

Guidelines for the Financial Exploitation of Research Results at ETH Zurich¹

(Financial Exploitation Guidelines)

(This text is a translation. Only the German version is binding.)

The Vice President for Research herewith issues the following guidelines on the basis of article 10 paragraphs 1 and 2 of the ETH Zurich Organisational Regulations [Organisationsverordnung ETH Zürich] of 16 December 2003²:

ETH Zurich is committed to teaching and research. It develops new scientific knowledge, methods and technologies that are to be made available through an effective transfer process to business and society. The successful utilisation of existing knowledge, in particular the exploitation of patents and computer programs, can further the creation of innovative products and jobs.

ETH Zurich promotes intensive co-operation with the business sector and the financial exploitation of research results through its *ETH transfer* technology transfer office, which supports members of the ETH community in their contacts with the business sector and ensures that their research and scientific endeavours remain free and independent.

These Guidelines govern the financial exploitation of research results at ETH Zurich, in particular the exploitation of inventions and computer programs. They include implementation rules to the Regulation on Intellectual Property and Equity of 24 March 2004³ [Immaterialgüter- und Beteiligungsverordnung ETH-Bereich] and are binding for all employees (incl. professors⁴) of ETH Zurich. Other intellectual property, such as trademarks or designs, shall be treated similarly.

1. Agreements with third parties

The negotiation and handling of research-related agreements with third parties is governed by the Research Agreement Guidelines⁵. Licence and option agreements must be evaluated by *ETH transfer* and signed by the responsible professor as well as by the Vice President for Research (VPR) without exception. *ETH transfer* must become involved in contractual negotiations at the earliest possible stage.

2. Inventions

2.1 Ownership

Inventions developed by ETH Zurich employees that are made while exercising their official employment activities remain the property of ETH Zurich (Service Inventions, article 36 paragraph 1 of the ETH law⁶ [ETH-Gesetz]). Excluded from these provisions are contractual agreements reached with third parties within the framework of co-operative research projects. If neither the VPR nor the involved

¹ "Richtlinien für die wirtschaftliche Verwertung von Forschungsergebnissen an der ETH Zürich"

² RSETHZ 201.021

³ RSETHZ 125

⁴ Professor stands here and in the following for all units with *elected* professors at ETH Zurich.

⁵ "Richtlinien über Verträge im Bereich Forschung der ETH Zürich" from 1 July 2003.

⁶ RSETHZ 111

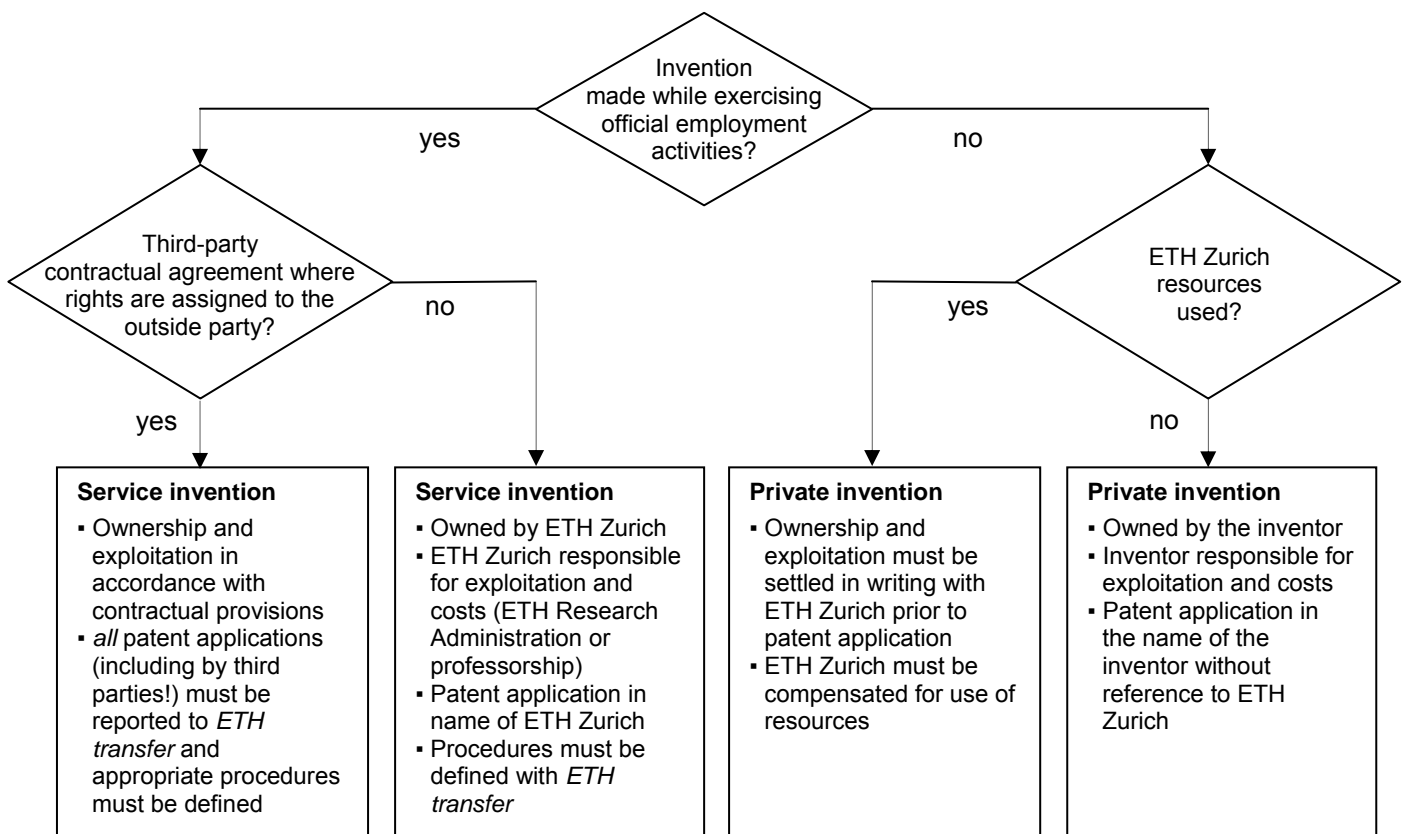
professorship are interested in making a patent application, the VPR may then assign the rights to the invention to the inventor in writing.

If an invention is developed while not involved in official employment activities and without utilising the resources or infrastructure of ETH Zurich (e.g. working hours, equipment, or laboratory), it shall then belong to the inventor or inventors (private invention) and is not covered by these Guidelines. If the resources or infrastructure of ETH Zurich were used, then ETH Zurich may assert compensation claims. When exploiting such inventions, a prior agreement must be reached between the inventors and ETH Zurich on the distribution of the claims, the costs of exploitation and any potential profits.

Inventions developed by professors within the framework of secondary employment (e.g. consultancy activities) in accordance with article 6 paragraph 1 ETH Regulations for Professors⁷ [Professorenverordnung ETH], where no ETH Zurich resources or infrastructure were utilised, shall be governed by the private agreement concluded between the professors and the contracting parties, and are not the object of these Guidelines.

Inventions that are developed by students not employed by ETH Zurich within the framework of, for example, semester projects or diploma thesis shall belong to the students (private inventions) and are likewise not the object of these Guidelines. Students may, however, assign their invention rights to ETH Zurich and will then be treated like ETH employees.

Who owns an invention?



⁷ RSETHZ 501

2.2 Procedure

Mandatory

All patent applications based on service inventions must be made in the name of ETH Zurich (applicant: ETH Zurich, ETH transfer HG E47-49, Raemistr. 101, CH-8092 Zurich). ETH Zurich may otherwise cause the application to be changed to the name of ETH Zurich at the applicant's expense. Provision is made for contractual agreements with third parties concluded within the framework of co-operative research projects.

Inventors at ETH Zurich must report **every** invention and **every** patent application performed in accordance with these Guidelines in which they are named as the inventor to the *ETH transfer* technology transfer office in writing within four weeks of the initial application. *ETH transfer* checks if the invention may be exploited. Excluded from this are inventions made by professors within the framework of consultancy activities or other private inventions which did not involve the utilisation of the infrastructure as mentioned under section 2.1.

If a patent application is made in the name of ETH Zurich, then the inventors shall be obliged to provide all signatures necessary to maintain and extend the associated property rights. The inventors are likewise obliged to inform *ETH transfer* of any possible address changes, in order to ensure they can be contacted.

Recommended

Inventors should discuss patent applications in advance with *ETH transfer* and should reach agreement on a strategy to exploit the patent application.

All the inventors involved in a service invention should determine and set down in writing the percentage distribution of the shares in the invention among themselves, and should forward a signed original of this agreement to *ETH transfer* within four weeks of the initial patent application. If no agreement is reached among the inventors with respect to their shares in the invention, each inventor will receive an equal share of any possible income generated by the invention.

2.3 Financing service inventions

Before the initial patent application is made, the inventors or *ETH transfer* will ideally have already identified an industrial partner who will take on the patent costs and who in return will receive (in consideration of a fee) a licence to use the invention.

In the absence of such an industrial partner, the patent costs are generally borne by the ETH Research Administration, if

- the invention appears patentable on the basis of available information and is of interest to ETH Zurich,
- the exploitation strategy was discussed in advance with *ETH transfer* and the VPR approves financial exploitation,
- there is no dependency on third-party patents, if possible, and
- a potential market or interested parties are available.

The VPR shall decide as quickly as possible, at latest within 3 months following receipt of the invention disclosure whether ETH Zurich intends to make a patent application. If the VPR decides not to make an application, the involved professorship may then make a patent application in the name of ETH Zurich at its own expense or at the expense of the institute.

If the VPR and the respective institute or the professorship decide not to make an application, the invention then may be assigned to the inventors and the inventors may ask for assignment of the invention. The patent application may then be performed and exploited privately in their own names and at their own expense in accordance with section 2.1, paragraph 1. In this event ETH Zurich shall not make any further claims.

2.4 Distribution of income in the case of service inventions

Upon request to the VPR by the responsible professor, up to CHF 5,000 from the initial income due to ETH Zurich from the financial exploitation may be paid to the inventors in the form of a one-time bonus.

Further income shall first be used to cover the incurred and projected patenting and exploitation costs (e.g. for patent lawyers).

Subject to provisions for any possible third-party financial claims, the remaining income (i.e. net income) shall as a rule be distributed as follows:

- 1/3 to the inventors, distributed in accordance with the final paragraph of section 2.2.
- 1/3 for research purposes to the professorship where the invention was developed. In case of doubt, the VPR shall decide upon the utilisation of this share.
- 1/3 to ETH Zurich in favour of the ETH Research Administration to support ETH Zurich research and technology transfer.

The distribution of the revenues shall be performed by the Finance Department of ETH Zurich in accordance with the instructions issued by the VPR.

Inventors who leave ETH must notify *ETH transfer* of their current address and bank details (if possible, in Switzerland). If the inventor is entitled to remuneration and if *ETH transfer* does not receive a valid address and bank details within one year, this person's entitlement to all further payments shall lapse. The corresponding shares shall be passed on to the ETH Research Administration to support research and technology transfer activities of ETH Zurich.

If rights to more than one invention are bought collectively by a third party and if *ETH transfer* does not have in its possession an agreement signed by all affected parties concerning the distribution of compensation for the individual inventions, then all the inventions shall be weighted equally.

In the event of discrepancies, the Executive Board of ETH Zurich shall decide on the distribution and utilisation of income.

Costs and income in the case of service inventions

| | Application made by <i>ETH transfer</i> | Application made directly by professorship | Application by inventor (only after assignment) |
|------------------------|---|--|---|
| Patent costs | 100% ETH Research Administration | 100% professorship | 100% inventor (private) |
| Support | Assistance provided by <i>ETH transfer</i> | - | - |
| Application | In the name of ETH Zurich | In the name of ETH Zurich | In the name of the inventors following written assignment by VPR to the inventors |
| Distribution of income | As a rule, the distribution of the net income shall be as follows: 1/3 inventor, 1/3 professorship, 1/3 ETH Research Administration. At | As a rule, the distribution of the net income shall be as follows: 1/3 inventor, 1/2 professorship, 1/6 ETH Research Administration. | ETH Zurich does not assert any claim to income. |

the request of the professor senior to the VPR, up to CHF 5,000 of the initial income may be paid to the inventors as a one-time bonus. The VPR may approve exceptions in well-justified cases.

2.5 Inventions in the case of the advance sale of intellectual property

If the intellectual property from a project is acquired by the contracting party in advance within the framework of a co-operative research project with third parties (cf. Research Agreement Guidelines Par. 5.3), and if the contract party and the ETH inventors make a patent application within one year following the conclusion of the project, then the participating ETH Zurich inventors shall each receive compensation from the ETH Research Administration of CHF 1000.

3 Works protected by copyright

3.1 Ownership

The copyright to works with copyright protection created in the fulfilment of employment duties (textbooks, scientific publications etc.) is held by the author. The contractual transfer of the copyright to the ETH Zurich is possible.

For software (computer programs), ETH Zurich is entitled to the sole utilisation and exploitation rights if the computer programme was created within the framework of an employment relationship and while exercising employment duties at ETH Zurich (special regulation according to article 36 paragraph 2 ETH law [ETH-Gesetz]). Provision is made for contractual agreements with third parties within the framework of co-operative research projects.

Following consultation with the responsible professor, authors may make the software which they have developed available to the general public in the form of open source code.

If a piece of software is developed at ETH Zurich outside of an employment relationship and while not exercising official employment duties at ETH Zurich, ETH Zurich shall be entitled to assert compensation claims related to the use of its resources (e.g. personnel, technical equipment and time). When exploiting such programmes, a prior agreement must be reached between the authors and ETH Zurich on the distribution of the claims, the costs of exploitation and any potential profits.

Authors may assign their exploitation rights to ETH Zurich if they wish ETH Zurich to support them with respect to exploitation. In this event agreements shall be concluded with third parties (e.g. licence agreements) in the name of ETH Zurich.

3.2 Procedure in the case of computer programs

Computer programs within the framework of an employment relationship at ETH Zurich and which are to be exploited must be reported in writing to the ETH Research Administration to the attention of the *ETH transfer* technology transfer office. This is intended to ensure that clarification together with the authors is possible as to who is entitled to which rights to a computer programme, and if necessary collectively to establish a strategy with which the computer programme is to be exploited. If computer

programs are exploited directly by the authors without first performing this clarification, then ETH Zurich may assert appropriate claims retroactively.

The VPR decides within 3 months if the ETH Zurich intends to exploit the computer program. If the VPR decides not to exploit the computer program, the authors may ask for assignment of the sole rights for use and exploitation of the computer program. ETH Zurich shall not make any further claims.

3.3 Distribution of income

All involved authors shall reach agreement on their percentage contribution towards the creation of the program, and shall record this in writing for the purpose of distributing the income (an original copy of which is to be forwarded to *ETH transfer*). If no agreement is reached between the authors on their respective shares of the copyright then each author shall receive an equal share, if income is generated.

Income to which ETH Zurich is entitled from the exploitation of computer programs shall be distributed in the same manner as income from inventions (section 2.4 of these Guidelines), whereby “the Author” and “the Computer Program” are substituted for “the Inventors” and “the Invention”.

4. Effective date

These Guidelines come into force retroactively on 1 February 2005.

The Exploitation Guidelines of 1 July 2003 will be repealed at the same time.

1 February 2005

Vice President for Research