

To: University Faculty Council
From: Fred H. Cate, Chair, Intellectual Property Policy Committee
Date: February 22, 1996
Subject: Draft Intellectual Property Policy

I am delighted to attach the Intellectual Property Policy Committee's draft Intellectual Property Policy. The Committee was created in 1994, following adoption of the Principles on Intellectual Property by the UFC and the Trustees, to develop policies implementing those principles and to work with the Vice President for Research and Dean of the Graduate School and with the Technology Transfer Office to put those policies into effect. During the past 18 months, the Committee has focused its attention on drafting a single, comprehensive policy. The attached document, therefore, applies to intellectual property broadly—both copyrights and patents. It applies to faculty, staff, and students. And it addresses a wide variety of issues ranging from intellectual stewardship of intellectual property to the conditions controlling the licensing of intellectual property to interests outside of the University.

The Committee has been guided by four main objectives. We have tried to develop a policy that (1) directly serves the University's teaching, research, and service mission; (2) is consistent with the highest standards of research integrity and the professional standards of the many disciplines represented in the University; (3) fairly and creatively accommodates the rights and interests of both creators and the University; and (4) is understandable and practical. The Committee recognized that it is bound by the Principles on Intellectual Property, but rather than chafe under their strictures, we have found the principles to be a thoughtful, consistent guide. The attached draft policy is wholly consistent with the Principles on Intellectual Property.

The draft policy reflects the input of many people and institutions. It is the product of not only the diverse expertise of the committee members (who are identified below), but also the experience of many other public and private universities whose intellectual property policies we consulted, and the thoughtful advice of members of this University's faculty and administration who have consulted with us and reviewed drafts. George Walker, Ed Greenebaum, Bill Farquhar, Robin Penslar, Kenny Crews, Jude Wilkinson, and many others have contributed generously. In addition, the policy was reviewed on two occasions by the Bloomington Faculty Council and reflects that body's suggestions. Finally, while the implementation of any intellectual property policy will certainly be affected by the creation of a new research foundation, I have been in close contact with Doug Wilson and George Walker and am confident that the attached draft is compatible with the changing administrative structure, yet makes clear the critical roles and responsibilities of faculty concerning intellectual property and the policies applicable thereto.

Throughout almost four years of work on the Principles on Intellectual Property and on the policy designed to implement those principles, faculty and administration officials alike have been frank, open, and thoughtful in discussions about the principles and the draft policy. Certainly, the many constituencies involved do not always see eye-to-eye on every issue involved, but the record of cooperation and consideration is remarkable. It has been a privilege to be part of this process, as a member of the UFC Task Force on Intellectual Property Rights, ably chaired by Myrtle Scott, and more recently as chair of the Intellectual Property Policy Committee.

I regret very much that a conflict with two classes makes it impossible for me to attend the February 27 meeting of the UFC in person, but I would like to take this opportunity to acknowledge the members of the Intellectual Property Policy Committee, and to assure you of our continuing commitment to work with you to produce the best policy possible. The other members of the Committee are:

Mel deGeeter, Director, Technology Transfer (through August 1995)
Nelson DeLeon, Department of Chemistry, IUN
Michael Foos, Department of Biology, IUE
Dorothy Frapwell, University Counsel
Christian Kloesel, Department of English, IUPUI
Gary Hieftje, Department of Chemistry, IUB
Arlen Langvardt, School of Business, IUB
Keith March, School of Medicine, IUPUI
Myrtle Scott, School of Education, IUB
George Stookey, School of Dentistry, IUPUI

I welcome the UFC's comments and hope that you will not hesitate to direct questions or suggestions to me

personally at 812-855-1161 or fcate@indiana.edu. Thank you again for your support during this process.

Indiana University

INTELLECTUAL PROPERTY POLICY

As recognized by the Indiana University Statement of Principles on Intellectual Property, the fundamental missions of Indiana University are research, teaching, and service to advance knowledge and serve the public good. In the pursuit of those missions, new discoveries and creations often result that are subject to, or eligible for, intellectual property protection. The stewardship of such intellectual property, consistent with the teaching, research, and service missions of the University, is an important responsibility of both the University and the creator. This document sets forth Indiana University Policy concerning the stewardship of patents and copyrights. The Policy reflects, and is subject to, the Principles on Intellectual Property approved by the Faculty Council on April 13, 1993, and adopted by the Board of Trustees on March 31, 1994.

1. Scope

- a. The Policy applies to all faculty, staff, and other persons employed by Indiana University, whether full- or part-time; visiting faculty and anyone else using professional resources or facilities owned by, or under the supervision of, the University; and students who are enrolled in the University on a full- or part-time basis (collectively, “creators”).
- b. The Policy applies to applicable intellectual property. “Applicable intellectual property” is defined as all inventions, creations, innovations, discoveries, and improvements developed with significant University resources, other than:
 - i. traditional works of scholarship and creativity (*e.g.*, scholarly articles, journal articles, research bulletins, monographs, books, plays, poems, works of art),
 - ii. instructional materials (*e.g.*, textbooks, syllabi, study guides), and
 - iii. institutional works.

“Significant University resources” are defined as tangible resources other than those traditionally provided to a member of the faculty, staff, or student body in the same discipline. “Institutional works” are defined as works created at the instigation of the University, under the specific direction of the University, for the University’s use, by a creator acting within the scope of his or her employment or written contractual relationship.

- c. The University shall not exercise intellectual property rights in traditional works of scholarship and creativity, instructional materials, and inventions, creations, innovations, discoveries, and improvements developed without significant University resources, other than to the extent that such works come within the definition of institutional works, except with the consent of the creator or as required by law or by contractual arrangements to which the creator has previously

agreed.

- d. The University shall own intellectual property rights in institutional works, except as provided in prior written agreements between the University and the works' creator(s).
- e. "Indiana University" or the "University" shall refer to Indiana University and to any foundation associated with Indiana University.

2. Disclosure

- a. Creators shall disclose promptly to the University any applicable intellectual property.
- b. Disclosure shall be made on an Intellectual Property Disclosure Form to the Technology Transfer Office, with copies to the Department Chairperson and School Dean. The Technology Transfer Office shall routinely report all disclosures to the Vice President for Research and Dean of the Graduate School.

3. Assignment

- a. Creators may assign rights in applicable intellectual property to Indiana University.
- b. Creators may be required to assign rights in applicable intellectual property to Indiana University under any of the following conditions:
 - i. Assignment is required by law;
 - ii. Assignment is required by contractual arrangements to which the creator has previously agreed; or
 - iii. The creator seeks commercial development of applicable intellectual property.
- c. All assignments must be in writing and shall conform with the requirements of this Policy.
 - i. The University may not reassign rights to applicable intellectual property without the permission of the creator.
 - ii. The creator shall have the right to be identified, or to refuse to be identified, as the creator by the University and by subsequent licensees and assignees, except as required by law.
- d. Creators may not assign, or license rights in, applicable intellectual property to third

parties without the written consent of the University.

- i. The creator must provide the University with sufficient information to determine the marketability of the applicable intellectual property.
- ii. The University may not withhold consent for assignment or licensing unreasonably and in no case unless the University intends to pursue protection for the applicable intellectual property.
- iii. The University shall notify the creator in writing of any objection to the proposed assignment or licensing no later than 30 calendar days after receiving the creator's request to assign or license and the supporting information.

4. Protection of Intellectual Property Rights

- a. Indiana University shall have the sole right to determine the disposition of applicable intellectual property subject to assignment under this Policy. That determination shall reflect the interests of the University, the creator, and the public. Responsibility for disposition of applicable intellectual property resides with the Technology Transfer Office.
- b. Creators of applicable intellectual property that has been assigned to Indiana University under this Policy shall assist as reasonably necessary for the University to obtain statutory protection for the intellectual property and to perform all obligations to which it may be subject concerning the intellectual property, including executing appropriate assignments and other documents required to set forth effectively the ownership of, and rights to, applicable intellectual property.
- c. The creator retains responsibility for intellectual stewardship of his or her intellectual property. The creator shall retain the rights to pursue related research and creative activities, determine methodologies, draw conclusions, disseminate information, and develop related intellectual property (including derivative works), except to the extent that the creator has voluntarily entered into contractual arrangements or is required by legal or professional considerations to do otherwise.

5. Revenue Distribution

- a. Monetary Proceeds—All monetary proceeds from the transfer or commercialization of applicable intellectual property, including royalties and dividends, shall be distributed as follows, unless legal requirements or contractual terms require otherwise:
 - i. The creator(s), or creator's heirs, successors, and assigns, shall receive fifty

percent (50%) of the net royalties or other net revenue arising from applicable intellectual property. “Net revenue” is that remaining after deducting all direct expenses necessary for obtaining protection for, and licensing, applicable intellectual property.

ii. The remaining fifty percent (50%) of net royalties shall be disbursed as follows: twenty-five percent (25%) to the Department(s) or School(s) responsible for the applicable intellectual property and twenty-five percent (25%) to the University to support research and technology transfer activities.

iii. Special facts concerning applicable intellectual property may warrant a different distribution of revenue royalties. Agreements with respect to alternative allocation of revenues shall be in writing and require the consent of the creator(s) and the Vice President for Research and Dean of the Graduate School or his or her designee.

b. Nonmonetary Proceeds—The Technology Transfer Office may negotiate, but shall not be obligated to negotiate, for equity interests in lieu of or in addition to royalty and/or monetary consideration as a part of an agreement between Indiana University and a business entity relating to applicable intellectual property. Such negotiations shall take into account federal and state statutes, and conflict of interest and commitment and other University policies.

i. Creators shall receive fifty percent (50%) of any equity or other nonmonetary consideration received by Indiana University under this section. However, should the University choose to receive the consideration under terms that restrict its ability to sell, distribute or otherwise deal with the equity interests, any restrictions on the University’s interest shall be equally applicable to the interest of the creator, unless waived or varied in writing by the Vice President for Research and Dean of the Graduate School or his or her designee and by the creator.

ii. Indiana University does not act as a fiduciary for any person concerning equity or other consideration received under the terms of this policy.

6. Release of Applicable Intellectual Property to Creator

a. Indiana University may, at its sole discretion, release to the creator(s) its rights to applicable intellectual property.

b. Such releases shall be subject to the following provisions, unless waived in writing by the University:

- i. Indiana University shall retain for itself a royalty-free license to use the applicable intellectual property for non-commercial research and teaching within the University.
- ii. Indiana University shall receive a share of all proceeds generated from commercialization of applicable intellectual property after the creator has recovered documented out-of-pocket costs for obtaining legal protection for the intellectual property. The University's share shall be negotiated on a case-by-case basis.
- iii. Creator(s) shall not be entitled to a share of proceeds received by Indiana University under this subsection.

7. Intellectual Property Transfer / Commercialization Agreements

- a. Indiana University welcomes agreements with third parties for the development, use, dissemination, and commercialization of applicable intellectual property, consistent with the University's mission and the Principles on Intellectual Property.
- b. Any agreement to license or transfer ownership of Indiana University's intellectual property by means of sale, assignment, or exchange shall be subject to this Policy and shall include the terms necessary to fulfill the requirements of this Policy.
- c. Agreements relating to the development and/or commercialization of applicable intellectual property may provide that the contracting entity bear the costs of obtaining protection for intellectual property.

8. University Administration of Applicable Intellectual Property

- a. Primary responsibility for identifying, protecting, and managing applicable intellectual property resides with the Technology Transfer Office, under the policies developed and supervised by the Intellectual Property Policy Committee and the Vice President for Research and Dean of the Graduate School.
- b. All disclosures shall be submitted to the Technology Transfer Office. The Technology Transfer Office, in consultation with the Technology Transfer Advisory Committee, will determine whether Indiana University desires to obtain protection for the intellectual property, or otherwise make use of the intellectual property. The Technology Transfer Office or the Technology Transfer Advisory Committee may request a recommendation from the Intellectual Property Policy Committee regarding the disposition of the intellectual property.
- c. If, in the judgment of the Technology Transfer Office, it is in the best interest of Indiana University to obtain and maintain protection for disclosed intellectual

property, the Office shall notify the creator promptly.

- d. If Indiana University decides to seek protection for applicable intellectual property, it shall proceed either through its own efforts or those of an appropriate private firm or attorney to obtain protection and/or manage the intellectual property.
- e. If the Technology Transfer Office decides that it is not in the best interest of Indiana University to obtain protection, it shall promptly inform the creator and the Vice President for Research and Dean of the Graduate School or his or her designee.
- f. In those instances where delay would jeopardize obtaining the appropriate protection for the intellectual property the creator may request that the Technology Transfer Office expedite its decision as to whether or not it shall seek statutory intellectual property protection.
- g. The creator of applicable intellectual property and the Director of the Technology Transfer Office may appeal any adverse determination concerning the identification, protection, and/or management of such intellectual property to the Intellectual Property Policy Committee, whose determinations may be appealed to the Vice President for Research and Dean of the Graduate School. Further appeals are subject to existing University policy concerning review of administrative decisions.

9. **Notification**

The University shall inform all persons subject to this Policy of its terms as soon as efficiently possible after its adoption and at regular intervals thereafter.