

 <b>NORTHEAST OHIO MEDICAL UNIVERSITY</b>	<b>Policy No: 3349-20-175</b>
<b>POLICY TITLE: Participation in Companies Commercializing University Research</b>	<b>EFFECTIVE DATE: September 23, 2002</b>  <b>Reviewed and Updated: 11/13/2015</b>
<b>RESPONSIBLE DEPARTMENT: Technology Transfer Office and Office of Research and Sponsored Programs</b>	<b>All Employees</b>

**(A) PURPOSE**

Northeast Ohio Medical University has determined that the interests of the University will be served if faculty, staff and students are afforded an opportunity to hold a personal, financial interest in companies commercializing their University research. Participation in technology licensing transactions will facilitate the University's strategic plan by making its intellectual property available for use in the private marketplace. Activities permitted under this policy will enhance the University's ability to recruit and retain high quality faculty researchers. These procedures and guidelines are intended to protect the integrity of the educational, research and service missions of the University, through compliance with University policies and procedures, as well as federal and state laws and regulations while enabling the University to realize the benefits of entrepreneurial activities.

**(B) SCOPE**

This policy applies to all staff engaged in research at the University (as that term is defined in this policy).

**(C) DEFINITIONS**

- (1) "Activity not related to research" refers to activities which are unrelated to scientific or scholarly investigation are not subject to the policy herein. However, they may be subject to other University policies.
- (2) "Business Activity" refers to activities directed toward the commercialization of University Intellectual Property.
- (3) "Business Plan" refers to a written proposal explaining a new business or business idea that usually includes financial, marketing and operational plans.

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- (4) “Conflict Management Plan” refers to a plan designed to manage, reduce or eliminate conflicts of interest in accordance with the University's Conflict of Interest Policy.
- (5) “Conflict of Commitment” refers to external commitments which burden or interfere with the individual's primary obligations and commitments to the University.
- (6) “Conflict of Interest” refers to the ability to improperly influence the University's business, administrative, academic, research or other decisions in ways that could lead to personal gain or advantage of any kind.
- (7) “Conflict of Interest Administrator” refers to the University official, appointed by the President, responsible for monitoring compliance with conflict of interest plans as approved by the Conflict of Interest Committee.
- (8) “Conflict of Interest Committee” refers to the committee appointed by the President that reviews disclosure statements regarding significant financial interest in a technology commercialization venture. This committee assists the faculty, staff and students in the development of a plan to manage, reduce or eliminate conflicts of interests in accordance with the University's Conflict of Interest Policy.
- (9) “Equity” refers to an interest or ownership in a commercial entity.
- (10) “Faculty” refer to individuals appointed to that status by the Board of Trustees.
- (11) “Intellectual Property” refers to a category of intangible rights protecting a commercially valuable product of the human intellect. This category includes, but is not limited to, trademark, copyright, patent rights and trade secrets.

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- (12) “Intellectual Property Committee” refer to the committee appointed by the President that evaluates all discoveries and inventions disclosed to the University for patent potential and marketability.
- (13) “Investigator” refers to individuals responsible for the design, conduct or reporting of a project whether in whole or part. This includes all personnel involved in a research project.
- (14) “Milestones” refer to specific markers measured in terms of events, time or both.
- (15) “Individuals” refer to as used in this policy, individuals include faculty, staff and students.
- (16) “Research” refers to scientific or scholarly investigation.
- (17) “Significant Financial Interest” refers to anything of monetary value including, but not limited to, salary or other payments for services, equity interests and intellectual property rights.
- (18) “Staff” refers to any individual who is a part time or full time employee at the University whether paid or not. Qualified volunteers are included in this definition.
- (19) “Start-up Company” refers to a corporation, association, partnership or other commercial enterprise which is in its formative or developmental stage.
- (20) “Students” refer to individuals who is enrolled full-time or part-time in approved University educational programs and/or individuals enrolled in other joint instructional programs who are under the direction of College of Medicine faculty. This includes medical students, graduate students, graduate assistants, postdoctoral fellows and student employees.

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- (21) “Technology Commercialization Venture” refers to a commercial entity owned in whole or in part by a University faculty, staff member or student that has as its purpose the development and commercialization of University owned, assigned, licensed, or transferred intellectual property.

**(D) BODY OF THE POLICY**

(1) Applicability

- (a) This policy applies to individuals that are engaged in research and development activities or create intellectual property owned by the University in accordance with Ohio Revised Code Section 3345.14 and desire to hold and own equity interest in a technology commercialization venture generated by the aforementioned commercialization activities.
- (b) This policy also applies to individuals who are not engaged in the development of a given technology but wish to invest in a commercialization technology venture which has contracted with the University and desire to hold an equity interest in the venture and generated by the aforementioned commercialization venture.

(2) Conflict of Interest Management

- (a) Any individual intending to engage in a technology commercialization venture shall disclose such intent to the Conflict of Interest Administrator. Such individuals shall not negotiate any agreements between the technology commercialization venture and the University.
- (b) The Conflict of Interest Administrator is responsible for ensuring that individuals within the University who participate in technology commercialization activities comply with this policy and the University's External and Financial Professional Commitments, Conflict of Interest and Intellectual Property Policies.

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- (c) The Conflict of Interest Administrator, in consultation with the individual's immediate supervisor, is responsible for reviewing the Conflict Management Plan and making recommendations to the Conflict of Interest Committee.
  - (d) The Conflict of Interest Committee is responsible for notifying the faculty member and his or her immediate supervisor upon approval of a Conflict Management Plan.
  - (e) The supervisor is responsible for monitoring compliance with the Conflict Management Plan and reporting deviation to the Conflict of Interest Administrator.
  - (f) The Conflict Management Plan will be reviewed annually by the Conflict of Interest Administrator and the President or other University official designated by the President to assure compliance with the plan and all other University policies.
- (2) Approval Process.
- (a) Individuals who plan to participate in a technology commercialization venture must present a business plan to the General Counsel and the Chief Technology Transfer Officer who will consult with the Vice President for Finance and Administration. Such individuals must also submit a Conflict Management Plan to the Conflict of Interest Committee after consultation with the Conflict of Interest Administrator and the immediate supervisor.
  - (b) The Intellectual Property Committee is responsible for ensuring that the interests of the University are served by the technology commercialization venture through a review of all pertinent information relating to the venture.

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- (c) A technology commercialization venture requesting a license to University owned technology must provide a viable business plan to the General Counsel and Chief Technology Transfer Officer including, at a minimum, the following:
  - (i) a capitalization plan demonstrating access to funds necessary for venture growth;
  - (ii) a proposed management team; and
  - (iii) milestones for product development and commercial sale.
- (d) The Conflict of Interest Committee will be responsible for reviewing and approving the Conflict Management Plan.
- (e) The Conflict of Interest Administrator or an immediate supervisor who has a financial interest or is a co-participant in a technology commercialization venture is not able to provide effective oversight of that activity. In these situations, an objective administrator will be appointed by the President to perform responsibilities of the Conflict of Interest Administrator or the immediate supervisor.

(3) Faculty Obligations to the University.

- (a) Faculty are encouraged to develop discoveries and inventions with commercial potential; however, they shall not allow their interests in a financial opportunity to interfere with or detract from the teaching, research and service missions of the University.
- (b) Faculty advisors shall base research assignments for a given student on the student's interest and academic development.

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- (c) Faculty shall respect and promote the cooperative nature of the academic environment by sharing information and participating in joint research efforts with their colleagues.
  - (d) Authorized private business activities must be undertaken in good faith, with due care and must be consistent with the University's best interests. These activities must not conflict with University policies and procedures or any federal and state law.
- (4) Conflict of Interest Management Standards.
- (a) University facilities, equipment and other resources shall be used for research benefitting a technology commercialization venture only pursuant to an appropriate contractual agreement.
  - (b) Faculty or staff shall not hold management positions in technology commercialization ventures without the express consent of the Conflict of Interest Committee and the University President. It is expected that professional management shall be brought in at the earliest opportunity and that faculty or staff management responsibilities will decrease as the venture develops.
  - (c) Agreements between the University and a technology commercialization venture shall contain enforceable milestones for the reduction of faculty and staff management responsibilities. Failure to comply with these milestones will result in cessation of the faculty and staff management activities permitted under this policy unless specifically authorized by the Conflict of Interest Committee.
  - (d) Faculty engaged in approved private activities, who are unable to perform all of their University responsibilities, must reduce those activities or request a reduction of appointment or other approved leave.

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Faculty improvement leaves may not be used for private business purposes and are subject to the Faculty Improvement Program Policy.

- (e) A perceived failure to adhere to these guidelines shall be reported to the Conflict of Interest Administrator.
- (f) University regulatory review boards including, for example, the Institutional Review Board and the Institutional Animal Care and Use Committee, may be utilized for research benefitting a technology commercialization venture only pursuant to a written agreement with the University.
- (g) While significant faculty or staff equity ownership may be inherent in a newly formed venture, it is expected that their ownership interests, as a percentage of the total outstanding shares or membership interests of the venture will decrease as the venture develops and attracts additional equity. Agreements between the University and technology commercialization companies shall contain enforceable milestones for the dilution of these equity interests.
- (h) A faculty or staff member, who is a principle investigator for a project involving human subjects or live animals which is funded by a technology commercialization venture, must comply with the rules and regulations of the Institutional Review Board or the Institutional Animal Care and Use Committee.
- (i) Agreements for sponsored research projects funded by technology commercialization ventures must include, at a minimum, a requirement for appropriate University publication rights and full cost recovery. The Office of the Vice President for Administration and Finance and the Office of the General Counsel must approve exceptions to these conditions.

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- (j) Faculty and staff participating in technology commercialization ventures approved pursuant to this policy continue to be bound by the University Policy on Intellectual Property. New inventions and/or discoveries made as a result of a faculty or staff member's research efforts for the venture, will be owned by the University unless other arrangements are made in advance. New inventions and/or discoveries developed by the faculty or staff member for the venture must be disclosed to the Dean for Research and the General Counsel as required by the Intellectual Property Policy.
  
- (5) Guidelines for Students Participating in Commercializing Technology.
  - (a) Students may use University facilities, equipment and other resources to perform research benefitting a technology commercialization venture only pursuant to a contractual agreement between the University and the technology commercialization venture and approved by the Conflict of Interest Committee.
  - (b) Research benefitting a technology commercialization venture may not be used to satisfy the criteria for a thesis or dissertation if the material is restricted from publication or public disclosure. Students shall be informed by their NEOMED faculty advisor in writing of this restriction prior to the start of their research.
  - (c) A student shall not be employed by a technology commercialization venture in which a faculty member has an ownership interest if:
    - (i) the student is enrolled in a course taught by the faculty member, or
    - (ii) the faculty member is a member of the student's thesis or dissertation committee, or

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- (iii) the faculty member is the student's advisor or the director of his or her thesis or dissertation research.
- (d) Students may perform research benefitting a technology commercialization venture only pursuant to a sponsored research agreement or other formal internship agreement through the University.
- (6) Specific Guidelines on Investments by Faculty, Staff and Students Not Involved with Development of the Technology.
  - (a) Faculty who are not directly involved with research and development of technology licensed to a faculty owned start-up company may hold equity interests in that company only to the extent not prohibited by Ohio Revised Code Chapter 102 and Sections 2921.42 and 2921.43.
- (7) Board Authorization
  - (a) The Board of Trustees authorized the Administration to establish and implement the provisions related to the commercialization of University research as necessary to carry out this policy without further ratification or action required by the Board of Trustees.