Record Retention for University Technology Transfer Offices

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Systematic control over the creation, volume, protection, discarding, and storage of documents is an essential element of the management of many business and academic operations. Much already has been written in this field, especially in view of the numerous well-publicized legal battles involving the destruction of documents. This article, however, focuses the discussion on the issues that a university or other nonprofit technology transfer organization should address when considering the implementation of a document retention policy. The discussion begins with a summary of reasons for having a retention policy and points to keep in mind when creating documents in the first place, followed by general and specific suggestions regarding the substance of retention policies.

The Need for Document Retention Policies

Technology transfer management might wonder why it should implement a document retention policy, and following are several reasons in support of implementation. A full understanding of these reasons, *throughout the technology transfer organization,* will not only enable the design of a policy best suited for that organization, but should, as discussed below, engender more cooperation from technology transfer staff and university administration.[1]

One main benefit from implementation of a document retention policy is saving space. Each technology transfer office will have to evaluate the situation at its particular institution, but for many technology transfer offices, storage space (especially space that allows for daily access to documents) is limited—and the space that is available can be costly. Because *(a)* university technology transfer efforts have greatly expanded over the past two decades and *(b)* technology transfer is likely to generate large amounts of paper,

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many technology transfer offices are (or will be in the near future) short on storage space—so a reasoned decision must be made about what materials to retain and what materials to discard. A document retention policy should reduce the magnitude of these problems by reducing the volume of stored documents.

Second, a document retention policy is essential in allowing a technology transfer office to remain efficient and effective. Technology transfer office employees need to be able to quickly and efficiently find important documents. This is true for all businesses, but is an even greater issue for universities and other research institutions given, for example *(a)* the limited personnel with which many offices operate, *(b)* the frequency with which older documents must be referenced, *(c)* the time pressures inherent with licensing and patenting activities, and *(d)* the need to support and document technology transfer decisions and actions to the university's administration. Weeding out insignificant documents may be the only way to ensure the availability of crucial documents and prevent the technology transfer office from becoming engulfed in paper.

This problem may be particularly acute with respect to out-of-date documents, such as *(a)* drafts, *(b)* documents that subsequently have been corrected, and *(c)* documents making statements later determined to be inaccurate. Not only do the presence of such documents make it difficult to locate more current or more important documents, but they may confuse university or other personnel and/or may cause people to erroneously rely upon inaccurate information. A document retention policy, in combination with a well-designed filing system, should permit rapid access to the technology transfer office's most important and most accurate information, facilitating the work of technology transfer personnel.

Third, a document retention policy is necessary due to the potential of litigation inherent in this business. From time to time, the university or (more likely) its licensee will need to enforce its intellectual property rights, and the problems associated with the retention of extraneous documents are exacerbated in connection with litigation.

For example, patent litigation necessary to preserve the commercial viability of a licensee's product takes place in federal courts, where the liberal discovery rules require

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that any document that might lead to admissible evidence be shared with the parties to the lawsuit.[2] Moreover, just as written documents are discoverable by opponents in litigation, so is computerized data, including embedded information and drafts.[3]

A technology transfer office (of public and private institutions) must assume that all of its documents will be made available to both its licensee and any opponent in patent litigation—and that many of these documents subsequently will become publicly available. While no potentially pertinent document should be discarded once litigation begins or appears likely, a document retention policy implemented and carried out prior to that time will *(a)* reduce the cost and burden of responding to discovery demands for documents that the institution should not have retained in the first place and *(b)* also eliminate the inaccurate documents discussed in the prior paragraph.

Accordingly, it is important for a technology transfer office to come to a reasoned determination as to how the office will handle its documents, which should include the generation and implementation of a written document retention policy.[4] This chapter will focus on the documents that are typically found at university technology transfer offices (generally licensing, patent, and accounting documents) and on some of the issues that technology transfer offices confront when addressing document retention. It is essential to realize, however, that there is no one-size-fits-all policy because each organization operates in a different manner and environment, so the suggestions below should be adapted to the particular circumstances.

Creation of Documents and Files

Many document retention policies focus on the treatment (discarding or long-term storage) of previously existing documents. Though such treatment is the focus of this article, document retention also should include consideration of the manner in which documents are originally created and stored.

Files: Daily Storage of Documents

Most technology transfer offices have already set up routine procedures for the handling (creation, organization, and storage) of their documents and files, but it bears mentioning that each office should carefully consider and implement such a procedure.

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Many offices require that all paper files associated with a particular invention disclosure be stored centrally to allow access for all staff. Some offices, for example, will separate different types of documents (e.g., patent files, licensing/marketing files, and accounting files) into separate (but centrally located) filing systems or sections since often such files may be maintained and used by employees in different roles.[5] Typically, this is a matter of personal choice for technology transfer management, and so some other offices will utilize a single large file for each invention, with folders containing patent, licensing, and accounting records. Of course, the particular arrangement is not as important as having a reasonable and consistent location for each type of document, with suitable subfolders.[6]

The best document retention policies will also address the storage of electronically created documents, for example, by requiring the printing of each document to be saved and stored in a paper file, implementing an electronic document management system, or a combination of the two.[7]

The files then may be organized, for example, by an assigned file number, inventor name, and/or inventor's department. Regardless of the particular layout, an office should set a policy useful for that office and unfailingly follow it.

Document Creation

Another fundamental consideration ancillary to effective document retention is the need for thoughtful and attentive drafting of every document. Properly constructing each document can serve to avoid problems before they happen.

First, you must assume that anything in writing will be available to and read by others outside of the institution; therefore, documents must meet basic standards of decorum, accuracy, and readability.

Managers should encourage and train employees to write e-mails as they would any other document—thoughtfully, accurately, and completely—keeping in mind that persons other than the intended recipient may someday read the e-mail. An e-mail is equivalent to a written memorandum and should not be written in a casual or offhand way, rely upon

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incorrect assumptions or facts, contain offensive remarks, or mix business with personal comments. Even though e-mail is in its second decade of widespread use, litigation attorneys and others continue to see e-mails written by clients and opponents that are damaging because of the improper way in which they were written. Computer forensics and discovery techniques ensure that almost anything that is sent or saved electronically will be available to your opponents in litigation.

Further, a writer taking an extra few minutes to draft *(a)* a description of background from the university's perspective, *(b)* a full and thoughtfully worded discussion, and/or *(c)* a clear articulation of the university's position, even for internal documents, often can prove invaluable in the future and save considerable time, money, and effort in the long run. Legal counsel may recommend that certain (e.g., sensitive or negative) statements not be made in writing, but again this is a matter of opinion that will vary among institutions, counsel, and the situation at hand. Be sure to fully and accurately label e-mails and documents so that they may be stored and retrieved, but do not create and store documents that will be of little or no use in the future.

Attorney-Client Privilege and Other Issues

Finally, while it is not possible here to address attorney-client privilege or similar legal privileges and immunities that may apply to documents, it should be a goal of the technology transfer office to become educated about these issues and their impact on document creation and retention, preferably relying upon counsel that is very well acquainted with the institution.[8]

General Guidance for Document Retention Policies

Before turning to a discussion of specific types of documents encountered by technology transfer offices, the following are a few general suggestions.

First, make a thorough search of pre-existing institutional policies to determine whether any applicable statements of policy applying to the technology transfer organization already exist. The drafter of the technology transfer policy may be required to consider and/or integrate such policy statements.

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Involve those persons who will carry out the policy in the process of formulating the policy, either as drafters of the policy or through interviews with these individuals. Custodians of files have the best information about those files, including how documents are created; when, how, and how often those documents are later used; where documents are stored; and who is in the best position to carry out the policy. Consultation with the appropriate information technology (IT) personnel also is crucial to drafting a policy that is effective for the various electronic records created and retained by the office. The policy must be set and mandated by a senior member of the technology transfer organization, but not without the input of those most affected.

Make the policy simple and educate staff on it. A policy that is too complicated either will be ignored by the often-busy people in the technology transfer organization or will be met with resistance. Simplicity may require some judgment on behalf of those implementing the policy, but this is acceptable because it will be impossible to legislate the handling of every document. Take the time to make the policy easy to read, and consider including a chart that summarizes the treatment of each type of document, as shown in the appendix.

Make the policy persuasive (either through language in the policy itself or through a persuasive message to staff when implementing the policy). The policy and the principles upon which it is based must be explained, because even the best, well-reasoned document retention policy does no good if employees retain their own side files, do not clean up electronic storage space, or ignore the policy. When explaining the importance of the policy, the focus should not be solely on legal issues, but must include practical issues such as limited storage space, the elimination of confusing documents, and, most importantly, the need to quickly and efficiently find the office's critical documents. Remember that there will be circumstances in which the policy might have to be shared with others outside the organization.[9]

Make document retention and organization an ongoing process, but concerted efforts to organize files should be made periodically. For example, you can place triggers in the system so that a complete review of given files is undertaken after certain critical events.

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For a license file, this trigger might be execution of a license, while for a patent file, triggers might include allowance of an application or issuance of a patent. Well-thought-out and clearly specified triggers will allow more documents to be available while essential activities are ongoing, but subsequently cause a review of the file when most documents are no longer needed.

Know your audience, and understand that you may not be able to fully enforce the policy with respect to all the persons at your institution who are involved with technology transfer. For instance, the technology transfer office may have the ability to ensure compliance by its licensing staff, but it may be much more difficult to ensure compliance by others, particularly faculty. Through ongoing efforts, the office will need to convince the non-technology transfer staff and faculty that there are important reasons for following the retention policy.[10]

Address in the policy, as specifically as possible, each category of documents that are generated or held by the technology transfer office, since various types of documents must be treated differently. The categories may be broad or narrow as may be suitable, but may include: marketing, patent, license, revenue, scientific data, and/or royalty and financial. With respect to each category, rules concerning the following should be set out: the documents to be retained, the documents to be discarded, the length of retention of retained documents, and method of discarding documents. Some categories of documents may require the person performing the review to make a judgment call, so select a useful rule, but keep the rule simple so that it can be remembered and relatively easily followed.

Some time should be spent considering the effect of the university's contractual obligations on its document retention policy. For instance, a license agreement may include provisions requiring the retention of certain research or patent documents during the life of the license. The technology transfer office should avoid undertaking contractual obligations inconsistent with its document retention policy. However, there may be reasons to negotiate different provisions and, obviously, agreements predating the document retention policy will not have been negotiated with that policy in mind. Therefore, the policy must take into account such contractual obligations.

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Many of the factors involved in deciding how and whether to store different types of documents are discussed below; however, philosophies on whether to save or retain certain types of documents will be affected by

- technology transfer management's level of comfort with its ability to explain decisions to the university administration,
- availability and cost of storage space,
- level of detail of information held in any databases maintained by the technology transfer office,
- manner in which access is required to patent and other documents,
- extent to which files contain summarizing memoranda as opposed to notes, and
- legal counsel's past experience with documentary discovery in litigation.

The specific suggestions below attempt to strike a balance.

Suggestions for Particular Types of Documents

Following is a discussion of the major types of documents encountered by a technology transfer office and how each category of document might be addressed. In addition, the policy should state who should perform the activities required under the policy. (See the sample document retention policy in the appendix.)

Licensing Documents

Because most documents generated in connection with a transaction are useful until the transaction closes, generally, it is advisable to wait until completion of the transaction before reviewing the file, organizing it, and removing unnecessary documents as dictated by the policy. For example, the completion of one of the following might trigger a review of a file: *(a)* a license agreement (including material transfer agreements), *(b)* an interinstitutional agreement, *(c)* an assignment of rights back to an inventor, and/or *(d)* the closing of a file.[11] Because there may be a good deal of activity shortly after the transaction closes, waiting at least one to two months after the license is executed may also be advisable.

After setting *(a)* any types of documents that are not ever to be placed into files and *(b)* a trigger, the document retention policy should then specify the treatment of the various categories of licensing documents found in the file. The categorization of documents for

the retention policy may be based upon the labels of paper subfolders that are in standard use by the technology transfer office. Though the types of subfiles used by the technology transfer office will vary from institution to institution, the following is a list of possible categories and suggestions on their possible treatment (again, with respect to all hard copy and electronic documents). For documents that are to be retained, the policy must specify the period of retention; it is advisable to save the retained documents for at least several years after all patents in the licensed portfolio have expired.[12] The licensing professional responsible for the invention is best-suited to perform the activities described below.

Invention disclosure forms should be retained permanently, for example, in order to help prove a date of invention and because they may be valuable for purely historical reasons.

Reports from licensees should be retained because they are useful in enforcement of the license or in patent infringement litigation and might be valuable should the technology later have to be re-licensed to another entity.

Internal correspondence/e-mails should be retained if they meet a basic standard of criticality or importance. As discussed above, set a simple standard such that critical documents are retained while noncritical documents are discarded, keeping in mind that licensing staff may need oral guidance from time to time on management's interpretation of the standard. See the appendix an example standard of "critical and nonroutine."

Notes may be treated as internal correspondence and e-mails and be retained if they meet a basic standard of importance. The comments in the second section of this article are particularly relevant to these documents.

External correspondence with nonlicensees (e.g., correspondence marketing an invention) might be discarded if it is more than a specified age, since records of companies to which technology was marketed may be considered valuable for a limited time but then lose their value. As with internal correspondence, the office should, of course, retain critical documents, which might include documents discussing an alleged infringement of the university's patents, discussing ownership disputes, or demonstrating the value of the patents.

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Original agreements must be retained permanently, though certain agreements of lesser importance (primarily confidentiality agreements) that expired more than a specified number of years ago might be discarded. Drafts of agreements generally may be discarded, though university counsel should be consulted.[13]

Documents relating to university stock holdings in a licensee (such as board minutes, shareholder agreements, shareholder resolutions and consents, voting agreements, etc.) generally should be retained for a set period of time, possibly until the stock is liquidated, though this will vary from institution to institution since the documents may be voluminous, rarely consulted, and copies may be obtained from the company. However, such documents may be valuable in assessing rights as a shareholder, valuing stockholdings, and liquidating shareholdings. Some institutions will retain all such documents (e.g., electronically), but others may handle them on a case-by-case basis, retaining those that seem to have potential future value.

Royalty and patent expense information should be retained, keeping in mind any institutional policy on financial documents, as these documents may be useful in enforcing the agreement or patent rights.[14]

Patent Documents

The assigned licensing professional or administrative person handling patent prosecution may be best suited to *(a)* seeing that unnecessary documents never make it into a file and *(b)* performing the other retention activities described below. Drafts (nonfinal versions) of patent documents (e.g., patent applications and patent office responses) should usually be discarded during the prosecution process and not wait for any particular trigger. Notwithstanding this general premise, it may be useful to retain at least initial drafts of patent applications for inventions that have not been reduced to practice i.e., put into tangible form. Under U.S. interference law, draft applications can be useful in proving diligence necessary to establish a date of invention earlier than that of an opponent in the interference. It will be important to discuss this policy with patent counsel[15] and inventors.

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Aside from these documents, as discussed above, the technology transfer office should wait for a reasonable point in patent prosecution to trigger the review of a file. For example, the trigger may be the issuance of a patent, abandonment of an application, or completion of prosecution of a related family of patents/applications (or a specified period of time after one of these activities). The document retention policy should then specify the treatment of at least the following categories of patent documents. Documents that are retained may be discarded several (e.g., six, as discussed above) years after the patent or any related patents have expired, although since the volume may be low, the technology transfer office may retain the documents indefinitely.

Original inventor assignment (or photocopy if original is not available) and any other title (e.g., Bayh-Dole) documents should be retained as these documents may be essential in proving ownership of patent rights in any future disputes, including patent enforcement.

The original ribbon copy of each patent should be retained as it may be useful in enforcement of the patent or as a historical record.

Correspondence from outside counsel generally need not be retained in its entirety, but at least one letter should be retained to show what firm handled the prosecution, in case the patent must be enforced. Any letters explaining anything unusual in the prosecution or demonstrating an inventorship analysis should be retained, similar to the criticality standard discussed above with respect to licensing correspondence.

Primary technical data generally should be retained, though if it is voluminous, the technology transfer office may wish discard such data if it confirms that the inventor has and will retain a duplicate copy.

Filed patent documents generally may be discarded, since all such documents may be obtained from the patent office or outside patent counsel if needed. Some technology transfer offices may wish to retain copies until the patent is licensed in order to facilitate sharing of the documents with future potential licensees, but those offices facing space issues are able to discard such documents.

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Other correspondence/e-mails and notes should be treated as discussed above for licensing correspondence and notes.

Prior art and patents generally should be discarded unless in use at the time, except possibly for documents that are difficult or expensive to obtain. Whenever prior art is obtained or reviewed with respect to a particular file, confirmation should be made that the art was disclosed to the patent office, if necessary. Some offices may decide to not place copies of prior-art publications and patents in their files at any time, as these may be voluminous and can cause confusion over alleged duties to review the art in the future.

Other Documents

The document retention policy should also address other documents that are created during the technology transfer process. For example, the technology transfer office will wish to consider what to do with documents of departing employees and address the issue in the document retention policy. Generally, at the time the employee departs, the office should have the employee's documents reviewed and handled in accordance with the same principles outlined for other documents in the document retention policy. Other issues include the general instructions on the office's file-keeping requirements, storage, and retention of inventors' files, and storage and retention of litigation files.

Special Considerations with Respect to Electronic Data

Electronic documents and data require particular care and consideration when being deleted from a computer hard drive, saved electronically for retention purposes, shared outside the office, etc. Electronic documents often contain information embedded therein, and such information may exist in a document without the writer's knowledge.[16] Also, "deleting" a document does not necessarily mean that the document is no longer easily retrievable by others, including your opponents in any future litigation. You must assume that anything you write (even drafts) may be discovered (e.g., in litigation) and read by others outside of your institution.

As part of this consideration, understand how your electronic data is stored and backed up. Generally, information is backed up onto a medium such as a tape, with multiple tapes being recycled through the system to provide for a reasonable history of the stored

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information.[17] Back-up tapes will be subject to discovery in litigation and possibly freedom of information act (FOIA) requests.[18] Since a backup is generally for restoring a system after a crash, the technology transfer office probably does not need old backup tapes, but only the most recent versions that will, in turn, be recycled for future backups. Keeping old and unnecessary backup tapes may lead to use of out-of-date documents and, because they are discoverable in litigation, can lead, at a minimum, to greatly increased litigation costs and internal time dedication if the technology transfer office must enforce its patent rights. In short, because there are so many variables, know how your electronic documents are stored before you set your office's document retention policy.

After a Document Retention Policy Is Implemented

Compliance

It is critical for the technology transfer office to take whatever action is necessary to assure compliance with the document retention policy. Several suggestions are given above, including emphasizing the importance to staff and making the policy easy to understand. Further, it may be valuable to select a contact person or persons responsible for document retention issues in the technology transfer office, both as an organizer/facilitator and as a person responsible for ensuring compliance. Responsibilities might be broken down by types of documents (for example, a different person responsible for licensing, patent, and accounting documents—or a different person responsible for paper and electronic documents).

The office, both through upper management (e.g., director) and the above-mentioned contact person, should periodically educate staff, emphasize the importance of compliance, account for the review of all electronic storage devices (e.g., hard drives and servers), and audit staff members.[19]

A shortage of funds, personnel, and time can hinder the full implementation of a document retention policy, but there are ways to make it happen, including, for example, *(a)* doing all the work without outside help and cost, *(b)* providing time to technology transfer staff for organizing files[20], *(c)* motivating staff through rewards and/or emphasizing that com-

pliance can pay off in both efficiencies for individual staff and the organization's success, and *(d)* seeking no-cost or low-cost resources from other areas within the institution (such as the general counsel's office and risk management office) that have an interest in the addressed issues.

If Litigation Is Filed or Contemplated: Revisiting Reasons for Having a Policy

There are many resources that discuss the handling of litigation (including the complications of electronic data and documents), and it is beyond the scope of this chapter to provide instructions on the production of documents for litigation or FOIA purposes.[21] However, technology transfer professionals must understand that, once the technology transfer office (or any of its staff) is aware that litigation may be filed (or has been filed or threatened), it is essential to immediately contact litigation counsel, whether that counsel be in-house or outside of the university. The next (or concurrent) step is to identify the individuals and departments that might have information or knowledge of the data and documents in question so that counsel is able to hit the ground running when notified of the situation.

Once litigation has started or been threatened, regardless of the document retention policy, no documents should be destroyed or deleted without consulting with counsel. [22] This may include the requirement to stop recycling of backup tapes or servers. A party is obligated to preserve all documents relevant to a litigation upon filing of a complaint,[23] and spoliation (the improper destruction of documents or evidence) may result in severe penalties imposed by courts, including exclusion of valuable evidence at trial, admitting evidence of misconduct at trial, monetary penalties, subjecting the party to increased discovery obligations, contempt citations, and even dismissal of a lawsuit.[24] A properly implemented document retention policy, carried out before the threat of any litigation, may help to avoid court sanctions.

Production of electronic documents and data in accordance with the rules of litigation can be complicated and expensive, and for many lawsuits, regardless of the value of the documents, tens or even hundreds of thousands of dollars are spent on gathering information from hard drives, servers, and backup tapes; consulting with IT departments;

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analyzing data (including extracting nested data, generating fingerprints); culling duplicates and attorney-client privileged material; searching for differing versions of the same documents, embedded information and metadata; and converting documents into usable formats. The costs are so great that a number of firms specialize in the electronic discovery field solely to work with litigation counsel.

Opponents in litigation may put a significant effort toward finding any documents, data, and e-mails that at one time were on employees' computers and servers. At times, parties are forced to put significant efforts and money into resolution of disputes regarding procedures for preservation, examination, copying, and imaging of computer and other electronic information, in which a very large number of issues may come into play.[25] Failing to produce electronic documents is not an option and may lead to catastrophe.

Public Institutions Compared to Private Institutions

It does not appear that any major differences exist in how documents should be retained based upon whether the institution is a public one subject to FOIA laws or a private one that is immune from such laws. However, consideration must be given to specific state statutes and rules (which could differentiate between public and private institutions) and university policies that govern document retention.

Although there is a federal FOIA,[26] university FOIA issues are generally state law issues, and a discussion of each state's law is not possible here. State FOIA laws typically provide that any person may obtain copies of documents held by government institutions such as universities. Of course, various exceptions will exist, but again, these will vary from state to state.[27] Although laws will vary from state to state, in many states, it is expected that e-mail and other electronic documents might fall under the broad description of "public records." Therefore, it is possible for public institutions that a request could trigger state FOIA laws and require the disclosure of a large amount of information held by the technology transfer office.[28] Most public institutions will have a person or persons expert in that state's FOIA law, and these persons should be consulted when formulating a document retention policy for the technology transfer office.

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Conclusion

The issues discussed above show that a technology transfer organization should evaluate how it organizes and retains documents, and that a systematic policy covering the same must be seriously considered. A policy may save space, increase efficiency, ensure that valuable documents are preserved and available, and reduce potential litigation costs and liabilities. When drafting a policy, consult the appropriate persons in order to draft a persuasive, concise policy that provides a simple rule for each general type of document found in a technology transfer office. And after the policy is introduced, make every effort to ensure it is explained and faithfully implemented, creatively using resources already available to the office.

Although there will be differences of opinion with respect to the precise rules that may be selected, well-reasoned decisions made regarding a policy for the retention of documents should pay off for your institution.

Notes

1. A comprehensive implementation of a document retention policy will require resources, and so the administration staff under which the technology transfer office falls may wish to receive justification for such expenditures.
2. See Fed.R.Civ.P 26 and Fed.R.Civ.P 34, http://www.law.cornell.edu/rules/frcp. Rule 34 provides: "Any party may serve on any other party a request (1) to produce and permit the party making the request, or someone acting on the requestor's behalf, to inspect and copy, any designated documents (including writings, drawings, graphs, charts, photographs, phonorecords, and other data compilations from which information can be obtained, translated, if necessary, by the respondent through detection devices into reasonably usable form), or to inspect and copy, test, or sample any tangible things which constitute or contain matters within the scope of Rule 26(b) and which are in the possession, custody or control of the party upon whom the request is served ... ." Various state laws (often referred to as *freedom of information acts*) provide that the public shall have access to certain written documentation of governmental entities such as public universities. See Mark Ballard, "Digital

Headache." *National Law Journal* (February 10, 2003): 18. Typical costs of production of copies of hard copies and acquisition of electronic documents may run into the millions of dollars. See also Philip Allen Lacovara, "What Corporate Counsel Should Do about Bad Documents," *American Corporate Counsel Association Records Retention Manual* (1995).

3. Though sometimes courts will require a demonstration of the need for analysis of electronically stored data before ordering a party to do so. *Physicians Interactive v. Lathian Sys., Inc.,* No. CA 03-1193-A, 2003 WL 23018270 (E.D. Va. December 5, 2003) (discovery through making mirror images of hard drives was granted); *Super Film of America, Inc. v. UCB Films, Inc.,* 219 F.R.D. 649 (D. Kan. 2004) (party ordered to produce e-mail, databases, spreadsheets even though it argued that retrieval was beyond its expertise); *Rowe Entertainment, Inc. v. William Morris Agency, Inc.,* 205 F.R.D. 421 (S.D.N.Y. 2002) (listing factors to be considered when determining whether electronic discovery should be granted and who should be responsible therefore).
4. See Steven Schoenfeld and Rosena Rasalingam, "Document Retention Policies Have Long-Term Benefits," *New York Law Journal Corporate Counsel* (November 18, 2002).
5. The utility of such a separation might be influenced by the configuration of the office's storage space.
6. Just by way of example, subfolders for patent files might be entitled "Correspondence and Notes," "Patent Application as Filed," "PTO Documents, Assignments and Formal Papers," "PCT Correspondence," and files for each country filing. Some offices use commercially available folders designed for storing patent files (such as used by patent law firms), which have integrated dividers for separating the types of documents. Subfolders for licensing files might include "Invention Disclosure and Sponsor Information," "Correspondence and Notes" (divided into multiple subfolders by some offices), "Agreements," and "Royalty Distribution and Expenses." The office, for example, might create a main folder (such as a hanging file) and certain predesignated subfolders (such as small paper folders) as a matter of course each time a new invention disclosure is received. The folders will be populated with documents over time, subject to the retention policy. However, many different useful schemes exist and are readily apparent to technology transfer managers.

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7. Keep in mind, however, that when an office stores documents electronically, if there is subsequent litigation, it may be required to produce electronic versions to an opponent in the litigation. See *In re Bristol-Myers Squibb Securities Litigation,* 205 F.R.D. (D.N.J. 2002).
8. Other issues somewhat related to document retention include limiting exchange of metadata in documents communicated outside the university, creating and training employees as to privacy policies (including with respect to personal employee information, Health Insurance Portability and Accountability Act (HIPAA)-protected information, and personal use of university computers), limiting data disclosure to those employees requiring access, conducting employee background checks, and proper treatment of computer access codes and credit-card information.
9. The policy may have to be shared with litigation opponents in order to account for the state of the technology transfer office's files.
10. For instance, the technology transfer office may emphasize improved licensing results that may personally benefit the faculty member.
11. A file may be considered closed when there is no further activity planned for the file and no license is in force.
12. Damages for infringement occurring prior to expiration of a patent may be sought up to six years after the patent expires.
13. The opinion of many informally surveyed legal counsel indicates a tendency toward discarding drafts of agreements. However, some counsel advise that drafts exchanged between the parties be retained because they may be useful in resolving ambiguities in the final agreement. Each office should consult with its own counsel.
14. As stated above, damages for patent infringement may be sought up to six years after expiration of the patent. Past royalty information may be important in determining the level of damages for which an infringer of the university's patent is liable and may also help in determining the royalty that the university might seek in order to license the infringer.
15. Patent firms will have their own document retention policies, some of which simply cause the destruction of all files a number of years after the last communication with its client, with other policies being more complex. The technology transfer office should request that outside counsel follow the technology transfer policy on docu-

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ment retention with respect to its files, or the parties should work together to resolve differences. In addition, legislation is currently pending before Congress which could greatly alter or eliminate interferences.

16. Embedded metadata should be minimized in the exchange of electronic redline drafts of documents between licensor and licensee. Discuss with your IT staff manners of eliminating such embedded information and metadata from documents before they are forwarded outside of your office.
17. An institution's IT staff should know and be able to explain best practices for data backup. Various examples are available on the Internet, but, for example, see http://www.hpcx.ac.uk/services/policies/data_backup.html, http://searchstorage.techtarget.com/originalContent/0,289142,sid5_gci886601,00.html?bucket=NEWS, and http://www.smallbusinesscomputing.com/webmaster/article.php/3415261.
18. See Albert Barsocchini, "Electronic Data Discovery Primer," *Law.com* (August 28, 2002), http://www.law.com/jsp/article.jsp?id=1029171611801. See also Paul French, "Electronic Document Retention Policies (And Why Your Clients Need Them)," *Law Practice Today* (January 2004), http://www.abanet.org/lpm/lpt/articles/ftr01045.html.
19. It may not be easy to control the documents held by faculty, so reasoned explanation of document retention policies and concepts is the best way to increase the likelihood that nontechnology transfer employees comply with the policy.
20. At least one university technology transfer office sets aside specific time for its staff once or twice per year to organize files, place documents from individuals' offices in the central filing system for safekeeping, and ensure compliance with its document retention policy. Though a document retention is best handled by routine document management, such a regular time commitment may go a long way to both making sure that the policy is recognized as important and providing time for compliance that otherwise might not be available.
21. Gregory Joseph, "Electronic Discovery." *National Law Journal* 24 (November 2003): 30. See Mark Ballard, "Digital Headache," *National Law Journal* (February 10, 2003): 18. Nevertheless, depending upon the applicable state law, one may wish to treat a FOIA request in the same manner as described herein with respect to lit-

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igation documents. See also the discussion in "Public Institutions Compared to Private Institutions" below.

22. Courts will likely find that enacting a document retention policy during litigation to destroy harmful documents is litigation misconduct. See, e.g., *Rambus, Inc. v. Infineon Technologies AG,* 220 F.R.D 264 (E.D. Va. 2004) (even if a party does not institute a document retention policy in bad faith, "if it reasonably anticipated litigation when it did so, it is guilty of spoliation"). Conversely, a document retention policy properly implemented prior to potential litigation (or requests under any applicable FOIA) can be a legitimate explanation for the retention of documents, while on the other hand, the lack of a document retention policy may call into question why some documents exist and some do not. Courts, for example, generally will accept that documents are missing where their destruction was pursuant to a document retention policy, was in good faith, and not during a period of threatened or actual litigation.
23. *Keir v. Unumprovident Corp.,* 2003 WL 21997747 (S.D.N.Y. 2003); *Turner v. Hudson Transit Lines,* 142 F.R.D. 68, 73 (S.D.N.Y. 1991) ("once a complaint is filed, [a litigant] is under a duty to preserve what it knows, or reasonably should know, is relevant in the action); *New York Nat'l Org. for Women v. Cuomo,* No. 93-7146, 1998 WL 395320 (S.D.N.Y. 1998) (court held that counsel has a duty to advise clients to take reasonable steps to preserve records subject to discovery).
24. *Danis v. USN Communications,* 53 Fed. R. Serv. 3d 828 (N.D. Ill. 2000) (failure to take reasonable steps to preserve data resulted in fine against defendant's CEO); *GTFM v. Wal-Mart Stores,* 49 Fed. R. Serv. 219 (S.D.N.Y. 2000) (due to failure to provide accurate information to other party about computer records and later destruction of records, defendant must pay certain attorney fees and costs and for recovery of data); *Kucala Enterprises, Ltd. v. Auto Wax Co.,* 56 Fed.R.Serv.3d 487, 2003 WL 21230605 (N.D. Ill. May 27, 2003) (plaintiff ordered to pay attorney fees and costs as the result of spoliation); *MasterCard International, Inc. v. Moulton,* No. 03 Civ. 3613, 2004 WL 1393992 (S.D.N.Y. June 22, 2004) (where e-mails were destroyed, court ruled it would instruct jury to take a negative inference based upon missing evidence); *In re Prudential Ins. Co of Am. Sales Practices Litig.,* 169 F.R.D. 598 (D.N.J. 1997) (pattern of destruction of documents resulted in $1 million fine); *Rambus, Inc. v. Infineon Technologies AG,* 220 F.R.D 264 (E.D. Va. 2004)

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(even if a party does not institute a document retention policy in bad faith, "if it reasonably anticipated litigation when it did so, it is guilty of spoliation"); *Renda Marine, Inc. v. United States,* 58 Fed. Cl. 57 (Fed. Cl. 2003) (after party did not properly produce documents and destroyed e-mails, party was ordered to produce backup tapes at its own expense and have computer hard drives examined).

25. *Sonnino v. University of Kansas Hosp. Authority,* 220 F.R.D. 633 (D. Kan. 2004) (party required to provide detailed information to other party concerning computer and e-mail systems); *Positive Software Solutions Inc. v. New Century Mortgage Corp.,* 259 F. Supp. 561 (N.D. Texas 2003) (party not allowed to image all servers of other party); *New York Law Journal Techtrends,* Vol. 7, No. 5 (February 2, 2004) (describing the need and means to protect privileged documents in the context of producing large numbers of documents in litigation discovery).
26. 5 U.S.C. 552. For background, see "A Citizen's Guide on Using the Freedom of Information Act and the Privacy Act of 1974 to Request Government Records," U.S. House of Representatives (108th Congress, 1st Session), Report 108-172, http//:www.fas.org/sgp/foia/citizen.html. The Sarbanes-Oxley Act may affect how certain entities must implement document retention policies, though it may not affect universities. See Michelle Lange, "New Act Has Major Impact on Electronic Evidence," *National Law Journal* (November 4, 2002): C8-9.
27. For example, the State of Michigan exempts at least the following from disclosure: trade secrets and commercial information provided to the university for use in developing public policy; trade secrets and commercial information provided to the university to be used for research and related activities (presumably including technology transfer); intellectual property, at least until the university is able to secure patent protection and/or publish; and trade secrets and proprietary information having potential commercial value in which the university holds an interest. MCL 15.231 et seq.; MCL 390.1551 et seq.
28. Arthur Siegal, "Email Destruction Violates the FOIA," *Michigan Bar Journal,* 81, no. 3 (March 2002): 14-17.

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Appendix: Sample Document Retention Policy

MEMORANDUM

To: Tech Transfer Office Staff

Re: Tech Transfer Office Documentation Retention Policy

The technology transfer office (TTO) is instituting this document retention policy to provide a procedure for organizing our files, including instructions for the storage or discarding of documents. The policy will conserve limited storage space, eliminate confusing documents, and ensure the ready availability of crucial documents for both internal use and potential litigation.

These policies and procedures are effective immediately. However, if litigation relating to a particular matter is ongoing, imminent, or threatened, no document (hard copy or electronic) related to that matter or related matters may be destroyed. In such instances, litigation issues must be addressed by legal counsel before any document may be discarded or reorganized. Also, if there are any unusual circumstances or problems surrounding a particular license or patent file, then, prior to discarding or reorganizing documents, the matter should be discussed with the TTO director.

The procedure is broken down by major document types. As used in this policy, the term *document* includes both electronic documents (e.g., e-mail and documents stored on local computer hard drives) and hard copies.

A. General Instructions on File Keeping

TTO files are to be kept free of unimportant materials, especially drafts of documents. TTO generally will not retain (either electronic or paper) copies of the documents listed immediately below, unless there are special circumstances. (Outside patent counsel should be instructed to not send copies of document types 1-3 to TTO as a matter of course.)

1. PCT or foreign publications of TTO patent applications
2. Patents and prior art

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3. Drafts (which should be sent only to the specific person required to review the document, unless otherwise instructed by the TTO licensing rep (rep) or TTO attorney)
4. Routine e-mails, such as scheduling or ministerial issues

The reps and TTO attorneys are all responsible for educating university employees on document retention issues. Whenever possible, inventors and non-TTO employees should be advised of this policy and reminded that personal files will be subject to discovery, review, and involvement in legal proceedings if there is ever a patent infringement, breach of contract, or other lawsuit related to the subject matter. Any questions should be directed to TTO attorneys.

B. Instructions Regarding Files Related to Licensing

1. The TTO director will periodically and regularly schedule time for organization of files. At such time, the rep will perform the following actions for each TTO file where one of the following has been completed at least *six months prior:*

- License agreement (exclusive or non-exclusive)
- Interinstitutional agreement
- Reassignment of a file to the inventor(s)
- Closing of a file (meaning there is no further activity planned for the file and no license is pending)

2. The rep will review each tech transfer file covered by the agreement, including

- Paper files
- Electronic files, including e-mails (important electronic documents and e-mails should be printed out by the sender at the time they are created, because multiple staff members typically require access to a file, and the paper copy will be made part of the official file; reps may store electronic documents on CD-ROM after discussion with the TTO director)
- Files, including electronic files, held by all those employees working on the matter
- Any consolidated files, e.g., those relating to a startup/spin-off company

3. The rep will discard the following:

- For *(a)* any licensed file or *(b)* any closed file, the entire subfolder containing patents and prior art.
- All agreement drafts, including internal drafts and exchanged drafts.
- Although notes generally will be discarded, *critical, nonroutine* notes may be retained if they are thought to have some particular value. What is critical and nonroutine will vary depending upon the circumstances; for example, it may be desirable to retain more documents where a file remains open and has been licensed nonexclusively (or in less than all fields). Consult the TTO director or TTO attorney with any questions.
- Nondisclosure agreements that expired more than five years prior.
- Correspondence with nonuniversity entities (including licensees) that is more than five years old.

4. The rep will retain the following in the central, official file:

- Invention disclosure forms.
- All correspondence with nonuniversity entities (including the licensee), *where the correspondence is less than five years old.* Exchanged draft agreements may be saved only if approved by the TTO director and/or attorney.
- Reports from licensees, e.g., as required by a license agreement.
- Any *critical, nonroutine* internal TTO correspondence (including e-mails and materials noting decisions by TTO management, letters, and e-mails of explanation to TTO employees, and confirmations by TTO employees, e.g., when a faculty member agrees to TTO strategy, etc.) will be retained. The remainder of internal correspondence will be discarded.
- The original agreement(s), license amendments, stock transfer agreements, letter agreements of any kind, corporate legal documents (where TTO holds stock). The rep must make sure that no agreements are missing.
- Stockholder information, press releases, and other public relations materials related to the licensee, *if less than five years old.*
- The entire subfolder relating to royalties and expenses.

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5. Manner of file storage.
[Suggest discussing any specifics concerning the method in which the papers should be organized.]

6. Location of files.
[Suggest discussing any specifics concerning location of file storage.] After the file is organized according to these procedures, the central filing system will include a complete set of documents relating to each file. Backup electronic versions will not be retained.

7. Finally, at this time, the rep must at least give careful consideration to drafting a short memorandum discussing any important points regarding the negotiation, interaction between agreements, licensing/management strategy, or planned further actions. A memo can be extremely valuable for future work on or related to the file or to later explain the TTO's strategy.

C. Instructions Regarding Patent Files

1. During the patent prosecution process, the patent administrator (PA) will discard all draft documents (e.g., applications or patent office responses) immediately after the document at issue has been filed. Notes relating to the drafts will also be discarded at the same time. The PA will also assist on an ongoing basis in ensuring that university employees and outside patent counsel are aware of and comply with this policy of discarding drafts. [Note comment in text of article concerning proof in U.S. interferences.]

2. The file-organizing process for patent documents will be triggered upon issuance of a patent or abandonment of an application. If the process was completed because a U.S. patent issued, the PA will initially perform a quick check to ensure that there is no need to request a certificate of correction. If a certificate of correction is needed, the PA will contact outside patent counsel about the issue or ask the rep to do the same, prior to proceeding with this file-cleaning and organizing procedure.

3. The PA will confirm whether any related applications are pending, including:

- Continuations
- Divisionals

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- Continuations-in-part
- Other pending U.S. applications covered by the same license agreement

4. If there are no related United States applications pending, the PA will for all related applications review the patent files and discard the entire patent file, *except* as noted below. Any documents that are to be retained will be stored in a single folder identified by the TTO file number and patent number. The following will be *retained:*

- The original recorded assignment (or photocopy if the original is not in the file) and any other title documents.
- One letter from outside patent counsel (to enable confirmation of which firm handled the application, in case this information is omitted from the face of the patent).
- The original ribbon copy of issued patents.
- All routine notes and correspondence generally should be discarded. However, a *critical, nonroutine* note or correspondence may be retained if the document is thought to have some very specific value, for example, to explain why an unusual strategy was taken. Examples of documents that might be retained include: correspondence noting that we have forwarded original ribbon copies of patents, e-mails and materials noting decisions by TTO management, letters and e-mails of explanation to TTO employees, confirmations by TTO employees (e.g., when a faculty member agrees to TTO's strategy), explanations of decisions to abandon, and explanations of geographic coverage.

5. Location of files.
[Suggest discussing method of document organization and location of file storage.]

D. Instructions Regarding Personal Files

After a matter has been concluded (e.g., after conclusion of a license agreement or patent prosecution as described above), the official copy of the file in the central filing system will be the only storage location for documents. TTO staff will not retain copies of materials (e.g., e-mails or draft documents) either electronically or in hard copy form.

When a staff member leaves the employ of TTO, all of his/her files will be reviewed with respect to this policy within one month by the TTO director.

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TTO staff will not keep prior-art files that are associated with a particular matter. However, if a TTO staff member is aware of prior art relevant to a particular patent application, he/she must notify (or have the appropriate rep notify) the patent attorney prosecuting the application.

E. Instructions Regarding Inventors' Files

Within three weeks after the execution of one of the agreements listed above, the rep will telephone or visit at least the lead inventor to explain these policies and to assist the inventor in complying with them.

Within three weeks after *(a)* the issuance of a U.S patent or *(b)* the issuance or abandonment of all patent applications related to a particular file, the PA will telephone or visit at least the lead inventor to explain these policies and to assist the inventor in complying with them.

F. Instructions Regarding Litigation Files

Litigation files will be stored according to procedures set by the office of general counsel.

Note: This document may be protected by attorney-client privilege, so it should not be shared with persons outside the university.

[Appendix to draft policy. It may be valuable to summarize the retention rules. For example, following is a sample summary for patent documents.]

General Rules: Patent Documents

Type of Document	Retain	Discard
The original recorded assignment (or photocopy if the original is not in the file)	Yes	Extra copies
Original ribbon copy of issued patents	Yes	None
One letter from university's outside patent law firm(s)	Yes, unless a letter is already attached to the recorded assignment	All remaining unless nonroutine
Correspondence with third parties	Only *critical, nonroutine* correspondence with university's patent firm or other entity (including where we forward ribbon copies of patents)	Remainder, including routine correspondence with university's patent firm
U.S. Patent Office correspondence (filed papers)	None	All
Notes	Notes may be retained if they are thought to have some very specific value in the case at hand, for example, to explain why an unusual strategy was taken	All remaining
Internal TTO correspondence	If *critical and nonroutine*	All remaining
Personal files related to patent	Organized per rules above	

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