



UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS POLICY

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Academic

COMMERCIALIZATION OF  
INTELLECTUAL PROPERTY RIGHTS

Adopted: December 14, 2007

Amended: December 10, 2010, February 14, 2014

COMMERCIALIZATION OF INTELLECTUAL PROPERTY RIGHTS

**SECTION I. SCOPE.**

This policy governs patents and the ownership, commercialization, and dissemination of intellectual property rights in technology created at the University of Minnesota (University).

**SECTION II. EXCLUSIONS.**

**Subd. 1. Copyright.** With the exception of the commercialization of intellectual property rights in software owned by the University, this policy shall not apply to the ownership or use of copyrighted works that are governed by other Board of Regents (Board) or administrative policies.

**Subd. 2. Trademarks.** With the exception of intellectual property rights in University trademarks that identify University-owned plant varieties or that are commercialized in conjunction with other technology covered by this policy, this policy shall not apply to the use of University-owned or licensed names, trademarks, or service marks.

**Subd. 3. Equity Interests.** This policy shall not apply (a) to the University's acquisition of equity securities in a publicly held company or appointment of a voting member to the governing body of a publicly held company or (b) to the acquisition of equity securities of a publicly held company by a University employee.

**Subd. 4. Student-Created Technology.** This policy shall not apply to technology created or reduced to practice by University students to fulfill a University course requirement unless (i) the development of the technology was funded, in whole or in part, by an external sponsor; (ii) the technology was an improvement of an invention in which the University holds the intellectual property rights; (iii) a University faculty member or other University employee was a co-inventor of the technology; or (iv) substantial University resources were used to develop or reduce the technology to practice. This policy does not prohibit the University from conditioning participation in a University course or other University-sponsored activity on an individual's assigning to or licensing to the University the rights in technology created or reduced to practice in the course or activity.

**SECTION III. DEFINITIONS.**

**Subd. 1. Inventor.** Inventor shall mean a University employee, student, or postdoctoral or other fellow who invents technology.



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**Subd. 2. Technology.** Technology shall mean the following items and their related intellectual property rights:

- (a) a discovery or invention, patentable or not;
- (b) software owned by the University; and
- (c) trademarks owned by the University that identify University-owned or University-licensed plant varieties or that are commercialized in conjunction with other technology covered by this policy.

**Subd. 3. University Official.** University official shall mean a person defined as a University official in Board of Regents Policy: *Institutional Conflict of Interest* and any person covered by administrative policies or procedures implementing that policy.

**Subd. 4. Controlling Equity Interest.** Controlling equity interest shall mean the University's ownership of equity securities of a licensee sufficient to grant the University the power to direct the licensee's management. The University shall be considered to have a controlling equity interest in a licensee under this policy if:

- (a) the University owns a majority of the voting equity interest in the licensee; or
- (b) the University has the power to appoint a majority of the voting members of the governing body of the licensee.

**Subd. 5. Licensee.** Licensee shall mean a for-profit, privately held company to which the University licenses or assigns intellectual property rights in University-owned technology.

**Subd. 6. Net Income.** Net income shall mean the gross monetary payments the University receives in consideration for granting rights in the technology less (a) the University's out-of-pocket expenditures (including legal fees) directly attributable to protecting, developing, and transferring that technology and (b) a fifteen percent administrative fee of the gross monetary payments to help defray the costs associated with operating the Office of Technology Commercialization. Fees, charges, and other monetary payments made to the University to compensate it for administering intellectual property agreements or seeking and maintaining intellectual property protection for technology shall not be considered monetary payments under this policy.

**SECTION IV. GUIDING PRINCIPLES.**

The following principles shall guide the University in commercializing technology:

- (a) The primary mission of University research is the generation and dissemination of knowledge, and academic freedom requires that faculty, staff, and students be free to pursue areas of research and study without regard to the potential for the creation of inventions.
- (b) The development and dissemination of new knowledge, technology, or scientific procedures resulting in innovative products, practices, and ideas is a valued



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- supplement to scholarly publications.
- (c) University commercialization activities shall not inhibit the ability of University researchers to pursue research of their choosing, to publish results of their work in a timely manner, and otherwise to exercise their rights of academic freedom.
  - (d) Licensing University-owned technology to private companies promotes the University's interest in successful commercial development of University-owned intellectual property. In some circumstances, a non-commercial method of distribution, such as open source sharing of technology or licensing for humanitarian needs, may be the preferred method of providing public access to, and use of, University discoveries.
  - (e) The University may own a controlling equity interest and assert control over the direction and management of a licensee only when doing so (1) enhances the potential for the licensee to successfully develop and make available to the public useful products and services and (2) increases the potential value of the University's investment.

**SECTION V. OWNERSHIP OF TECHNOLOGY.**

**Subd. 1. Ownership.** The University shall be the sole owner of all rights, titles, and interests (including intellectual property rights) in and to technology:

- (a) created by University employees in the course of their employment;
- (b) created by individuals, including employees, students, or post-doctoral or other fellows, using substantial University resources.

**Subd. 2. Assignment of Intellectual Property Rights.** Inventors assign to the University all rights, titles, and interests, if any, in and to technology owned by the University.

**Subd. 3. Ownership Under Third Party Agreements.** Ownership of and rights in technology are subject to the terms of written agreements between the University and third parties under which the University, solely or in collaboration, conducts research or other activities. Under these agreements, the University may claim, disclaim, or otherwise grant or accept rights in technology as appropriate and desirable.

**Subd. 4. Waiver of University Rights.** Consistent with administrative policies and procedures, the president or delegate is authorized to waive or otherwise assign to an inventor all or part of the University's rights, titles, or interests in or to a technology created by the inventor.

**Subd. 5. Rights to Publish.** At the University's request, inventors shall delay the publication or public disclosure of any descriptions of technology for a brief period of time to permit the registration, application for, and protection of the intellectual property rights in the technology.

**Subd. 6. Rights to Third Parties.** The president or delegate may assign, license, or



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otherwise grant a third party the right to use technology royalty-free or in exchange for cash, stock or other securities, or other tangible or intangible property.

**SECTION VI. DISTRIBUTION OF INCOME FROM  
COMMERCIALIZATION OF TECHNOLOGY.**

The University shall share with inventors the net income from the commercialization of technology as follows:

- (a) thirty-three and one-third percent to the inventors;
- (b) twenty-five and one-third percent to the department, division, or center that supported the creation of the technology, to be spent in support of the inventor's research or directly related University work;
- (c) eight percent to the collegiate unit that supported the creation of the technology; and
- (d) thirty-three and one-third percent to the Office of the Vice President for Research, to be spent in support of the University's technology commercialization activities and to fund University research and scholarly activity.

The president or delegate may change the distribution to collegiate units or to departments, divisions, or centers if such amounts become disproportionate compared to their budgets or if there have been administrative organizational changes, including an inventor's movement among units or departments. The president or delegate also may distribute to inventors a portion of the net income from commercialization of technology in the form of a bonus or salary supplement.

**SECTION VII. EQUITY, CONTROLLING INTERESTS, AND  
ASSISTANCE WITH COMMERCIALIZATION.**

**Subd. 1. Disposition of Equity Securities.** The University shall sell the equity securities acquired under this policy as soon as prudent and in strict compliance with all applicable federal and state laws. The cash proceeds derived from the sale of equity securities shall be distributed in the same proportions as income derived from technology.

**Subd. 2. Acquiring a Controlling Equity Interest in the Commercialization of Technology.** In acquiring, as part of a transaction to commercialize technology, a majority or other equity interest in a company that grants the University the power to direct the company's management or the power to appoint a majority of the voting members of the governing body of the company, the following prohibitions shall apply:

- (a) Except as permitted under other applicable Board policies, the University shall not make a cash investment in, lend money to, or guarantee the obligations of the company; and
- (b) University officials shall not purchase or invest, directly or indirectly, in the



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equity securities of a licensee as long as the licensee is privately held, except that University employees who are not University officials may purchase or invest, directly or indirectly, in such equity securities if permitted under Board of Regents Policy: *Individual Business or Financial Conflict of Interest* and other applicable Board policies.

**Subd. 3. Appointment of Voting Members to Governing Bodies as Part of the Commercialization of Technology.** The president shall appoint voting members to the governing bodies of privately held companies commercializing technology. A University-appointed member shall:

- (a) be a University employee with demonstrated experience and competence in technology commercialization and in the creation, management, and capitalization of privately held companies; and
- (b) be reasonably insured against liability arising from service on the governing bodies of such companies.

A University-appointed member:

- (a) shall not accept compensation for service as a member of the governing body of the company, but may accept reasonable reimbursement for service-related expenses;
- (b) shall comply with University policies and procedures;
- (c) shall discharge fiduciary and contractual responsibilities to the company, subject to the performance of University duties as provided in Board and other University policy and procedures; and
- (d) shall resign as a voting member of the governing body of the company prior to the company's becoming publicly held, unless the president or delegate approves an extension of the appointment.

**Subd. 4. Use of Technology Commercialization Income to Assist Commercialization by Non-University Entities.** The president or delegate may authorize non-University entities to use income the University earns from technology commercialization to directly encourage, promote, or assist with the commercialization and development of University intellectual property. The commitment of financial support for particular projects shall not exceed \$250,000, consistent with Board of Regents Policy: *Reservation and Delegation of Authority*.

**SECTION VIII. REPORTING.**

The president or delegate shall report annually to the Board on University activities under this policy.



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**SECTION IX. IMPLEMENTATION.**

The president or delegate shall implement this policy and maintain appropriate policies and procedures to administer it.

**Supersedes:** Educational Materials dated April 14, 1967, Patent and Technology Transfer dated October 10, 1986, Intellectual Property adopted October 8, 1999, Use of Royalty Income to Support Technology Commercialization adopted March 12, 2004, and Acquiring Controlling Equity Interests in Technology Licensees adopted December 8, 2006.



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**OLD VERSION**

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- (c) trademarks owned by the University that identify University-owned or University-licensed plant varieties or that are commercialized in conjunction with other technology covered by this policy.

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faculty, staff, and students be free to pursue areas of research and study without regard to the potential for the creation of inventions.

- (b) The development and dissemination of new knowledge, technology, or scientific procedures resulting in innovative products, practices, and ideas is a valued supplement to scholarly publications.
- (c) University commercialization activities shall not inhibit the ability of University researchers to pursue research of their choosing, to publish results of their work in a timely manner, and otherwise to exercise their rights of academic freedom.
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- (b) created by students or post-doctoral or other fellows in the course of their academic duties or appointments; or
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**Subd. 2. Assignment of Intellectual Property Rights.** Inventors assign to the University all rights, titles, and interests, if any, in and to technology owned by the University.



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- (a) thirty-three and one-third percent to the inventors;
- (b) twenty-five and one-third percent to the department, division, or center that supported the creation of the technology, to be spent in support of the inventor's research or directly related University work;
- (c) eight percent to the collegiate unit that supported the creation of the technology; and
- (d) thirty-three and one-third percent to the Office of the Vice President for Research, to be spent in support of the University's technology commercialization activities and to fund University research and scholarly activity.

The president or delegate may change the distribution to collegiate units



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or to departments, divisions, or centers if such amounts become disproportionate compared to their budgets or if there have been administrative organizational changes, including an inventor's movement among units or departments. The

president or delegate also may distribute to inventors a portion of the net income from commercialization of technology in the form of a bonus or salary supplement.

**SECTION VII. EQUITY, CONTROLLING INTERESTS, AND ASSISTANCE WITH COMMERCIALIZATION.**

**Subd. 1. Disposition of Equity Securities.** The University shall sell the equity securities acquired under this policy as soon as prudent and in strict compliance with all applicable federal and state laws. The cash proceeds derived from the sale of equity securities shall be distributed in the same proportions as income derived from technology.

**Subd. 2. Acquiring a Controlling Equity Interest in the Commercialization of Technology.** In acquiring, as part of a transaction to commercialize technology, a majority or other equity interest in a company that grants the University the power to direct the company's management or the power to appoint a majority of the voting members of the governing body of the company, the following prohibitions shall apply:

- (a) Except as permitted under other applicable Board policies, the University shall not make a cash investment in, lend money to, or guarantee the obligations of the company; and
- (b) University officials shall not purchase or invest, directly or indirectly, in the equity securities of a licensee as long as the licensee is privately held, except that University employees who are not University officials may purchase or invest, directly or indirectly, in such equity securities if permitted under Board of Regents Policy: *Individual Business or Financial Conflict of Interest* and other applicable Board policies.

**Subd. 3. Appointment of Voting Members to Governing Bodies as Part of the Commercialization of Technology.** The president shall appoint voting members to the governing bodies of privately held companies commercializing technology. A University-appointed member shall:

- (a) be a University employee with demonstrated experience and competence in technology commercialization and in the creation, management, and capitalization of privately held companies; and



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- (b) be reasonably insured against liability arising from service on the governing bodies of such companies.

A University-appointed member:

- (a) shall not accept compensation for service as a member of the governing body of the company, but may accept reasonable reimbursement for service-related expenses;
- (b) shall comply with University policies and procedures;
- (c) shall discharge fiduciary and contractual responsibilities to the company, subject to the performance of University duties as provided in Board and other University policy and procedures; and
- (d) shall resign as a voting member of the governing body of the company prior to the company's becoming publicly held, unless the president or delegate approves an extension of the appointment.

**Subd. 4. Use of Technology Commercialization Income to Assist Commercialization by Non-University Entities.** The president or delegate may authorize non-University entities to use income the University earns from technology commercialization to directly encourage, promote, or assist with the commercialization and development of University intellectual property. The commitment of financial support for particular projects shall not exceed \$250,000, consistent with Board of Regents Policy: *Reservation and Delegation of Authority*.

**SECTION VIII. REPORTING.**

The president or delegate shall report annually to the Board on University activities under this policy.

**SECTION IX. IMPLEMENTATION.**

The president or delegate shall implement this policy and maintain appropriate policies and procedures to administer it.



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**INTELLECTUAL PROPERTY**

**Adopted:** October 8, 1999

**Effective:** May 15, 2001\*

**Supersedes:** (see end of policy)

**OLD VERSION**

**INTELLECTUAL PROPERTY**

**SECTION I. PURPOSE.**

This policy exists to encourage research and innovation, clarify ownership of intellectual property rights, create opportunities for public use of University innovations, and provide for the equitable distribution of monetary and other benefits derived from intellectual property.

**SECTION II. APPLICATION.**

**Subd. 1. Application.** This policy applies to all faculty, staff, students, and any other persons employed by the University; to all persons receiving funding administered by the University or receiving other compensation from the University; and to all University-enrolled graduate students and post-doctoral fellows regardless of funding or employment status.

**Subd. 2. Effective Date.** This policy applies to intellectual property disclosed to the University after the effective date of this policy.

**SECTION III. DEFINITIONS.**

**Subd. 1. Creator.** "Creator" means the individual or group of individuals who invented, authored, or were otherwise responsible for the intellectual creation of the intellectual property, as defined in the applicable intellectual property statutes.

**Subd. 2. Intellectual Property.** "Intellectual property" means any invention, discovery, improvement, copyrightable work, integrated circuit mask work, trademark, trade secret, and licensable know-how and related rights. Intellectual property includes, but is not limited to, individual or multimedia works of art or music, records of confidential information generated or maintained by the University, data, texts, instructional materials, tests, bibliographies, research findings, organisms, cells, viruses, DNA sequences, other biological materials, probes, crystallographic coordinates, plant lines, chemical compounds, and theses. Intellectual property may exist in a written or electronic form, may be raw or derived, and may be in the form of text, multimedia, computer programs, spreadsheets, formatted fields in records or forms within files, databases, graphics, digital images, video and audio recordings, live video or audio broadcasts, performances, two or three-dimensional works of art, musical compositions,



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executions of processes, film, film strips, slides, charts, transparencies, other visual/aural aids or CD-ROMS.

**Subd. 3. Net Income.** "Net income" means the gross monetary payments the University receives as a result of transferring rights in the intellectual property less the University's out-of-pocket expenditures (including legal fees) directly attributable to protecting, developing, and transferring that intellectual property.

**Subd. 4. Regular Academic Work Product.** "Regular academic work product" means any copyrightable work product which is an artistic creation or which constitutes, or is intended to disseminate the results of, academic research or scholarly study. Regular academic work product includes, but is not limited to, books, class notes, theses and dissertations, course materials designed for the web, distance education and other technology-oriented educational materials, articles, poems, musical works, dramatic works, pantomimes and choreographic works, pictorial, graphic and sculptural works, or other works of artistic imagination. Software specifically needed to support a regular academic work product or which is designed to disseminate the results of academic research and scholarly study is also considered a regular academic work product.

**Subd. 5. Employee.** "Employee" means a person employed or otherwise compensated by the University, including faculty members, staff members, and students.

**Subd. 6. Specially Commissioned Work.** "Specially commissioned work" means a work specially ordered or commissioned and which the University and the creator expressly agree in a written instrument signed by them shall be considered as such.

**SECTION IV. ADMINISTRATIVE PROCEDURES.**

The president, in consultation with the vice president for research and the Faculty Senate, shall adopt procedures to implement this policy.

**SECTION V. UNIVERSITY OWNERSHIP.**

Subject to the exceptions in section VI, the University shall be the sole owner of all intellectual property created through the use of University resources or facilities, supported directly or indirectly by funds administered by the University, developed within the scope of employment by employees, agreed in writing to be a specially commissioned work, or assigned in writing to the University.



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**SECTION VI. EXCEPTIONS TO UNIVERSITY OWNERSHIP.**

**Subd. 1. Regular Academic Work Product.** A regular academic work product is owned by the creator and not the University. This subdivision does not apply to a regular academic work product that is assigned in writing to the University or specifically ordered or commissioned and designated in writing by the creator and University as a specially commissioned work.

**Subd. 2. Course Requirement.** Intellectual property created solely for the purpose of satisfying a course requirement is owned by the creator and not the University. This subdivision does not apply if the creator assigns ownership rights in the intellectual property to the University in writing or assignment of such ownership rights to the University is made a condition for participation in a course.

**Subd. 3. Pre-Existing Rights.** If the intellectual property referred to in subdivisions 1 and 2 is a derivative of or otherwise uses preexisting University-owned intellectual property, this section shall not prevent the University from asserting its preexisting rights.

**Subd. 4. Contractual Agreements.** For intellectual property created in the course of or pursuant to sponsored research, external sales, industrial affiliates programs, or other contractual arrangements with external (non-University) parties, ownership will be determined in accordance with the terms of the University's agreement with the external party and applicable law.

**Subd. 5. Outside Consulting Activities.** For intellectual property created in the course of or pursuant to activities that fall within and comply with the Board of Regents policy, *Outside Consulting, Service Activities, and Other Work*, ownership will be determined in accordance with the terms of any agreement governing intellectual property developed pursuant to such activities.

**SECTION VII. USE OF INTELLECTUAL PROPERTY.**

**Subd. 1. Rights to Publish.** Nothing in this policy shall be construed as affecting the rights of a creator to publish, except that the creator must agree to observe a brief period of delay in publication or external dissemination if the University so requests and such a delay is necessary to permit the University to secure protections for intellectual property disclosed to it by the creator.



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**Adopted:** October 8, 1999

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**Subd. 2. Use of Teaching Materials.** In order to facilitate joint work on teaching materials and support collaborative teaching, and notwithstanding the ownership rights otherwise granted by this policy, individuals who contribute teaching materials used in jointly developed and taught University courses thereby grant a nonexclusive, nontransferable license to the University to permit other contributors to the course to continue using those jointly produced teaching materials in University courses.

**SECTION VIII. DISTRIBUTION OF INCOME.**

**Subd. 1. Academic Research or Scholarly Study.** Unless otherwise agreed in writing by the University and creator, in the event that the University receives income from intellectual property that is derived from academic research or scholarly study, that is disclosed to and licensed or otherwise transferred by the University's technology transfer unit, and that is not agreed in writing to be a specially commissioned work, any net income will be divided as follows:

- (1) 33-1/3% to the creator;
- (2) 33-1/3% to the Office of the Vice President for Research to support the University's technology transfer unit and to support research and scholarly activity at the University;
- (3) 8% to the creator's colleges or schools that supported the creation of the intellectual property; and
- (4) 25-1/3% to the department, division, or center that supported the creation of the intellectual property to be spent in support of the creator's research or other directly related University work.

**Subd. 2. Changes to Distribution.** Changes to the distribution of income under subdivision 1, paragraphs (3) and (4) may be appropriate if the income to a department, division, or center becomes disproportionate compared to the unit's budget or if there are administrative organizational changes, including movement of the creator among units. Decisions about redistribution of income under such circumstances shall be made by the vice president for research in consultation with the Senate Committee on Research and the deans of the appropriate colleges or schools.

**Subd. 3. Other Intellectual Property.** If the University receives income from intellectual property disclosed to and licensed or otherwise transferred by the University's technology transfer unit and not covered by subdivisions 1 and 2, it may be appropriate to share some portion of the net income with the creator in the form of a bonus or other temporary salary supplement. Any such distribution will be made in the discretion of the vice president for research in consultation with the creator's supervisor.





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**INTELLECTUAL PROPERTY**

**Adopted:** October 8, 1999

**Effective:** May 15, 2001\*

**Supersedes:** (see end of policy)

**SECTION IX. UNIVERSITY RESPONSIBILITIES.**

The University shall have the responsibility to:

- (1) provide oversight of intellectual property management and technology transfer,
- (2) establish effective procedures for licensing and patenting intellectual property,
- (3) promote effective distribution and marketing of intellectual property,
- (4) protect the University's intellectual property, and
- (5) inform individuals covered by this policy about its provisions.

**SECTION X. RESPONSIBILITIES OF APPLICABLE INDIVIDUALS.**

Employees, all persons receiving funding administered by the University or receiving other compensation from the University, and all graduate students and post-doctoral fellows regardless of funding or employment status, have a responsibility to:

- (1) adhere to the principles embodied in this policy;
- (2) sign, when so requested by the University, the University's Intellectual Property Policy Acknowledgment;
- (3) create, retain, and use intellectual property according to the applicable local, state, federal, and international laws and University policies;
- (4) disclose promptly in writing intellectual property owned by the University pursuant to this policy or created pursuant to sponsored research or other contractual arrangements with external parties that are governed by section VI, subdivision 5, and assign title to such intellectual property to the University or its designee to enable the University to satisfy the terms of any applicable funding or contractual arrangement; and
- (5) cooperate with the University in securing and protecting the University's intellectual property, including cooperation in obtaining patent, copyright, or other suitable protection for such intellectual property and in legal actions taken in response to infringement.

**SECTION XI. COMPLIANCE.**

Failure to comply with the provisions of this policy is a violation and may result in discipline of an employee in accordance with applicable University policies and procedures.

\*THIS POLICY BECAME EFFECTIVE ON MAY 15, 2001 WHEN THE PRESIDENT ACCEPTED ADMINISTRATIVE PROCEDURES REQUIRED FOR ITS IMPLEMENTATION.

SUPERSEDES: EDUCATIONAL MATERIALS DATED APRIL 14, 1967 AND PATENT AND TECHNOLOGY TRANSFER DATED OCTOBER 10, 1986.



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PATENT AND TECHNOLOGY TRANSFER

Adopted: October 10, 1986

Supersedes: (see end of policy)

PATENT AND TECHNOLOGY TRANSFER

**SECTION I. PREAMBLE.**

The three basic purposes of the University are education, research, and public service. This policy is intended to advance these purposes by providing a means to transfer University developed technologies directly to external parties for beneficial use and to obtain and distribute income from such transfers. To accomplish this it is necessary to:

(1) encourage faculty to identify and disclose technologies developed at the University;

(2) protect these technologies through patents, copyrights, semiconductor chip mask registrations, the Plant Protection Act, and other suitable means;

(3) advance beneficial public use of these technologies by effecting transfers under suitable agreements;

(4) derive income from such transfers to be used to support technology protection and transfer, advance University research and education, and compensate the University developers for their contributions to the development and transfer of technology; and

(5) obtain recognition for the University and the University developers for advancing technology beneficial to society.

**SECTION II. DEFINITIONS.**

The following terms shall have the indicated definitions throughout this policy.

**Subd. 1. Personnel.** "Personnel" shall mean all persons employed or otherwise compensated by the University, including faculty, visiting faculty and researchers, staff, civil service employees, research and teaching assistants, residents, fellows and trainees. Personnel shall not include consultants to the University.

**Subd. 2. University Funds.** "University funds" shall mean funds provided by the University for the specific purpose of supporting research. Typically this support may come from grant programs administered by the Graduate School, college or department, the Office of International Programs, or the Center for Educational Development. Additionally, this support may be from funds received by the University through federal and state appropriations to various University units.

**Subd. 3. University-administered Funding.** "University-administered funding" shall mean funding provided to the University by an external entity to support



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research. Typically, such funding is provided by an agency of the federal government, the State of Minnesota, or private sources such as industry or foundations.

**Subd. 4. Development.** "Development" shall mean the results of research by personnel yielding such products as inventions, discoveries, apparatus, devices, processes, computer hardware, computer software, plants, organisms, genetic material, etc., and falling into one of the following categories.

(a) **Category 1.** A development involving the use of University funds or University-administered funding where disclosure and disposition of developments are required by the terms of the funding arrangement.

(b) **Category 2.** A development involving the use of the University funds or University-administered funding where disclosure and disposition of developments are not required by the terms of the funding agreement.

(c) **Category 3.** A development not involving the use of the University funds or University-administered funding.

Developments do not include matter that is primarily educational, literary, or artistic in nature, except where the research sponsor requires application of this policy.

**Subd. 5. Developers.** "Developers" shall mean all personnel who produce a development (e.g., the inventor of an invention upon which a patent application is filed, etc.)

**Subd. 6. Transferee.** "Transferee" means any legally-constituted organization or individual that acquires rights in a development under a license from the University.

**Subd. 7. Net Income.** "Net income" means the gross monetary payments the University receives as a result of transferring rights in a development less the University's out-of pocket costs for protecting, developing, and transferring that development.

**SECTION III. APPLICATION OF POLICY.**

This policy shall be a condition of employment from the time that this policy becomes effective and applies to all personnel.

**SECTION IV. RIGHTS AND OBLIGATIONS.**

**Subd. 1. Rights to Publish.** Nothing in this policy shall be construed as affecting the rights of personnel to publish. An appropriate means of protection of a development



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may require a limited period of nondisclosure in order to secure certain rights. Personnel may agree to observe such nondisclosure requirements.

**Subd. 2. Category 1 Developments.** Developers shall fully disclose to the University all developments made under a funding arrangement as required by that arrangement. The University shall handle such developments in accordance with the terms of the funding arrangement and this policy. The University may require the developers of such developments to assign title in such developments and to sign all papers and provide all other assistance necessary to effect the University's obligations under the funding arrangement.

**Subd. 3. Category 2 Developments.** For developments where disclosure and disposition is not required under a funding arrangement, participation by developers in the technology transfer process at the University is voluntary. However, if developers elect to protect and/or commercially exploit their developments, they must first fully disclose in confidence those developments to the University. The University shall have the first right to acquire title to such developments.

**Subd. 4. Category 3 Developments.** Participation by developers of category 3 developments in the technology transfer process at the University is strictly voluntary. Obtaining protection for such developments is complementary to the University's mission, is compatible with academic pursuits, such as publishing, and enhances the potential for beneficial use of the development. Accordingly, developers are urged to consider utilizing the University's technology transfer service.

**Subd. 5. Category 2 and 3 Developments.** The University shall evaluate each disclosed development and shall, within two weeks of the disclosure, contact the developers to discuss disposition of the development. If the University proceeds with protection or commercialization of the development, it will require the developers to assign title in the development to the University. The developers shall sign all papers and provide all assistance necessary to enable the University to obtain patent, copyright, chip mask, or other suitable protection for a development assigned to the University. Developers shall also provide reasonable assistance to the University in identifying potential transferees and in providing potential transferees with information concerning such development. The University shall, at its own expense, use its best efforts to suitably protect and transfer developments assigned to the University. The University shall keep developers fully informed of such efforts. If the University determines that it will not proceed with the development and if it is permitted by the funding arrangement, the University will waive title to the development to the developers.



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**Subd. 6. Scope of Protection.** The nature and extent of the protection sought shall be decided by the Office of Patents and Licensing in consultation with personnel.

**SECTION V. FINANCIAL CONSIDERATIONS FOR CATEGORY 1 AND 2 DEVELOPMENTS.**

**Subd. 1. Generally.** Out-of-pocket costs of assistance to be provided by developers under section IV, subdivisions 2 and 5 shall be approved in advance and reimbursed by the University. The University shall share income derived from a development as provided below. Gross monetary income received by the University from a development shall first be used by the University to reimburse itself for out-of-pocket costs associated with that development.

**Subd. 2. Distribution of Net Income from Development Upon Which a Patent Application is Filed.** Net income from such developments shall be divided as follows.

(a) Thirty-three and a third percent to the Office of Patents and Licensing. The share of patents and licensing shall be used to cover the University's out-of-pocket costs for technology protection, development, development and transfer activities concerning other developments not otherwise covered. The remaining portion of such share shall be used to support University activities.

(b) Thirty-three and a third percent to the unit from which the development came, to be divided 8 percent to the developer's college and 25 1/3 percent to direct support of the developer's research. In the event that the developer leaves employment by the University, the latter shall revert to the developer's department. It is recognized that in a rare instance a development will return such a large amount of income to the University that providing the full 25 1/3 percent share to the developer's research would be inappropriate. In such instance, the developer's dean and department head may reduce the share of the net income that supports the developer's research in a manner consistent with section I.

(c) Thirty-three and a third percent to be divided among the developers of the development. The developers and any others shall share in proportions agreeable among the developers.

**Subd. 3. Distribution of Net Income from Developments Upon Which No Patent Application is Filed.** Net income from such developers shall be divided as follows.

(a) Twenty-five percent to the Office of Patents and Licensing.

(b) Seventy-five percent to be divided among the developers. The developers and any others shall share in proportions agreeable among the developers.



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**SECTION VI. FINANCIAL CONSIDERATION FOR CATEGORY 3 DEVELOPMENTS.**

Gross monetary income received from such developments shall be first used by the University to cover out-of-pocket costs associated with that development. Net income shall be distributed as appropriate to the specific situation as agreed to by the developer and the Office of Patents and Licensing. As a general rule for developments on which a patent application is filed, the net income will be distributed 50 percent to the developers and 50 percent to the Office of Patents and Licensing.

**SECTION VII. ADDITIONAL FINANCIAL CONSIDERATIONS FOR CATEGORY 1, 2, AND 3 DEVELOPMENTS.**

**Subd. 1. Distribution of Other Compensation.** The University may, as circumstances warrant, negotiate forms of compensation other than monetary income for a transferred development (e.g., shares of stock). In such circumstances the University shall make suitable arrangements for compensation of all persons and units having a right to share in net income, with the express agreement of all such persons and units.

**Subd. 2. Other Payments to Developers.** At its discretion, the University may pay developers for extraordinary efforts in identifying potential transferees and interesting them in the development.

**SECTION VIII. FUNDING TERMS.**

The obligations and procedures outlined by this policy are subject to the terms and conditions of any funding arrangement governing the disposition of a development. In the case of arrangements with industrial or other for-profit sponsors, the University shall not agree to any terms that give such sponsor substantial rights in developments without first consulting the principal investigators. Generally, industry sponsors will acquire some rights in developments made under research projects they fund.

**SECTION IX. TRANSFER TERMS.**

**Subd. 1. Maximize Public Utility and Fair Return.** The University will seek to transfer developments for commercialization to maximize their public utility and to obtain a fair return to the developers and the University for distribution in accordance with this policy. While it is impossible to define all of the situations that may arise and the appropriate terms for such situations, the following principles shall generally apply.



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**Adopted:** October 10, 1986

**Supersedes:** (see end of policy)

**Subd. 2. Consideration for Granting Rights.** The University shall not grant rights to a development without fair compensation in the form of royalties and/or other consideration, which may include funding of the research.

**Subd. 3. Exclusive Rights.** The University may grant exclusive rights (including a grant of title) in a development to effect transfer. The University shall provide terms in the exclusive agreement that will obligate the party obtaining rights to adequately exploit the development to meet a market. The University shall also retain a right to terminate the exclusive agreement and reacquire all rights to the development if the party having exclusive rights does not adequately exploit the development.

**Subd. 4. Special Circumstances.** The University may grant rights to development under more favorable terms than in subdivisions 2 and 3 where special circumstances warrant (e.g., a project utilizing base technology contributed by the sponsor or a situation where there are sufficient assurances that a development will be adequately exploited without the terms specified in subdivision 3).

**Subd. 5. Development Transfer.** The University may enter into agreements with organizations that will themselves attempt to transfer a development for commercialization.

**SECTION X. OFFICE OF PATENTS AND LICENSING.**

All disclosures of developments shall be made to the University Office of Patents and Licensing. It is the responsibility of the Office of Patents and Licensing to administer disclosures and developments in accordance with work within this policy and seek approval from the Patent and Technology Transfer council for variations where the provisions of the policy are inadequate or inappropriate for a specific situation.

**SECTION XI. EFFECTIVE DATE.**

This policy shall become effective when adopted by the Board of Regents upon recommendation of the University Senate.



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**PATENT AND TECHNOLOGY TRANSFER**

**Adopted: October 10, 1986**

**Supersedes: (see end of policy)**

**PATENT AND TECHNOLOGY TRANSFER AGREEMENT**

I have read and understand the attached Board of Regents policy, "Patent and Technology Transfer." In consideration of the provisions of that policy and my employment at the University of Minnesota, I agree to abide by that policy.

I agree to disclose to the University all technical developments that I conceive or develop with the use of University funds or University-administered funding in all cases in which I decide to seek protection for that development through patents, copyrights, or other means or have decided to seek commercial exploitation of that development. I also agree to disclose to the University all technical developments I make under a University-administered funding arrangement when required by that arrangement.

For all developments I have agreed to disclose under the previous two sentences, I agree to sign all papers and provide all assistance necessary to give the University title to such developments, enable the University to obtain patent, copyright, or other suitable protection for such development and enable the University to satisfy the terms of any applicable funding arrangement. I also agree to provide reasonable assistance to the University in identifying companies that may be interested in such developments and in providing information to such companies.

I understand that nothing in the Board of Regents policy, "Patent and Technology Transfer" or this agreement restricts my right to publish the results of research I perform at the University. I also understand that I am not required to disclose technical developments to the University made without the use of University funds or University administered funding.

I understand that this agreement does not give me any rights to developments not conceived by me.

Name (Please print or type) \_\_\_\_\_

Date \_\_\_\_\_ Signature \_\_\_\_\_

Social Security Number \_\_\_\_\_





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EDUCATIONAL MATERIALS  
Adopted: April 14, 1967

**EDUCATIONAL MATERIALS**

**SECTION I. COVERAGE OF STATEMENT OF POLICY**

This statement of policy shall govern only the ownership and use of University-sponsored educational materials, as defined in section II.

**SECTION II. UNIVERSITY-SPONSORED EDUCATIONAL MATERIALS.**

**Subd. 1. University-Sponsored Educational Materials.** Educational materials are University-sponsored:

(1) if the author or producer has employed in the developmental work, and without personal charge to the author or producer, the equipment, materials, or staff services of the Radio and Television Department, Audio-Visual Education Service, Center for Programmed Learning, Bureau of Institutional Research, Center for Curriculum Studies, or any other new agency, or combinations of old agencies, established or supported by the University to assist in developing and producing educational materials; or

(2) if the author or producer has been commissioned in writing by the University, or one of its colleges, schools, departments, or agencies to develop the materials and, in their production, has used some part of the time for which compensation was received from University support budgets, grant and contract budgets administered by the University, or budgets based on special legislative appropriations:

**Subd. 2. Application.** The types of educational materials to which this policy is designed to apply include:

- (1) video and audio recordings;
- (2) study guide, tests, syllabi, bibliographies, and texts;
- (3) films, film strips, charts, transparencies, and other visual aids;
- (4) programmed instructional materials;
- (5) live video or audio broadcasts; and
- (6) other materials used for instruction.

**Subd. 3. Determination on Applicability of Policy.** Any person who has a question as to whether particular educational materials being prepared, or are planning to prepare, will be considered University-sponsored shall initiate inquiry as to their status. The individual should prepare a report on the relevant facts and forward it to the appropriate department and dean, and through them to the administrator of University-sponsored educational materials. The department head and dean should



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submit their written recommendations on the case to the administrator, who shall determine the question subject to review by the president's office and the Board of Regents. On the basis of their experience with the administration of the policies set forth in this statement, the administrator and the faculty committee appointed as provided in section III, as quickly as they deem feasible, shall formulate procedures that will enable an author or producer to be informed at the earliest possible time that the educational materials will be regarded as University-sponsored within the meaning of this statement of policy.

**Subd. 4. Development of Materials.** It shall be the policy of the University to support the development of instructional materials through regularly-assigned staff time, and regularly-funded support for incremental expenses attending production. Departments and colleges are responsible for assigning appropriate revision.

**SECTION III. INTERPRETATION AND ADMINISTRATION OF POLICY**

**Subd. 1. Establishment of Committee.** The president of the University shall appoint a committee on University-sponsored educational materials, with not fewer than five members, a majority of whom shall be chosen from the teaching faculty. The president, with the advice of this committee, shall also designate an administrator of University-sponsored educational materials, who shall be an ex-officio member of the committee.

**Subd. 2. Policy Interpretations and Applications.** The committee shall advise the administrator on interpretations and applications of policy, and shall from time to time review with policy set forth in this statement and recommend such changes to the Senate Committee on Educational Policy and the president as the committee deems desirable.

**Subd. 3. Distribution of Policy.** When this statement becomes effective as University policy, the president's office shall distribute it to all faculty members and administrative officers of the University. Thereafter, the administrator shall distribute the statement to all new faculty members and administrators. The administrator shall remind deans and department heads annually of the existence of the policy, and shall report annually to deans and department heads on any significant interpretations of the policy.



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**EDUCATIONAL MATERIALS**

Adopted: April 14, 1967

**Subd. 4. Approval of Written Agreements.** All written agreements between an author or producer and the University, which may be entered into pursuant to this policy, shall be submitted for approval to the administrator of University-sponsored educational materials, who in turn shall make a recommendation on such agreements to the senior vice president for finance and operations.

**SECTION IV. OWNERSHIP.**

Ownership of University-sponsored educational materials shall be vested in the University, subject to the conditions set forth in this statement of policy. The University shall copyright all materials subject to copyright, but this shall not affect a staff member's right to make use of the contents of the materials in forms other than the University-sponsored form, as long as the University's copyright is protected in the subsequent use.

**SECTION V. CATEGORIES OF USE.**

Two categories of use are differentiated for purpose of this policy.

**Subd. 1. Internal Use.** Use internal to the University, or use by any unit of the University for instruction or education.

**Subd. 2. External Use.** Use external to the University, or all uses other than by a unit of the University for instruction or education; for example, use by educational institutions other than the University, government and other nonprofit institutions, and use resulting from lease or other contractual arrangements for commercial distribution of the materials.

**SECTION VI. CONDITIONS OF USE.**

Use of University-sponsored materials prepared under this policy shall be subject to the following conditions.

**Subd. 1. Departmental and College Approval.** Each instance of use internal to the University requires approval of the department and college primarily responsible for the materials. Such approval is normally implicit in the procedures by which the department and college schedules its courses and assigns instructional duties.



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**Subd. 2. Authority of Author.** As long as the author or producer of University-sponsored materials remains a member of the staff of the University.

(a) The staff member's approval shall be required for each instance of use of the materials internal to the University.

(b) Unless otherwise stipulated in written agreement between the staff member and the University, the staff member may require revision of the materials prior to any instance of use internal to the University.

(c) If the revision the staff member requires is not feasible to the University, the staff member may ask that the materials be withdrawn from use. If materials so withdrawn have been copyrighted, the University shall assign such copyright to the author or producer subject to a written agreement between the University and the author or producer relating to further University use of the materials and division of income from any subsequent use of the materials.

**Subd. 3. Review and Revisions of Material.** If the University-sponsored educational materials are used internally without revision for a period of three years, it shall be the policy of the University to ask the author or producer and the appropriate University instructional unit to review the materials and determine whether they shall continue to be used.

**Subd. 4. Rights After Termination of Employment.** If an author or producer terminates employment with the University, then the University retains the right to make internal use of the University-sponsored educational materials for whatever part there may remain of a period of three years after the date on which the materials were most recently revised, or, in the event that they have not been revised, a period of three years after the date on which their initial production was completed. Prior to the end of this three-year period, the University may negotiate a contract with the author or producer, or the estate, stipulating the conditions for subsequent internal use of the materials and the procedures for their revisions.

**Subd. 5. Licensing or Sale of Materials.** Licensing or sale of University-sponsored educational materials for external use shall be preceded by a written agreement between the University and author or producer specifying the conditions of use, and including provisions protecting the right of the author or producer to revise the materials periodically, or to withdraw them from use in the event the revision is not made.



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**SECTION VII. PAYMENTS FOR PRODUCTION AND USE.**

**Subd. 1. Prohibition on Payment to Author.** With the exceptions specified below, the University shall not make any payment to the author or producer of University-sponsored educational materials for their production or internal use other than the compensation regularly received from the University.

**Subd. 2. Exceptions on Payment for Production.**

(a) Staff members on full-time employment may receive payment on an overload basis to produce materials for use in the extension division. Such payment shall follow the present University policy enabling the extension division to pay for instruction on an overload basis and shall be provided for in an agreement between the extension division and the staff member, which shall be subject to the approval of the administrator of University-sponsored educational materials.

(b) Staff members on B appointments may receive summer grants or salaries for the production of educational materials.

**Subd. 3. Exceptions on Payment for Internal Use of Materials.**

(a) If materials prepared for use in another unit of the University are used for extension instruction with the advice and assistance of the author or producer, the extension division, in accordance with its existing policies, may make additional payment to the author or producer for such advice and assistance.

(b) If the use of materials by units of the University other than the unit to which the author or producer belongs involves an extension of the normal duties of the author or producer in supervising use or managing revisions, and if such payment cannot be budgeted as part of the regularly assigned instructional duties of the author or producer, the appropriate instructional unit of the University may recommend payment on an overload basis to the author or producer subject to the approval of the administrator of University-sponsored educational materials.

(c) If the author or producer leaves the staff of the University, the contract negotiated by the University with the individual or the individual's estate, described in section VI, subdivision 4, shall provide payment to the individual or the individual's estate for further internal use of the materials.

**Subd. 4. Licensing External Use.** The University shall license external use of University-sponsored educational materials only after it enters into a written agreement with the author or producers specifying how much of the net income (net after sale and distribution costs) shall be paid to the author or producer. The following general principles shall be reflected in the agreements.



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(a) Fifty percent of the net income derived from the external use of University-sponsored educational materials shall ordinarily go to the University, 50 percent to the author or producer.

(b) The University, upon recommendation from the administrator for University-sponsored educational materials, may enter into agreements for dividing the net income on some other basis if special circumstances attend the production or use of these materials.

**SECTION VIII. PRODUCTION AND USE INVOLVING NON-UNIVERSITY AGENCIES.**

The University may administer funds provided by non-University agencies (such as the federal government) under contract or grant to pay for staff time, services, or materials incident to the production of educational materials. In such cases, the University may enter into agreements with such agencies recognizing their rights, in whole or in part, to the ownership of the materials produced and to the net income from their use. In negotiating agreements with non-University agencies for the production of educational materials, it shall be the policy of the University to seek to protect the rights of both the University and the author or producer of the materials to a reasonable share of the income, if any, from use, and to reasonable participation in determining the conditions of use. The administrator of University-sponsored educational materials shall inform staff members receiving payments from funds provided by non-University agencies for the production of educational materials as to the rights reserved to such agencies under the agreements between these agencies and the University.

**SECTION IX. PROTECTION AND LIABILITY.**

**Subd. 1. Protection from Unauthorized Use.** The administrator of University-sponsored educational materials shall investigate allegations of unauthorized use or copyright infringement of University-sponsored educational materials and shall recommend appropriate action. If the University decides not to act, the author or producer may initiate action and the University shall assign to the author or producer such rights as are necessary for the author or producer to pursue redress. If such action is started by the University, acting alone or in concert with the author or producer, all costs of such actions (including attorney's fees) shall be borne by the University. All proceeds in excess of such costs shall be shared equally by the University and the author or producer, or if there is an agreement as provided in section VII, subdivision 4, in accordance with that agreement.



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**Subd. 2. Liability.** Before any use is made of University-sponsored educational materials, the author or producer shall certify in writing to the administrator of University-sponsored educational materials that to the best of the author's or producer's knowledge the materials do not infringe on any existing copyright or other legal rights. When others allege violations of personal or property rights by the University, or by the author or producer of University-sponsored educational materials, the University shall assume responsibility for the defense of any action and the satisfaction of any judgments rendered against the University or the author or producer. However, the administrator of University-sponsored educational materials, acting for the University, may request the author or producer to indemnify and hold harmless the University for all costs to which it has been subjected.