

Intellectual Property Procedures (April 10, 2000)

Introduction

Scholarly activities may result in the creation of research papers, books, inventions, computer software, and musical scores, articles for magazines and journals, and new technologies. These creative works are defined as *intellectual property*. At some point, these intellectual properties may have value for the owner(s) and should be protected under the appropriate patent or copyright laws.

The Intellectual Property Policy

Pursuant to this end, the Board of Visitors of Norfolk State University adopted an *Intellectual Property Policy* on May 15, 1999. A complete copy of the policy may be found in the Appendix A of this document. This policy is designed to (1) protect the equities of the creator(s) as well as the University, (2) define the responsibilities, rights and privileges of those involved, and (3) establish basic guidelines to be included in the administration of the policy. This document has been written to facilitate the effective implementation of the Intellectual Property Policy.

Administration of the Policy

The Intellectual Property Policy assigns the responsibility for its administration to the *Vice-President for Finance and Business* (“Vice-President”). It designated the Vice-President for Finance and Business as the University’s *Intellectual Property Officer*. The Vice-President shall develop standards and procedures, obtain and manage all agreements, determine whether Intellectual Property is a result of University research and if the University wishes to patent or copyright, take appropriate steps for securing patents and copyrights, administer all royalties, and render all decisions regarding the University’s rights to intellectual property.

Definitions

For the purpose of the Intellectual Property Policy and any documents developed for its implementation, the following definitions apply:

1. The **Creator** is either an inventor in the context of patentable inventions, or an author in the context of copyrightable works of authorship. Throughout the policy, where it is appropriate, the singular form of a noun also includes the plural: “creator” also means “creators” if there are more than one, etc.
2. **Assigned duty**. “Assigned duty” is narrower than “scope of employment”, and is an undertaking of a task or project, as a result of a specific request or direction. A general obligation to do research, even if it results in a specific end product such as a vaccine, a published article, or a computer program, or to produce scholarly publications, is not a specific request or direction and hence is not an assigned duty. At the same, if the University has contributed time or resources to the

discovery or creation of a product, it would claim an equity interest in such discoveries or creations.

3. **Employee.** Full and part-time faculty, including research associate professors and adjunct faculty: classified employees, part-time employees, administrative staff: and students who are paid for specific work by the University. Students may be employees for some purposes and not for others. If they are paid as student assistants, for example, or given support to do specific research, they will be employees. Students receiving general scholarships or stipend funds would not normally be considered employees.
4. **Intellectual Property.** Anything developed by anyone covered by the University's Intellectual Property Policy that fits one or more of the following categories:
 - a) A potentially patentable machine, article of manufacture, composition of matter, process, or improvement in any of these; or
 - b) An issued patent; or
 - c) A legal right that inheres in a patent; or
 - d) Anything that is copyrightable (in legal terms, this means anything that is an original work of authorship, fixed in a tangible medium or expression, for example: musical scores and computer software).
5. **Reporting Period.** The period from July 1 of one year through June 30 of the following year.
6. **Royalties Received.** Any value received during the reporting period, including cash payments as well as the market value of any property or services received, in consideration for a transfer of any intellectual property in which the University claims an interest.
7. **Significant Use of University Resources** means the substantial and dedicated use of University equipment, facilities, or personnel. The use of a computer in a faculty office, incidental supplies, and occasional use of University personnel or shared facilities would typically not be considered significant use. In contrast, utilization of University laboratories or special instrumentation, dedicated assistance by University employees, special financial assistance, or extensive use of shared facilities would constitute significant use. Funds and facilities provided by governmental, commercial, industrial, or other private organizations, which are administered and controlled by the University shall be considered University resources for the purposes of the Intellectual Property Policy. All research funded by grants, contracts, memorandums and cooperative agreements to/with the University fits this definition, and is considered *University Research*.
8. **Significant Use of Education and General (E&G) Funds** – (required by legislation for determining when transfers of intellectual property must be approved by the Governor). This phrase, and the phrase “developed wholly or significantly through the use of general funds,” means that general funds provided

\$10,000 or more of the identifiable resources used to develop a particular intellectual property. A reasonable cost should be assigned to those resources for which a cost figure is not readily available, such as salary, support staff, and other equipment and resources dedicated to the creator's efforts.

9. **University Research** is defined as research and related activities by any person, which are related in any way to duties or responsibilities for which he/she has been compensated either by or through University; or for which facilities owned, operated, or controlled by the University are used in a significant manner. University Research includes, but is not limited to research which involved a significant use of general funds, or which involved a significant use of University resources. Research may include products produced coincidentally from a sponsored program activity not necessarily of a research nature.

Intellectual Property Disclosure

Any employee of the University who has made a discovery or invention, which in his or her judgment appears to be patentable or upon which he or she plans to seek to obtain a patent, shall bring such discovery or invention to the attention of the Vice-President and the Office For Research. The Office for Research will direct the individual(s) to complete an Intellectual Property Disclosure Notification that can be obtained from the Office For Research or the Office of the Vice-President. The purpose of this Disclosure is to determine whether and to what extent the University has a proprietary interest in the discovery or invention.

Student responsibility to disclose -- Students that are involved in research activities and are making significant use of University laboratories and research equipment and other University resources will be responsible for disclosing potential inventions to their faculty advisor. The faculty advisor will then be responsible for disclosing the intellectual property to the Office For Research or the Vice-President as set forth in the Policy.

Failure to make timely disclosure -- All such discoveries should be disclosed as promptly as possible to the Office For Research. Each discovery or invention should be disclosed regardless of whether or not the inventor plans to exploit the discovery or invention for financial gain. Failure to make the required disclosure may result in a forfeiture of any proceeds or profits, which the University would otherwise be obligated to pay pursuant to this policy.

Ownership of Discoveries and Inventions

Ownership by Sponsors -- Sponsors of research projects may be entitled to ownership of a discovery or invention made by a faculty or staff member of the University without payment of any royalty. This ownership may occur when the sponsor provides funds for the entire project and in research involving the testing of a product or products developed

by the sponsor. Agreements on patent matters may be negotiated where it is necessary to do so as a prerequisite to University participation in the project or receipt of a grant or contract. The Office For Research or the Intellectual Property Officer, Vice-President for Finance and Business should be consulted prior to submitting a proposal that may result in patentable technology. Under the University Intellectual Property Policy, the University retains the rights to all patentable inventions and copyrightable materials unless the project sponsor preempts that right. Different sponsors have different policies with respect to inventions resulting from work done under sponsored projects. In general, the University is unwilling to give up its patent rights unless the sponsor supports the full cost of the research. Should royalty income be generated from the application of technology, the University would expect to share in that income to a reasonable extent. The Office For Research or Intellectual Property Officer should be familiar with the patent policies of both the University and the sponsor.

Faculty and Staff Ownership – Ownership of intellectual properties developed by a faculty or staff member shall be the exclusive property of the inventor(s), if: (1) the University has contributed no funds, facilities, or time of the inventor(s) or (2) the discovery or invention is not related to any University program then in progress or completed within the past twelve (12) months with which the inventor may have a connection.

Student Ownership – Ownership of intellectual properties developed by students who are also employees of the University will be determined by the rules that apply to all University employees. Patentable works developed in connection with course work assignments may be deemed to belong to the students. However, in cases of significant use of University personnel and facilities in the development of the intellectual property, the University may exercise its right to ownership or position of equity.

Outside Ownership – Certain research projects sponsored by governmental agencies, industrial organizations, or others may entitle the sponsors to ownership of a discovery or invention made by a faculty or staff member of the University without payment of any royalty. This ownership may occur when the sponsor provides funds for the entire project and in research involving the testing of a product or products developed by the sponsor. The Vice-President in consultation with the Attorney General is authorized to ratify such agreements on patent matters where it is necessary to do so as a prerequisite to University participation in the project or receipt of a grant or contract.

Review and Disposition of New Discoveries and Inventions – Where the University has any propriety interest; the University's Intellectual Property Officer shall review the discovery or invention. A recommendation may be made to seek patent protection. In the absence of interest on the part of the commercial or University-related entities to license and/or develop the invention or new technology, the invention will be sent to one of the University's patent agencies for an external review prior to releasing any interest to the inventor. Upon concurrence of the Committee on Intellectual Property, the inventions may be pursued by the inventor's own patent agent, subject to the remaining provisions of this documents. Expenses incurred by the inventor pursuing this option may be

recovered from subsequent royalty income received by the University. The University shall have the right to review the patent documents prepared by such outside legal counsel prior to submission of said application.

A determination shall be made within ninety (90) days from the date of receipt of the disclosure, unless the Vice-President and the inventor agree that additional time is needed and an alternative deadline is established and mutually agree to. The inventor shall have the right to make recommendations pertaining to such determinations.

If the discovery or invention in which the University has a proprietary interest is submitted to an organization for invention development, and the organization decides not file, or abandons an application for a patent, the invention may be submitted to another organization for the same purpose. If an application is abandoned, or no action is taken within ninety (90) days after receipt of the notice of declination, the University's rights to the inventions shall be assigned to the inventor at the inventor's request. At the time of assignment, the University may elect to continue to maintain its proprietary interest.

Ownership of Copyrights and Disclosure Requirements

All University personnel, through their department heads, to the Copyright Subcommittee, should promptly report all materials in which the University may have a proprietary interest under the provisions of the Intellectual Property Policy in writing. The purpose of this disclosure is to determine whether, and to what extent, the University has proprietary interest in the materials. This report shall include a full and complete disclosure of the subject matter of the materials concerned and identification all persons participating in the development.

The Copyright Act (P.L. 94-553) provides that, when one person who has been employed by another for that purpose, produces a copyrightable work, it is the employer and not the actual producer that is the copyright proprietor. In the academic setting, complex issues can arise as to whether the faculty or staff person produced the copyrightable work in the course of his or her employment. Generally, the courts have placed a heavy burden of proof on the employee to establish that the copyright was not a product of his or her employment.

Outside Ownership – Funds and facilities provided by governmental, commercial, industrial, or other private organizations, which however are administered and controlled by the University, shall be considered to be funds and facilities provided by or through the University for the purpose of the Intellectual Property Policy statement. Agreement between the University and the sponsor pertaining to share of royalties and title to copyrightable materials shall be addressed in the contract between the University and the sponsor.

University personnel who contract with third parties for the development of copyrightable materials can relinquish no greater interest in the materials that they legally possess. Therefore, if substantial University resources are employed in the development

of materials subject to copyright, the University retains interests in the materials, regardless of the terms of a contract between the third party and the University employee, unless the University specifically waives its rights.

Faculty or Staff Ownership – Copyrightable materials developed by University employees shall be the property of the employee. The University will exercise ownership under the work-for-hire rationale only when the employee was assigned to create the specific product whose ownership is in question. A faculty member’s general obligation to produce scholarly works (for example, textbooks and related instructional materials) does not constitute an assigned duty for purposes of determining copyright ownership. If a copyrighted work, produced as an assigned duty of an employee, is marketed, the employee ordinarily will not share in any royalties from sales of the work.

Student Ownership – Ownership of intellectual properties developed by students who are also employees of the University will be determined by the rules that apply to all University employees. Copyrightable works developed in connection with course assignments may be deemed to belong to the student. However, in cases of significant use of University personnel and facilities in the development of the intellectual property, the University may exercise its right to ownership or position of equity, especially when unrelated to coursework.

Individuals External to the University – Individuals outside the University, who may hold intellectual properties that they wish to exploit, may request inclusion under the University’s Intellectual Property Policy. If it is in the University’s interest to accept such a request, the University and the individual shall execute a legally binding contract, clearly stating the terms and conditions of the arrangement. The sharing of royalties will be explicitly stated in the contract.

Distance Education (Web-based Instruction, Audio and Video Recordings)

When a faculty member has been assigned to teach a specific class, and that class is transmitted electronically, digitally, via satellite, microwave, or internet (by web-based instruction), or other communications medium or another site, on or off campus, and in the performance of those duties a recording is made simultaneously with such transmission, the resulting fixed work shall be considered University property. The retention and/or marketing of recordings for subsequent instructional use, on or off campus, will be undertaken only with the consent of the faculty member. Retention of such materials will normally be only for a period of up to five years after creation.

Return of Ownership

If, within a period of twelve (12) consecutive months, the University or its assignee fails to make progress toward exploiting copyrighted materials in which the employee has a share, the employee may make a written request to the Subcommittee on Copyrights that the ownership of the materials pass to the employee.

Review for Obsolescence

Materials in which the University had proprietary interest, but which are the results of the individual initiative of any employee, may be reviewed for obsolescence by the employee after five (5) years. If the employee considers the material to be obsolete, he or she has the right to refer the matter to the University Committee on Intellectual Property, with a recommendation for disposal of the material.

University Committee on Intellectual Property: Administrative Organization

General Responsibilities. The University Committee on Intellectual Property is responsible for making policy recommendations to the President for dealing with patents, copyrights, and related mechanisms for the protection/exploitation of intellectual properties. The Vice-President for Finance and Business shall serve as chairperson of the Committee and as the Intellectual Property Officer of the University.

Number and Composition. Two subcommittees shall be organized under the University Committee on Intellectual Property. Each subcommittee shall be composed of five members. One subcommittee shall be responsible for various matters concerning University-originated inventions and new technology. The other subcommittee shall be responsible for matters relating to copyrightable materials. The full University Committee on Intellectual Property shall be comprised of the subcommittee members and the ex-officio members.

How members are appointed. The President shall make all appointments. All terms are for three years. Members may be reappointed.

Authority and Responsibility. The Committee on Intellectual Property shall have the following authority and responsibility with respect to intellectual property.

- a) To develop and recommend University policy to the President dealing with intellectual property;
- b) To hear and make recommendations to the President on disputed ownership of discoveries, inventions, and copyrightable materials;
- c) To hear and make recommendations to the President on disputed equities of the University and the creator of the intellectual property in which the University has a proprietary interest;
- d) To make recommendations to the President for the sharing of royalties between the University and the creator of the intellectual property in which the University has a proprietary interest;
- e) To promulgate such guidelines and procedures as may be necessary for the implementation of the Intellectual Property Policy, subject to review and approval of the President.

Subcommittee on Patents

Authority and Responsibility – The Subcommittee on Patents shall:

1. Review all invention disclosures. Such review, when possible, should occur prior to submissions of disclosures to any other party. Exceptions to this practice must be approved by the chairman of the Committee or Subcommittee and by the creator;
2. Review, as appropriate, agreements on patent matters that may be entered into as a prerequisite to University participation in a sponsored project or receipt of a grant or contract;
3. Establish deadlines for the disposition of inventions and discoveries;
4. If a decision is made by the University not to pursue a potential patent or other forms of protection or exploitation, advise the appropriate administrators on the assignment of the University's rights to an invention or discovery.

Subcommittee on Copyrights

Authority and Responsibility – The Subcommittee on Copyrights shall:

1. Review all disclosures of copyrightable materials. Such reviews, when possible, should occur prior to submission of such information to any other party. Exceptions to this practice must be approved by the chairperson of the Committee or Subcommittee and by the author of the copyrightable materials;
2. Review, as appropriate, agreements on copyright matters that may be entered into as a prerequisite to University participation in a sponsored project or receipt of a grant or contract;
3. Establish deadlines for the disposition of copyrightable materials;
4. If a decision is made by the University not to pursue publication or marketing of these materials, advise the appropriate administrators on the assignment of the University's rights to copyrightable materials.

University Intellectual Property Committee: Procedures for Notification

Each subcommittee shall establish and maintain procedures for the processing of notifications of inventions, new technology, and copyrightable materials. The notification must describe the intellectual property, identify all creators, and identify the source of funding that has supported creation of the intellectual property. When more than one person created the intellectual property, the notification must specify the percentage that each claims in any royalties accruing to them resulting from the property. Notification should be made as promptly as possible using the Intellectual Property Disclosure Notification form. (See the Appendix).

Protection and Commercialization

The University will decide which patent or copyright properties, if any, it will commercialize on a case-by-case basis.

Patents – Because patent review is highly technical, few institutions can maintain the entire operation in-house. In order to evaluate a possible patent, the University will submit each employee’s invention to an external agency specializing in patent review and commercialization, such as the center for Innovative Technology, Research Corporation, University Patents, or similar organizations. Agencies like these can evaluate inventions for patentability and commercial potential, and obtain patents, license them, manage the royalties, and protect the patents from infringements.

Copyrights – Copyright protection applies to any work of authorship as soon as it is written or otherwise recorded. When a work is published, it should contain a copyright notice: a small “c” in a circle or the work “copyright” or the abbreviation “copy”, the year of publication, and the name of the copyright owner.

Registration of copyright is not generally a condition of copyright protection, but is a prerequisite to an infringement suit. Registration does offer the advantages of public record of the copyright claim, prima facie evidence of the validity of the copyright, and availability of a broader range of remedies in infringement suits.

Registration can occur at any time, but requires a small fee and administrative time. Thus, the decision of whether, and when, to register copyrights is a cost-benefit decision. As a practice, the University will seldom register a copyright until a high commercial value is perceived for a work. For example, a major computer program or a semiconductor chip design would be registered immediately, though a newsletter might never be registered.

Work-Made-For-Hire

Patents – Except as herein provided, the University shall obtain the entire right, title, and interest in and to any invention made by any faculty or staff member of the University: (a) during working hours, or (b) with a substantial contribution by the University of facilities, equipment, materials, funds, or information, or of time or services of other University employees during working hours, or (c) which is made in consequences of the official assigned duties of the inventor.

It shall be deemed that an invention has been “made-for-hire” if the employee is employed or assigned to: (a) invent, improve, or perfect any art, machine, design, manufacture, or composition of matter, (b) conduct or perform research, development work, or both, (c) supervise, direct, coordinate, or review University financed or conducted research or development work or both, or (d) act in a liaison capacity with agencies or individuals engaged in such research or development. This assignment,

however, does not preclude the sharing of royalties or other payments with employees in accordance with the Intellectual Property Policy.

In any case, where the contribution of the University as measured by the foregoing criteria, is de minimis and is insufficient to equitably justify the requirement of assignment to the University of the entire right, title and interest, the University may reserve an exclusive, irrevocable, royalty-free license in the invention with power to grant licenses for all University purposes.

The University claims no interest in the invention if University facilities, services, funds, or time have not been used. An example would be inventions resulting from pursuance of a hobby, not related to the employee's University activities, and conducted off-campus.

Copyrights – In order to encourage creative efforts by the faculty and staff, the University will exercise its rights as an employer under the concept of “work-made-for-hire” only when: (1) the materials subject to copyright represent an assigned duty of a member of the faculty or staff of the University, and/or (2) substantial use of University facilities and resources is made in the production of the materials.

In any case, where the contribution of the University, as measured by the foregoing criteria, is de minimis and is insufficient to equitably justify the requirement of assignment to the University of the entire right, title, and interest, the University may reserve an exclusive, irrevocable, royalty-free license in the copyrightable work with the power to grant licenses for all University purposes.

Management and Exploitation of University Intellectual Properties

If the University possesses a proprietary interest in the work, the Vice-President for Finance and Business shall determine the manner in which the intellectual property shall be managed or exploited.

Substantial Use of University Facilities

What constitutes “substantial use” of University facilities and resources must be answered on the basis of the facts and circumstances of each case. The University will not ordinarily construe the provision of office or laboratory space, access to the library, or the payment of employees' salary as significant use of University facilities and resources.

As a general guideline, the use of University resources (other than the library, the employee's office or laboratory, and salary) will be considered substantial if the value of those other resources exceeds \$10,000 in any twelve consecutive month period. Examples of resources subject to the \$10,000 limitation include computer charges, graduate assistant or technical salaries and wages, laboratory materials, and secretarial salary.

Sharing of Royalties

Where the University has equity in a position in an intellectual property, *the creator and the University will share equally in all income received* by or on behalf of the University from royalties, front-end payments, or incentives, after all expenses incurred by or on behalf of the University to protect, market, or develop the intellectual property have been repaid to the University. In this context, the University shall be understood to include all those units (e.g., departments, centers, etc.) that have contributed materially towards development of the intellectual property. The University's share of royalties or other income shall be divided commensurate with involvement of the University units during development. In usual practice, division of the University's share shall follow recommendations of the University Committee on Intellectual Property to the Vice President for Finance and Business, and shall typically include an assignment to the employee's primary unit (e.g., departments, center, etc.) equal to at least 10 percent of the total income as defined above. A portion of the University's share shall be used to maintain an environment supportive of employee activities in development of intellectual properties.

In the cases where the inventor has incurred expenses in developing, protecting or marketing the intellectual property they will be reimbursed for such expenses before royalties are shared. Whenever possible, the inventor must inform the Intellectual Property Officer of his/her intention to incur expenses and receive approval for this action. If expenses have been incurred before notification is given, the inventor should inform the Intellectual Property Officer as soon as practicable and receive approval to continue such action. In all such cases where the inventor has or intends to incur expenses related to the work, an accounting shall be made to the Intellectual Property Officer before reimbursement can be approved. Payments received by the University or its agents for an intellectual property that is not yet protected by patent or copyright shall also be distributed in accordance with these procedures.

Dispute Resolution

Should any issues develop as to the ownership of the intellectual property involved, the Committee or Intellectual Property shall make a finding as to ownership and shall report for final resolution such findings to the Vice President for Finance and Business. The parties involved shall be entitled to appear before the Committee and to present evidence with respect to the disputed ownership. The Committee's determination shall be made in writing and shall contain a statement of the basis for its decision. The Committee shall also serve as an advisory body to assist University personnel in establishing the equitable and legal distribution of ownership.

The Vice President for Finance and Business of the University may review any determination of the Committee. The Vice President may affirm, modify, or reject any determination of the Committee.

Right of Appeal

The inventor or author of an intellectual property covered by the policy shall have the right to appeal application of the policy regarding ownership, equity, classification, sharing of royalties, disposition, management, or exploitation of a patent or copyright, or any procedure related thereto, to the Committee on Intellectual Properties.

The Vice President will serve as the Appeals Officer. The Vice President in consultation with the Committee will formulate recommendations relative to each appeal filed and will forward both the appeal and its recommendations to the President of the University. The President will determine the University's response to each appeal, and will so notify the inventor or author and the Committee.

Transfers of Intellectual Property

Except when the Governor's prior written approval is required, the institution's governing board may transfer any intellectual property in which the University claims interest.

The Governor's prior written approval is required for transfers of title to patents and copyrights that were:

1. Developed wholly or significantly through the use of State general funds, by an employee of the institution acting within the scope of his assigned duties; or
2. Developed wholly or significantly through the use of State general funds, and are to be transferred to an entity other than the following:
 - a) the Center for Technology; or
 - b) An entity whose purpose is to manage intellectual properties on behalf of nonprofit institutions; or
 - c) An entity whose purpose is to benefit the transferring institution.

When prior written approval is required, an institution should send a description of the intellectual property and the proposed transaction to the State Council of Higher Education for Virginia. The Council will recommend action to the Governor, including any conditions the Council thinks should be attached to the proposed transfer. The Governor, also, may attach conditions to the transfer.

It should be noted that approval is not required for the grant of a license to use an intellectual property, but only when the actual title is to be transferred.

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