

**Subject: Policy on Intellectual Properties**

**1.0 Purpose**

The Board of Visitors, on December 5, 1986, approved a new Policy on Intellectual Property, bringing together the University's previously separate policies on patents and copyrights into a consistent, single policy. Before going to the Board, the policy was reviewed and approved by the Faculty Senate and the Commission on Research, was approved by University Council on November 17, 1986.

This policy establishes a University Committee on Intellectual Property with two subcommittees, a subcommittee on patents and a subcommittee on copyrights. It also spells out the authority and responsibilities of each subcommittee, as well as procedures and policy on handling of discoveries, inventions, and copyrightable material.

**2.0 Policy**

The results of scholarly activities may take many forms, including research papers, books, inventions, computer software, musical scores, articles for magazines and journals, and new technologies. At one time or another, these intellectual properties may have value for the owner(s) and should be protected under the appropriate patent or copyright laws.

This policy is designed to: (1) protect the equities of the authors and the inventors, 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 this policy.

**2.1 Committee Organization**

The University Committee on Intellectual Property is responsible for making policy recommendations to the Provost for dealing with patents, copyrights, and related mechanism for the protection/exploitation of intellectual properties. The Vice Provost for Research and Graduate Studies shall serve as chairman of the Committee.

Two subcommittees shall be organized under the Committee on Intellectual Property. 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 listed below.

Each subcommittee shall be composed of six faculty members, having experience with patent or copyright matters, depending on the subcommittee appointment. The Subcommittee on Patents shall be chaired by the Associate Provost for Research. The Subcommittee on Copyrights shall be chaired by the Dean of the Graduate School. A Vice President or his/her designee, the University's General Counsel or designee, and the

University's Intellectual Property Officer shall serve as ex-officio members of the Committee and shall sit on both Subcommittees.

The President shall receive faculty nominations from the Faculty Senate and shall make all appointments. All terms are for three years. Members may be reappointed.

### 2.1.1 Authority And Responsibility Of The Committee

The Committee on Intellectual Property is composed of the members of both Subcommittees, the ex-officio members, and the Chair. The Committee shall have the following authority and responsibility with respect to intellectual property.

1. To develop and recommend University policy dealing with intellectual property;
2. To hear and make recommendations to the Provost on disputed ownership of discoveries, inventions and copyrightable materials;
3. To hear and make recommendations to the Provost on disputed equities of the University, the inventors or authors and other parties associated with the intellectual property concerned;
4. To make recommendations to the Provost for the sharing of royalties between the University and the authors or inventor(s) of the intellectual property in which the University has a proprietary interest.
5. To promulgate such guidelines and procedures as may be necessary for the implementation of this policy.

### 2.1.2 Subcommittee On Patents

#### 2.1.2.1 Authority and Responsibility

The Subcommittee on Patents shall:

1. Review all invention disclosures. Such review, when possible, should occur prior to submission of disclosures to any other party. Exceptions to this practice must be approved by the Subcommittee Chair or Committee Chair and by the Inventor.
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, as provided in paragraph 2 of Section 2.1.2.4.
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.

### *2.1.2.2 Patentable Discoveries and Inventions*

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 Associate Provost for Research. The purpose of this disclosure is to determine whether and to what extent the University has a proprietary interest in the discovery or invention.

All such discoveries should be disclosed as promptly as possible. Upon receipt, a disclosure shall be reviewed by the Subcommittee on Patents or its agent as indicated in Section 2.1.2.1, #1. Each discovery or invention should be disclosed regardless of whether or not the inventor(s) plan 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.

### *2.1.2.3 Ownership of Discoveries and Inventions*

#### 1. 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 Associate Provost for Research is authorized to ratify such agreement 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. The determination of the Associate Provost for Research may be subject to review by the Subcommittee on Patents.

#### 2. Faculty or Staff Ownership.

A discovery or invention developed by a faculty or staff member shall be the exclusive property of the inventor(s), if: (i) the University has contributed no funds, facilities, or time of the inventor(s) and (ii) if the discovery or invention is not along lines related to any University research program then in progress or completed within the past twelve (12) months with which the inventor(s) may have a connection.

### *2.1.2.4 Review and Disposition of New Discoveries and Inventions*

Where the University has a proprietary interest, the discovery or invention shall be reviewed by the University's Intellectual Property Officer. A recommendation may be made to seek patent protection. In the absence of interest on the part of 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(s). Upon concurrence of the Subcommittee on Patents the invention may be pursued by the inventor's own patent agent, subject to the remaining provisions of this document. Expenses incurred by the inventor pursuing this option may be recoverable from subsequent royalty income received by the Uni-

versity. The University shall have the right to review the patent documents prepared by such outside legal counsel prior to submission of said application.

Such determination shall be made within 90 days from the date of receipt of the disclosure, unless it is mutually agreed by the Subcommittee and the inventor(s) that additional time is needed and an alternative deadline is established. The inventor(s) 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 to file or abandons an application for a patent, the invention may be submitted to other organizations for the same purpose. If all potentially interested organizations have been queried, the application is abandoned, or no action is taken within the 60 days after receipt of the notice of declination, the University's rights to the invention shall be assigned to the inventors at the inventor's request. At the time of assignment, the University may elect to continue to maintain its proprietary interest.

### 2.1.3 Subcommittee On Copyrights

#### 2.1.3.1 *Authority and Responsibility*

The Subcommittee on Copyrights shall:

1. Review all disclosures of copyrightable materials. Such review, when possible, should occur prior to submission of such information to any other party. Exceptions to this practice must be approved by the Subcommittee Chair or by the Committee Chair 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 as provided in Section 2.1.3.3, #4.
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.

#### 2.1.3.2 *Determining Copyright Ownership*

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

The Copyright Act (P.L.94-553) provides that, when a copyrightable work is produced by one person who has been employed by another for that purpose, 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 prove the copyright was not a product of his or her employment.

### 2.1.3.3 *Ownership of Copyrights*

#### 1. 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 this 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 interests in the materials than 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.

#### 2. Faculty or Staff Ownership

Copyrightable materials developed by University employees shall usually be the property of the employee. The University will exercise ownership under the work-made-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.

#### 3. Audio and Video Recordings

When a faculty member has been assigned to teach a specific class, and that class is transmitted electronically to 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 the school term in which they are created.

#### 4. 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.

#### 5. Review for Obsolescence.

Materials in which the University has a proprietary interest, but which are the result of the individual initiative of an 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.

## **2.2 Procedures**

Each Subcommittee shall establish, maintain, and distribute procedures and forms for the reporting of university-originated inventions, new technology, and copyrightable materials.

## **2.3 Work-Made-For-Hire**

### **2.3.1.1 Inventions**

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 (see Section 2.9) 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 consequence of the official assigned duties of the inventor.

For purposes of this policy, 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 the employee in accordance with this 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 shall 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.

### **2.3.1.2 Copyrighted Materials**

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 represents 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 shall reserve an exclusive, irrevocable, royalty-free license in the copyrightable work with the power to grant licenses for all University purposes.

## **2.4 Student Ownership**

Ownership of intellectual properties developed by students who are also employees of the University will be determined by the rules which apply to all University employees. Copyrightable works developed in connection with course work 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.

## **2.5 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 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.

## **2.6 Disputed Ownership**

Should any issues develop as to the ownership of the intellectual property involved, the Committee on Intellectual Property shall make a finding as to ownership and shall report such findings to the Office of the Provost for final resolution. 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 University Provost, on his/her own motion or at the request of any interested party, may review any determination of the Committee. The Provost may affirm, modify or reject any determination of the Committee.

## **2.7 Sharing Of Royalties**

Where the University has an equity position in an intellectual property, the inventor(s) or author(s) and the University will share equally in any income received by or on behalf of the University from royalties, front-end payments, or incentives, after any 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 (departments, centers, etc.) which have contributed materially towards development of the intellectual property. The University share of royalties or other income shall be divided commensurate with involvement of the Uni-

versity units during development. In usual practice, division of the University share shall follow recommendations of the Committee to the Provost and shall typically include an assignment to the employee's primary unit (e.g., departments, centers, etc.) equal to at least 10% of the total income as defined above. The remaining portion of the University share shall be used to maintain an environment supportive of employee activities in development of intellectual properties.

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 this policy.

## **2.8 Management And Exploitation Of University Intellectual Property**

If the University possesses a proprietary interest, the President of the University shall determine the manner in which the intellectual property shall be managed and exploited. The rights to patentable or copyrightable materials may be assigned to the Virginia Tech Intellectual Properties, Inc. (VTIP). Upon such assignment, VTIP shall have all rights to use, promote, manage, market, sell, or in any other way dispose of such material, on such terms and conditions, or for such consideration, if any, as VTIP shall determine. However, the inventor(s) or author(s) shall have the right to make recommendations to the President on such matters through the appropriate administrative channels.

## **2.9 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 used exceeds \$1,000 in any twelve consecutive-month period. Examples of resources subject to the \$1,000 limitation include computer charges, graduate assistant or technician salaries and wages, laboratory materials, and secretarial salary.

## **2.10 Right Of Appeal**

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

The Committee will formulate recommendations relative to each such appeal, and will forward both the appeal and its recommendations to the Provost in a timely manner. The Provost will determine the University's response to each appeal, and will so notify the inventor(s) or author(s) and the Committee.



### **3.0 Procedures**

Any employee of the University who has made a discovery or invention, or who has copyrightable material, and which falls within the terms of this policy shall bring such discovery, invention or material to the attention of the Associate Provost for Research. A form, "Intellectual Property Disclosure" form, should be completed and submitted to the University Intellectual Property Officer.

### **4.0 Definitions**

### **5.0 References**

Policy Memorandum No. 73, "Policy on Intellectual Properties," issued March 4, 1987

### **6.0 Approvals and Revisions**

Approved \_\_\_\_\_, 1990 by

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Signature

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Date