

POLICY MANUAL
GENERAL

Number 587

Subject: Intellectual Property

Covered Employees: University Employees and Students

Date of Origin: January 24, 1997

Effective Date of Current Revision: November 9, 2016

1. Introduction

Research and academic endeavors at Utah State University (“USU”) produce new discoveries and intellectual property that contribute to the expansion of knowledge, creation of new industries, economic growth, and general welfare within Utah and the nation. USU is entrusted with the responsibility of administering its intellectual property in the best interests of the public. USU endeavors to administer its intellectual property in a manner consistent with its obligations to the public and to the preservation of academic freedom.

The purpose of this Intellectual Property Policy is to clarify ownership rights and responsibilities related to USU Intellectual Property. This Policy complies with the Employment Inventions Act (Utah State Code § 34-39) and the Bayh-Dole Act (35 U.S.C. § 200-212) and affords USU faculty, staff, and students benefits above and beyond those required by law. These benefits are designed to encourage an environment that fosters discovery, creation, disclosure, entrepreneurship, and innovation of intellectual property to benefit Utah and its citizens.

2. Definitions

- 2.1. *USU Intellectual Property or USU IP* means any Inventions, patents, Copyrights, Trademarks, service marks, Tangible Research Property, Trade Secrets, or know-how that is: (i) created by USU employees within the scope of their employment and/or with the substantial use of USU facilities, equipment, materials, or financial support; (ii) created by non-USU employees, such as students, with the substantial use of USU facilities, equipment, materials, or financial support; or (iii) otherwise assigned to USU by a third party.
- 2.2. *Invention* means any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof. *See* 35 U.S.C. §101.
- 2.3. *Copyright* means an original work of authorship fixed in any tangible medium of expression, now known or later developed, from which it can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. A work of authorship includes the following categories: literary works; musical works, including any accompanying words; dramatic works, including any accompanying music; pantomimes and choreographic works; pictorial, graphic, and sculpture works, motion pictures and other

- audiovisual works; sound recordings; and architectural works. *See* 17 U.S.C. §102.
- 2.4. *Trademark* means a word, phrase, symbol, or design, or a combination thereof that identifies and distinguishes the source of the goods or services of one party from those of others.
 - 2.5. *Tangible Research Property* means tangible items produced in the course of research, such as compositions, chemical compounds, Biological Materials, materials, drawings, devices, integrated circuit chips, computer databases, computer software, prototypes, circuit designs, and equipment.
 - 2.6. *Biological Materials* include, but are not limited to, products of synthetic biology, organisms, transgenic animals, plants and plant varieties, cells, cell lines, plasmids, vectors, viruses, cell products, cloned DNA and RNA, protein fragments, nucleic acid sequences, and protein sequences.
 - 2.7. *Trade Secret* means information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. *See* Utah State Code §13-24-2.
 - 2.8. *Scholarly Works* means: journal articles; theses; dissertations; textbooks for higher education; classroom instructional materials for higher education, *e.g.* tests, course or lecture notes, handouts, slides, or worksheets; and works that are purely artistic or musical in nature. *Scholarly Works* exclude any USU IP described in the *Scholarly Work* itself, such as Inventions, patents, Tangible Research Property, Trademarks, service marks, Trade Secrets, and know-how.
 - 2.9. *Creator* means any inventor, author, or developer of USU IP.
 - 2.10. *Revenues* means any (i) royalties, (ii) fees (*e.g.* license fees, maintenance fees, and exit fees), and/or (iii) revenues derived as a result of equity (*e.g.* dividends and the sale of shares) that are actually received by USU as a result of the Technology Transfer of a particular work of USU IP less any Cumulative Expenses associated with the particular work.
 - 2.11. *Cumulative Expenses* means any expenses incurred by USU for the protection and/or Technology Transfer of a particular work of USU IP. *Cumulative Expenses* includes, for example, expenses associated with the preparation and prosecution of a patent application and the maintenance of an issued patent.
 - 2.12. *Technology Transfer* means the activities involved in taking USU IP from its conceptual, emerging, prototype, or early developmental state to a point where commercial financial gains can be realized. It also encompasses the activities involved in developing collaborations, partnerships, contracts, and similar agreements with commercial companies to achieve mutually beneficial commercial outcomes. These activities may include, but are not limited to, technology maturation, development of product prototypes, joint proposals to other funding entities, and performing technology demonstrations.

- 2.13. *Technology Transfer Services (TTS)* is the organization within USU's Office of Research and Graduate Studies that provides Technology Transfer services to USU.
- 2.14. *Generating Unit* means the Creator's USU department and/or center, as applicable.

3. Intellectual Property

- 3.1. Applicability. This policy applies to all USU employees, including faculty, administration, and staff, and to all USU students.
- 3.2. Title. USU acquires and retains title to all USU IP, unless otherwise specified herein.
- 3.3. Assignment and Intellectual Property Protection. USU employees and students shall, both during and after employment/enrollment, perform all lawful acts requested by USU to enable USU to perfect/record its ownership interest in USU IP and to obtain and maintain patents, Trademarks, Copyrights, and other forms of legal intellectual property protection.
- 3.4. Title Exceptions:
 - 3.4.1. Sponsored Research or Other Third-Party Agreements. Title to intellectual property created as a result of work performed under a sponsored research agreement or other third-party Agreement shall be subject to the sponsored research or third-party agreement.
 - 3.4.2. Consulting Agreements. USU makes no claim to intellectual property created as a result of work performed by a USU employee under a consulting agreement entered into per University Consulting Policy No. 377, provided that no USU IP is used in the work performed under the consulting agreement. USU IP may only be used in consulting arrangements after obtaining prior approval and/or a license from TTS.
- 3.5. Waiver of Scholarly Works. USU waives its right to acquire and retain title to Scholarly Works created by its employees or students but retains certain rights under the conditions set forth in USU Policy No. 535 on Open Access. If significant USU resources (other than faculty time, office space, and office equipment) are anticipated for the creation of a Scholarly Work, then USU may designate a Scholarly Work as a commissioned work as set forth in Section 3.6.
- 3.6. Commissioned Works. Notwithstanding any waivers, USU acquires and retains title to all USU IP specifically commissioned by USU. When a work is specifically commissioned by USU, any Revenues resulting from the Technology Transfer of the commissioned work shall be retained by USU, unless otherwise agreed upon by USU and the commissioned Creator.
- 3.7. Duty of Disclosure. All USU IP shall be disclosed to TTS by the Creator(s) promptly after the discovery or creation thereof and prior to any public disclosure (publication, presentation, poster, etc.). If a public disclosure has occurred, then the Creator(s) shall disclose the USU IP to TTS as soon as possible to avoid further loss of rights, such as patent rights. The disclosure shall be in writing, and shall include sufficient detail for TTS to evaluate the

commercial potential of the disclosed work and to seek legal protection, when deemed appropriate.

- 3.8. USU IP Evaluation. Upon disclosure, TTS (or its designee) will evaluate the disclosed USU IP for Technology Transfer and legal-protection potential. TTS will communicate with the Creator(s) regarding its findings.
- 3.9. Release of Title. If TTS determines it will not initiate or continue Technology Transfer for a disclosed work of USU IP, then the Creator(s) may request that title to the USU IP be assigned to the Creator(s). Such a request must (i) be in writing, (ii) include the Creator(s) plans/intended use of the USU IP, and (iii) be addressed to TTS. Any such request will be responded to by the Vice President for Research or his/her designee. USU IP may be assigned to the Creator(s) if the transfer does not: (i) create an unmanageable conflict of interest for the Creator(s), (ii) violate any legal obligations of or to USU, (iii) limit appropriate USU uses of the materials, (iv) have significant commercial or public value that may best be exploited by USU, or (v) otherwise conflict with USU goals or principles.
- 3.10. USU Discretion. USU reserves the sole right and discretion to retain ownership, seek patent protection, obtain copyright or trademark registration, access, license, transfer, enforce, or otherwise administer USU IP, unless the USU IP is a Scholarly Work.
- 3.11. Dispute Resolution. If a dispute regarding the implementation of this policy arises, then a committee comprising the Provost, the Vice President for Research, the Vice President for Finance, and the dean(s) of the Creator(s) shall have final decision-making authority to resolve any such dispute.

4. Intellectual Property Responsibilities

- 4.1. Vice President for Research. The Vice President for Research is responsible for the administration of USU IP and TTS.
- 4.2. Employees. Each USU employee is responsible for personally complying with applicable law, this policy, the Trademark Licensing Policy No. 510, the Conflict of Interest Policy No. 307, and all other applicable USU policies.
- 4.3. Students. Each student is responsible for personally complying with applicable law, the Student Code of Conduct, this policy, and the Trademark and Licensing Policy No. 510.

5. Revenue Distribution

- 5.1. Royalty Prepayment. TTS shall distribute a royalty prepayment of up to \$500 to the Creator(s) of USU IP when (i) a license is granted to a commercializing third party or (ii) the USU IP is sold to a commercializing third party. The amount will be determined at the discretion of TTS in accordance with (i) actual and anticipated Revenues associated with the license or sale and (ii) any past payments issued to the Creators under prior versions of this policy. When the USU IP has more than one Creator, each Creator will receive an equal share of the payment, unless otherwise agreed upon by the Creators in

writing. Such payments shall be accounted for as a prepayment of distributions to the Creator(s) as set forth in Section 5.2.

5.2. Distribution Schedule. Revenues (which as defined above exclude Cumulative Expenses) are distributed as follows:

- 15% of Revenues to the Office of the Vice President for Research to help defray administrative costs of TTS.
- After the 15% distribution to the Office of the Vice President for Research, the remaining Revenues will be distributed according to the below General Distribution Schedule:

General Distribution Schedule	
Less than \$500,000	
50%	Creator(s)
25%	Generating unit(s)
25%	USU
\$500,000 - \$2,000,000	
40%	Creator(s)
30%	Generating unit(s)
30%	USU
Greater than \$2,000,000	
40%	Creator(s)
20%	Generating unit(s)
40%	USU

5.3. Multiple Creators. When a work of USU IP has more than one Creator, each Creator will receive an equal share, unless otherwise agreed upon by the Creators in writing.

5.4. Multiple Generating Units. When more than one Generating Unit is involved, each unit will receive an equal share, unless otherwise agreed upon in writing by the deans/directors of the respective units.

5.5. Creator Duties. So long as the Creator keeps his/her contact information current with TTS, distributions of Revenues shall be made to the Creator(s) irrespective of the Creator(s) current employment or enrollment status at USU. It is the Creator(s) responsibility to keep TTS informed of current contact information. If TTS is unable to contact a Creator for distribution purposes because of the Creator's failure to keep information current, then the Creator forfeits his/her right to receive the distribution and the forfeited distribution shall instead be distributed to USU after a reasonable period of time (not to exceed one year) has passed from the attempted contact by TTS.

6. Use of Third-Party Intellectual Property

6.1. Third-Party Rights. USU employees and students shall respect the intellectual property rights of others. These rights include, but are not limited to, patent, trademark, copyright, and confidentiality rights of third parties.

- 6.2. Legality. Prior to using any intellectual property owned or controlled by a third party (“Third Party IP”), USU employees shall ensure that their anticipated usage of the Third-Party IP is legally permissible.
- 6.3. Fair Use. Some limited use of copyrighted works may be permissible under the doctrine of “Fair Use” as defined in 17 U.S.C. § 107 (“[T]he fair use of a copyrighted work, including such use by reproduction ... for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright.”). The factors to determine whether a use is a fair use include: (i) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (ii) the nature of the copyrighted work; (iii) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (iv) the effect of the use upon the potential market for or value of the copyrighted work. *See* 17 U.S.C. § 107.
- 6.4. Authorization. If necessary, USU employees shall seek appropriate written authorization from the owner of the Third-Party IP.
- 6.5. Responsibility. USU employees are solely responsible for any liabilities arising from their misuse of Third-Party IP.