



NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY

SECTION V—INTELLECUAL PROPERTY 1.0

INTELLECTUAL PROPERTY

UNIVERSITY POLICY

I. PREAMBLE

Since its establishment in 1891, North Carolina Agricultural and Technical State University (“A&T” or “University”) has maintained a rich tradition in academics, research and outreach, an on-going commitment to exemplary teaching, learning, scholarship, creative research, as well as effective engagement and public service.

While the University does not undertake research primarily in anticipation of financial gain, protectable intellectual property may result from the research conducted using University resources. Patents and copyrights are two mechanisms to encourage the commercialization and development of discoveries, inventions and scholarship and to promote economic development in North Carolina.

The provisions of this Intellectual Property Policy are subject to any applicable laws, regulations or specific provisions of the grants or contracts which govern the rights in intellectual property made in connection with sponsored research. Under the terms of certain agreements between the University and various agencies of government, private and public corporations and private interests, the University may be required to assign or license all intellectual property rights to the sponsor. The University retains the right to enter into such agreements whenever such action is considered to be in its best interest as well as in the best interest of the public. Ordinarily, the

University will not agree to assign rights in future intellectual property.

II. COVERAGE

As outlined in the Patent and Copyright Policy of The University of North Carolina Board of Governors [UNC Policy 500.2, www.northcarolina.edu/apps/policy/index.php?pg=vs&id=2787&added=1], this Policy applies to all University employees and students. Upon prior written agreement, these policies may be applied to persons not associated with the University, who make their intellectual property available to A&T under circumstances where the further development and refinement of the intellectual property are compatible with a teaching, scholarship or research program at A&T.

Compliance with UNC Policy 500.2 and this Policy, both as amended from time to time, is a condition of employment and/or student enrollment/attendance at A&T.

III. PATENTS

A. Responsibilities

All individuals covered by this Policy have a duty to disclose their discoveries and inventions promptly in accordance with A&T's Intellectual Property Procedures, which are maintained by the Office of Technology Transfer ('OTT'), and which can be found via the OTT website within the Division of Research and Economic Development (see www.ncat.edu/research/dored/outreach-economic/index.html). University personnel who, either alone or in association with others (including parties outside A&T), make an invention or discovery in which the University has or may have an interest shall promptly disclose such inventions or discoveries via an Invention Disclosure Form. Certainty about patentability is not required before disclosure to the OTT.

The A&T OTT will acknowledge receipt of completed Invention Disclosure Form, coordinate evaluation of the patentability and potential for commercialization of the disclosed invention or discovery, and provide timely updates to the inventor(s) regarding the processing and disposition of the Invention Disclosure as outlined in the Intellectual Property Procedures.

With respect to any invention owned by the University, upon request, the inventor(s) shall execute promptly all declarations, assignments, waivers or other legal documents necessary to vest in the University or its assignees any or all rights to such invention, including complete assignment of any patents or patent applications relating to the invention to insure that title in such invention shall be held by A&T or by other parties as may be appropriate to the circumstances.

Patents on inventions made by A&T employees or students may be applied for in any country by the University or through an authorized agent(s) or assignee(s). A&T shall exercise its rights of ownership of such patent(s), with or without financial gain, with due regard for the public interest, as well as the interests of the inventors and sponsors concerned.

A&T employees and students are not authorized to sign agreements or other documents which may abrogate the A&T's rights and interests as stated in this Policy or as provided in any grant or contract funding the invention. A&T employees and students may not, without prior authorization, use the name of A&T or any of its units in connection with any invention in which A&T has a right or interest.

B. Patent Ownership

As defined by UNC Policy 500.2, to which this Policy is expressly subject, every invention or discovery or portion thereof that results from A&T research or related work activities, or that involve the use of University resources, *e.g.* time, facilities, staff, materials or funds administered by A&T, is the property of A&T and, as a condition of employment or enrollment/attendance, is hereby assigned by the A&T inventor to A&T. The University may further have an interest in inventions under terms of contracts, grants or other agreements.

As outlined in UNC Policy 500.2, if A&T personnel believe(s) that an invention was made on personal time¹ and without A&T resources, the inventor may request a determination of ownership upon submitting a completed Invention Disclosure Form to the OTT and the basis for the claim that no A&T time, facilities, staff, materials or funds administered by A&T were used. Such disclosure is without prejudice to the inventor's ownership claim. In the event of a conflict of this policy with any applicable agreement between A&T and the federal or a state government, an agency thereof, or a private sponsor of research, the terms of that agreement shall prevail.

Faculty, staff, and students, whose inventions are made on their own time and without the use of A&T resources and which inventions are, therefore, their exclusive property as specified by this Policy, may avail themselves of the opportunity to submit the invention to the OTT for possible patenting and/or commercialization and management by A&T under terms to be agreed between the inventor and A&T.

¹ "Personal time" is defined in UNC Policy 500.2 as time other than that devoted to normal or assigned functions in teaching, extension, University service, or direction or conduct of research on University premises or utilizing University facilities.

C. Waiver And Release Of University Rights

If it is determined that no University resources were used in the development of the discovery or invention, that it was made on personal time, and that such waiver would not conflict with any pertinent agreement between the University and a sponsoring agency, after consultation with the inventor, A&T shall waive its rights in the invention or discovery to the inventor.

To the extent that such a waiver is consistent with any pertinent agreement between the University and a sponsoring agency, A&T may, in its discretion, waive to the inventor its rights to a discovery/invention that is clearly one that is non-patentable, that does not warrant further evaluation as to patentability, or if the discovery or invention has been returned to the institution after negative evaluation by the institution's agent(s). Such a waiver agreement may include protection of the interests of the University, the sponsor, if any, and the public, including an inventor's obligation to pay to the University a percentage of future royalties as appropriate to the circumstances.

If, after the University has filed a patent application, it decides to abandon the application, the University will promptly notify the inventor(s) in writing and all rights, at the University's discretion, may be released by written agreement to the inventor(s), with the permission of the sponsor, as necessary. This waiver may include an inventor's obligation to pay to the University a percentage of future royalties as appropriate to the circumstances.

D. Consideration for Research Sponsors

Government Sponsored Research

As outlined in UNC Policy 500.2, the U.S. Government may have rights to patents resulting from federally funded research. The University is obligated by federal regulations to report promptly to the appropriate sponsor any inventions conceived or reduced to practice during the course of a government-sponsored research program.

Non-Government Sponsored Research

Research agreements with private sponsors shall normally provide that all inventions which are conceived or reduced to practice by University employees or students as a part of the research sponsored by a non-governmental organization shall belong to the University. The University is typically obligated to report inventions to industrial sponsors who provide financial support for research. The sponsor may receive an option to license such inventions on terms to be negotiated, the option to be exercised within a specified period following the disclosure of an invention or the filing of a patent application. Otherwise, the specific terms of licenses and rights to commercial development shall be based on negotiation between the sponsor and the University at the time of exercise of an option by the sponsor and shall depend on the nature of

the invention and its application, the relative contributions of the University and the sponsor to the work, and the conditions deemed most likely to advance the commercial development and acceptance of the invention. In all cases where exclusive licensing is deemed appropriate, such licensing agreements shall require diligent commercial development of the invention by the licensee. The University shall retain the royalty-free right to use the invention for its own research, educational and service purposes. In the interest of fair treatment to the sponsor in consideration for the sponsor's investment and in the interest of discharging the University's obligation to the public in the application of its facilities and its employees' time and talent, special provisions may be negotiated by the University in such non-government sponsored contracts, upon request, provided that the institution retains the right to use the invention for its own research, educational, and service purposes without payments of royalty fees, that the University requires the sponsor to use due diligence in the development of commercial use of the invention, and that the University retains the right freely to publish the results of its research after a reasonable period necessary to protect the right of the parties and to allow for the filing of a patent application.

E. Publication and Public Use

The University strongly encourages scholarly publication of the results of faculty and student research. Any practice that unnecessarily restricts the publication of results of scientific work is to be avoided, although accommodation to the priorities of non-government sponsors can be considered, as long as such accommodations with respect to publication are consistent with UNC Policy 500.2. Publication, public use, sale or offers for sale can be a bar to patentability in many countries; premature publication can severely compromise the ability of the University to seek or obtain patent protection. Inventors should keep in communication with the Office of Technology Transfer regarding public disclosure of inventions disclosed for evaluation by the Office.

It is the responsibility of the inventor to report immediately to the Office of Technology Transfer any publication, submission of manuscript for publication, sale, public use or plans for the same, if an Invention Disclosure Form has been submitted to the Office.

F. Patent Revenue Sharing

A&T shall share revenue which it receives from patents or inventions with the inventor(s) who assign their rights and interests to A&T. Specific provisions of grants, contracts or agreements may govern rights and revenue distribution regarding inventions made in connection with sponsored research; consequently, revenues the University receives from such inventions may be exclusive of payments of royalty shares to sponsors, contractors or collaborators. Moreover, the University anticipates contracting with outside persons or organizations for the obtaining, managing and defending of patents, and any royalty shares or expenses contractually committed to such persons or organizations may be deducted before revenues accrue to the University.

The revenues (net, if applicable per the preceding paragraph) which A&T receives from a patent or invention will be applied first to reimburse the University for any expenses incurred by it in obtaining and maintaining patents and/or in marketing, licensing and defending patents or licensable inventions. After provision for such expenses, the inventor's (inventors') share of such revenues shall be as follows: 50% of the first \$500,000 of the cumulative net revenue and 35% of cumulative net revenue thereafter. In the case of co-inventors, each such percentage share described in the prior sentence shall be subdivided as identified by the percent inventive contribution identified on the Invention Disclosure Form or equally among them, if no such percent inventive contribution is so identified. The University shall hold its share of revenue from its patent and licensing activity in a separate account to support research. To the extent practicable, and consistent with State and University budget policies, the remaining net revenue received by the University on account of an invention will be distributed as outlined in the Intellectual Property Procedures.

In no event shall the share payable by the University to the inventor or inventors in the aggregate be less than fifteen percent (15%) of the gross royalties received by the University derived from licensing or income from the assignment or sale of each patent resulting from his/her invention and owned by the University. An inventor's right to receive his/her share of revenues for any invention or discovery as specified under this Policy does not depend on the inventor's continued employment or matriculation at A&T.

G. Conflicts

Conflicts involving patentable inventions and discoveries may arise when University personnel, including students, enter into personal consulting agreements with outside firms or organizations. Such consulting agreements frequently contain provisions as to the licensing and/or assignment of the consultant's inventions and patents. Unless such provisions are narrowly worded, they usually will apply to areas in which the individual's University work lies and thus come into conflict with the obligations owed by the individual to the University under these policies, either with respect to the rights of A&T itself in an invention or with respect to the rights of a sponsor of research in the same field or subject matter.

Prior to signing any consulting agreement that deals with patent rights, trade secrets or the like, where any A&T resources are involved, A&T employees and students must bring the proposed agreement to the attention of the Office of Technology Transfer and obtain a waiver of University rights or modify the consulting agreement to the satisfaction of the University.

This Policy is in addition to and does not eliminate the need for approval which may be required by the A&T Conflict of Interest Policies, the University of North Carolina Policy on Conflict of Interest and Commitment Policy [UNC Policy 300.2.2] or the University of North Carolina Policy on Regulations on External Professional Activities for Pay by Faculty and Non-Faculty EPA Employees [UNC Policy 300.2.2.1].

IV. COPYRIGHTS

A&T is committed to complying with applicable copyright laws. Consistent with UNC Policy 500.2, the University supports fair use rights, proper ownership of copyrights and protection thereof.

Faculty and students should discuss copyright matters with their department head or equivalent supervisor to assure consistent interpretation of this Policy and UNC Policy 500.2.

A. Definitions

“Directed Works” are works that are specifically funded or created at the direction of A&T. Directed Works are those works created as a specific requirement of employment or pursuant to an assigned institutional duty, including, but not limited to, software.

“Non-directed Works” are pedagogical, scholarly, literary, professional, or aesthetic works resulting from non-directed effort originated by a faculty or EPA non-faculty employee. Such works may include but are not limited to textbooks, manuscripts, scholarly works, fixed lecture notes, distance learning materials not falling into one of the other categories of this Policy, works of art or design, musical scores, poems, films, videos, audio recordings, or other works of the kind that have historically been deemed in academic communities to be the property of their creator.

“Exceptional use” means University support of Non-directed Works with resources of a degree or nature not routinely made available to faculty or other EPA employees in a given area.

“Sponsored or Externally Contracted Works” are any works developed using funds supplied under a contract, grant, or other arrangement between A&T and a third party, including a sponsored research agreement. Copyright ownership shall be as specified in the agreement associated with said contract, grant or agreement.

“Work for Hire” is (a) a work prepared by an employee within the scope of his/her employment; or (b) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as an answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.

“Shop Right” for A&T means the right to use the work in University programs of teaching and research on a non-transferable, royalty-free, non-exclusive basis. Shop Right for the creator means the right to use the work for the creator’s own teaching and research on a non-transferable, perpetual, royalty-free, non-exclusive basis, regardless of the place of future

employment). A Shop Right does not allow one to sell rights to the work or otherwise interfere with the copyright owner's ability to commercialize the work.

To “Commercialize” a copyrighted work means to sell, license or otherwise transfer some or all of the intellectual property rights in a work including grants of permission or a license to use the work. Commercialization does not include, for example, the transmission of technical reports to the sponsor or submission of scholarly journal articles for publication.

“Direct Costs” includes but is not limited to the documented cost of production, financial support for creation of the work, sales, advertising, distribution, licensing, costs of obtaining copyrights, stipends, and release time.

“Student works” are works created by students enrolled at A&T and include papers, computer programs, theses, dissertations, artistic and musical works and other creative works made by students. For purposes of this Policy, the term ‘students’ includes teaching, graduate and research assistants.

B. Ownership

A&T does not claim ownership of faculty-created instructional materials or courseware merely because it requires faculty members to teach courses as part of their regular responsibilities. Similarly, A&T does not claim ownership of faculty-initiated scholarly works based merely on general expectations that faculty members will publish such works.

Directed Works: A&T owns the copyright to Directed Works. The creator, where practical, holds a Shop Right. The practicality of a Shop Right is presumed, and therefore the Shop Right exists automatically unless the matter is submitted to the A&T OTT for review. The Office shall determine whether a Shop Right is appropriate and shall include this determination in its recommendation to the Provost and/or the Vice Chancellor for Research and Economic Development.

Non-directed Works created by faculty and non-faculty EPA without Exceptional Use of University resources: The creator of Non-directed Works created without Exceptional Use of University resources owns the copyright. Where practical, A&T holds a Shop Right. As with Directed Works, the practicality of a Shop Right is presumed. Where the creator must assign copyright to a journal for purposes of publication and the journal demands that the University have no Shop Right, the recommendation on waiving the University’s Shop Right can be made only by the Provost and/or the Vice Chancellor for Research and Economic Development.

If the University is involved in the Commercialization of a Non-Directed Work, the work’s creator(s) will execute an assignment agreement and assign the work to A&T. The agreement will specify the Commercialization responsibilities and the mechanism for sharing royalties with

the creator(s). The royalty sharing will be generally consistent with the Patent Revenue Sharing outlined herein.

Non-directed Works Created with Exceptional Use of University Resources. A&T owns the copyright in works created with Exceptional Use of institutional resources, including for example time, facilities, staff, materials or funds administered by the University. Where practical, the creator holds a Shop Right. As with Directed Works, the practicality of the Shop Right is presumed.

There is no requirement or obligation to determine Exceptional Use of University Resources unless there is an intent to Commercialize or a desire for clarification of ownership. In practice, the intent to Commercialize may be formed no later than any action taken to Commercialize.

Sponsored or Externally Contracted Works by Faculty or EPA non-faculty employees: Where work is created under a contract or agreement that expressly requires copyright ownership by the University, the sponsor or the creator, the work is owned accordingly. Consistent with UNC Policy 500.2 ownership of Sponsored or Externally Contracted Work created by faculty or non-faculty EPA employees under such a contract or agreement, by which A&T has copyright ownership, can be transferred by the University to the work's creator with the University retaining a Shop Right and/or the right to require reimbursement and/or income sharing from the Works creator. Alternately, the University and the creator can negotiate for joint ownership of such works.

Where work not involving exceptional use is created under a contract that is silent on intellectual property ownership of Sponsored or Externally Contracted Works (e.g. by the sponsor, the University or the creator), the creator shall own the work. In the case of ownership by the work's creator, A&T holds a Shop Right, if practical. As with Non-Directed Works created without Exceptional Use of University resources, the practicality of the Shop Right is presumed.

Work Created by SPA Staff: Works created by SPA employees in the scope of employment are Works for Hire and are owned by the University unless there is a written agreement in advance providing otherwise. The Provost and/or Vice Chancellor of the Division of Research and Economic Development may decide to grant ownership of the copyright, or a Shop Right, to an SPA employee creator of a copyrighted work in certain circumstances. These circumstances may include, but are not limited to, a recommendation from the supervisor coupled with an unusually valuable and hard-to-duplicate work product.

Works By Independent Contractors And Volunteers: Works by independent contractors shall be owned in accordance with the contract under which the work is created. Where a contractor may create copyright work, A&T requires that there be a written contract specifying University ownership of the intellectual property of the work. The University unit that has initiated or

benefited from the contract shall be responsible for including contract language providing for A&T ownership.

Volunteers shall retain the copyright to works they create unless the University unit that has initiated or benefited from the work obtains the copyright or license to use the work; that University unit is responsible for obtaining the appropriate rights as necessary.

Student Works: The student, with the following exceptions, holds copyright to works the student creates as a part of academic endeavor at A&T.

Sponsored or Externally Contracted Works: Copyright ownership of work created by students under a sponsored agreement or external contract shall be the same as provided for faculty or non-faculty EPA employees.

Works for Hire: Student works created in the course of student employment with A&T fall within Work for Hire and are owned by A&T unless there is a prior written agreement providing otherwise.

Class, Laboratory Notes or Other Academic Materials Generated by Students in the Instructional Process: Student class and lab notes may be derivative works within the meaning of copyright law and commercial use of such works may constitute unlawful copyright infringement. Those works may not be used for commercial gain and may only be used for personal, educational purposes.

As agreed to mutually, rights in student works may be transferred between the creator and A&T. In such cases, a written Assignment Agreement shall specify the respective rights and obligations of the parties. The parties may also negotiate for joint ownership of such works, with the approval of the Provost and/or Vice Chancellor of Research and Economic Development.

C. Disclosure

Disclosure is mandatory in cases where there is intent to Commercialize a Work for Hire, Directed Work, a Non-Directed Work created with Exceptional Use of University Resources, or a Student Work that is a Work for Hire or a Sponsored or Externally Contracted Work. If a work is owned by the University and the work will be displayed, performed, reproduced, or distributed for use outside the University, the work must be disclosed to the A&T OTT.

Disclosure to OTT is mandatory for Sponsored or Externally Contracted Works where the creator has received copyright from the University and there is an intent to Commercialize.

Disclosure is mandatory for Sponsored or Externally Contracted Works created under an agreement that requires copyright ownership by A&T. In such cases, the creator must disclose the work to A&T's OTT at or very close to the time of creation.

When an A&T employee or student wants A&T assistance to Commercialize a work for which he/she believes he/she owns the copyright, he/she should contact the A&T OTT.

D. Commercialization

Commercialization of University-owned copyrighted works is the responsibility of the OTT. If the Office decides not to Commercialize a University-owned work, it may authorize Commercialization by a University unit, *e.g.* department, University Center, School, or College.

If a work is owned by the University and is to be Commercialized only for use by students and faculty at the University, Commercialization may be conducted by the University unit that employs the creator(s) or that proposes to use the work. In such cases, the University unit may self-publish the work, or may contract with an outside publisher subject to review by the Office of Legal Affairs. Examples include but are not limited to lab manuals or student handbooks to be sold exclusively to students taking the course associated with the work. All such sales must be conducted through A&T's campus bookstore.

E. Copyright Revenue Sharing

Commercialization by the Office of Technology Transfer

When the OTT Commercializes a work, the University shall share the resulting income with the creator(s) consistent with the provisions identified in Patent Revenue Sharing of this Policy and will distribute the net revenue consistent with the Intellectual Property Procedures.

Commercialization by a University Unit

When a University unit is authorized to Commercialize a work by the OTT, the unit shall share the resulting income with the creator(s) consistent with the provisions identified in Patent Revenue Sharing of this Policy and will distribute the net revenue consistent with the Intellectual Property Procedures.

V. WORK ELIGIBLE FOR COPYRIGHT AND PATENT PROTECTION

In cases where an invention or creation is subject to protection under both patent law and copyright law, if the University elects to retain title to its patent rights, then the inventor/creator(s) shall assign, and by this Policy does hereby assign, copyright to A&T and shall be compensated in accordance with the royalty provisions of this Policy and its associated procedures.

In cases where a work is subject to A&T trademark protection and also is under copyright, University rules and regulations pertaining to trademark shall prevail with respect to ownership, licensing, and royalties.

VI. SERVICE MARKS AND TRADEMARKS

Without express authorization from the Chancellor or his designee, no steps shall be taken for securing trademarks or service marks by usage or registration with respect to products resulting from or arising out of research or other activities carried out at A&T or developed with the aid of its resources. A&T may register such marks from research as are deemed appropriate and to license the use of such marks, provided that the income from such licensing shall be used to support the research and educational programs of the University and not accrue to the personal benefit of University personnel.

VII. TRADE SECRETS

The use of trade secret agreements to protect discoveries and inventions developed at A&T may not be consistent with the aims and purposes of the University. However, consistent with III.E. herein certain limitations on publications can be accommodated during the evaluations/pursuit of patent protection. When protection of Intellectual Property by Trade Secret is deemed necessary, special provisions may be required to protect the free dissemination of students' degree-related work.

VIII. INTELLECTUAL PROPERTY COMMITTEE

The Vice Chancellor for Research and Economic Development, acting as the Chancellor's designee, shall appoint a University Intellectual Property (IPC) Committee of not less than three members, whose chairman is designated by the Vice Chancellor. The University Intellectual Property Committee shall meet on a regular basis to review and recommend changes in the Intellectual Property Policy or Procedures; resolve any appeal or questions of invention or copyright ownership; make recommendations to the Chancellor on the expenditure of the intellectual property royalty fund; make recommendations appropriate to encourage invention disclosures and copyright commercialization; and to assure prompt and effective handling, evaluation, and prosecution of invention opportunities.

IX. EXCEPTIONS

Pursuant to UNC Policy 500.2, exceptions require a favorable recommendation by the IPC, the Vice Chancellor of the Division of Research and Economic Development, the Provost, the Chancellor, and then require approval by the President.

Approved by the Board of Trustees

Date Original is Effective: Upon approval

Approved:

Revised:

Harold L. Martin, Sr., Ph.D.
Chancellor

date signed for final posting

Barry L. Burks, Ph.D.
Vice Chancellor for Research and Economic Development

date signed for final posting

EXHIBIT A

The University of North Carolina

Patent and Copyright Policy

<http://intranet.northcarolina.edu/docs/legal/policymanual/500.2.pdf>