

## **INTELLECTUAL PROPERTY PROCEDURES**

This document is intended as a companion to the Intellectual Property Policy. It provides procedural information for the implementation of the Intellectual Property Policy. It is subject to change informed by emerging technologies, media, and changes in regulations and financial exigencies. The section headings correspond to appropriate sections in the parent policy. Capitalized terms used in this procedures document are defined in the Intellectual Property Policy.

### **1. TYPES OF INTELLECTUAL PROPERTY**

Examples of Technical Works are patentable or unpatentable inventions, discoveries, ideas, improvements, modifications, derivatives, creations, devices, machines, processes, methods, and compositions; research data; algorithms; software; source code; object code; machine language; mobile and broadband applications or “apps;” chemical materials; and biological materials.

Examples of Creative Works might include creative productions and other copyrightable materials, such as works of art; musical or choreographic scores; books, poems, and other types of scholarly or creative writings; films; video and audio recordings; and instructional materials, such as textbooks, course syllabi, lectures, course proposals, tests, and multimedia programs.

Computer software is classified as a Creative Work if its value is primarily due to its instructional content; otherwise, it is classified as a Technical Work.

### **2. MANAGEMENT OF INTELLECTUAL PROPERTY**

Intellectual Property Services (IPS) consists of three offices: the Technology Transfer Office, the Creative Works Office, and the Copyright Licensing Office. The Technology Transfer Office and the Creative Works Office manage the business aspects of commercializing intellectual properties. The Copyright Licensing Office coordinates copyright-related matters and assists the university community with copyright permission requests. These units report to the academic vice president through the associate academic vice president—research and graduate studies. Where appropriate, the IPS directors will assist the Office of Research and Creative Activities in negotiating intellectual property aspects of sponsored research agreements.

The Technology Transfer and Creative Works Offices have the responsibility to license or sell the technology or work, or they may sell university-developed products to end-users when sales and support do not interfere with the normal activities of campus personnel, and when the sale is consistent with the educational mission of the university.

Both the Technology Transfer Office and the Creative Works Office may use their allotted portions of net income to employ individuals to fulfill specific functions, such as licensing specialists, clerical support personnel, or media specialists to assist with production and distribution of products.

The university Copyright Licensing Office is the university’s primary resource for copyright information related to uses of third party content, instructional courseware, digital reformatting, distance education, library reserve materials, course packet creation, and infringement notices.

This office advises the university community regarding copyright policies and appropriate practices, responds to copyright infringement notices, coordinates with the university Office of the General Counsel regarding related legal issues, and assists and educates the university community in its efforts to be compliant with copyright laws and regulations. Additionally, the Copyright Licensing Office assists campus entities to secure copyright protection for university publications and other proprietary content.

### **3. OWNERSHIP**

The university relinquishes ownership rights to traditional academic publications that are produced as a normal outcome of scholarly work and have only *de minimis* commercial possibilities, including professional papers published in scholarly journals, academic monographs, electronic posts, syllabi, course notes, and supplementary texts or similar materials. Likewise, the university relinquishes ownership rights to juried artistic creations, original compositions, or performances that are the academic, non-commercial, equivalents of such scholarly publications.

***University Personnel unsure whether nominal or substantial university resources have been used should consult with their college dean or equivalent supervisor.***

When “substantial” university resources are used in the production of Creative Works, the university will retain its ownership position, and income (after expenses) from the project will be shared with the Developer(s). The conditions that differentiate between nominal and substantial use of university resources are discussed below (see Substantial Use of University Resources and Nominal Use of University Resources sections). Decisions based upon the extent of the utilization of university resources are to be negotiated with the Developer(s) by the deans in consultation with the appropriate Intellectual Property Services support office and within these general guidelines prior to approval by the Academic Vice President’s Office. Consistent with the intent herein and the relinquishing of “nominal” Creative Works to the Developer(s), the university will, upon request, reasonably cooperate with the Developer(s) and execute and deliver an assignment, power of attorney, or other document to effectuate a formal transfer of ownership as the Developer(s) may reasonably deem necessary to secure, enforce, defend, and maintain Developer(s)’s rights in the “nominal” Creative Works.

#### **3.1. Examples of Substantial use of University Resources**

The university will retain title to all Intellectual Property that makes substantial use of university resources. Substantial use of university resources is defined as use of university property, facilities, equipment, personnel, or one’s work time required of one’s appointment at BYU (see, for example, the *Expectations of a Faculty Appointment Policy*). Substantial use of resources may also result when the creation of the work requires use of university resources beyond those normally allocated to the faculty in support of their academic assignment within their respective department or college. Such usage may be the result of individual initiative, specific assignment, or contractual or other obligations.

The following examples generally define substantial use when they are applied, singly or in combination, in support of a Creative Work, whether revenue-producing or not. While it is the

responsibility of the dean or equivalent supervisor to evaluate situations and determine that substantial use of resources has occurred, faculty members or other employees have an obligation to notify their supervisor and dean when they believe that their work involves more than nominal use. The following are examples of criteria for establishment of substantial use:

- Use of university facilities such as laboratories, studios, equipment, production facilities, or specialized computing resources, including university computers and servers for web-based activities such as a distance learning course;
- University funding in support of the work's creation, including use of specifically designated university funds or extensive use of the services of a support unit financed by the university (e.g., Center for Teaching and Learning) for production of a Creative Work;
- Extended use of time and energy by the Developer(s) in the creation or promotion of the work that results in a reduction in the levels of teaching, scholarship, or citizenship activities, so that anticipated performance in these areas is at a level less than normally expected for one's appointment;
- Release time to develop or complete a work (e.g., to develop a BYU online course); Paid professional development leave to develop or complete a work;
- Direct assignment or commission from the university to undertake a creative project as a part of the Developer's regular appointment;
- Use of funding from gifts or grants to the university to support creation of the works involved;
- Production of the work under specific terms of a sponsored research agreement or grant;
- University financial support for the publication of a scholarly book or creative work;
- Office supplies or software may not be purchased specifically for a commercializable work.
- Use of university support staff, student employees, lab assistants, or teaching assistants to support the creation of income-producing work or otherwise fulfill a faculty member's regular assignments so he or she can do income-producing work.

### **3.2. Examples of Nominal Use of University Resources**

The following examples generally define nominal use:

- Minimal use of time and energy by the Developer(s) in the creation or promotion of the Creative Work, while maintaining assigned levels of teaching, scholarship, and citizenship activities, so that anticipated performance in these areas is at the expected level.

- Minimal use of university resources in the ordinary support of the Developer’s teaching, scholarly activities, and service activities, for example:
  - Incidental use of photocopies, telephone, postage, FAXs, email, internet, etc., as determined by the Department Chair or Dean
  - Incidental use of secretarial help, such as typing manuscripts, as determined by the Department Chair or Dean
  - Courses or instructional materials generated in the normal course of teaching are considered nominal use. Commercializable course or instructional materials generated with the use of support units financed by the university (e.g., the Center for Teaching and Learning) are considered substantial use

### **3.3. Repayment of University Support Funds**

In certain situations of substantial use of university funds and other resources, it may be more appropriate for the Developer(s) to compensate the university for such resources and thus fall under the nominal rather than substantial use provisions of this policy. Determination and authorization of the appropriate level of repayment is made by the dean in consultation with the Developer(s) and the appropriate Director in Intellectual Property Services.

### **3.4. University Commissioned Course Development**

“University Courses” include entire courses or portions of courses, including instructional materials in electronic or traditional media, which are commissioned by the university or developed within the scope of an individual’s employment at the university with substantial use of university resources. These materials will be owned and administered by the university even though a college or department may have originated the course concept and participated in its development. Academic departments may elect to compensate faculty Developers through reduced faculty load. Unless University Courses are developed for and offered by the Division of Continuing Education or licensed through the Creative Works Office, the Developers shall not receive any additional compensation (e.g., royalty distributions).

### **3.5. Miscellaneous Ownership Issues**

#### **3.5.1. Students Involved in Faculty Generated Projects**

Faculty using students, whether volunteer, non-employed, or employed, in their scholarly work projects should have the students sign a “Student Assignment of Ownership and Nondisclosure Agreement” form, available from Intellectual Property Services.

#### **3.5.2. Consulting and Externally Sponsored Research**

The university may solicit industry-sponsored research agreements and collaborate closely with companies when either licensing or transferring a Technical Work or Creative Work to the private sector. The university does not generally engage in product manufacturing, company support functions, customer service, technology maintenance, or work for hire for the private

sector. University Personnel may, with approval from department chair and dean, engage in off-campus consulting. (See the *Conflict of Interest Policy* and the *Conflict of Time Commitment Policy*.)

If the proposed consulting agreement is not independent of the University Personnel's campus activities, it is encouraged that the consulting or other agreement be submitted to the appropriate Intellectual Property Services officer for review and approval prior to its execution. A formal licensing agreement and/or nondisclosure agreement between the company and the university may be required before disclosing any university technology or proprietary information.

### **3.5.3. Voluntary Assignment of Intellectual Property to the University**

Students, University Personnel, or individuals not affiliated with the university who own Intellectual Property may elect to voluntarily disclose and submit their property to the Technology Transfer Office or Creative Works Office for the purpose of facilitating commercial development. In the event that either of the offices agrees to accept management of the property, the property shall be assigned to BYU and the assignor may be entitled to the same distribution of revenues and other rights and responsibilities as Developers of university-owned property, as specified in this policy.

## **4. ADMINISTRATIVE PROCESSES**

### **4.1. Disclosure—Examples and Definitions**

Written disclosure to Intellectual Property Services either prior to or during employment at the university should include, as appropriate, listing all papers, abstracts, patent applications, patents, books, and journals, and any confidentiality, non-compete, assignment of intellectual property, or other similar agreements or policies to which the employee is a party or otherwise subject.

For example, for purposes of this Intellectual Property Procedures document, public disclosure includes oral or poster presentations, submission for publication, blogs, websites, offer for sale, public use, or non-confidential disclosure.

Examples of required disclosures that may encumber the transfer of intellectual property include: consulting agreements, publisher agreements, distribution and sales agreements, stock equity arrangements, service on a board of directors for an off-campus entity, spousal interests, sponsored research agreements, or use of gifts to the university.

## **5. INCOME DISTRIBUTION**

The rules on income distribution are described in the Intellectual Property Policy.

### **5.1. Exceptions to a Standard Distribution**

Permitted exceptions to the standard income distribution formula are provided in the Intellectual Property Policy.

## 5.2. Administrative Discretion

When total income received by the university exceeds \$1,000,000 from any single Intellectual Property in any calendar year, and an administrative review is activated under the Intellectual Property Policy, the academic vice president and administrative vice president shall have discretion to evaluate the allocation to the college(s) and to Intellectual Property Services of the funds in excess of this threshold. They may require an alternative distribution within the university of this portion of the income, such as a larger distribution to the University Technology Bridging Fund. The distribution to the Developer(s) will not be affected.

## 5.3. Tax Liability

For university tax reporting purposes, a Developer's entire share of royalty income (as specified in the Income Distribution Agreement) will be reported to the United States Internal Revenue Service via Form 1099-MISC, even in cases where the Developer elects to contribute all or a portion of the Developer's share back to the university in order to fund further scholarly activities. If a Developer initially disclaims or waives his or her right to a distribution, as documented in the applicable Income Distribution Agreement, the amount that would have been distributed to the Developer will remain with the university (*i.e.*, not distributed to other Developer(s)) and will not be reported by BYU as taxable income to the Developer.

Each Developer should consult a tax advisor to understand his or her individual tax consequences and reporting obligations related to any distribution under the Intellectual Property Policy. When a Developer elects to contribute his or her share of royalties back to the university, that contribution must be used for general scholarly/research purposes (*e.g.*, not used to benefit privately the Developer, a family member, or relative) in order to be considered by the university as a charitable contribution.

## 5.4. Distribution Schedule

Net income distributions will be made quarterly when the accumulated total in a licensee account exceeds \$1,000.

## 6. DISPUTE RESOLUTION

Any dispute involving the Developer(s), departments, colleges, or Intellectual Property Services that cannot be settled through informal discussions or mediation (if agreed to by the parties) shall be submitted to the associate academic vice president—research and graduate studies for resolution. If the parties are unable to settle the dispute within 90 days from the initial date a dispute is registered in writing by any of the parties, the university may thereafter declare an impasse and unilaterally activate this dispute resolution process. The associate academic vice president—research and graduate studies will appoint a committee to investigate the dispute and make a recommendation for resolution. The associate academic vice president—research and graduate studies will make the final determination in consultation with the academic vice president. Committee members or administrators who are directly involved with the property in question should withdraw from the process at such times as necessary to avoid conflicts of interest. The decision made by the associate academic vice president—research and graduate

studies in consultation with the academic vice president will be final and binding upon the parties. A Developer or other party to a dispute herein may not initiate any civil litigation or civil administrative remedies against the university or its employees, agents, officers, or trustees until all the remedies provided by the Dispute Resolution process in this policy have been exhausted.

## Appendix

### Allocation Formula Example

Professors Smith and Jones participated in a research program that resulted in an invention that was patented through the Technology Transfer Office at a cost to the University of \$13,000. Professors Smith and Jones, with the department chair and dean, executed an 80/20 percent, respectively, income-sharing agreement. The patent was licensed to XYZ, Inc. for an initial license fee of \$15,000 and a five percent royalty. The royalty revenues received from XYZ, Inc. during the initial calendar quarter were \$8,000.

Funds to be distributed at the end of the quarter as follows:

Total Revenues (15,000+\$8,000)	\$23,000
Reimburse Legal Fees	\$13,000
Available for Distribution	\$10,000
Distribution to Developers (45% of \$10,000=\$4,500)	\$4500
To Smith (80% of \$4,500)	\$3600
To Jones (20% of \$4,500)	\$900
To College of Smith and Jones (27.5% of \$10,000)	\$2,750
Technology Transfer Office (27.5% of \$10,000)	\$2,750
TOTAL	\$10,000

Professor Smith elected to transfer \$1,500 into a research account that was matched by his college and the Technology Transfer Office, altering the actual distribution:

To Smith (\$3,600-\$1,500 to research account)	\$2,100
To Jones	900
To Smith's research account	
(\$1,500+\$750 from college +\$750 from Technology Transfer)	3,000
To College of Smith and Jones (\$2,750-\$750)	2,000

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To Technology Transfer Office (\$2,750-\$750)	<u>2,000</u>
TOTAL	\$10,000