

PG-18 – Intellectual Property Policy

Subject: Ownership of Inventions, Discoveries and Copyright Materials

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Morehead State University PG-18 - Intellectual Property Policy

I. Introduction

The Intellectual Property (IP) Policy of Morehead State University (University) is based upon the following University values, principles, and commitments:

- The essential mission of the University is the creation and dissemination of knowledge;
- The University supports this mission by encouraging, fostering, and protecting research, scholarship, and creativity in all forms;
- IP will be created within the University and there exists an obligation to disseminate it as widely as possible for the public good;
- IP is created by individuals, or by groups of individuals, who are entitled to be involved in the commercialization process;
- The University is committed to academic freedom of individuals, a rich and vibrant public environment, and a healthy local and regional economy.

II. Objectives

The objectives of the IP Policy are:

- to maintain a University environment that encourages the generation of new knowledge by faculty, staff, and students;
- to facilitate the University process in bringing new discoveries and developments into public and/or private use;
- to evaluate, where appropriate, the commercial significance of new discoveries and developments owned by the University;
- to provide for the equitable disposition of interests in shared IP among the creator(s), the University, and, where applicable, any external collaborator(s) or sponsor(s);
- to provide incentives to creators in various forms, including professional development, recognition, and financial compensation;
- to safeguard IP so that it may receive adequate and appropriate legal protection against unauthorized use and protect the interests of all concerned parties.

III. General Policy

A. Applicability

This policy shall apply to all IP conceived, first reduced to practice, written, or otherwise produced by faculty, staff, or students of the University using University resources (fiscal, human, or physical).

B. Definition of Intellectual Property

IP, for the purpose of this policy, is defined as the tangible or intangible results of scholarship, research, development, teaching, or other intellectual activity. IP may include but is not limited to the following categories:

1. Inventions, discoveries, processes, or other new developments which are appropriate subjects of patent applications;
2. Written materials; exhibits; sound, video, and other media productions; computer programs; computer-based instructional materials; works of art including paintings, sculptures, and musical compositions; and all other materials which may be copyrightable.
3. Tangible research materials including biological, chemical, physical, and technological products; as well as analytical procedures and laboratory methods. These may or may not be patentable or copyrightable.

C. Ownership of Intellectual Property

IP developed by persons to whom this policy applies shall be the sole and exclusive property of the creator of said IP unless the subject IP is:

1. developed within the person's scope of employment within the University;
2. developed in the course of a project specifically sponsored or commissioned by the University;
3. developed with the *substantial use* of University resources (fiscal, human, or physical); or
4. developed in the course of a project arranged, administered, or controlled by the University and sponsored by persons, agencies, or organizations external to the University.

In cases in which any of conditions 1 through 4 apply, *except as exempted hereafter* (III. D.) IP shall be the sole and exclusive property of the University.

D. Exemptions & Exceptions

1. Traditional Academic Scholarly Work

In keeping with academic traditions of the University, the creator retains all rights to the following types of IP, without limitation: books (including textbooks), monographs, articles, reviews, and works of art (including, but not limited to, paintings, sculptures, plays, choreography, musical compositions); and individual course materials such as syllabi, exams, lectures, transparencies, study guides, workbooks, and manuals. Also included are instructional software, web pages, and internet-based instructional materials developed by faculty members in the course of their usual scholarly, pedagogical, and service activities. The latter include projects undertaken during sabbatical leaves, faculty fellowships, and other special assignment periods intended for such activities.

The University will not claim ownership rights to such traditional works, and it specifically disclaims any potential rights to do so under the “work for hire” provisions of the U. S. Copyright Act, unless there is a predetermined written agreement.

For the purposes of this policy, works by non-faculty employees shall not be considered traditional academic scholarly works.

The University may have the need to have IP developed for its use, ownership, and benefit that would normally be considered traditional academic scholarly work. Should the University engage the services of a faculty member to develop such IP, the terms and conditions of the development, ownership, and compensation of the faculty member shall be set forth in a predetermined written document.

2. Students

Students who independently create IP arising out of their participation in programs of study at the University, and that do not result from their employment by the University, will retain legal rights thereto. IP created by students through the substantial use of University resources or in connection with their employment by the University is owned by the University.

3. Externally Sponsored Work

IP created as a result of work conducted under an agreement between an external sponsor and the University that specifies ownership of such IP shall be owned as specified in said agreement in accordance with state and federal law.

4. Individual Agreements

Except where limited by external sponsorship agreements, creators and the University may negotiate individual agreements to govern ownership of IP regardless of the applicability of any other provision hereof.

5. Consulting and Other Activity

IP developed outside an employee's scope of employment, on the employee's own time and without substantial use of University resources shall be the sole and exclusive property of the creator. In accordance with PAc-5, consulting activities that involve substantial use of University resources (fiscal, human, or physical) must be performed on a contractual basis with the University. In such cases, the contract should specify ownership of IP. If ownership is not specified, then ownership shall be determined in accordance with this policy (III.C.)

6. Public Domain Preference

The University and the creator(s) may place an invention in the public domain for non-commercial, academic dissemination purposes if that would be in the best interest of technology transfer, and if doing so is not in violation of the terms of any agreements that supported or governed the work.

7. Prior Patentable Work

Prior patentable IP or any other rights to prior IP held by faculty, staff, or students are excluded from this policy. Prior patentable IP should be identified in writing at the time of appointment or enrollment.

8. Waiver of Ownership

University rights of IP ownership may be assigned to the creating employee. An assignment under this section shall only occur through a written document signed by the Associate Provost for Research.

In consideration of University support in evaluating IP, seeking patent protection, and/or pursuing commercialization activities, creators may request that the University accept such IP for evaluation, management, and commercialization. If the University accepts such IP, that IP becomes subject to, and shall be treated in accord with, all provisions of this policy.

IV. Administrative Responsibilities and Procedures

A. Creator(s)

Persons to whom this policy applies are responsible for disclosing to the University any IP that could reasonably be expected to have commercial value and, in accordance with this policy, be owned by the University. Disclosure shall be made to the Associate Provost for Research using the Confidential Disclosure and Record of Invention Form. The Associate Provost for Research will coordinate the review of the Disclosure by the Intellectual Property Committee (IPC). The IP creator(s) will cooperate in the execution of legal documents and in the review of literature and prior art (e.g., patent searches); be given the opportunity to assist in the further commercial development of the IP; and

receive consideration regarding any income derived from the commercialization of such property as described herein.

In the event that two or more persons are entitled to claim ownership of the IP, the creators shall reach agreement between and among themselves regarding relative contributions for the purposes of distribution of net income from the commercialization of said IP. That agreement should be in writing and notarized. The agreement will be required prior to review by the University IPC.

Creators should particularly note that certain acts (e.g., publication of the IP in an academic journal or possibly presentation at a conference) can constitute a statutory bar to patent protection. Creators contemplating public disclosure activities prior to filing a Disclosure should contact the Associate Provost for Research prior to engaging in those disclosure activities.

B. Intellectual Property Committee

The IPC is a standing University committee with ten (10) voting members. The IPC serves as the administrative committee for all matters concerning IP. The IPC shall have three members by virtue of position: Associate Provost for Research (voting), Chief Financial Officer (voting), and University General Council (non-voting). Six (6) members of the faculty (including professional librarians) and two (2) staff members with experience in IP matters will be appointed annually by the President. The Associate Provost for Research will serve as chair of the IPC. Additional ad hoc members (non-voting) may be added as needed for their professional expertise in specific IP matters. All members (voting and non-voting) shall execute confidentiality agreements to ensure that all information concerning IP disclosed to the IPC is held confidential.

Administrative support for the IPC will be provided by the Office of Research and Sponsored Programs, which will serve as the official custodian of the IP Disclosure Form and all confidential materials.

C. Disclosure and Review Procedures

Upon receipt of an IP Disclosure Form, the Associate Provost for Research shall notify the creator(s), in writing, of the official receipt date, and convene the IPC for evaluation of said disclosure.

The committee shall conduct an investigation as it deems necessary in performing its evaluation. The creator(s) shall make available, upon request, originals or copies of all documents and designs, including logs, research workbooks, etc., that are necessary to support an understanding of the IP and its scope and value. Moreover, as necessary, the creator(s) shall assist the IPC in obtaining and maintaining legal protection for the IP by disclosing essential information, signing applications and other necessary documents, and assigning technology rights. The University will reimburse the creator(s) for any and all reasonable expenses incurred complying with IPC requests for additional information.

Upon completion of the evaluation, the IPC shall provide its recommendation as to ownership of the IP, appropriate patent protection, and commercialization opportunities. The Associate Provost for Research shall transmit these recommendations to the Provost and Vice President for Academic Affairs of the University, who shall render the decision to pursue protection of the IP. The Associate Provost for Research shall communicate the decision, in writing, to the creator(s) and the IPC. This decision shall be communicated to the creator(s) within one-hundred and twenty (120) calendar days of receipt of the initial disclosure and requested supportive documentation. The IPC may extend this deadline if further examination is needed or additional information is required. The creator(s) must be informed of the reasons for the deadline extension, in writing, at least fifteen (15) days prior to the end of the original deadline. The extended deadline may not exceed forty-five (45) calendar days, unless mutually agreed upon by all parties.

If the deadline is not formally extended and a decision has not been rendered within the one-hundred and twenty (120) day period, then the time shall have lapsed and primary ownership rights to the disclosed IP shall be returned to the creator, except a perpetual, non-exclusive, non-transferable, royalty free license/right shall be retained by the University for non-commercial use of the disclosed IP.

If the decision of the Provost is not to seek patent or copyright protection of the disclosed IP, and the University has an ownership interest in the IP, the University's ownership interest shall be assigned to the creator(s). The Associate Provost for Research will administer this action.

For disclosed IP in which the University is deemed to have an ownership interest, following a decision by the Provost to seek patent protection, copyright registration, and/or commercialization of the IP, the Associate Provost for Research shall arrange to have these activities undertaken and oversee execution. All direct costs associated with those activities shall be borne by the University.

For inventions made in the course of a project funded in whole or in part by a federal agency, the Bayh-Dole Act (37 CFR 401) imposes certain reporting requirements associated with the technology transfer process. The Associate Provost for Research is responsible for ensuring that those requirements are satisfied.

D. Appeals

1. If any creator does not agree with the decision of the Provost, an appeal may be made to the President.
2. The appeal shall be made in writing, delivered to the President and copied to the Provost and IPC chair within fifteen (15) working days of the issuance of the decision.
3. Any appeal shall set forth the specific reasons supporting the position of the creator(s) and include any supporting documentation.

4. Upon receipt of an appeal of the Provost's decision, the President shall review the information provided and, within twenty (20) working days, shall issue a written decision on the appeal. The decision on this review will be the final decision of the University.

V. Development and Commercialization

A. Development of Intellectual Property

Upon electing ownership to IP, the University will make every reasonable effort to develop the IP. Development options include, but are not limited to:

1. evaluating and processing the IP through patent applications (provisional or U.S. patent), or copyright registration;
2. assigning IP to a patent management agency for evaluation and processing;
3. assigning or licensing to a commercial firm; and
4. negotiating and recommending equity positions with company(ies) willing to commercialize the IP.

B. Commercialization

In commercializing IP, the University shall be guided by the following principles:

1. active creator(s') participation in all commercialization will be vigorously sought;
2. the primary objective and responsibility of the University shall be to assure that the products of its intellectual activity are brought into the widest possible use for the general benefit of society; and
3. IP is treated as an asset and an appropriate return should be sought.

In an effort to commercialize IP, the University will seek a variety of arrangements such as licenses, outright assignments or sale of rights, partnerships, and joint ventures. The selection of particular arrangements will depend upon the individual circumstances.

In some instances, it may be in the best interests of the creator, University, and the general public to enter into a commercialization arrangement with entities wholly or partially owned or controlled by the faculty, staff, or students who originated the property. Because these arrangements have the potential of contributing to economic development, such arrangements may be considered and accepted, provided they are not specifically prohibited by law and that adequate provisions, including full disclosure of interests, are made to avoid or otherwise protect against conflict of interest on the part of those involved.

Commercialization of IP can be risky. Based on national data, the process fails more often than it succeeds. If no commercialization has occurred within two (2) years after the IP is disclosed, the creator(s) may request that all rights be transferred to the creator. The request should be addressed to the IPC. It should explain what efforts have been

made to date and why the creator(s) should receive ownership. The IPC will make a determination as to whether reasonable efforts to commercialize have been taken and will forward a recommendation to the Provost.

VI. Royalty Income Sharing Policy

Net revenues derived from the commercialization of IP shall be shared as follows:

- 50% to the Principal Inventor(s);
- 25% to the Intellectual Property (IP) Fund (to fund future development of IP as described above);
- 10% to the Office of Research and Sponsored Programs (RSP);
- 10% to the Academic Department/Unit of the PI(s);
- 5% to the College of the PI(s).

The IP, RSP, Department, and College Funds shall be allowed to build across fiscal years, and shall be used to support the development of research and IP programs and infrastructure. Costs associated with securing IP will be borne by MSU with such costs offset against future income. All costs directly related to the acquisition of IP rights will be reimbursed from the first receipt of revenue, before distribution is made to the creator, department, college, RSP and IP funds. Similarly, future necessary costs for securing IP rights will be reimbursed by revenues prior to distribution (as above).

The creator's rights to share in revenue as stated above (but not including the department's share) shall remain with the individual or pass to the individual's heirs and assigns for so long as net income is derived from the property.

Due to conditions of employment and/or the nature of work assignments, it may be appropriate to agree to alternate distribution of net income for employees and/or the distribution ratios. Such modifications must be submitted to the Associate Provost for Research, in writing, and will be considered by the IPC.

This policy shall not change revenue-sharing agreements entered into prior to the adoption of this policy.

VII. Voluntary Participation in the Commonwealth Commercialization Center

MSU is a partner in the Commonwealth Commercialization Center (C3), a nonprofit corporation affiliated with the University of Kentucky Research Foundation, Inc. and the University of Louisville Research Foundation, Inc. Creators of IP at MSU may choose to collaborate with C3, through the auspices of the MSU Office of RSP, for its assistance in identifying, developing, assessing, protecting and commercializing the tangible products of IP, as well as for gaining information concerning opportunities, processes and best practices for developing and commercializing early stage research. All interactions and collaborations of MSU personnel with C3 for the development and commercialization of IP must adhere to all standing policies documented in this document (PG-18).

Information for collaboration with C3 for the development and commercialization of IP may be obtained from the Associate Provost for Research, who is the University liaison.

VIII. Binding Nature of this Policy

The policies set forth here constitute an understanding that is binding on MSU faculty, staff, administrators, student employees, students, and/or visiting faculty or researchers as a condition of their participation in University research, teaching, and service programs and for their use of University resources (fiscal, human, or physical).

IX. Definitions

1. Creator – any person or persons who create an item of IP.
2. Faculty – all members of the University’s faculty organization including instructors, lecturers, adjunct, visiting, and other part-time temporary teaching positions.
3. Net revenue – all income received by the University (royalties, license fees, etc.) on IP that it assigns, sells, or licenses, minus any application, litigation, interference, or marketing costs directly attributable to the IP being licensed and a University administrative overhead fee (10%). Deductible costs shall be fair and reasonable, and shall be properly disclosed; the sources and amounts of compensation shall also be properly disclosed.
4. Scope of Employment – refers to activities which have been assigned to an employee by his or her supervisor or which are performed during the normal working hours or which fall within the employee’s job description. IP created by University employees who were employed specifically to produce a particular IP shall be owned by the University. Faculty are presumed not to be hired to produce a particular IP. On the other hand, computer programs written on the job by staff computer programmers would fall under this provision.
5. Staff – any employee of the University other than students and faculty. If a student is a part-time University employee, (s)he is considered as staff with regard to IP developed as a result of University employment, and a student with regard to other IP. A full-time non-faculty employee who is also taking one or more courses is considered to be staff. Visitors to the University who make substantial use of University resources are considered as staff with regard to any IP arising from such use.
6. Student – any full- or part-time graduate or undergraduate student, regardless of whether the student receives financial aid from the University or from outside sources. If a student is a part-time University employee, (s)he is considered as staff with regard to IP developed as a result of University employment, and a student with regard to other IP.

7. Substantial Use – means extensive un-reimbursed use of major University laboratory, studio, or computational facilities, or human or financial resources. The use of these facilities must be important to the creation of IP; merely incidental use of a facility does not constitute substantial use, nor does extensive use of a facility commonly available to all faculty or professional staff (e.g., libraries and offices), nor does extensive use of a specialized facility for routine tasks. Use will be considered “substantial” if the use of University funds, equipment, materials, or other resources would ordinarily result in a cost to the University (direct, indirect, or depreciative) of more than \$5000.