Standard Practice Guide Policies

University Policy on Intellectual Property and Commercialization

303.04

Applies to: All Faculty and Staff

I. APPLICABILITY AND SCOPE OF POLICY

This defines the ownership, distribution, and commercialization of rights associated with Intellectual Property developed at or received by the University of Michigan, and describes the general obligations associated with the technology licensing process.

The University recognizes and supports technology transfer as an integral component of the University's mission. Licensing of Intellectual Property rights to parties outside the University is one significant manner in which technology transfer is accomplished, and is the focus of this Policy. The objectives of technology transfer include the following: to facilitate the efficient transfer of knowledge and technology from the University to the private sector in support of the public interest; to support the discovery of new knowledge and technology; to attract resources for the support of University programs; to provide services to Michigan Inventors to facilitate their efforts to carry out the University's mission; and to promote local, state, and national economic development.

This Policy is applicable to all units of the Regents of the University of Michigan, including its colleges, schools, departments, centers, and institutes, and to all Michigan Inventors, as defined below. This Policy replaces the 2021 "University of Michigan Technology Transfer Policy" and, except as provided below, applies as of the date of this policy revision. The Office of the Vice President for Research ("OVPR") and U-M Innovation Partnerships are authorized to administer this Policy and to implement further rules and procedures within the framework provided herein to facilitate technology transfer and compliance with this Policy. Applicable law and the terms of specific sponsored research agreements and other contractual arrangements undertaken by the University or one of its units in good faith will govern where such agreements differ from the provisions of this Policy and have been approved by authorized University representatives. The University reserves the right to amend this Policy at any time, including with respect to current and former Michigan Inventors.

II. OWNERSHIP OF INTELLECTUAL PROPERTY

A. Michigan Inventors hereby assign to the University any and all Intellectual Property made, in whole or in part, as the result of or in connection with administration, research, or other educational activities conducted by them and supported directly or indirectly by funds administered by the University, regardless of the source of such funds, except as specifically provided by this or other official University policy. Funds administered by the University include, but are not limited to, materials, facilities, grant funding or other forms of research sponsorship; salary and time supported by salary or other compensation; resources such as laboratories, services, equipment, data, reagents, or materials; and/or advantaged or other unique access to other University staff; and/or other University resources. For clarity, administered includes provided, brought into use, overseen, controlled, regulated, and/or directed or paid through University accounts.

B. It is the obligation of Michigan Inventors and University staff engaged in consulting and other activities with outside entities to ensure that their activities and agreements with third parties are not in conflict with the provisions of this Policy or other commitments involving the University. OVPR shall set and administer rules regarding the ownership of Intellectual Property made during outside activities (e.g., consulting). Michigan Inventors and University staff should inform those outside parties with whom they make agreements of their obligations to the University.

C. The University generally retains an ownership interest in Intellectual Property produced by Michigan Inventors and University staff while participating in sabbaticals or other external activities if they receive salary from the University for such activity. Exceptions to this rule may be approved by the Vice President for Research and Innovation. It is the responsibility of any such individual to seek and obtain approval from both their appointing department (or equivalent) and OVPR in advance of entering into any intellectual property ownership agreements that may be associated with these activities or where such individual is receiving partial salary.

D. The University will not claim ownership of Intellectual Property created by Students, as defined below. This includes Intellectual Property made by Students in the furtherance of curricular classwork or in class projects (e.g., capstone projects); in student-focused events such as on-campus hackathons, in pitch or business plan competitions; using University commercialization or innovation grants or awards specifically intended to further the development of student entrepreneurship-focused projects; and/or independently in maker spaces, design labs, accelerators, or in other openly available University facilities. However, such resources and activities are subject to applicable terms of use for those University resources.

E. The University owns Intellectual Property made by a former Michigan Inventor or University staff member if the Intellectual Property is made both (1) with substantial University faculty guidance or University resources and (2) during activity directly relating to and closely following leaving the University. For example, if a graduate student researcher completes a research project and is no longer at the University, however an invention is conceived during the creation of a dissertation or similar activity relating to that research involving faculty guidance, the University owns the

patent rights related to the invention. This rule does not affect copyrights on dissertations or publications.

F. All Intellectual Property made under sponsored research agreements and material transfer agreements is owned by the University except where previously agreed otherwise in writing. Such exceptions would have to be approved and documented in writing by OVPR. Intellectual Property subject to such an exception shall nevertheless be subject to the disclosure requirements of this Policy and other U-M policies.

G. Trade and service marks not incorporating previously existing University marks and that are related to University Intellectual Property and technology transfer activities are within the scope of this Policy as they are owned by the University, and will be managed by Innovation Partnerships. University marks, including the University of Michigan Seal, are governed by other University policy.

III. INVENTION REPORTING

A. In order to comply with federal law, to identify and assess University Intellectual Property as an asset of the University, and to facilitate fair treatment of researchers, Michigan Inventors and University staff that have worked on University Intellectual Property have an obligation to cooperate reasonably with Innovation Partnerships. Michigan Inventors have an obligation to report any University Intellectual Property promptly and completely to Innovation Partnerships; a report to Innovation Partnerships of a summary of the Intellectual Property shall satisfy this requirement unless additional information is requested by Innovation Partnerships. Michigan Inventors and University staff shall use their best efforts to disclose the names of all Inventors and persons that might have contributed to the making of Intellectual Property. Michigan Inventors and persons having knowledge of facts concerning inventorship issues, problems, or questions (even if they do not know the full implication of such facts) shall have a duty to raise such matters with Innovation Partnerships immediately upon knowledge of the same and facilitate resolution of the same.

B. Michigan Inventors and University staff who believe that they have created patentable Intellectual Property not owned by the University shall not commercialize such inventions or file (or assist others to file) patent applications without providing at least thirty days notice and a brief written summary of the inventions and the circumstances of the inventions to Innovation Partnerships. Such disclosures shall not be required in situations where an individual has a reasonable belief that (a) the Intellectual Property is a copyrighted work that is a "scholarly work" (defined specifically in University Copyright Policy SPG 601.28, as "part of or in connection with teaching, research, or scholarship") or (b) the Intellectual Property is the result of work that is clearly and demonstrably outside both the individual’s field of work and the individual’s University responsibilities.

IV. COMMERCIALIZATION

A. It is the objective of Innovation Partnerships to diligently pursue the best opportunities to transfer University Intellectual Property consistent with the missions of the University and for the public benefit. Innovation Partnerships shall have authority for

decisions concerning the route of commercializing or transferring a particular Intellectual Property, as well as the selection and use of outside resources to assist in commercialization.

B. Innovation Partnerships retains the authority for those agreements that are primarily transfer of University-owned (a) patent rights, (b) computer software and other copyrightable materials (such as electronic materials, written materials, and data) with any associated service agreements, and (c) Tangible Materials, including terms in grant applications, procurement, and funding agreements. For clarity, promises related to licensing must be approved directly or indirectly (e.g., vetted by OVPR processes) by Innovation Partnerships in order to be enforceable. Responsibility for patent administration, including the retention of patent counsel, is shared by Innovation Partnerships and the Office of the Vice President and General Counsel.

C. Tangible property, including models, devices, designs, computer programs and other software, cell lines, antibodies, recombinant materials, laboratory animals, chemical compounds, compositions, formulations, plant varieties, and records ("Tangible Materials") that comprise University Intellectual Property may be distributed outside of the University consistent with applicable laws, policies, and existing license agreements. OVPR shall set and administer rules regarding transfers of Tangible Materials.

V. REVENUE SHARING WITH MICHIGAN INVENTORS

A. Revenues generated by the licensing of University Intellectual Property provide a strong incentive for participation in technology licensing and will support further investment in research and technology transfer. The University shall share a portion of relevant licensing revenues, after recovery of certain expenses, with each applicable Inventor, as described below, except as may otherwise be provided.

B. Innovation Partnerships shall be entitled to recover Patent Expenses relating to the relevant licensed Intellectual Property from Gross Revenue. OVPR shall set and apply rules for instances where revenues are for the recovery of production expenses for applicable types of Intellectual Property (e.g., Tangible Materials). Innovation Partnerships shall then be entitled to recover an Administrative Fee of 7% from remaining revenues, such fee to be used to cover in full any unfunded University Patent Expenses, with any balance being used for innovation-related activities as directed by OVPR. The remainder is referred to as "Net Revenues." Innovation Partnerships shall then share a portion of Net Revenues with the applicable Inventors, with this portion being divided among Inventors according to procedures established by Innovation Partnerships. For agreements entered into after July 1, 2004, the Inventors shall, in total, receive (a) 50% of the first $200,000 of Net Revenues, followed by (b) 30% of Net Revenues over $200,000.

VI. REVENUE DISTRIBUTION WITHIN THE UNIVERSITY

A. After sharing revenue with applicable Inventors, Innovation Partnerships will periodically distribute University Shares as follows. First, Innovation Partnerships shall be entitled to recover all University Patent Expenses incurred for the distribution period, as well as a reasonable portion or all of any remaining patent expenses from

prior years before distributing any University Shares. This may be accomplished through one or more mechanisms at the discretion of Innovation Partnerships, for example by distributing University Shares at the end of a fiscal year once the actual University Patent Expenses for the fiscal year have been determined and recovered. For all agreements entered into after July 1, 2004, the remainder of the University Shares will be distributed as follows:

Up to $200,000:

34% to the Inventor's department

36% to the Inventor's school or college

30% to the central University administration

Over $200,000 (and up to $2,000,000):

30% to the Inventor's department

35% to the Inventor's school or college

35% to the central University administration

Over $2,000,000:

50% to the Inventor's school or college

50% to the central University administration

VII. REVENUE DISTRIBUTION - GENERAL CONSIDERATIONS

A. OVPR shall set and administer rules for determining the Inventors share of Net Revenues within the parameters outlined in this Policy. This Policy, including the revenue sharing provisions, is subject to change with respect to both current Michigan Inventors and University staff and those that have left the University.

B. OVPR shall set and administer rules for cases where an Inventor changes departments, an Inventor is affiliated with a University institute or center, an Inventor does not have a department or school/college affiliation, or when other unusual circumstances apply. Although the University units described above shall have discretion for distributing the revenue they receive, provided such revenues will be used for research and educational purposes or for investment in further commercialization activities, such as in the laboratories of Inventors.

C. Consideration for a license may include equity in a business. If equity received directly within and from a license agreement is liquidated, it shall be treated as revenues and distributed according to this Policy. Equity will be held, liquidated, or directly distributed to Inventors (to the extent permitted by law) at the discretion of the University. Neither Innovation Partnerships nor Inventors will control the timing and terms of the liquidation of such equity received by the University. Central University administrators will manage the disposal of equity held by the University. The holding of equity by Inventors may be subject to University conflict of interest policies.

D. The Vice President for Research and Innovation shall have authority to resolve any unusual circumstances and may make exceptions to the distribution rules after consulting the affected parties.

E. For agreements entered into prior to July 1, 2004, the revenue distribution percentage figures recited in Sections V and VI above shall be replaced by the percentage figures recited in prior relevant technology transfer policies.

VIII. GRANTING RIGHTS BACK TO INVENTORS

A. Upon request by one or more Inventors, the University may at its discretion elect to assign or license its rights in University Intellectual Property back to one or more Inventors when permissible under University policies, related sponsorship agreements, and/or federal law, and where other commercialization routes are not effective or available. Before taking such action, Innovation Partnerships should reasonably attempt to seek unanimous approval of all the Inventors, but Innovation Partnerships need not obtain approval of all Inventors. Where the assignment is back to fewer than all the Inventors, revenues under subsection VIII.C. below shall be shared with the non-assignee Inventors under Section V,

B. Innovation Partnerships is not required to market, protect, and license the Intellectual Property where rights have been granted back to Inventors. Innovation Partnerships may require other terms as a condition of such an agreement. The Inventor(s) receiving an assignment or license shall not share in University revenues.

C. Consideration to the University for assignment of ownership of University Intellectual Property may include reimbursement of any out-of-pocket University expenses; a royalty on sales made by any sublicenses; and/or a percentage of royalties, equity, or other value received by the Inventor(s) through subsequent use, licensing, or further assignment of the Intellectual Property. Assignment may be subject to internal University conflict of interest rules, which may limit the assignee's use at the University of the assigned Intellectual Property.

IX. APPEAL PROCESS

A. If informal procedures and consultation do not provide resolution of a dispute or policy issue involving the matters discussed in this Policy, any member of the University community may resort to a formal procedure. Initially, such person(s) must request in writing a review by the Associate Vice President for Research - Innovation Partnerships and Economic Impact. If this does not result in resolution of the issue, then such person may file a request in writing for formal dispute resolution or policy interpretation with the Vice President for Research and Innovation, specifically citing this Policy. The University typically shall rely upon outside University patent counsel retained in conjunction with the Offices of the Vice President and the General Counsel for determinations of inventorship of patents and patent applications.

B. The Vice President for Research and Innovation (or designee) shall consult the involved parties and other University administration officials as necessary, and shall communicate the decision, which shall be final, in writing, to the appellant.

X. CONFLICT OF INTEREST AND COMMITMENT

Agreements entered into by the University and its Michigan Inventors and University staff may be subject to disclosure, review, and approval under the University's Conflict of Interest Policy(ies) and the Conflict of Interest policies of the applicable University unit.

XI. DEFINITIONS

For purposes of this SPG, some key terms are defined below.

"Directly or indirectly" is intended in its broadest sense, and means acting jointly with, through, on behalf of, or by means of any other funds, resource, person, or entity, or otherwise (e.g., without any of the foregoing). It includes, for example, acting through or with another individual that may or may not be employed by the University or be a Michigan Inventor; use of University resources via, with, or through one or more intermediates; use of University resources with or through other resources that are not administered by the University; and/or use of University resources that are received through non-University personnel or resources.

“Michigan Inventor” means a person who receives a salary, fellowship support, stipend, and/or other consideration from the University for performance of services, part-time or full time. "Michigan Inventor" also includes (1) Students that made Intellectual Property as the result of or in connection with research activities conducted by them and supported directly or indirectly by federal funds or third party funds (e.g., corporate or non-profit funding) administered by the University; and/or (2) Students that have made Intellectual Property as the result of or in connection with research activities conducted by them and supported directly or indirectly by internal U-M funds and made with at least one other Inventor that is a Michigan Inventor or a faculty collaborator of a Michigan Inventor at another institution who has at least a duty to assign an interest in the Intellectual Property to the faculty member's institution.

“Gross Revenue” means all revenues directly generated by the licensing of a relevant University Intellectual Property. Gross Revenue does not include amounts received for or related to research, investment in a company (even in a licensee), service, sponsorship (e.g., research sponsorship or class sponsorships), expense reimbursement, and/or philanthropy; such funds are not subject to this Policy, even if mentioned in the course of negotiating, drafting, or executing related licensing or research agreements.

“Intellectual Property” means inventions, processes, compositions, life forms, computer software, copyrighted works, mask works, research tools, data, certain defined trade and service marks, Tangible Materials, and legal rights to the same, such as patents rights and copyrights. For clarity, the foregoing assignment in Section II.A. of Intellectual Property includes all royalties or other revenues derived from such Intellectual Property as well as rights of priority in foreign patent applications.

“Inventor,” with respect to patentable subject matter, means a Michigan Inventor who has made an inventive contribution to the Intellectual Property as defined under U.S. patent laws, meaning that an Inventor must have contributed to the conception of ideas claimed in a patent.

“Inventor,” with respect to software and other copyrightable materials and associated trade and service marks, means a Michigan Inventor who has participated (a) materially in the conception of the idea of the operation or design thereof (e.g., the operation of software) or (b) extensively in translating an idea into a fixed medium.

"Inventor," with respect to unpatented biologic and chemical materials or laboratory animals (e.g., plasmids, vectors, cell lines, mice, etc.), means a Michigan Inventor who has taken part (a) in the conception of the idea of the specific material that is to be made and/or (b) significantly in making the material but only where making the material was not a routine or known practice. A person providing material to a second person that uses the material to produce a new material generally will not be considered hereunder to be an Inventor of the new material. (Innovation Partnerships will set and administer definitions of Inventor with respect to other types of Intellectual Property.)

"Make" or "Made" in the context of Intellectual Property refers to conceiving or reducing to practice.

“Patent Expenses” means the costs paid to third parties associated with University’s ownership, protection, and/or administration of Intellectual Property, including but not limited to costs of (1) evaluating invention disclosures; (2) patentability or trademark searches; (3) drafting and prosecuting intellectual property applications; (4) preparing and recording assignments; (5) maintaining patents or other intellectual property; (6) marketing and licensing of inventions; (7) litigation for the enforcement or protection of intellectual property; (8) amounts received on behalf of, or owed to, other parties (such as co-owners); and/or (9) any claims filed by or against University related to University’s administration, enforcement or licensing of intellectual property, including but not limited to attorneys’ fees.

"Student" means a person enrolled in University courses for credit. A student that is compensated (e.g., financially (including through a stipend, tuition, etc., such as graduate student research assistants)) for working in an academic setting, academic program, or laboratory setting, or administration of any of the foregoing (for example, performing research or reporting to an individual performing research) is considered a Michigan Inventor under this Policy. However, a person working for pay in the following, and or similar, position would still be considered a "Student": campus housing, catering, food service, patient services, facilities, transportation, etc.

“University Patent Expenses” means all unreimbursed Patent Expenses.

“University Shares” means the sum of all accumulated revenues remaining after undergoing the processes under Section V, less recovery of any costs related to the generation of such license revenues not otherwise recovered by or reimbursed to Innovation Partnerships.

Notes

Updated October 16, 2025, to reflect rebranding into Innovation Partnerships, the 2023 amendment of Board of Regents’ Bylaw 3.10, the addition of language addressing undergraduate researchers, and clarification of obsolete language.

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Related Policies:
Who Holds Copyright at or in Affiliation with the University of Michigan (/policy/601.28)

Related Links:
Regents Bylaw 3.10 (https://regents.umich.edu/governance/bylaws/chapter-iii-business-management-finance-and-property/)

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