

**3359-11-18      Conduct and ethics policy: employee financial interests in companies licensed under university intellectual property.**

(A) Policy statement.

The board of trustees has determined that the best interests of the university of Akron will be served if employees who create new technology are afforded the opportunity to hold personal financial interests in companies that are the creator of a discovery, invention, work or trade secret information that is owned by the university of Akron through the operation of rule 3359-2-05 (university research, copyright and patent policy) of the Administrative Code ("Inventor") and who desires to acquire an equity or other financial interest ("Financial Interest") in a firm, corporation, or other association ("Company") to which the university of Akron or the "University of Akron Research Foundation" (collectively, "University") has assigned, licensed, transferred or sold its interests in the discovery, invention, work or trade secret information made or created by that employee or in a patent or copyright issued to that employee ("Intellectual Property").

(b) This policy deals only with the acquisition by an inventor of a financial interest in an entity that is developing and/or using technology based on intellectual property that was created by that inventor; accordingly, the term "Company" refers only to such an entity. For purposes of this policy, "Inventor" includes the inventor's spouse and members of his or

her immediate family and any firm, corporation or other association controlled by the inventor; and "Financial Interest" includes any stock, bond, warrant, option, loan or other equity or debt interest in a company, or promise of the same, as well as paid consulting or employment with a company.

(2) Relation to the Ohio ethics laws.

- (a) This policy creates an exception to chapter 102 and sections 2921.42 and 2921.43 of the Revised Code (collectively, the "Ohio Ethics Laws"). Among other things, these laws prohibit public officials from having an interest in the profits or benefits of a public contract entered into by or for the use of the governmental unit with which he/she is connected, or from soliciting or accepting anything of value that is of such character as to manifest a substantial and improper influence upon him/her with respect to the performance of his/her duties. Compliance with this policy will provide an inventor who acquires a financial interest in a Company with an exemption from these and other possibly applicable provisions of the Ohio ethics laws. A failure to comply with this policy could result in a violation of the Ohio ethics laws.
- (b) This policy applies only to inventors, as defined. Consequently, employees other than Inventors who acquire a financial interest in a company that is developing university-owned intellectual property should consult their own legal advisers to determine whether the transaction violates the Ohio ethics laws.

(3) Relation to other university rules.

Inventors seeking to comply with this policy should also consult other rules of the Administrative Code on related subjects. It is the intent of this policy that it be administered consistently with all other university rules and policies that may apply to the same circumstances.

(4) Other matters not covered.

This policy does not deal with the terms and conditions under which the university will assign, license, transfer or sell intellectual property to an entity that will become a company upon acquisition of rights in the intellectual property, or with the terms and conditions upon which the university will require or accept an equity interest in a licensee company. These and all other terms and conditions of licensing agreement will be determined pursuant to other university policies. Generally, such transfers

and/or equity participations will not be made or entered into unless it is determined both that the proposed company has the resources (or a reasonable plan to obtain the resources) necessary for development of the technology, and that it has a satisfactory business plan for such development.

(5) Effective date.

This policy shall apply only to acquisitions of financial interests or licenses, assignments, transfers or sales of intellectual property that occur on or after the date of this initial adoption.

(C) Policy requirements.

- (1) An inventor may solicit or accept a financial interest in a company if, but only if, he or she has first complied with the requirements of this policy.
- (2) It should be noted that an entity organized for the purpose of commercializing intellectual property will not become a company until the university has assigned, licensed, transferred or sold its interest in the intellectual property to the company. Consequently, an inventor who is participating in the organization of a company that expects to licen



financial interest as the inventor and university may mutually agree.

remedy if the inventor fails to comply with the conflicts management plan.

(4) Annual review.

To assure continued compliance with the plan, the office of research shall annually conduct an assessment of the inventor's performance under the conflicts management plan. Such assessment shall include a report from the inventor's academic unit head and dean or staff supervisors respecting the adequacy of the inventor's performance of his or her assigned university duties and a review by the office of research of the extent to which the milestones that are contained in the conflicts management plan have been met. Any deficiencies that are noted shall be discussed with the Inventor with a view to achieving compliance or modifying the plan or the related agreement with the company. A failure to reach agreement on compliance can result in one or more of the consequences described in paragraph (D)(3) of this policy.

(5) Freedom from conflicts in the administration of this policy.

University officers and employees shall not participate in the approval process or in the administration or enforcement of this policy with respect to a company in which they have a financial interest.

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