of inventions and technologies. Such contracts shall be subject to approval of the New York State Comptroller and may provide for the division of income from an invention, technology or patent between such entity and/or private investors and the OMRDD. The terms of any such contract will include reasonable provisions acknowledging the Inventor's role in the development of the particular invention or technology, and protection of the Inventor's rights to publish in the event that there is a determination that the invention or technology is not patentable. The OMRDD may directly contract with private legal counsel to pursue patents on such inventions and technologies. Such contracts shall be subject to the approval of the New York State Comptroller.
- b) The Commissioner of the OMRDD, either directly or by agreement with

public or private entities, may transfer some or all of the OMRDD's rights in any inventions, technologies or patents for the purpose of utilizing such properties to further the purposes expressed in this policy and the interests of the public and the State of New York. The transfer of rights may be in the form of assignments, licenses or other arrangements in exchange for royalty payments or other considerations. Any such transfer shall be subject to approval by the New York State Comptroller as provided by New York State Law and shall include reasonable provisions acknowledging the Inventor's role in the development of the particular invention or technology, and protection of the Inventor's right to publish in the event that there is a determination that the invention or technology is not patentable.

4. Ownership

- a) As between OMRDD and its employees, all inventions and technology conceived, developed, made or reduced to practice by OMRDD employees in the course of their employment, and all patents which result from such activities, are the property of the OMRDD. For purposes of this section, OMRDD employees shall include volunteers.
- b) The OMRDD shall own and have rights to all inventions and technology, conceived, developed, made or reduced to practice by persons or agencies during the performance of a contract with the OMRDD, or the Foundation on behalf of the OMRDD, for specific research or scientific purposes and any applicable patents thereon, unless a specific waiver is granted in writing by the OMRDD.
- c) Inventions and technology developed wholly without the use of OMRDD facilities, resources or support, on an individual's own time, and unrelated to his or her duties and responsibilities at the OMRDD, shall not be deemed to be made in the course of his or her employment at the OMRDD. Such inventions and technology shall belong to the individual.

5. Disclosure and Transfer of Rights

- a) All OMRDD employees and others as set forth in subdivision C, paragraph 4), subparagraphs a) and b), shall receive a copy of this policy directive when they begin their affiliation with the OMRDD and are responsible for signing a Patent Policy Notification Form at that time. The Patent Policy Notification Form shall be in a form provided by the OMRDD, and distributed to the necessary parties by the appropriate appointing authority or designee. The

appointing authority or designee shall be responsible for ensuring that this policy is received by these parties, and that a Patent Policy Notification Form is signed and filed as appropriate. All current employees who are otherwise covered by this policy shall be bound by this policy whether or not they have signed or are asked to sign a Patent Policy Notification Form. All inventions and technology conceived subsequent to the effective date of this policy directive shall be governed by the requirements of this directive. Inventions and technology conceived prior to the effective date of this policy directive shall be governed by the requirements of this directive if the employee-Inventor had a pre-existing duty to assign, did assign or does assign such invention or technology to the State or its designee.

- b) All inventions and technology conceived, developed, made or reduced to practice by employees of the OMRDD in the course of their employment, or by others as set forth above in subdivision C, paragraph 4), subparagraphs a) and b), shall be promptly disclosed by such Inventors to their appointing authority or designee. Employees shall also disclose (a) any patents issued to them previously; (b) any pending patent application in which they are named; and (c) any inventions or technology which they conceived, developed, made or reduced to practice prior to or outside of their employment with the OMRDD. These disclosures shall be in the manner prescribed by the OMRDD and on such forms as the OMRDD shall provide. Prompt reporting of potentially patentable inventions is imperative, since the publication of research results may compromise the OMRDD's and Inventor's rights in the patent process.
- c) All such Inventors shall assign and transfer all rights, title and interest that he or she has or may acquire in inventions and technology owned by OMRDD pursuant to subdivision C, paragraph 4), subparagraphs a) and b), and all resulting patents, to the OMRDD or its nominee. Such an assignment shall be made at the time of disclosure of the invention or technology and in the manner prescribed by the OMRDD. Any assignment document shall provide that the assignment is being made for good and valuable consideration, including that provided for in the Patents, Inventions and Technology Transfer Policy of the New York State Office of Mental Retardation and Developmental Disabilities. All Inventors shall assist the OMRDD as necessary in applying for patents on such inventions or technologies, or otherwise cooperate in the transfer of rights to such inventions and technologies as deemed appropriate by the OMRDD. Inventors shall also assist OMRDD in the defense or prosecution of the patent or any related matter which is in, or may give rise to, litigation.
- d) All such Inventors shall maintain the confidentiality of their invention or

technology and shall take no action which might conflict with their obligations of disclosure, assignment and cooperation hereunder or with their responsibilities and duties as an employee of OMRDD and the State of New York with respect to such invention and technology.

- e) The Commissioner shall determine whether and to what extent it is in the interests of the public or the State of New York to pursue a patent on a particular invention or technology, or to make efforts to develop or to commercialize the invention or technology. If the Commissioner determines that it is not in the interests of the public or the State of New York, the Commissioner may elect not to pursue a patent or to develop or to commercialize the invention or technology. In this event, the Commissioner shall, upon appropriate terms and conditions and subject to approval of the New York State Comptroller, release or transfer all rights, title and interest that the OMRDD has in such invention or technology to the individual who previously assigned rights to the particular invention or technology to OMRDD; provided however, that the Commissioner shall not be obligated to so release or transfer rights, title or interest in any invention or technology if the Commissioner determines that it is in the best interests of the State for the invention or technology to be dedicated to the public domain. "Best interests" means in the interest of public health and safety or in the case of a public emergency. Prior to a determination to dedicate an invention or technology to the public domain, the Commissioner will provide a written explanation of the reasons for such proposed determination to the Inventor and the Inventor will be provided an opportunity to submit written objections to the proposed determination. The Commissioner will then advise the Inventor and provide a written explanation of the reasons for the final determination. Any dedication of an invention or technology to the public domain will include reasonable provisions acknowledging the Inventor's role in the development of the particular invention or technology, and protection of the Inventor's right to publish.
- f) In the event that the OMRDD fails to take any action regarding the development, patenting or marketing of an invention or technology within six months of submission of a request for action to the Patent and Inventions Review Committee, the Commissioner shall, either:
 - (i) upon appropriate terms and conditions, release or transfer, pursuant to subdivision C, paragraph 5), subparagraph e) above, all rights, title and interest to such invention or technology to the individual who previously assigned rights to the particular invention or technology to OMRDD; or

- (ii) create a subcommittee pursuant to subdivision C, paragraph 2), subparagraph c), clause ii) of this policy directive for the express purpose of taking the requested action. If no action is taken by the subcommittee created pursuant to subdivision C, paragraph 2), subparagraph c), clause ii) within six months, the invention or technology must be transferred pursuant to subdivision C, paragraph 5), subparagraph e) above. For purposes of this paragraph, an action by OMRDD includes but is not limited to: a request to the Inventor for further information, a direction to the employee to take further action and, efforts, whether or not successful, to identify potential licensees and/or develop commercial interest in a particular invention.
- g) OMRDD employees or others who wish to pursue the development or commercialization of their independently owned invention or technology may offer such inventions or technologies to the OMRDD for its consideration. Where the development or commercialization of the invention or technology would serve the purposes expressed in this policy, and the interests of the public and State of New York, the OMRDD may elect to pursue the development or commercialization of the invention or technology. Such an election will be accomplished by way of an agreement between, at a minimum, OMRDD or its nominee and the employee and shall be subject to approval of the New York State Comptroller.
- h) Any individual who has assigned rights in an invention or technology to the OMRDD pursuant to this policy may at any time thereafter petition the Commissioner of the OMRDD for the return of such rights. The OMRDD may, at its option, and upon appropriate terms and conditions, release such rights, title and interest it has in the invention or technology to such individual. Such release or transfer shall be subject to approval by the New York State Comptroller.
- i) Appropriate terms and conditions, as discussed in subparagraphs e), f) and h) of this paragraph, shall be defined to include no more than: (i) Allowed Costs, as defined in subdivision C, paragraph 6), subparagraph a) below, incurred by the OMRDD or with OMRDD approval prior to the reversion of

title and interest to the Inventor, such Allowed Costs to be payable only to the extent that the assigned invention or technology generates income; (ii) 10% of the income, equity or other consideration received by the Inventor or his/her heirs, assignees, transferees, etc., following such reversion; and (iii) reasonable provisions for acknowledging the State's role in the development of the particular invention or technology. Where appropriate, the OMRDD may agree to waive reimbursement of all or a portion of incurred Allowed Costs and/or may agree to a percentage of net cash income which is less than 10%.

6. Distribution of Income

The OMRDD will share income it derives from the development, assignment, licensing or management of inventions, technology or patents with the Inventor pursuant to the following schedule:

- a) Income shall be first utilized to offset any reasonable and necessary expenses incurred by the OMRDD, or with OMRDD approval, in the patenting, development, assignment, licensing or management process relative to a particular invention, technology or patent, provided that such costs have not otherwise been reimbursed by the licensee ("Allowed Costs"). Allowed Costs do not include the cost of research which led to the invention or technology but shall include, without being limited to, the defense of patents against claims of invalidity or enforceability. Any negative balances, caused by Allowed Costs attributable to a particular invention, technology or patent in excess of the revenue derived from the project, shall be carried forward to future periods and applied against any further revenues derived from the particular property.
- b) 50% of any residual or net cash income, which is income less Allowed Costs, shall be distributed annually to the Inventor and his or her heirs or legatees.
- c) As used in this policy, the term "Inventor" may represent two or more individuals. Where there is more than one Inventor, the Inventors will be expected to agree among themselves on their respective fractional share of royalties to be paid under the terms of this policy. In the absence of a written agreement signed by all the Inventors and deposited with OMRDD prior to the distribution of any income as provided in subdivision C, paragraph 6), subparagraph b) above, each Inventor shall be paid an equal share of such distribution.

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APPROVED

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