

Regulations on Employee Invention and Technology Transfer

Established Jun. 26, 2008

Amended Jan. 1, 2010

Amended May 4, 2016

Chapter 1 General Provisions

Article 1 (Purpose) These regulations seek to protect and promote inventions of the members of Pohang University of Science and Technology (hereinafter referred to as “University”) based on the “Regulations on the Management of National Research and Development Projects,” “Invention Promotion Act,” and “Technology Transfer and Commercialization Promotion Act” to enhance University members’ motivation for on-duty research and development, thus enabling a rational management and utilization of the intellectual property rights that have been created accordingly.

Article 2 (Definitions) The terms used in these regulations shall be defined as follows:

1. “Invention” shall refer to the invention, design, and creation subject to protection under the “Patent Act,” “Utility Model Act,” or “Design Protection Act.”
2. “Employee invention” shall refer to an invention made by a university member in connection with his/her duty, and an invention resulting from an act which was part of his or her current or previous duty.
3. “Free invention” shall refer to an invention that falls under any of the following (the patent right to a free invention is attributed to the inventor):
 - A. Any invention other than the employee invention pursuant to Item 2
 - B. Any invention the right to which the Academia-Industry Collaboration Foundation of Pohang University of Science and Technology (hereinafter referred to as “Academia-Industry Collaboration Foundation”) decides not to acquire pursuant to the provision of Article 4
 - C. Any invention for which a notice on the acquisition of the right is not served within the period specified in the provision of Article 5
4. An “inventor” shall refer to a university member who made an employee invention.
5. A “principal inventor” shall refer to the inventor with the highest share in an invention when the invention involves two or more inventors.
6. A “University member” shall refer to a faculty member, staff member, student, or person engaging in research works of the University.
7. “Application withheld” shall mean that the Academia-Industry Collaboration Foundation chooses not to file a patent application or gives up or cancels the application after acquiring the right to an employee invention.
8. “Know-how” shall refer to undisclosed technical matters that are managed confidentially for the protection of the technology and confidential knowledge or experience pertaining to the use or application method of the technology.
9. “License fee compensation” shall mean that, when the intellectual property rights, know-how, etc., created as a result of the research activities of the University are transferred and the University receives license fees for the technologies transferred, part of the license fee income shall be given as compensation to the University members who made the inventions.
10. “Regular license” shall refer to the right to use on a non-exclusive basis a patented invention of another person under a certain condition.
11. “Exclusive license” shall refer to the right to use exclusively a patented invention of another person under a certain condition; within the scope covered by the exclusive license, the owner of the patent right may not exercise his/her right without obtaining permission from the exclusive licensee.
12. A “person who contributed to technology transfer” shall refer to the staff member of the department responsible for technology transfer in the Academia-Industry Collaboration Foundation who has helped directly or indirectly with the search of the transferred technology,

marketing, and negotiation.

Chapter 2 Employee Invention

Section 1 Invention Reporting and Assignment of Right

Article 3 (Reporting an Invention) ① Upon completion of an invention in connection with his/her duty, a University member must immediately submit the following documents to the Academia-Industry Collaboration Foundation using the POSTECH Intellectual Property Administration (PIPA) system after obtaining approval from the head of his/her department or the director of the research center where he/she belongs (if the invention involves two or more University members, however, the documents shall be submitted through the department of the principal inventor):

1. Report on invention (including matters relating to the assignment of the right)
2. Specifications of the invention
3. Written information on technology

② Upon receiving the documents (including those submitted by electronic means) specified in Clause 1, the Academia-Industry Collaboration Foundation must decide whether to acquire the right or not as specified in the provision of Article 5; if it decides to acquire the rights, it must initiate the procedure for patent application.

Article 4 (Assignment of the Right) ① The Academia-Industry Collaboration Foundation shall own the right to an employee invention made by a University member (including the right to apply for a patent in a foreign country).

② If a University member makes an employee invention jointly with a person who is not a University member, the Academia-Industry Collaboration Foundation shall own the right to the portion belonging to the University member.

③ The provisions in Clauses 1 and 2 shall not apply if an invention is not deemed to fall under the category of an employee invention, the Academia-Industry Collaboration Foundation decides not to acquire the right to the invention, or a notice as to whether to acquire the right or not is not served within the period specified in the provision of Article 5.

Article 5 (Notice of Decision on the Acquisition of the Right) Upon receiving the report specified in the provision of Article 3, Clause 1, the Academia-Industry Collaboration Foundation must decide within four months of receiving the report whether to acquire the right or not and notify the inventor of its decision at once.

Article 6 (Effective Date of Acquisition, Etc.) ① If the Academia-Industry Collaboration Foundation notifies its decision to acquire the right to an employee invention within the period specified in the provision of Article 5, the right to the employee invention shall be deemed to have been transferred to the Academia-Industry Collaboration Foundation at the time of notification.

② If the Academia-Industry Collaboration Foundation fails to notify its intention to acquire the right within the period specified in the provision of Article 5, it shall be deemed to have decided not to pursue the right to the employee invention. If the Academia-Industry Collaboration Foundation decides to exercise the right after the expiration of the period specified in the provision of Article 5, however, the consent of the inventor must be obtained.

Article 7 (Raising an Objection) ① In any of the following cases, an inventor may raise an objection in writing to the Academia-Industry Collaboration Foundation within 30 days of receiving the notice of acquisition of the right or compensation:

1. The inventor has an objection to the decision made by the Academia-Industry Collaboration Foundation pursuant to the provision of Article 5.
2. The inventor has an objection to the compensation he/she received pursuant to the provision of Article 23.

② If an objection is raised pursuant to the provision of Clause 1, the Academia-Industry Collaboration Foundation Steering Committee (hereinafter referred to as the “Steering Committee”) shall listen to the inventor who raised the objection and decide whether to accept the objection or not.

③ When a decision has been made pursuant to the provision of Clause 2, the Academia-Industry Collaboration Foundation must notify the inventor who raised the objection of the result of its decision along with the details of the reason for the decision within 30 days of the date of the objection.

④ If the inventor is not satisfied with the decision made pursuant to the provision of Clause 3, he/she may request dispute conciliation to the Industrial Property Right Dispute Conciliatory Committee as per the provision of the Invention Promotion Act.

Article 8 (Transfer of Free Invention) ① The inventor of a free invention may transfer the right to the invention to the Academia-Industry Collaboration Foundation even if the invention falls under Article 2, Item 3, Subitem A.

② If the inventor of a free invention intends to transfer the right as specified in Clause 1, the transfer must be processed as specified in the provision of Article 3.

③ In this case, the Academia-Industry Collaboration Foundation shall decide whether or not to acquire the right to the invention following deliberations by the Steering Committee, and notify the inventor of the result.

④ If the Academia-Industry Collaboration Foundation acquires the right to the invention as specified in the provision of Clause 1, compensation shall be paid to the inventor by applying the provision of Article 23 *mutatis mutandis*.

Article 9 (Confidentiality Obligation) University members must maintain the confidentiality of the contents of an employee invention until the Academia-Industry Collaboration Foundation applies for patent for the employee invention. However, this shall not apply if the Academia-Industry Collaboration Foundation decides not to acquire the right.

Section 2 Patent Application and Cost Bearing

Article 10 (Application, Etc.) ① Patents for the employee invention, the right to which has been acquired by the Academia-Industry Collaboration Foundation from the inventor, shall be applied for in the name of the Academia-Industry Collaboration Foundation. (Amended January 1, 2010 and May 4, 2016)

② For foreign patents, the application shall be filed after a review by a specialist. (Amended January 1, 2010 and May 4, 2016)

③ In the case of invention resulting from a national manpower cultivation program (e.g., BK program, etc.) or an industry-sponsored project (including POSCO projects), application for patents and such shall be made pursuant to the provisions of the program in question or the agreement on the project in question as a rule; after the program or the project is completed, the rules and regulations of the University shall apply (Amended January 1, 2010 and May 4, 2016).

④ (Deleted May 4, 2016)

⑤ Notwithstanding the provisions of Clauses 1-4, if maintaining confidentiality of an employee invention is deemed appropriate, the University may decide not to apply for a patent following deliberations by the Steering Committee. (Amended January 1, 2010)

⑥ Notwithstanding Clause 1, If an employee invention is deemed to have no value or to be further improved in value, the Academia-Industry Collaboration Foundation may take actions

to cancel or withdraw the patent application, or to maintain or waive its right to the invention, etc. (Amended January 1, 2010 and May 4, 2016)

Article 11 (Cost Bearing) ① The Academia-Industry Collaboration Foundation shall pay the expenses for the application for patent and maintenance of the right as follows (in the case of an invention resulting from externally sponsored research, the regulations pertaining to the project in question shall apply; if any separate agreement exists, the agreement shall apply): (Amended January 1, 2010)

1. In the case of an application for which expenses are paid by the University:
 - A. Domestic patent: An application shall be filed after the invention is reported, and the expenses shall be paid by the University.
 - B. Foreign patent: The PCT or EPO application fee shall be paid by the University after a domestic patent application has been completed, subject to the decision specified in the provision of Article 10, Clause 2; decisions on the filing of patent applications in specific individual countries shall be made based on a review by experts.
 - C. If the rating of a patent by a professional agency is S or A after registration, the University shall pay the expenses for the maintenance for a period of up to five years; thereafter, the right may be transferred to the inventor or shall be given up if the inventor refuses to acquire the right by transfer (Amended May 4, 2016).
 - D. If the rating of a patent by a professional agency is B or below after registration, the University shall pay the expenses for the maintenance of the right for a period of up to five years if approved by a review committee; otherwise, the right may be transferred to the inventor or shall be given up if the inventor refuses to acquire the right by transfer.
2. In the case of an application filed according to separate regulations on management of intellectual property expenses (e.g., BK program):
 - A. Any and all expenses for application for domestic and foreign patents shall be disbursed from the funds of the program in question.
 - B. No restrictions shall apply to foreign patent applications.
 - D. When the program is completed, the regulations of the University shall apply to the patents in question.
3. In the cases of industry-sponsored projects including POSCO projects, the expenses shall be paid by the industry sponsor in question as a rule; if the University has to bear part of the expenses, the decision shall be made after a review. In this case, the regulations of the University shall apply (Amended May 4, 2016).
4. In the case of a patent whose application is pending or the right to which is being maintained by the University at the time of the major inventor's resignation from the University, the patent may be transferred to the inventor if he/she agrees to bear the cost paid by the University; if the inventor refuses to acquire the right, a decision shall be made as to whether the University will keep the right or not following deliberations by the review committee.
 - A. If the review committee decides to keep the right that was not transferred to the inventor, the expenses shall be paid by the University.
 - B. If the inventor decides to acquire the right by transfer, the transfer shall be executed if the inventor pays to the University the expenses incurred for the application for a patent.

② If a patent application for an employee invention is rejected, the Academia-Industry Collaboration Foundation and the inventor shall equally share the expenses for an appeal or a lawsuit.

③ Notwithstanding the provision of Clause 1, as for an employee invention made jointly with a non-University member pursuant to the provision of Article 3, Clause 2, matters concerning the expenses incurred for patent application and maintenance and related administrative work shall be governed by a separate contract if there is any, and the University's share in the invention shall be factored in.

Chapter 3 Technology Transfer

Section 1 Technology Transfer

Article 12 (Entrustment of Technology Transfer) ① Academia-Industry Collaboration Foundation may entrust its technology transfer contract work to POSTECH Holdings (hereinafter referred to as "Technology Holding Company") (Established May 4, 2016)

② To conduct business as defined in Clause 1, the Technology Holding Company and the technology transfer department of the Academia-Industry Collaboration Foundation shall cooperate with each other (Established May 4, 2016)

Article 13 (Valuation of Technology) The technology subject to transfer shall be valued by a professional agency. In the cases of a new technology that renders conventional valuation impossible and know-how, however, the opinion of the inventor shall be taken into consideration.

Article 14 (Selection of Company to Which Technology is Transferred) ① The company to which a technology is to be transferred shall be decided through cooperation with the inventor and/or other parties of interest (Amended May 4, 2016).

② A technology may be transferred to more than one company.

③ A company that participated in research and technology development may be preferentially granted a license if its contribution is acknowledged.

④ In the case of an externally-sponsored research with a separate contract on technology transfer, the contract in question shall apply *mutatis mutandis*.

Article 15 (Negotiation for Technology Transfer) If necessary, negotiations for technology transfer may to be commissioned to an external institution that specializes in negotiations (Amended May 4, 2016).

Article 16 (Documents Requested of the Company Wishing to Acquire Technology by Transfer) When processing a technology transfer, the following documents may be requested of the company wishing to acquire technology by transfer (Amended May 4, 2016):

1. Written request for technology transfer
2. Business registration certificate
3. General condition of the company
4. Proposed terms and conditions of technology transfer
5. Other documents necessary for technology transfer

Article 17 (Transfer of Jointly Owned Technology) If a technology to be transferred is owned jointly with an external institute, the technology transfer shall be done jointly with the institute.

Article 18 (Termination of Contract) ① A technology transfer contract signed under the condition that royalties be paid may be terminated during the term of the contract if any of the following happens:

1. Despite the completion of technology transfer, the company to which the technology has been transferred does not implement the technology during the period of time specified in the contract without justifiable reason, or is deemed to have given up on the technology.
2. The company to which the technology has been transferred suspends its operation and is deemed unlikely to resume its operation for a considerable period of time.

3. Any of the terms and conditions of the contract is violated.

② If a reason for termination arises, the contract may be terminated one month after a written notice is served to the company to which the technology was transferred.

Article 19 (Term of Contract) ① The term of contract for technology transfer shall be from the date the contract is signed to the expiration date of the intellectual property rights such as patent right; however, the period may be extended or shortened in consideration of the time required for the commercialization of the technology, the remaining period of the right, etc.

② The term of contract for know-how shall be determined by mutual agreement, taking into consideration the continuity, exclusivity, demand, etc. of the technology.

③ In the case of technology transfer wherein both patent and know-how are used, the term of contract may be determined by mutual agreement, taking into consideration the relative ratio of patent and know-how out of the total technology.

Article 20 (Faculty Member in Charge of Technology Transfer) In principle, the principal inventor of a technology who is also a faculty member of the University shall be in charge of the transfer of the technology in question.

Section 2 License Fees

Article 21 (Calculation of License Fees) ① Upfront fees shall be determined based on the valuation of the technology by an external professional agency and in consideration of the expenses necessary for technology transfer and the R&D cost for the technology.

② Royalties shall be adequately determined by taking into account the market, return, and costs for each technology.

③ In principle, the standard period and interval for calculating royalties shall be one year.

④ As for know-how, etc., royalties shall be determined according to the standard used for intellectual property rights; however, various matters resulting from the characteristics of the know-how shall be considered in the determination.

Article 22 (Collection of License Fees) ① Upfront fees shall be collected within one month of signing of the technology transfer contract; as for royalties, the standard period and interval for calculation shall not exceed one year as a rule.

② License fees shall be received in cash as a rule; other payment methods may be used if mutually agreed.

③ Matters concerning the compensation for delayed payment of license fees shall be determined by the stipulation in the technology transfer contract in question.

Section 3 Compensation for the Inventor

Article 23 (Handling of License Fees) ① If license fees are generated when the intellectual property rights obtained as a result of the University's research activities are transferred, an exclusive or regular license is granted, or the know-how obtained while conducting research is transferred, the University shall compensate the inventor by paying him/her part of the license fees in accordance with the provisions of Article 24.

② (Deleted May 4, 2016).

③ If an inventor or an external inventor dies, the compensation due for them shall be paid to their inheritors.

④ If an inventor resigns from the University or dies, the inventor (in the case of resignation) or his/her inheritor (in the case of death) must notify the technology transfer department of the Academia-Industry Collaboration Foundation of his/her address and contact details within six months of resignation or death; any future change in address or contact information must be notified to the technology transfer department as well.

⑤ The compensation which an inventor, an external inventor, or their inheritors received out of the license fees shall not be returned even if the intellectual property rights in question become

nullified. However, this shall not apply if the intellectual property rights become nullified due to imitation.

Article 24 (Compensation for the Inventor) ① When license fees are generated by the transfer of the intellectual property rights owned by the University and the granting of a license, the distribution standard of the license fee income shall be separately determined by the Executive Director of the Academia-Industry Collaboration Foundation in accordance with related laws. (Amended January 1, 2010 and May 4, 2016)

② If stocks are received as compensation for technology transfer profits, the compensation shall be made at the time of stock sale. (Established January 1, 2010 and May 4, 2016)

③ For a technology transferred to the technology holdings company founded by the University, compensation shall be made in accordance with the standards specified in Clauses 1 and 2 after the company initiates a business and generates revenue. (Amended May 4, 2016)

Article 25 (Deduction of Expenses Related to Technology Transfer) (Deleted May 6, 2016)

Addenda

1. (Effective Date) These regulations shall be established and take effect on June 26, 2008.
2. (Interim Measure) The employee inventions and the rights to technology transfer assigned to the Academia-Industry Collaboration Foundation prior to the establishment of these regulations shall be governed by these regulations.

Addendum

These amended regulations shall take effect on January 1, 2010.

Addendum

These amended regulations shall take effect on May 4, 2016.