1. Purpose and Covered Parties

Throughout research, education, externally funded projects, and other scholarly activities, the American University of Armenia (AUA) faculty, staff, and students create innovative ideas and products which may be intellectually protected. Intellectual Property (IP) protection can take different forms: patents, copyrights, and other forms of IP that merit legal protection and have financial as well as scientific and scholarly value. AUA's mission emphasizes a commitment to research, excellence in intellectual contributions, and innovative approaches for creating societal value. Fostering IP protection and licensing, AUA promotes the discovery and sharing of knowledge to benefit the public by incentivizing the productization of ideas/technologies from the University to the market through industry, startup companies, and the public sector. In doing so, AUA is committed to the timely assessment of the necessity of legal protection and to sharing equitably the rights and royalties resulting from the licensing of AUA-spawned technologies and innovations.

The Office of Sponsored Programs and Technology Transfer (OSP&TT) at AUA was established to develop and maintain efficient processes for administering and managing university-owned or controlled IP. These processes will include assessing patentability, evaluating commercial opportunities, filing or registering patents, trademarks, and copyrights, prosecuting and managing the patent portfolio, and licensing IP rights to third parties, including university spin-out companies.

This policy outlines the rights and responsibilities of AUA, its faculty, staff, and students regarding the management and ownership of IP rights. The policy covers all AUA employees, including full-time and part-time faculty (as defined in the Appointment, Retention, and Promotion and Faculty Titles policy), staff, and all graduate, undergraduate, non-degree students. It pertains to all forms of intellectual property legally protected in Armenia and internationally.

This policy may be amended to reflect changes in legal requirements, industry standards, or university priorities.

2. Defined Terms

a. *Intellectual Property (IP)* is any value adding innovative and tangible idea that originates from a person's creative effort. For example, music score, lyrics, technology, algorithm, software, logo, etc. The intellectual property can be protected if it meets the criteria for one of the following categories:

- *Patents:* Novel invention or process. Patentable discoveries and inventions may include any new and useful process, machine, article of manufacture, or composition of matter.
- *Trademarks:* Unique brand names, logos, and symbols. A trade or service mark is a word, name, symbol, or device used by an organization to identify its goods or
- *Copyrights:* Original artistic, musical, or literacy works. Copyrightable works include written and graphic works, computer software, and photographic, video, and audio works.
- *Trade Secrets:* Some confidential new concepts.
- *Industrial Designs:* Novel visual appearance of a product.
- *Plant Breeders' Rights:* Novel plant varieties.

b. *Member of AUA Community:* All full- or part-time faculty, staff, and students (degree or non-degree seeking, undergraduate or graduate).

c. Inventor/Author/Creator: The individual who is a member of the AUA community who, alone or in combination with others, conceptualizes the idea or subject matter.

d. *AUA Resources*: Funds, space, equipment, faculty, students, or facilities used to support research and scholarship, including direct funding such as gifts, contracts, grants, and AUA- allocated funds; laboratory space or shared research facilities; and supervision or employment, including student employment, on any such AUA-funded scholarship or

e. *OSP&TT:* The Office of Sponsored Programs and Technology Transfer ("**OSP&TT**") or its successor The head of the OSP&TT will be responsible for establishing and maintaining procedures and administrative support needed to implement this policy.

f. *Spinout Company:* A new venture formed to commercialize university-owned IP- or non IP-based idea/product.

g. *Commercilalization***:** The process of developing, marketing, licensing, or otherwise utilizing intellectual property to generate economic value or societal benefit. This includes activities such as creating marketable products or services, entering into licensing agreements, forming spin-off companies, or any other actions that bring innovations derived from university research and development to the marketplace.

3. General Policy

3.1 Authorship and Ownership

While the authorship of the IP always belongs to the author(s), the ownership of the IP created by AUA faculty or staff, or by students belongs to AUA if the IP is created:

- within the scope of AUA employment, or
- with any use of AUA resources and facilities; or
- under AUA externally or internally sponsored contracts and grants, including public and private sector entities and individuals, unless otherwise defined in the prior specific agreement.

IP generated by a faculty or staff member, or student, outside the scope of AUA, exclusively on his/her own time and without any use of AUA resources and facilities, are the property of the Inventor/Author provided that:

- the IP is administered separately from AUA and not attributed to AUA.

AND

- the Inventor/Author complies with AUA policies concerning outside activities by facu1ty, students and staff.

Ownership of an invention will be established by examining the relevant details submitted in AUA's Invention Disclosure portal.

The review will consider factors that include but are not limited to:

- the patentability of IP under the laws of the Republic of Armenia and worldwide;
- the advancement of technology, application, current market needs, detectability of infringement.

3.2 IP Protection and Application Process

OSP&TT in its sole discretion, shall determine:

- the law firm and external legal counsel to use for seeking IP protection;
- timing and type of IP protection sought on behalf of the university after full disclosure has been received; and
- how long it will take to continue prosecution for pending IP or maintenance of issued patents, trademarks and copyright.

Before sharing an unpublished idea or output with any third party the Inventor/Author or the OSP&TT shall initiate and sign a confidentiality agreement or non-disclosure agreement (NDA) with the third party to protect the exchange of confidential information. If revisions are necessary, the OSP&TT will help with drafting, negotiating, and finalizing the agreement, making sure it adheres to AUA, government, academic, and industry standards for similar arrangements. If an AUA employee receives an agreement involving IP owned or controlled by a third party, they should forward it to OSP&TT for review and approval.

3.3 Specific Applications and Terms on Exceptions

a. Educational and Instructional Material Rights

To ensure consistency across various course sections, assist full- or part-time faculty and staff in teaching courses previously handled by others, and fulfill AUA's administrative needs like accreditation, the authors grant perpetual, non-exclusive, worldwide, royalty-free license to use, display, copy, distribute, and create derivative works of these materials to AUA. Thus, each full- or part-time faculty and staff member grants the licenses for faculty works included in educational and instructional resources intended for classroom use within a specific department, program, or college, such as syllabi, lecture and testing materials, handouts, etc.

b. Student Invention/Creation

AUA typically does not assert ownership over tangible and intangible inventions created by students during their personal and academic endeavors while attending the institution. However, student Inventor/Author(s) must disclose and assign to AUA any inventions discovered, conceived, or reduced to practice with significant use of institutional resources or under a sponsored agreement.

Unless stated otherwise in a prior mutual written agreement, AUA will own any Intellectual Property discovered, conceived, or reduced to practice under the following conditions:

a) AUA assigned, directed, engaged, or funded the development of the IP, and/or the student Inventor/Author has agreed in writing that the IP will be owned by the university.

Students must promptly disclose OSP&TT about any university supported invention they have created or contributed to. Any IP followed from it will be owned by AUA and managed according to this policy.

c. IP from Sponsored Research.

The distribution of intellectual property rights from research or creative work funded by government, industry, other external organizations, or private sponsors is generally governed by a written agreement between AUA and the sponsor.

d. Consulting and Private Agreements.

AUA Community members entering consulting or private agreements with external parties must ensure these agreements do not require assigning or transferring rights to any intellectual property owned by AUA under this policy. Collaborations with other institutions, including dual appointments or visiting scientist agreements, requiring exceptions to this policy must receive prior written approval from the OSP&TT and AUA President.

e. Trade Secrets.

The AUA respects the rights of employees and Inventor/Author(s) to safeguard their inventions such as tools, devices, formulas, methods, processes, patterns, computer code, compositions of matter, or other tangible research results with reasonable precautions as trade secrets when needed to protect the IP rights of AUA.

3.4. *Signing of Intellectual Property Assignments*

AUA employees are required to sign an AUA Intellectual Property Assignment upon hire (**Appendix A** accessible in "Related Documents" section under this policy). This does not apply to individuals employed at other institutions who are given Faculty appointments at AUA for the sole purpose of teaching and who are not conducting any research activities or developing any copyrightable works involving AUA Resources.

3.5. *Legal Protection, Licensing and Commercialization*

AUA's Office of Sponsored Programs and Technology Transfer will act as the centralized administrative office that manages intellectual property disclosures, patent applications, copyright and trademark registrations, and licensing.

a. IP Eligibility Evaluation.

For IP eligible inventions and creations which are AUA owned, the OSP&TT will decide whether to pursue IP protection on behalf of the AUA. The OSP&TT will consider whether the invention is likely to be awarded an IP protection if one is pursued, whether there is adequate prospective societal benefit to warrant IP protection, and any other circumstances (e.g., contractual obligations, governmental regulations) that might affect a decision to pursue IP protection.

b. Return to Inventor/Author

If upon review by the OSP&TT it is determined that the invention/creation disclosed via portal is not eligible for an IP protection or cannot be otherwise commercialized by the AUA, then the OSP&TT will notify the Inventor/Author(s) regarding the decision.

c. Waiver/Release of University Rights

If the OSP&TT at AUA determines that invention/creation disclosed via portal does not qualify for IP protection or commercialization, it will upon all Inventor/Author(s) request, provide a written waiver renouncing any rights the university might have to the disclosed idea. The OSP&TT will review all completed disclosure forms and formal waiver requests with good faith and reasonable diligence. If it is determined that waiving the University's rights aligns with this IP policy, the OSP&TT director will issue a written waiver renouncing any claim the AUA might have to the disclosed invention/creation.

If the University, through OSP&TT, decides not to seek or maintain IP protection or pursue commercial development of university-supported IP, the Inventor/Author(s) can request a release of the IP in writing to OSP&TT. If OSP&TT determines that releasing the IP rights to the Inventor/Author(s) does not breach any contractual obligations and is beneficial for AUA and the public, they may agree to a release. In this case, AUA with the recommendation by OSP&TT will assign or release all interests/rights it holds or has the right to hold in the IP to the Inventor/Author(s) in equal shares or other shares as agreed upon by the Inventor/Author(s).

Subsequent the release, the supported IP may not be developed using University Resources and would require a receipt of a statement from all Inventor/Author(s) that no University Resources will be used thereafter for any further development of the IP.

The release of supported IP may be subject to certain conditions, including agreement by the Inventor/Author(s) to the following:

- The AUA may ask for a percentage of the net income received by the Inventor/Author(s) from the commercialization of the IP. This would come after deducting documented costs for patents, research, and product development, with the university receiving up to a 40% revenue share.
- OSP&TT may opt to request the Inventor/Author(s) to repay AUA for any or all expenses the university has incurred for IP protection up to the date of full ownership transfer of the IP assets.
- For any AUA-supported IP rights that are transferred to the Inventor/Author(s), the university will retain a perpetual, non-exclusive, royalty-free license to use such IP for its teaching, research, and educational purposes.
- Upon request, provide reports to the university on efforts to develop the IP for public use. If the Inventor/Author(s) or their designee(s) are not developing the IP for public benefit, they must re-assign it to the university at its request.

3.6 *Licensing and Commercialization Revenue Distribution*

When applicable, the AUA will strive to license its intellectual property to facilitate public use of its innovations and novel creations. If needed, AUA will strongly defend and enforce its intellectual property rights through appropriate business and legal means.

a.External Licensing

Unless otherwise agreed between Inventor(s)/Author(s) and the University, acting through the OSP&TT, the distribution of revenues derived from IP commercialization efforts related to each case should be as follows:

1. AUA will recoup all out-of-pocket and contractual expenses related to the IP from its gross income. These expenses include, but are not limited to, legal and litigation costs, intellectual property protection/registration fees, prototype production, marketing, and licensing expenses.
2. Remaining and subsequent income shall be distributed as follows:

    a. The Inventor/Author(s), or his/her legal heirs, shall collectively receive 40%. A Inventor/Author's right to this share continues if s/he departs the AUA.

    b. The Inventor/Author(s) department(s) or program(s) or center shall receive 20%. These funds are in addition to the regular AUA budget for these units. At least half of these department/program funds will be dedicated directly to supporting the Inventor/Author's research, scholarly, and creative activities. The remaining funds will be used to promote research, scholarly, and creative endeavors within the department or program or center more broadly. If an Inventor/Author(s) leaves the AUA, the portion of funds that would have been directly allocated to their activities will remain with the department or program or center.

    c. The AUA shall retain 20% for use at its discretion.

    d. The OSP&TT shall retain 20% for the promotion of research, scholarly and creative activities. Distributions shall be paid quarterly and accompanied by reasonable accounting and an explanation of how they were calculated.

3. If the invention or copyrightable work tied to revenue generation was developed with support from a sponsored research program and the sponsor regulates the income distribution, those specific regulations will take precedence over AUA policy regarding the distribution of net proceeds.

Revenue Distribution Under Current Policy

Inventors/Authors	40%

Departments, programs, centers	20%
General Fund	20%
OSP&TT	20%

4. For multiple Inventors/Authors, all creators will equally share the income to which they are collectively entitled, unless otherwise agreed upon by all creators and documented in writing in the disclosure or an alternate agreed document.

5. Should a member of AUA community seek university support to manage non-university owned invention/creation or IP, the AUA and Inventor/Author(s) may agree to distribute any resulting licensing income differently from what is specified in this policy. This alternative sharing arrangement must be agreed upon in writing between the OSP&TT director, authorized signatory of AUA and the Inventor/Author(s) at the time the support is initially provided, with a copy of this agreement sent to the OSP&TT.

6. If AUA takes equity in a company instead of receiving some or all the compensation from the commercialization of university-supported IP, any Inventor/Author who gets an equity stake in that company will not share in the funds received from AUA's equity position. For any remaining Inventor/Author(s), AUA will distribute the income received from the liquidation or sale of such equity according to the sharing formula outlined in this policy. If there are no other Inventor/Author(s), the proceeds from the sale of equity, attributable to the Inventor/Author's share, will be evenly distributed among the Inventor/Author's department, OSP&TT, and the university.

b. *Internal Licensing*

In the situation when the IP or non-IP based invention/creation such as artwork, software or algorithm application, technology, etc., was created by the AUA faculty, student or staff member for the university purposes, other than research or scholarly activity, the AUA will hold rights to obtain IP protection/registration, license, market, sell, and commercialize the product. The portion of the net proceeds from licensing or commercialization of the AUA-owned product or IP, will be distributed to the author(s)/creator(s) on a case-by-case bases taking into consideration the number of participants in the project, creative/inventive contribution, and time devoted to the project outside normal working hours.

c. University-based Spinout Ventures ***(Figures given in particular currency are subject to change with short notice in the event of currency fluctuations.)***

a. This section of the policy outlines terms and conditions under which university-based innovation can be licensed to a newly formed startup company. It applies to all IP generated by AUA faculty, staff, and students that is eligible for commercialization through spinoff ventures to foster the successful and smooth commercialization process while ensuring that the interests of the university and its stakeholders are protected. In order for a creator(s)/author(s) to form a spinout company based on prior-disclosed idea via portal, the formal written request accompanied with a proposal for commercialization, should be: i) checked for eligibility; and ii) go through an approval process by the OSP&TT, as well as other governing bodies of the institution.

b. Upon approval, the AUA will establish a licensing agreement with the spinout company, providing rights to utilize the IP or/and commercialize the idea. The university may offer either exclusive or non-exclusive licenses, depending on the nature of the innovation and the business plan of the spinoff. The AUA will hold an equity stake in the spinout company as part of the licensing agreement. Revenue generated from the commercialization will be shared between the AUA and the creator(s)/author(s) per University Policy and prior agreed-upon terms. Royalty rates may be determined based on the commercial value of the IP, industry standards, and the stage of development. The license duration will be specified, with provisions for renewal based on performance and continued commercial viability.

c. The OSP&TT offers an efficient expedited license agreement for university-based spinoff companies (ELAS) designed to assist AUA community entrepreneurs in developing and commercializing their ideas by offering simplified contract negotiations, reduced legal costs and predetermined key terms and conditions for licensing as follows:

d. 100,000 AMD per founder up-front fee at the licensing option stage.

e. If applicable, 50% of total incurred IP protection expenses paid at 12 and 24-month anniversary respectively, and all future IP protection expenses paid in real time.

f. 5% net sales royalty for patented products.

g. 10% net sales royalty for copyrighted works/software.

h. 5% net sales royalty for trademarked works/goods.

i. Choice between 2% exit fee or 5% equity with anti-dilution up to 400,000,000 AMD in fundraising.

The ELAS is offered as a fast-track licensing process with a reasonable for both parties' terms and must be signed by both parties "as is". Alternatively, the creator(s)/author(s) can enter the negotiation process through AUA's standard licensing process.

j. The AUA may provide access to facilities and equipment necessary for the spinout's development per negotiated terms of the license contract. AUA-based spinout companies will also have access to mentorship and training programs offered by the university, as well as to assistance in identifying funding sources from external sources.

k. It is an obligation of the spinout company to actively work towards developing and commercializing the licensed product. Regular progress reports must be submitted to the AUA OSP&TT, detailing development milestones and commercialization efforts. Spinouts must comply with all relevant AUA policies, including those on conflicts (COI) of interest and commitment. All potential COIs must be disclosed by university personnel involved in the spinout. The AUA will establish mechanisms to manage any conflicts of interest that arise.

l. The AUA reserves the right to terminate the licensing agreement if the spinout fails to meet the obligations outlined in the agreement. Either party may terminate the agreement by mutual consent, subject to the terms of the licensing agreement.

Related Documents

- **Appendix A: Intellectual Property Agreement**
- **AUA Intellectual Property Protection and Commercialization Roadmap**