

North Dakota State University

Policy Manual

SECTION 190

EMPLOYEE RESPONSIBILITY AND ACTIVITIES: INTELLECTUAL PROPERTY

SOURCE: SBHE Policy Manual, Section 611.2

1. General Principles.

The primary purposes of this policy are to encourage and promote research and scholarship based on the traditional principles of the academic profession. These products may constitute Intellectual Property that could be of financial benefit to the individuals involved and the Institution. This policy establishes guidelines to support faculty, staff, and students, in identifying, protecting and administering Intellectual Property and defining the rights and responsibilities of all involved. This policy governs unless a policy on specific Intellectual Property provides a different rule.

2. Definitions.

- a) "Author(s)": Person who creates a Copyrightable Work.
- b) "Copyrightable Work or Work": An original Work of authorship which has been fixed in any tangible medium of expression from which it can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device, such as books, journals, software, computer programs, musical work, dramatic works, videos, multimedia products, sound recordings, pictorial and graphical works, etc.. A Work may be the product of a single Author or a group of Authors who have collaborated on a project. A Work is created by an Author.
- c) "Creator": Either an Inventor(s) in the context of an Invention, or an Author(s) in the context of a Copyrightable Work.
- d) "Institution": The individual colleges and universities and the North Dakota University System.
- e) "*Inventor(s)*": *Person(s) who creates an Invention. The term "Inventor(s)" includes "Breeder(s)" or "Plant Breeder(s)" as defined by the PVPA, 7 U.S.C. § 2401(a)(2). In regards to plant variety protection, a "Breeder" is the person(s) who directs the final breeding creating a variety and/or the person(s) who discovers and develops the variety. 7 U.S.C. § 2401 (a)(2). Like patent law, persons who work is directed by the Inventor are not considered the Breeder as they do not direct the breeding process.*
- f) "Intellectual Property": Collectively, all forms of property created by the mind including, but not limited to, Inventions, Copyrightable Work, Trademarks, and Tangible Research Property.
- g) "Invention": A process, method, discovery, device, plant, composition of matter, or other Invention that reasonably appears to qualify for protection under the United States patent law (including, but not limited to, utility patent, plant patent, design patent, certificate of Plant Variety Protection, etc.), whether or not actually patentable. An Invention may be the

product of a single Inventor or a group of Inventors who have collaborated on a project.

- 1) *In regards to plant variety protection, "discover" means finding a natural plant which results in breeding a variety, or finding a new variety by performing experiments on results of cross-breeding and realizing that the resulting plant is different and closer in characteristics to a desired variety.*
- 2) *In regards to plant variety protection, "develop" means to make additional selections for (a) cross-breeding and/or (b) developing pure lines. This may lead to the variety for which protection is sought or may eliminate variance and convert a non-uniform variety to a uniform variety using the desired characteristics.*
- h) "Mediated Courseware": Teaching aids created and/or deployed electronically. Mediated Courseware may incorporate text, graphics, video, and audio elements. Examples of such materials include, but are not limited to, hypertext modules, simulation software, web sites, and databases containing numbers, images, or text.
- i) "Net Royalties": *Net Royalties are defined as gross royalties and fees less the expenses incurred by the Institution in conducting the research and in procuring, protecting, preserving, maintaining, and licensing the patent and related property rights, and such other cost, taxes, or reimbursements as may be necessary or required by law.*
- j) "Significant Use of University System or Institution Resources": Significant Use of Institution Resources means an Author's use of other employees' time or Institution facilities or equipment that appreciably increases the Institution's costs beyond those normally incurred in support of an employee in the Institution. Significant Use does not include the normal use of Institution employees, facilities, or equipment commonly available to faculty, staff, *students*, or the public, such as libraries, Internet access, office space, office equipment, computers, and/or office supplies. Unless otherwise agreed, Significant Use also does not include the use of Institutional developmental leave time, so long as it does not appreciably increase the Institution's costs beyond those normally incurred in support of an employee of the Institution.
- k) "Tangible Research Property": Tangible items produced in the course of research including, but not limited to, such items as biological materials, engineering drawings, integrated circuit chips, computer databases, prototype devices, circuit diagrams, and equipment. Individual items of Tangible Research Property may be associated with one or more intangible properties, such as Inventions, Copyrightable Work, and Trademarks. An item of Tangible Research Property may be the product of a single Creator or a group of individuals who have collaborated on the project.
- l) "Trademark" (including Service Mark): A distinctive word, design, or graphic symbol, or combination word and design, that distinguishes and identifies the goods and services of one party from those of another, such as names or symbols used in conjunction with plant varieties or computer programs, or the Institutional names, logos, or derivatives thereof.
- m) "Work For Hire": Defined pursuant to Federal Copyright Law which includes a Work prepared by an employee within the scope of employment or a Work created pursuant to a written agreement identifying the Work as a Work for Hire.

3. General Patent Policy.

- a) The North Dakota State Board of Higher Education encourages the faculty, staff, and others associated with the Institutions under its jurisdiction to seek patents on Inventions as a method of bringing recognition and remuneration to all parties involved. Each Institution shall establish a "patent review procedure" to define the Institution's processing of such Inventions or discoveries, consistent with Board policy. The Inventor(s) shall submit to the Institution the conception and/or reduction to practice of all potentially patentable discoveries prior to *making any public "enabling" disclosure*.
- b) A patentable discovery may arise from the development of a new and useful process, device or apparatus, article of manufacture, composition of matter (including chemical compounds, microorganisms, and the like), plant, or related improvement, or a new use for a known material or device. A public "enabling" disclosure is one which will enable others in the same or a related field to fully understand and practice the Invention. The Institutional "patent review procedure" shall assure provision of guidelines to the Inventor(s) in defining what may constitute a public "enabling" disclosure.
- c) The Institution shall have the right of first refusal to the title of all patentable discoveries or *Inventions* derived with the use of facilities, gifts, grants, or contract funds through the university, subject to restrictions arising from the overriding obligations of the Institution pursuant to gifts, grants, contracts, or other agreements with outside organizations. The Inventor(s) shall provide all necessary declarations, assignments, or other documents as may be necessary in the course of Invention evaluation, patent prosecution, or protection of patent rights to assure that title in such Inventions shall be held by the Institution or other parties as may be appropriate under the circumstances.
- d) The Institution shall have six months in which to assess the technical and commercial viability and patentability of the discovery in accordance with Institutional procedures. If the Institution judges the discovery not to be patentable, or decides not to pursue a patent, and, in the absence of over-riding obligations to outside sponsors of the discovery *and subject to NDSU procedures*, all rights will revert to the Inventor. In no instance, and regardless of ownership of the patent, may the Institution's name be used in connection with the marketing of the Invention.
 - 1) Subject to restrictions arising from overriding obligations of the Institution pursuant to gifts, grants, contracts, or other agreements with outside organizations, the Institution agrees, for and in consideration of the assignment of patent rights *or Inventions*, to pay annually to the named Inventor(s), or to the Inventor(s)' heirs, successors, or assigns, a minimum of 30 percent of the net royalties and fees received by the Institution.
 - 2) When there are two or more Inventors, each Inventor shall share equally in the Inventor's share of *Net Royalties*, unless all inventors have agreed in writing to a different distribution of such share. The Institution will have final authority over any agreement purporting to share rights and/or *Net Royalties* between participating parties.
 - 3) In addition to the Inventor's(s') share, the *Net Royalties* shall be disbursed by negotiated agreement with allocations to the originating department, the originating college/school, and the Institution. In the disposition of any *Net Royalties* income accruing to Institutional parties, other than the Inventor(s), support of research shall receive first consideration. The "patent review procedure" shall outline the negotiation and distribution mechanism at each Institution.

- 4) The provisions of this section apply to plant variety protection unless inconsistent with Institution policy.

4. NDSU Patent Review Procedures.

- a) NDSU shall adopt procedures implementing SBHE Policy 611.2 that include:
 - (1) Procedures for required disclosure of Intellectual Property;
 - (2) Procedures for review, evaluation, and protection of Intellectual Property;
 - (3) Rules governing distribution of Net Royalties or fees;
 - (4) A process for resolving disputes; and
 - (5) A process for informing faculty, staff, and students of the rights and responsibilities of Intellectual Property.
- b) *Upon employment, all regular employees must sign the NDSU Intellectual Property Agreement. Temporary employees may be required to sign as well based on supervisor discretion. A failure to have the Agreement signed in no way changes or lessens the applicability of this Policy.*
- c) *NDSU patent policy provides that discoveries or Inventions developed by faculty, staff, students, and associates using NDSU facilities, time, or materials shall be vested in NDSU. Any Invention developed by faculty, students, employees and associates using NDSU facilities, time or materials, must be reported to the NDSU Technology Transfer Office (TTO). Adjunct faculty are subject to this policy if working on NDSU projects or using NDSU facilities unless expressly exempted by the Vice President for Research, Creative Activities & Technology Transfer (VPRCATT).*
- d) *Faculty, staff, students, and associates with discoveries or Inventions will supply the appropriate materials and descriptions to the TTO using the appropriate invention report or disclosure form(s) for processing prior to any public disclosure to prevent loss of patent rights. The TTO shall be responsible for determining the procedure to be followed in securing patent protection and the assignment of rights to be made.*
- e) *Ownership of such patent rights normally will be assigned to NDSU except in the following cases:*
 - (1) *If NDSU elects not to pursue a patent or six months elapses from the time a complete invention disclosure is filed, ownership reverts to the Inventor(s).*
 - (2) *When prior agreement between NDSU and an external agency assigned all rights to the agency, usually as a condition of a contract or grant.*
- f) *The VPRCATT must approve the conditions of any contract or grant in which*
 - (1) *the disposition of patents is specified as being other than to NDSU and/or*
 - (2) *in which specific licensing agreements are specified.*
- g) *NDSU will have a period of six (6) months from full and complete disclosure to evaluate the commercial viability and patentability of the Invention. If further research or development activity is required to ensure patentability and/or market or commercial feasibility, this evaluation period may be extended for a period not to exceed six (6) months, upon mutual written agreement between the*

parties. If the discovery is patentable, NDSU will find a mechanism to obtain patents and arrange licenses.

- h) *NDSU may assign or transfer ownership rights in Intellectual Property to independent foundations created for the purpose of obtaining or administering and marketing NDSU Intellectual Property, receiving gifts, or supporting or promoting NDSU or NDSU research. For NDSU, the NDSU Research Foundation (NDSU/RF) is the independent foundation recipient of assignments of patents, copyrights, trademarked cultivars, and plant variety protection. NDSU/RF files for the appropriate Intellectual Property protection and is responsible for subsequent enforcement.*
- i) *Should a scientist believe s/he is an Inventor entitled to a portion of the Inventor share and has not been so identified as stated in section 4(d), the scientist must promptly notify her/his Department Chair/Head or Unit Director in writing of her/his claimed inventorship before the patent publishes. If disputes regarding inventorship or distribution of Net Royalties occur, resolution will be made by a panel consisting of the Academic Dean(s) involved and the VRPCATT in consultation with General Counsel. Such agreements shall be on file in the TTO.*
- j) *Net Royalties from Inventions shall be shared by the inventor(s), NDSU, and the NDSU/RF. Inventor(s) shall receive a minimum of 30% of the Net Royalties with the remainder being distributed as per agreement between the NDSU/RF and The NDSU contributing college(s), department(s), and /or other units to support endeavors to enhance NDSU research.*
- k) *Plant Variety Protection.*
 - 1) *Unless otherwise provided for below, the general provisions of NDSU Policy 190 shall apply to plant variety protection. The term "variety" includes germplasm, natural selections, cultivar, inbred lines, or hybrids. Intellectual Property protection may be obtained on all varieties.*
 - 2) *At the time of release or before plant variety protection is filed, ownership of the variety is assigned to NDSU/RF.*
 - 3) *Per North Dakota law, N.D.C.C. § 15-10-17(9) and SBHE Policy 611.2, the percentage of the Net Royalties due the Inventor is established pursuant to rules of the State Board of Higher Education and NDSU (See 4(j)).*
 - 4) *The North Dakota Agriculture Experiment Station (NDAES) supports the following internal distribution of Net Royalties generated from the utilization of plant varieties developed by the NDAES. First, the NDSU/RF will be reimbursed for expenses. Then, Net Royalties will be distributed by NDSU/RF as follows:*
 - I. *20% to the NDSU/RF from in-state licensing royalties (or 32.5% from out-of-state licensing royalties or 35% from foreign licensing royalties).*
 - II. *30% to the Inventor(s),*
 - III. *50% from in-state collected royalties (or 37.5% from out-of-state licensing royalties and or 35% from foreign licensing royalties) to be distributed as directed by NDAES to the contributing departments or units.*

The NDAES and the NDSU/RF can negotiate to change the NDAES and NDSU/RF percentages on a case-by-case basis.

- 5) *The Breeder or her/his immediate supervisor, in consultation with the relevant Department Chair/Head, will identify, before a variety release, other scientists who provided inventive activity towards the development of the variety. Following pre-release, but in no event later than the release, the Breeder and the other scientists will decide how to divide the inventor share among themselves and will recommend this distribution to the Department Chair/Head and Director of the NDAES.*
 - 6) *Should a scientist believe that s/he is a Breeder entitled to a portion of the Inventor share and has not been so identified as stated in this section, the scientist must notify her/his Department Chair/Head or Unit Director and the Director of the NDAES in writing of her/his claimed inventorship before the release of the variety. Disputes on inventorship or department/unit distributions shall be resolved by a decision panel which shall consist of the VPRCATT, the Vice President for Agriculture and University Extension (VPAUE), Director of the NDAES, and the Department Chair/Head(s) involved, in consultation with General Counsel. The VPAUE may include an advisory panel of faculty with expertise in the area to advise the decision panel.*
 - 7) *Upon termination of employment, a Breeder must identify to her/his immediate supervisor, the Director of the NDAES, and TTO of any advanced genotypes(s) in which s/he claims inventorship. The Institution and the Inventor shall negotiate rights in the varieties. If the Inventor fails to make this disclosure prior to or at the time of termination of employment, Inventor shall be deemed to have waived any right to Net Royalties on nondisclosed varieties. Net Royalties may be paid only for a set term pursuant to the agreement on advanced genotypes released as varieties.*
 - 8) *The Breeder shall elect at the time of release of the variety to receive or permanently waive some or all of that share that such Breeder(s) is/are entitled to receive from net royalties, if any, from the variety.*
- l) It is the responsibility of employees to ensure that the terms of their consulting agreements with third parties do not conflict with their commitments to the Institution. Each employee shall make the nature of the employee's obligations to NDSU clear to any third party for whom the employee expects to consult. Specifically, the scope of the consulting services must be distinguished from the scope of research commitments to NDSU. (See [NDSU Policy Section 152](#))

5. General Copyright Policy

- a) Except as otherwise explicitly provided under this policy or applicable law, an employee who creates a Work retains copyright ownership of the Work. If there has been Significant Use of University System or Institutional Resources, the provisions of section 5(b) of this policy shall apply.
- b) If there has been Significant Use of Institutional Resources, as defined in section 2 of this policy, to create a Copyrightable Work, the ownership of which is vested in the individual employee, the Institution shall be reimbursed out of the Net Royalties, in accord with an agreement between the employee and the Institution, up to that amount that constitutes the Institution's Significant Use. The Institution shall be reimbursed for the Significant Use of any facilities, personnel or resources, except those considered part of the normal academic environment including library facilities. *This pertains to all Copyrightable Work except Copyrightable Software as described in section 7.*
- c) If employees are employed or commissioned by the Institution or agencies of the Institution for the creation of Work, or if by prior agreement they are assigned to produce or develop Work in the course of their regular duties, and if such Work is deemed appropriate for copyright, it must be

reported to the NDSU TTO pursuant to its copyright review procedure. In such instances, the NDSU TTO shall have the first option to secure copyright in the name of the Institution. Should the *NDSU TTO* decide, in writing, it would not be appropriate to secure copyright, the employee then may proceed to personally secure the copyright.

- d) *Net Royalties* received as a result of copyright ownership by the Institution will be disbursed, with at least 30 percent to the employee(s). *The remainder will be distributed according to NDSU Procedures (4(j)).*

6. Mediated Courseware.

- a) **Self-initiated Mediated Courseware.** When employees develop Mediated Courseware without specific direction by the Institution, unless otherwise agreed, the ownership of the courseware shall remain with the employee. Normally, no royalty, rent or other consideration shall be paid to the employee when that Mediated Courseware is used for instruction at the Institution and such Mediated Courseware shall not be used or modified without the consent of the employee. While the Creator is under Institutional employment, the Mediated Courseware shall not be sold, leased, rented or otherwise used in a manner that competes in a substantial way with the for-credit offering of the employee's own Institution unless that transaction has received the approval of the chief academic officer of the Institution. The Institution shall have a perpetual, non-exclusive royalty-free right to use such courseware for archival research purposes. Should approval be granted to offer the course outside of the Institution, the provisions of section 5(b) of this policy shall apply.
- b) **Institution-directed Mediated Courseware.** When the Institution directs in an employment contract the creation of a specific Mediated Courseware, the resulting Mediated Courseware belongs to the Institution and the Institution shall have the right to revise it and decide who will utilize the Mediated Courseware in instruction. The Institution may specifically agree to share revenues, pursuant to the General Patent Policy with the employee(s) receiving a minimum of 30 percent of the Net Royalties and fees, and control rights with the employee.
- c) Development and use of Institution-directed Mediated Courseware shall be reported to the *unit head and/or college administrator with a copy to the TTO at the Institution.*

7. Copyrightable Software.

Unless a separate written agreement provides otherwise, software created by employees within the scope of their employment and not covered under Mediated Courseware in section 6 of this policy shall be treated as a Work for Hire, owned by the Institution and commercialized pursuant to the General Patent Policy, with the employee(s) getting a minimum of 30 percent of the Net Royalties and fees. *The remainder will be distributed according to NDSU Procedures (4(j)).*

8. Student Work/*Intellectual Property.*

- a) The ownership of copyrights in student Work is governed by the following:
 - 1) Copyright ownership of student Work that is performed in whole or in part by the student with financial support in the form of wages, salaries, stipend, or grants from funds administered by the Institution shall be determined in accordance with the terms of the support agreement, or in the absence of such terms, shall become the property of the Institution.
 - 2) Copyright ownership of student Work generated by research performed in whole or in part utilizing equipment or facilities provided by the Institution under conditions that impose copyright restrictions shall be determined in accordance with such restrictions.

- 3) Students will own the copyrights to their Work not within the provisions of (1) and (2) above; however, a student must, as a condition to a degree award, grant royalty-free permission to the Institution to reproduce and publicly distribute, including by electronic means, copies of the student's Work.
 - 4) Where there is Significant Use of Institution Resources, copyright ownership shall be determined under section 5(b) of this policy.
- b) Ownership of student Inventions shall be governed by the Patent Policy in sections 3 & 4 of this policy. *It is the policy of NDSU that this grant of ownership and control extends to any Work products or written and electronic reports of students that are essential for documentation of any Invention or discovery resulting from research administered by the Institution. Students who are performing services as teaching assistants or research assistants or who are using university resources shall therefore be required by the departmental administrator to submit the original form of any laboratory notebook, spectral information, electronic data, and other written documentation related to University-administered research.*
- 1) *Inventions which are created on the student's own time and which do not involve Significant Use of University Systems or Institution's Resources shall belong to the student.*
 - 2) *Ownership of a student Invention that is created in whole or in part by the student with financial support in the form of wages, salaries, stipend, or grants from funds administered by the Institution shall be determined in accordance with the terms of the support agreement, or in the absence of such terms, shall become the property of the Institution.*
 - 3) *Ownership of a student Invention generated by research performed with Significant Use of Institution resources (utilizing equipment or facilities provided by the Institution under conditions that impose Invention restrictions) shall be determined in accordance with such restrictions.*

9. General Trademark Policy

NDSU may develop a Trademark policy that provides for the protection of *NDSU* Trademarks and Service Marks.

HISTORY:

New	May 2005 (New policy to reflect SBHE policy 611.2, incorporates NDSU policies 340, 341 and 342)
Amended	November 2010
Housekeeping	December 2010