

# The Nonwovens Institute

## BYLAWS

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## A. CHARTER

The Nonwovens Institute (NWI) serves the nonwovens and affiliated industries through fundamental and applied research in the technologies of the industry and an active program of technology transfer. NWI has developed core research, non-core research, service & technology transfer activities.

Core research programs are developed jointly by NWI faculty/staff and the NWI member companies. Core research programs focus on areas such as:

- Materials and process technologies
- Functionalization through bulk and surface modification
- Micro and macro modeling and structure property-process-relationships.

Core research programs are supported by funds from the State of North Carolina and membership dues from NWI member companies. The results of the research are shared with all member companies of NWI. This information is placed in the public domain, through presentations and publications, poster presentations, software, and patent disclosures, only after the review by the Industrial Advisory Board (IAB) of NWI. The policies governing the ownership of intellectual property are discussed under the policy section.

To carry out its core research programs, NWI seeks out talent at North Carolina State University as well as other universities when appropriate. Such research programs are undertaken by the faculty, staff, and students of these universities with the approval of the IAB. Such research programs stipulate that the partner institutions will follow and adhere to the bylaws of NWI.

A non-core research program focuses on one or more of the above objectives but is carried out for an individual company (sponsor). The results are shared with only the sponsor and the terms of the agreement are defined in a separate agreement that will define the Intellectual Property (IP) rights. These results are not shared with the member companies of NWI.

NWI carries out an active program of technology transfer and economic development. This program seeks to disseminate know-how and technology developed by NWI as well as those in the public domain. Such programs are provided in the form of:

- Training and assistance in the implementation of Institute developed technology
- Courses taught at plant sites
- Workshops at NWI
- Industrial internships
- Focused seminars, symposia, and conferences
- One-on-one consulting through NWI.

## **B. ORGANIZATIONAL STRUCTURE**

The organizational structure is designed by the director or deputy directors in response to current needs of NWI. Organizational structure is reported to the Executive Committee and IAB biannually. Changes in this structure can be proposed by either body as required.

### **1. The Director/Deputy-Director(s)**

The Director (Deputy-Directors) of NWI reports to the NC State Vice Chancellor for Research, Innovation and Economic Development (VCR).

The Director/Deputy-Director(s) works closely with NWI Research Scientists, Research Fellows, the IAB and the NC State University Policy Committee (section B2.0 below) to identify key areas of research in support of the technology of the industry and to establish short-range and long-range goals in pursuit of the mission of NWI. In like manner, they work with the Associate Director(s), NWI staff, NWI faculty, the IAB and the NC State University to select and implement technology transfer and economic development activities of NWI. The Director/Deputy-Directors coordinate membership development, non-routine research, and technology transfer activities with members of the IAB and the Associate Director as well as other staff.

Specific responsibilities of the Director/Deputy-Director(s) include:

- Coordination of the core research projects.
- Selection and granting of research projects based on recommendations of the IAB
- Budgeting and administration of the NWI funds
- Interaction with industry participants through IAB and other formal and informal mechanisms
- Interaction with the NC State University through the NC State University Policy Committee
- Promotion of the research and technology transfer mission of NWI
- Seeking new participants in NWI
- Making the necessary policy decisions with regard to operation of NWI and implementation of NWI-related NC State University policies
- Coordinating the annual report and meetings supportive of the mission of NWI
- Coordinating information services related to NWI activities
- Overseeing NWI operations.

The Director/Deputy-Director(s) has/have administrative authority in the operation of NWI, including fiscal management, policy decisions, selection of research projects and appointment of the technical and administrative staff. The Director/Deputy-Director(s) receive recommendations and advice from the IAB Executive Committee, IAB and University Policy Committee (UPC).

Appointment of subsequent Institute Director/Deputy-Director(s) is based on recommendation by the current Director, with the advice and consent of the IAB Executive Committee and requires formal approval by the VCR.

The Director/Deputy-Director(s) recommended/appointed shall be individuals with demonstrated knowledge of the field of nonwovens technology, an established record of research and scholarship in the field, demonstrated administrative skills, and an acknowledged position of leadership in the academia and/or industry.

The Associate Director(s) are appointed by the Director, in consultation with the UPC and the IAB. Other research and administrative staff of NWI will be appointed by the Director/Deputy-Director(s).

For each revision of the long-range plan of the NC State University, the Director/Deputy-Director(s) will submit a report on NWI's plans to the VCR, according to NC State NC State University policies.

## **2. The NC State University Policy Committee (UPC)**

The UPC, chaired by the VCR, or his/her designee, is comprised of the Executive Director of the Nonwovens Institute (NWI), the Deans of the College of Engineering (COE) and College of Textiles (COT) and other as deemed appropriate by the VCR.

The UPC will help ensure that NWI abides by all NC State University policies and State laws. In particular, the NC State University Policy Committee will assist in ensuring that the operations of NWI are consistent with faculty rights responsibilities, and professional development as documented in the Faculty Handbook. Similarly, the Committee will assure the equitable treatment of undergraduate and graduate students, and other staff associated with NWI.

## **3. The Membership**

MEMBERS mean FULL MEMBERS, AFFILIATE MEMBERS, STARTUP MEMBERS, SOCIAL MEMBERS, and PARTNER ORGANIZATIONS but not Emeritus Members.

All companies, regardless of their geographical location/origin, engaged in the manufacture of nonwoven goods, or who are raw material and auxiliary suppliers to the nonwovens industry, nonwovens machinery manufacturers and converters of nonwoven goods into end use items, or U.S. government organizations which have an interest in nonwovens or fibrous materials, are entitled to be members of NWI. The IAB will review the membership categories and associated privileges from time to time and advise judicious changes, in accordance with bylaws, when necessary. Multiple-tier membership is available as defined in the membership memorandum of agreement. Any exception to the criteria above must be approved by the IAB Executive committee.

### **a. FULL MEMBERS**

Companies meeting the criteria listed above who want to become FULL MEMBERS, will be recommended to the IAB Executive Committee who will confirm the admittance of all MEMBERS.

FULL MEMBERS of NWI pay an annual fee to support Core Research carried out in NWI. The fee guidelines are determined by the IAB annually. The MEMBERS have representation, with voting rights, in the IAB. They are entitled to participate in the patenting of any inventions conceived by NWI faculty, staff and students conducted through NWI's Core Research, as set forth in section C.2. Their representatives are entitled to attend meetings of NWI where results of the Core Research program are reported. They receive semi-annual progress reports and an annual report of NWI. Their staff is entitled to attend workshops, training seminars and research symposia organized by NWI at reduced rates as determined by IAB policies. They are entitled to use the research and production facilities of NWI for their R&D activities, based on availability, and at reduced fees mutually agreed upon by the IAB and NWI administration.

FULL MEMBERS (Classified as FULL MEMBER I) are entitled to designate a specific core research topic (one project every three years) after the company joins NWI. The Core project will be treated the same as those voted on and recommended by the IAB for funding.

The fee structure, the voting rights and the associated privileges are approved by the IAB Executive Committee and may change from time to time.

### **b. AFFILIATE MEMBERS**

The IAB assists in recruiting small to medium size companies as AFFILIATE MEMBERS (hereinafter AFFILIATES). The AFFILIATES pay an annual fee at a rate less than FULL Members, determined by the

IAB annually to SUPPORT Core Research carried out at NWI. Except for the membership fee and the amount of time to which AFFILIATES have access to research and production facilities of NWI for their R&D activities, AFFILIATES have the same rights and obligations as FULL Members.

### **c. MIRROR MEMBERS**

Subject to unanimous pre-approval by the Executive Committee of the NWI recorded in writing and subject to the limitations set forth in this paragraph, a FULL and AFFILIATE MEMBER may extend its membership benefits to no more than one of its majority owned subsidiaries or to no more than one company that is majority owned by the same parent company. The designated subsidiary will be required to co-sign the Membership Agreement executed by a MEMBER and will obtain the status of a MIRROR MEMBER. A MIRROR MEMBER shall not be required to pay membership fees, and shall have no voting rights, but is granted rights to UNIVERSITY IP under Section C. 2 (Intellectual Property Policy Regarding Core Research) , and can participate in the NWI IAB as representatives on the Executive Committee or Scientific Advisory Board if elected.

### **d. EMERITUS MEMBERS**

EMERITUS MEMBERS are those individuals who have significantly contributed to NWI activities over an extended period of time as an employee of a member company, or the NWI and are fully retired. EMERITUS MEMBERS are elected by majority vote of the IAB in response to a motion shared in an IAB Business Meeting, or via email to IAB members. EMERITUS MEMBERS pay no annual fee and are required to sign all confidentiality agreements. They may attend Institute meetings where research progress is reported, and receive reports. They are not entitled to the use of Institute generated intellectual property without appropriate license, use of research or production facilities at reduced fees, or voting participation in the IAB. They may attend workshops, training seminars, and research symposia organized by NWI with no fees.

### **e. STARTUP MEMBERS**

The IAB assists in the launching of new nonwoven businesses by providing for STARTUP MEMBERS (hereinafter STARTUPS). STARTUPS pay an annual fee, determined by the IAB, to support NWI's Core Research. STARTUPS attend Institute meetings where research is reported and receive reports. Application must be made within three (3) years of incorporation and membership is limited to two (2) years in this class. STARTUPS receive reduced fees for short courses, six (6) votes for new projects, and the opportunity to present to the IAB. STARTUPS receive no intellectual property rights, Internet access to archives, executive committee participation, or facilities use discounts. Executive committee approval is required for membership level.

### **f. PARTNER ORGANIZATIONS**

PARTNER ORGANIZATIONS are defined as nonprofit, technical and trade organizations that provide significant in-kind benefits to NWI activities. This class of membership is defined as "in-kind" and members:

- Can attend the IAB
- Cannot vote
- Will not be entitled to intellectual property rights
- Will not have access to research archives
- Will not receive reduced laboratory rates.

The organization must present evidence of in-kind benefits for membership approval by the Executive Committee. These organizations can't share NWI information with their membership or others who are not members of NWI.

## **g. SOCIAL MEMBERS**

The IAB assists in recruiting companies who wish only to engage in networking as SOCIAL MEMBERS (hereinafter SOCIALS).

- This category of membership will be preferably limited to only those companies engaged in “auxiliary services”, e.g., sales or service sector work. Applications for this membership level must be approved by the Executive Committee.
- The total number of SOCIALS that can be active at any given time is limited to three (3).
- The SOCIALS must sign a confidentiality agreement obligating them to hold confidential any confidential information, as defined in C.3. below, obtained during discussions at NWI events, as indicated below.
- The SOCIALS pay an annual fee at a rate less than Full Members, as determined by the IAB, to help support the cost of NWI events.
- The SOCIALS are limited to two participants from the company at each IAB meeting. These participants may change from meeting to meeting. Exceptions can be granted by request and approval of the Executive Committee in advance of the meeting.
- The SOCIALS can participate fully in both the in-person IAB poster session (typically in the early evening of the first day of IAB presentations), and the IAB reception (typically in the evening of the second day of IAB presentations). At both of these events participants can interact with students and with IAB members in order to promote “industry positive” networking. In addition to the poster session and the reception, the SOCIALS will also be invited to the “NWI tour sessions” held after lunch on the second day of IAB presentations with the intent of promoting NWI. Costs for these sessions are included in the Social Membership Fee.
- SOCIALS have no rights or privileges beyond those described in this paragraph 3.g. For purposes of clarification, SOCIALS may not access other NWI meetings, have no access to reports or research activities, have no voting rights, are not entitled to intellectual property rights, and have no access to reduced laboratory rates.

## **4. The Industrial Advisory Board**

FULL MEMBERS, AFFILIATE MEMBERS AND START UP MEMBERS are represented on the IAB by one (1) individual (or a designated alternate) and have one (1) vote. The votes will have a multiplier based on the dues paid. The IAB reviews proposed and existing Institute programs and recommends alternatives or additions; it also reviews budgets and policies pertaining to any aspect of NWI. In particular the IAB

- Receives annual reports of NWI and Reviews operating and research budgets
- Makes policy recommendations
- Advises on criteria for admittance as MEMBERS, AFFILIATES, START-Ups, or EMERITUS
- Reviews all Core Research proposals and recommends priorities to the Director/Deputy Directors
- Attends the semi-annual meetings of NWI and receives progress reports.

### **4.1. The Industrial Advisory Board (IAB) Executive Committee (EC)**

This committee shall consist of ten (10) individuals representing full member companies and shall provide membership oversight and policy guidance to the NWI. The EC shall be comprised of the following:

- The IAB Chair shall serve a two (2) years term
- The IAB Vice-Chair shall serve a two (2) years term followed by a two (2) years term as IAB Chair

- Eight additional members shall be elected for five (5) years terms
- Elections shall occur as required to fill vacancies and will involve the following steps:
  - (1) NWI will issue a request for nominations from the IAB (all nominees must be representatives of organizations who are paying members of the NWI);
  - (2) the EC will narrow the list of nominees to not more than three (3) per vacancy; and
  - (3) the IAB will vote on the remaining nominees to determine who will serve on the EC.
- **If EC appointments are vacated before the end of their term, the member company represented in that appointment will have the opportunity to propose a replacement to complete the term subject to EC approval. When the term ends (or if the proposed candidate is not approved by the EC), the position will go before the IAB for election and using the voting processes as described above**
- The Chair of the Strategic Scientific Advisory Board (Section 4.2) shall also sit on the IAB EC.

## 4.2. The Strategic Scientific Advisory Board (SSAB)

The Strategic Scientific Advisory Committee (SSAB) will provide guidance to NWI leadership with respect to strategic research programs undertaken by NWI. NWI will allocate up to thirty (30) % of its annual dues for strategic research as defined by the committee. The SSAB reviews existing Institute programs and recommends alternatives or additions with respect to long-term strategic planning. In particular the SSAB:

- Makes research focus area recommendations
- Reviews all Strategic-Research proposals and recommends priorities to the Director/Deputy-Directors
- Attends the semi-annual meetings of NWI and receives progress reports
- Advises the Institute leadership with Strategic Planning

This committee shall consist of six (6) individuals representing industry, government and academia, and shall be comprised of the following:

- The SSAB Chair shall serve a three (3) year term and shall also sit on the IAB EC.
- The SSAB Vice-Chair shall serve a three (3) years term followed by a three (3) years term as SSAB Chair.
- Four additional members shall be elected for five (5) years terms.
- In addition to the six sitting members of the SSAB, SSAB members who have completed their term can remain on the SSAB as an “Emeritus SSAB Member”, without voting rights, if nominated by the IAB EC and if confirmed by a majority of IAB votes. Emeritus SSAB Members will have a term of 3 years unless extended by another nomination and vote.
- Elections shall occur as required to fill vacancies and will involve the following steps:
  - (1) NWI will issue a request for nominations from the IAB (nominees can represent organizations who are paying members of the NWI and can also be representatives of academia and of government who are not paying members; however, only representatives of organizations that are paying NWI members are eligible to serve in the roles of Vice Chair and Chair of the SSAB);
  - (2) the Executive Committee will narrow the list of nominees to not more than three per vacancy (nominees representing academic or government organizations who do not pay membership fees must sign an NDA with NWI to continue to be eligible to serve on the SSAB), and
  - (3) the IAB will vote on the remaining nominees to determine who will serve on the SSAB.
- **If SSAB appointments are vacated before the end of their term, the member company represented in that appointment will have the opportunity to propose a replacement to complete the term subject to EC approval. When the term ends (or if the proposed candidate is not approved by the EC), the position will go before the IAB for election and using the voting processes as described above.**

## 5.0 - The Industrial Interns

All MEMBERS are encouraged to send their selected technical staff to NWI on sabbatical leave to permit appropriate research and technology transfer activities of NWI.

## 6.0 - NWI Analyst

NWI may select/appoint an Institute Analyst with the approval of IAB and the NC State University Policy Committee. This individual shall report to the IAB and be responsible for implementation of NWI Assessment Program. He/she shall serve as both an external analyst and as an internal advisor/consultant.

NWI Assessment Program consists of a series of evaluation studies that began during NWI's planning phase and continued through the period of National Science Foundation (NSF) support and beyond. The program's purpose is to identify factors that contribute to and/or inhibit attainment of Institute goals and outcomes, whether scientific or economic. Included among the four basic types of studies are:

- Comparative analysis of NWI's development history
- Organizational description of NWI
- Intermediate as well as long-term studies of organizational effectiveness. The primary input for organizational effectiveness, however, comes from the IAB.

## C. POLICIES

### 1. Amendment Policy

These Bylaws may be amended by a two-thirds vote of IAB voting members present at a meeting of which members were notified at least two (2) weeks in advance.

### 2. Intellectual Property Policy Regarding Core Research

#### OWNERSHIP

- (a) When used in this Section C.2 (Intellectual Property Policy Regarding Core Research), the terms "MEMBERS" means only FULL MEMBERS, MIRROR MEMBERS, and AFFILIATE MEMBERS and "UNIVERSITY" includes NC State or other universities partnering in NWI funded research. Title to any intellectual property conceived and actually or constructively reduced to practice in the performance of the Core Research shall remain exclusively with the UNIVERSITY, provided, however, that the UNIVERSITY shall grant to MEMBERS a non-exclusive and non-sub-licensable royalty-free irrevocable R&D license to make and use patentable intellectual property (UNIVERSITY IP) for internal MEMBER use only, but not for sale or commercial exploitation, of such UNIVERSITY IP. MEMBERS agreeing to share in the cost of patenting such UNIVERSITY IP shall have certain additional rights and options as further discussed below in subsection (c).

#### DISCLOSURE TO MEMBERS

- (b) Invention disclosures associated with UNIVERSITY IP shall be promptly disclosed to MEMBERS by the UNIVERSITY. MEMBER(s) shall provide notice in writing to the UNIVERSITY to acquire license rights and to support patent filings within ninety (90) days from receipt of such UNIVERSITY invention disclosure. Upon such notification, MEMBER(s) shall provide UNIVERSITY a contact person, an email address, and a physical address for invoicing. MEMBER(s) agreeing to share in the cost of patenting for such UNIVERSITY IP (PARTICIPATING MEMBER(s)) within the



ninety (90) day option period, shall be liable for and equally share all costs related to patenting including prosecution and maintenance, unless PARTICIPATING MEMBER(s) provide a thirty (30) day notice that they no longer wish to support patenting costs, after which said PARTICIPATING MEMBER(s) shall not be liable for any future patenting costs beyond thirty (30) days from the date of notice and shall immediately lose the additional rights and options of a PARTICIPATING MEMBER(s) in such UNIVERSITY IP. If an invoice for patent expense reimbursement is not paid by a PARTICIPATING MEMBER within thirty (30) days of the due date, the PARTICIPATING MEMBER shall lose the rights and options of a PARTICIPATING MEMBER in such UNIVERSITY IP.

The UNIVERSITY shall file for, prosecute and maintain patents for UNIVERSITY IP on behalf of the Center if patent protection is desired by at least one PARTICIPATING MEMBER(s). The PARTICIPATING MEMBER(s) desiring the filing, prosecution and maintenance of a patent shall equally share the cost of doing so and shall have the right to advise the UNIVERSITY regarding the manner of filing and prosecution of the patent and its subsequent maintenance, as long as such advice does not conflict with the UNIVERSITY policies, practices, procedures and interests.

If no MEMBERS provide notice to the UNIVERSITY to acquire license rights and to support patent filings within the ninety (90) days period after a UNIVERSITY IP has been disclosed to MEMBERS or in the absence of any PARTICIPATING MEMBERS, then the UNIVERSITY shall be free to make such UNIVERSITY IP available to any company for an exclusive or non-exclusive, royalty-bearing license to make, use and sell associated products and services for commercial purposes.

#### **LICENSING TO PARTICIPATING MEMBERS**

- (c) PARTICIPATING MEMBER(s) shall have an option to acquire a royalty-bearing license to make, use and sell products, services or processes associated with UNIVERSITY IP for commercial purposes.

In the event that there is only one PARTICIPATING MEMBER, then that PARTICIPATING MEMBER who has said option shall have the right to negotiate for and execute a commercial royalty-bearing fully sublicenseable exclusive license for all fields of use (EXCLUSIVE LICENSE) or a commercial royalty-bearing field of use specific license with ability to grant sublicenses in said specific field of use (FIELD EXCLUSIVE LICENSE) within six (6) months of the filing of a patent application, extendable solely at the UNIVERSITY's discretion.

In the event that there are multiple PARTICIPATING MEMBERS exercising option rights to acquire a license to UNIVERSITY IP, UNIVERSITY shall provide a joint notice of such multiple options to said PARTICIPATING MEMBERS. PARTICIPATING MEMBERS may then elect the right to negotiate and execute a commercial royalty-bearing non-exclusive license with the limited ability to grant sublicenses for said PARTICIPATING MEMBERS's own manufacturing purposes only (NON-EXCLUSIVE LICENSES) or FIELD EXCLUSIVE LICENSES. Any such election to acquire FIELD EXCLUSIVE LICENSES must be made by unanimous mutual agreement between said PARTICIPATING MEMBERS within two (2) months of the receipt of the joint notice of multiple options from UNIVERSITY (ELECTION PERIOD). The said unanimous election shall be in writing and identify the mutually exclusive fields of use, as agreed to by said PARTICIPATING MEMBERS. This ELECTION PERIOD is extendable only once by an additional two (2) months by unanimous written request of said PARTICIPATING MEMBERS and solely at UNIVERSITY's discretion.

If a unanimous written election is received, said PARTICIPATING MEMBERS have six (6) months from the day of election to negotiate for and execute the FIELD EXCLUSIVE LICENSES. If no such unanimous election for FIELD EXCLUSIVE LICENSES is made within the ELECTION PERIOD, and there are two or more PARTICIPATING MEMBERS, said PARTICIPATING MEMBERS shall only be eligible to negotiate for and execute NON-EXCLUSIVE LICENSES within six (6) months of expiration of the ELECTION PERIOD. If there is only one PARTICIPATING MEMBER remaining, said PARTICIPATING MEMBER shall only be eligible to negotiate for and execute either a FIELD

EXCLUSIVE LICENSE or EXCLUSIVE LICENSE within six (6) months of expiration of the ELECTION PERIOD. If only one PARTICIPATING MEMBER executes a FIELD EXCLUSIVE LICENSE or a NON-EXCLUSIVE LICENSE and the remaining PARTICIPATING MEMBER(s) do not execute within six (6) months of expiration of the ELECTION PERIOD, the said PARTICIPATING MEMBER shall have an additional three (3) months option to re-negotiate and convert the NON-EXCLUSIVE LICENSE or FIELD EXCLUSIVE LICENSE to an EXCLUSIVE LICENSE. PARTICIPATING MEMBER(s) who do not execute licenses within six (6) months from the expiration of the ELECTION PERIOD shall have no further commercial rights to the UNIVERSITY IP.

If two or more NON-EXCLUSIVE LICENSES are executed as provided above in Section C.2(c), UNIVERSITY shall offer no additional licenses as long as two or more such NON-EXCLUSIVE LICENSES are in effect.

#### **EXPIRATION OF NEGOTIATION PERIOD**

- (d) In the event that the time period for negotiating an EXCLUSIVE, FIELD EXCLUSIVE or NON-EXCLUSIVE LICENSE(s) has expired and the UNIVERSITY has not extended such negotiation period or executed such licenses, the UNIVERSITY may make such UNIVERSITY IP available to any company for an exclusive, field exclusive, or nonexclusive royalty-bearing license to make, use and sell associated products and services for commercial purposes. However, if one or more FIELD EXCLUSIVE LICENSES have been executed, then UNIVERSITY can offer additional FIELD EXCLUSIVE LICENSES for fields of use excluding the already licensed fields of use to other MEMBERS.

#### **TERMINATION OF LICENSE**

- (e) In the event that all the LICENSE(s) described in Section C.2(c) terminate for a particular UNIVERSITY IP, the UNIVERSITY shall be free to make such UNIVERSITY IP available to any company for an exclusive, field exclusive or nonexclusive royalty-bearing license to make, use and sell associated products and services for commercial purposes. In the event that a FIELD EXCLUSIVE LICENSE is terminated, UNIVERSITY shall be free to make such invention available to any company for a field-exclusive license in said particular field.

#### **BAYH-DOLE ACT COMPLIANCE**

- (f) All MEMBERS acknowledge and agree that the UNIVERSITY shall grant the U.S. Government a non-exclusive, non-transferable, paid-up, worldwide license to practice or have practiced any UNIVERSITY IP developed or resulting from federally funded research.

### **3. Confidentiality Policy**

From time to time, NWI may develop Confidential Information. Accordingly, it is understood that such Confidential Information will be treated as follows:

- (a) "Confidential Information" includes technical and/or business information disclosed by NWI to all members. Such information, if disclosed in writing shall be deemed confidential only if it is designated in writing as confidential to the members at the time of disclosure; if orally presented, it shall be deemed confidential only if it is identified as confidential at the time of disclosure. Confidential Information may be disclosed, as members deem necessary, to their employees and others under their control, all of whom will be directed and required to conform with the provision hereof.
- (b) The members agree to use the same care and caution to avoid publication or dissemination of Confidential Information as they use with respect to their own proprietary information; provided, however, that members shall not be liable for disclosure of such Confidential Information which:

- I. is, or becomes, available to the public other than by breach of any obligation herein assumed by the members; or
  - II. is furnished to a third party by Institute without restriction of the third party's right to disseminate the Confidential Information; or
  - III. is disclosed with NWI's written permission; or
  - IV. Is already known to the receiving member other than from any previous unexpired confidentiality obligation with Institute as evidenced by tangible records; or
  - V. Is independently developed by the receiving member as evidenced by tangible records; or
  - VI. Is disclosed to the receiving member by a third party having the right to make such disclosure.
- (c) The obligations of this Section C.3. Shall continue with respect to any Confidential Information disclosed hereunder for a period of one (1) year from the date of disclosure thereof, regardless of whether MEMBER remains a MEMBER of NWI during said period
- (d) FULL MEMBERS may disclose Confidential Information to their Company Affiliates, provided such Company Affiliates have agreed to be bound by the obligations of this section. Absent a separate confidentiality agreement between FULL MEMBER and its Company Affiliates pertaining to Confidential Information so disclosed, FULL MEMBER shall be liable for any unauthorized disclosure or misuse of the Confidential Information by such Company Affiliates. For purposes of this paragraph, "Company Affiliate(s)" means any legal entity which, directly or indirectly, at the time in question, controls, is controlled by, or is under common control of the FULL MEMBER. Control means direct or indirect ownership of fifty percent (50%) or more of the voting interest or economic interest in the controlled entity or such other relationship whereby the controlling entity determines or has the right to determine the majority of the Board of Directors or an equivalent governing body of the controlled entity.
- (e) In the course of carrying out the work of NWI, NWI does not expect to receive any confidential information from the MEMBERS. If, to benefit the Core Research program of NWI, it becomes necessary for a MEMBER to divulge proprietary information to any member of the staff of NWI (including students), such divulgence shall be made in writing, or if made orally, confirmed in written summary within thirty (30) days of disclosure. It will be the responsibility of the individual(s) involved in such transaction to keep the information confidential.

#### **4. Publication Policy**

For the purposes of this Article 4, "Publication" shall be deemed to mean any written, oral, or other public divulgence of research results, including the public use or sale of an invention based on the research results, to the extent that any such event could bar the availability of patent protection in foreign jurisdictions or trigger the one-year grace period in the U.S. within which a U.S. patent application must be filed.

Publication of research results in scientific journals is encouraged. In order to prevent untimely publication of patentable research, a publication-delay mechanism has been established. Notification of intent to publish must be sent to each member of the Industrial Advisory Board. Any member of the board can request a maximum six-month delay in publication from the date of notification to determine whether the paper contains patentable material, or if the company making the request has a justifiable reason. If it is determined that patentable material is contained in the proposed publication, such material will be either deleted and publication will be allowed to proceed, or publication will be suspended until all necessary intellectual property rights have been secured through filing of patents. The IAB member must respond within thirty (30) days of receipt to request a publication delay. Failure to respond by a given IAB member shall be construed as approval of the publication by that member.

Under no circumstances will a student's thesis, for which funds are derived from NWI, be delayed in degree confirmation; provided, however, that student theses shall be subject to a six-month delay

provision following their approval before they are made publicly available in NC State University libraries; and provided, further, that the NC State University may be released from this six (6) months delay period if the IAB members unanimously acknowledge that the thesis does not disclose patentable subject matter, or if a U.S. patent application is placed on file which covers the subject matter of the thesis.

## **5. Software Copyright Policy**

Software code and associated copyrights (SOFTWARE) developed as a part of CORE research may be reported as software disclosures to the University's Office of Technology Transfer. Such SOFTWARE, at the University's discretion, could be made available for appropriate licensing to MEMBERS.

## **6. Communications Policy**

MEMBERS receive a semi-annual technical report of research progress. NWI also publishes the NWI Annual Report in which Institute accomplishments, financial status and prospects for the future are reviewed. Institute investigators transmit project manuscripts, preprints and theses in accordance with the above publication and patent policies. Reports are distributed at the scheduled meeting.

Two meetings per year of IAB are held. The meetings deal with technical and administrative topics. NWI hosts one annual meeting for all members at the NC State campus, to present an executive summary of the year's accomplishments. Scientific results from NWI are discussed in presentations and demonstrated visually. Involvement of NWI graduate students, postdoctoral fellows and research associates is utilized as appropriate.

## **7. Phase-out Policy**

If a decision is made to discontinue the Institute, the VCR will forward such a recommendation to the Chancellor for a formal approval.

Subject to the availability of funds, the phase-out period for the Institute will be sufficient to permit an orderly termination or transfer of contractual obligations and will allow ample time to find alternate employment for full-time staff. Normally, the phase-out period will be no more than one (1) year after the end of the academic year in which the decision is made to discontinue.

# **D. INDUSTRY-UNIVERSITY INTERACTIONS**

## **1. Enhancement Research Projects**

Some members that have particular interest in certain aspects of the NWI Core Research program may want to accelerate or further reinforce a particular project by granting additional funds for the purpose. Such grants are considered an Enhancement of the Core Research program and require signing of a standard Enhancement project agreement between a sponsoring MEMBER and University. Results of Enhancement projects are available to all MEMBERS of NWI.

## **2. Non-Core Research Projects**

The MEMBERS may also create new projects of their choice within the NWI structure. These projects are called Non-Core Research projects, and carry full indirect costs at the NC State University-determined rates. Research at NWI may be closely related to projects at the company facility. The sponsoring MEMBER may negotiate with the NC State University licensing terms pertinent to any intellectual property developed under the Non-Core project.

### **3. Industry Personnel as Visiting Scientists**

Industry personnel from MEMBERS can have the opportunity to participate directly in NWI research as visiting scientists. Lengths of assignments and responsibilities will be determined on an individual basis.