

# SOUTH DAKOTA BOARD OF REGENTS

## Policy Manual

**SUBJECT:** Intellectual Property

**NUMBER:** 4:34

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### 1. Purpose

This policy is intended to guide management of intellectual property at the institutions governed by the South Dakota Board of Regents (Board). The people of the State of South Dakota have entrusted the Board with the responsibility to develop and to maintain a system of higher education that provides an opportunity for advanced education to all qualified persons, that explores and expands the frontiers of knowledge, and that serves to improve the quality of life for the people of South Dakota. Board employees who carry out or administer such instructional, research and service activities routinely produce works or make discoveries that may be subject to legal protection as intellectual properties. Some such intellectual properties may have commercial value.

Where commercially valuable intellectual properties are developed within the scope of employment and using public funds or resources, the Board has an obligation to balance the interests of creators with those of the public. The Board recognizes and affirms the public policy principle, woven into the very fabric of the United States Constitution by its framers, that creators of intellectual properties should obtain a fair return from the fruits of their inventiveness. It also recognizes and affirms the principle that the public should have a fair return on its investment in support of such creative efforts. This policy sets forth the principles and procedures through which the Board will balance those interests.

### 2. General Statement

- A. On behalf of the public, and subject to the exceptions provided in Section 4(C) and elsewhere in this policy, the Board, acting through the employing institution, will own intellectual property that institutional employees develop in the course of or as a direct result of their duties with the institution, if the properties were developed with the use of institutional funds or resources.
- B. Where the institution receives an income from a publicly owned intellectual property, it will share revenues with the creator in proportion to the funds and resources each contributed to the creation of the property, except that the creator will be guaranteed a minimum share of revenues as provided in this policy even if all funds and resources were provided by the institution.
- C. All employees whose duties involve the use of institutional resources to research or to develop inventions, or other properties that may be subject to protection under copyright law, patent law or as trade secrets, will enter into an agreement at the time of hire that binds

them, upon request, to assign to the employing institution, the creator's rights to any properties determined to belong to the institution pursuant to this policy. Execution of this agreement shall be an essential condition of employment. The obligations undertaken pursuant to the agreement to assign will be continuing and will survive the termination or interruption of employment or transfer within an institution or between institutions or organizations governed by the Board. The agreement will acknowledge the Board's right to change its Intellectual Property Policy at any time in such manners as may be provided under law, including collective bargaining negotiations when required under SDCL ch. 3-18, which may consequently alter employee rights and obligations with respect to properties that may be invented or authored. It will include an undertaking that, if such policy changes require the execution of a new agreement to assign intellectual property rights, the faculty unit member will accept and execute such documents when requested to do so. Required changes would be of prospective application only and would have no affect on rights that have vested prior to the date of the new agreement. For purposes of prospective application of changes, rights will be deemed to have vested at the time that a report has been disclosed to the Designated Individual.

### 3. Definitions

- A. **Copyright:** Copyright protects a work of authorship fixed in any tangible medium of expression from unauthorized reproduction. Copyrighted material may include, but is not limited to, computer software, mask works, art work, music, technical articles, books and other literary works. Books, particularly textbooks, and technical or professional articles published in journals or by some recognized publisher normally will carry the copyright of the publisher. Copyright provides protection for the expression of an idea but not the idea itself. For example, a copyrighted set of plans for building a solar device provides exclusionary rights regarding the reproduction and sale of the plans, but the purchaser of the plans may build and sell the solar device, assuming that the device is not protected by a patent.
- B. **Designated Individual:** The Designated Individual is the institutional officer who has been appointed by the institutional chief executive officer to be in charge of intellectual property matters.
- C. **Employee:** For purposes of this policy, institutional employees will include full-time and part-time classified staff, student employees, exempt staff, faculty members, graduate assistants and associates, and persons with "no salary" appointments. Visiting faculty and academic professionals who develop intellectual property using institutional resources and facilities will also be deemed employees, unless there is an agreement providing otherwise. Persons who are not otherwise institutional employees and who come to the institution as guest lecturers, or to teach colloquia, seminars or short courses are not institutional employees for purposes of this policy to the extent of their teaching and classroom activities.
- D. **Intellectual Property:** Intellectual property includes works of authorship, inventions and discoveries that may be subject to protection by patents, copyrights, trademarks, service marks and trade secrets.

- E. **Invention:** Under patent law, an invention is the result of conceiving and reducing to practice some innovation that can be delineated, defined and reproduced. Not all inventions are patentable; some may be obvious, some may be unintentional copies of others' inventions, and some may be intentionally withheld from the patent system to prevent the required publication of the invention that is accomplished by the issuance of a patent. In general, patents may be obtained for new and useful processes, machines, manufactures, or compositions of matters or any new and useful improvements of such; data, transformed by a machine through a series of mathematical calculations to produce a new and useful, concrete and tangible result employed in the conduct of a business, service, endeavor or profession; any distinct and new varieties of plants, including cultivated spores, mutants, hybrids and newly found seedlings, other than tuberpropagated plants or plants found in an uncultivated state; and new, original and ornamental designs for an article of manufacture.
- F. **Mask Work:** A type of intellectual property protected under federal law that is a series of related images imprinted or intended to be imprinted in a semiconductor chip product.
- G. **Net Income:** Net income will be defined as gross revenues resulting from a given intellectual property less all costs incurred by the institution or its nominee in commercializing the said intellectual property, and in obtaining and maintaining intellectual property protection, domestic and foreign.
- H. **Patent:** Patenting is an international legal system by which an inventor can prevent others from making, using or selling his/her invention. The U.S. patent is obtained through application to the U.S. Patent and Trademark Office and provides negative exclusionary rights in the United States for a period of 20 years from date of issue. An issued patent is an instructional document and must teach one who is familiar with the field the best means for producing, constructing or using the product or process.
- I. **Provisional Patent Application:** A provisional patent application is an optional preliminary filing with the United States Patent and Trademark Office (USPTO) to establish a priority date for a later filed (within twelve months) patent application. Provisional Patent applications in themselves are never examined by the USPTO, never mature into an issued patent, and do not provide any patent protection for the underlying invention. The term "Patent Pending" may be applied to a product and its related literature after filing a Provisional Patent Application for up to twelve months; at which time either a non-provisional application must be filed or the application is abandoned.
- J. **Software:** As used in this policy, software is defined as a set of statements or instructions--lines of code--to be used directly or indirectly in a computer to bring about a certain result.
- K. **Trade Secret:** A "trade secret" is

information, including a formula, pattern, compilation, program, device, method, technique or process, that: (i) Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy." SDCL § 37-29-1(4).

Trade secret, while appearing to be in conflict with a public institution's primary role of information dissemination, is nonetheless a legal property protection device governed by state rather than federal laws. Certain technologies, either due to rapid changes in the field or due to non-patentability, may be licensable to industry as trade secrets. Use of trade secret protection may be approved, but should be used rarely. However, if public disclosure will inhibit a company's willingness to invest the necessary funds for product development and commercialization, the institution, in consultation with the employees who created the product, may license the subject intellectual property as a trade secret. Knowledge formalized as a trade secret cannot be disclosed in any open scientific forum as long as it maintains trade secret status. All intellectual property falling within this category will be treated in the same manner as patented and copyrighted technologies regarding licensing and royalty distribution as provided in this policy.

- L. **Trademark and Service Mark:** Trademark is the mark that distinguishes an organization or a product. A service mark is the same as a trademark, except that it identifies and distinguishes the source of services rather than goods. The various symbols and logos of the institution are trademarks or service marks that belong to the institution and may not be used by third parties without a proper license and specific approval of the institution. That licensing program is managed outside of the intellectual property procedures described here.

Other trademarks and service marks may be generated that are intellectual property covered by this policy.

- M. **Multimedia:** Multimedia refers to the delivery of information, often via a personal computer, that combines different content formats (*e.g.*, text, graphics, audio, still images, animation, motion video) or storage media (magnetic disk, optical disc, video/audio tape, RAM). Generally, multimedia works include two or more of the following preexisting elements: text (literary works), computer programs (literary works), music (musical works and sound recordings), still images (pictorial and graphic works) and moving images (audiovisual works).

- N. **In the course of and as a direct result of duties with the institution:** Work will be presumed to be performed in the course of and as a direct result of duties with the institution when a task or project is undertaken as part of the discharge of responsibilities as defined under contract or position description or as part of a specific assignment. Work performed outside an employee's ordinary working hours will be presumed to be outside the course of and not a direct result of duties with the institution, unless the work is performed by a professional employee and is a continuation of projects undertaken during the employee's ordinary working hours. Evenings, weekends, holidays, annual leave time, authorized

consulting time and, for employees with less than twelve month contracts, dates when not under contract are presumed to be outside ordinary working hours. Where employees have assigned responsibilities during evenings, weekends or holidays, the presumptions stated herein will be adjusted to conform to actual assignments.

- O. **Creator:** The term “creator” includes authors, inventors or others whose creative activity manifests itself in the development of intellectual property. As used in this policy, the term includes both individual creators and groups of authors or inventors whose collaborative creative activities produced an intellectual property.
- P. **No-cost, non-exclusive, world-wide license to the Board to use instructional material for educational and research purposes:** A no-cost, non-exclusive, world-wide license to the Board to use instructional material for educational and research purposes will permit the Board to copy, to distribute (including by broadcast or otherwise to remote locations), to display, to perform (including the digital audio transmission of sound recordings), or to make limited derivative use of a property for internal purposes incidental to activities involved in instruction, research, governance or accountability. Permitted derivative uses might involve, without limitation, the conversion of technologically fixed properties to accommodate changes in technology, the conversion of a property from one medium to another in order to continue to use the property for educational or research purposes, the update of information contained in a property, the incorporation of property into new media incidental to recording the delivery of an educational or research activity in which the property is used, performed or displayed, or other comparable instances in which the ordinary educational or research use of a property results in a copy or a combination or incorporation into a new work. The license would not permit the Board to commercialize any property licensed to it or to license any others to use properties for purposes unrelated to the conduct of educational or research activities undertaken under its auspices. If at any point, the Board wishes to use a licensed property for purposes other than those encompassed in this policy, *e.g.*, by using the property in a derivative work to be prepared for commercial use, the Board must negotiate a separate license for such use.
1. **Research Data.** All research data are considered to be subject to this policy, as intellectual property is often present in research data that are generated during research at the university. Research Data shall include, but not be limited to:
    - a. lab notes, results of analyses, and so forth; or
    - b. research notes, research data reports, and research notebooks, and so forth; or
    - c. x-ray film, photographs, negatives and slides, printouts, video and audio tape, computers and computer data storage devices, and synthetic compounds, organisms, cell lines, viruses, cell products, cloned coordinates, plants, animals and spectroscopic data, however recorded or preserved; or

- d. any other records that are commonly accepted in the research community as necessary for the reconstruction, evaluation and validation of reported results of research and the events and processes leading to those results, regardless of the form or the media on which they may be recorded.
2. Plant variety protection: The right to control the propagation and distribution of plant varieties that have been certified for plant variety protection by the United States Department of Agriculture by virtue of being new, in the sense that, on the date of filing of the application for plant variety protection, propagating or harvested material of the variety has not been sold or otherwise disposed of to other persons, by or with the consent of the breeder, or the successor in interest of the breeder, for purposes of exploitation of the variety - in the United States, more than 1 year prior to the date of filing; or in any area outside of the United States - more than 4 years prior to the date of filing; or in the case of a tree or vine, more than 6 years prior to the date of filing; distinct, in the sense that the variety is clearly distinguishable from any other variety the existence of which is publicly known or a matter of common knowledge at the time of the filing of the application; uniform, in the sense that any variations are describable, predictable, and commercially acceptable; and stable, in the sense that the variety, when reproduced, will remain unchanged with regard to the essential and distinctive characteristics of the variety with a reasonable degree of reliability commensurate with that of varieties of the same category in which the same breeding method is employed.

This policy will cover any new forms of Intellectual Property that may be added to the above categories during the time this policy is in effect. By way of illustration, in the event databases are given protection under the copyright laws in the future, databases will be covered under this policy.

#### **4. Ownership of Intellectual Property**

##### **A. Publicly Owned Intellectual Property**

1. Subject to the exceptions provided in this policy, the institution owns intellectual property:
  - a. made by employees of the institution in the course of or as a direct result of their duties with the institution, where
    - i. all or part of the attendant costs were paid from institutional funds or from funds under the control of or administered by the institution, or
    - ii. institutional facilities or resources were used in whole or in part to create the intellectual property, unless such resources or facilities are available without charge to the public or the applicable use fee has been paid.

2. Where employees create an intellectual property using both institutional funds or resources and personal funds or resources, the institution will share revenues with the creators in proportion to the funds and resources it contributed to the creation of the property, except that the creators will be guaranteed a minimum share of revenues as provided in this policy even if all funds and resources were provided by the Board.
  - a. Where employees contributed resources to the creation of a property, the employees' guaranteed share established in Exhibit A will be increased in proportion to the contribution that the employees made to the creation of the product.
3. Where two or more employees collaborate in the creative activities that produce an intellectual property, they will share all rights granted to a creator under the policy. The co-creators remain free to decide among themselves how any revenues will be allocated. If the co-creators notify the institution in writing that they are unable to agree upon a basis share of revenues, the institution will deposit the creator's share of revenues into an escrow account for payment once any such disputes have been definitively resolved. If the co-creators fail to provide the institution written notice about revenue sharing before the payment of revenues becomes due, the institution will distribute the creator's portion of net revenues in equal shares among the co-creators.

*Discussion: The determination of intellectual property ownership is not dependent upon the person's physical location, nor could it be given the broad latitude enjoyed by faculty members and professional staff to schedule their working hours and locations. Moreover, nothing is more common than for faculty members or professional employees to take work home when necessary to hand back grades by Monday, to redraft a report due the next week or to continue reviewing galley proofs that must be returned within the week. Common sense should guide the determination whether work on a particular project is a continuation of tasks undertaken in the course of or as a direct result of employee duties with the institution.*

*Examples:*

*If a chemist who has been working on a new chemical structure at the institution has a related idea while showering at home, and the idea is later reduced to copyrightable, patentable or other protectable form using university resources, the institution will own the intellectual property.*

*If the chemist reduces the idea to copyrightable, patentable or other protectable form on his or her own time and using only resources available at his or her home, the chemist will own the intellectual property, although the intellectual property should be disclosed to the institution's Designated Individual.*

*If the chemist worked on the initial ideas for the compound at home during summer vacation, but completed the testing at the institution using institutional laboratory equipment, (a) the institution would own the property, unless the public at large was able to use the laboratory equipment or unless the chemist had paid any applicable use fee, and (b) the minimum guaranteed revenue would be increased in proportion to the personal resources contributed*

*to the project by the chemist – this increase in the guaranteed minimum revenue would not preclude the chemist and the institution from agreeing to a distribution that would further increase the percentage of revenues assigned to the chemist.*

*If a secretary had an idea for a new chemical compound, the institution would have no claim to the property, since the idea was unrelated to the secretary's responsibilities. Obviously, the secretary would not have routine license to use laboratory equipment needed to test the idea, so questions concerning the proper use of institutional funds or resources could not arise.*

*If a groundskeeper, after encountering repeated difficulties with mowers clogging in heavy grass, invented a device to remove the clogged grass from the mower in the institutional shop, using institutional supplies and tools, the institution would have no claim to the property, since the invention of such tools is outside the groundskeeper's responsibilities. Assuming that the use of the institutional supplies, equipment and time was fully authorized, the institution would have no claim to compensation for the use of state property. Because the policy does not modify the institution's rights under the patent law shop right doctrine, the institution would have the right to manufacture the tool without the payment of royalty fees. It could, thus, continue to manufacture the tool for use by its grounds crew without compensating the groundskeeper who invented it. The groundskeeper, as owner of the copyright, would be the only person entitled to license the patent to permit others to manufacture the tool.*

*If an historian, a graphic artist, a musician and a computer center programmer accepted a commission from the institution to create a multimedia guide to historic Deadwood, and if the institution licensed the product commercially, the faculty members and CSA employee could agree among themselves on how to share the creator's portion of the product's net earnings. If they disagreed upon the distribution and notified the institution in writing that they have been unable to reach an agreement, the institution will pay the creator's share of earnings into an escrow account for their benefit. If they failed to notify the institution in writing of their agreement or of their disagreement, each would receive one-fourth of the creator's share of net revenues.*

*If an accountant and a computer center programmer began to develop the purchase order auditing software on their own time and with their private equipment at home, but completed the project using institutional time and equipment, including computer operations and clerical assistance, the program would belong to the institution. If the institution subsequently licensed the program commercially, the accountant and the computer center programmer would share in the creator's portion of the product's net earnings. The computer operators and clerical staff members would not share in the creator's portion, since their contribution to the production of the intellectual property came in connection with the implementation of the results of the creative activity.*

## **B. Individually Owned Intellectual Property**

The Designated Individual will acknowledge in writing, upon request of employees who created an intellectual property, that the institution claims no ownership in intellectual property that was not developed:

1. in the course of and as direct result of duties with the institution,
2. with use of institutional facilities or resources, excluding the use of institutional facilities or resources available without charge to the public, or for which applicable use fees had been paid, or
3. pursuant to a specific commission or other agreement for the development of the property.

*Discussion: In the event that an employee develops intellectual property that is unrelated to his or her duties, that intellectual property belongs to the individual.*

*Example:*

*An accountant who develops software that tracks junior hockey league players and documents their performance would own the copyrights to those materials.*

*If the accountant was instructed to create software to audit purchase orders, that intellectual property would belong to the institution.*

*If an accountant and a computer programmer developed the purchase order auditing software on their own time and with their private equipment at home, using only the general library resources of the university, the institution would have no claim to the intellectual property. This would be true even if the accountant later used the program at the institution to enhance his or her performance.*

### **C. Scholarly and Creative Artistic Works**

Except for works that have been specifically commissioned or created pursuant to an agreement to create such works, the institutions do not claim copyright ownership of textbooks, monographs, scholarly works, publications in professional, trade or popular journals or periodicals, creative artistic works, instructional materials, including courseware, multimedia products, and materials prepared for telecommunicated or other technologically assisted delivery of instruction. Employee-owned scholarly works created or used by the employees in the course of instruction, including courseware, multimedia products and materials prepared for telecommunicated or other technologically assisted delivery of instruction, by whatever means now in existence or hereafter developed, will subject to a no-cost, non-exclusive, world-wide license to the Board to use instructional material for educational and research purposes.

*Discussion: The production, modification or creation of scholarly or creative works plays a predominate role in the historic function of the university in the dissemination of learning.*

*Faculty members and other professional employees are employed to engage in scholarly or creative activities. The ownership of resulting scholarly or creative works will be left with employees even if the works have been prepared in the course of and as direct result of duties with the institution and using institutional funds or resources. The public interest is served as scholarly and creative achievements increase the confidence in the quality of the institutions, their faculties and their graduates.*

*The institution may, from time to time, commission scholarly or creative artistic works. When it does, the institution will own the resulting works. If the institution licenses the works commercially, the employees who created the works will be entitled to share in any revenues as provided in this policy.*

*Where faculty members initiate proposals to their institutions to develop special instructional materials, including proposals to develop materials for technologically assisted instruction, and request and receive release time or other extraordinary support for the production of such materials, the institution will own the resulting works and the creators would share in licensing revenues, if any. The institution would own such materials even if the proposals were submitted as part of an internal grant competition or other internal program soliciting such proposals.*

*Where a faculty member accepts an instructional assignment that ordinarily carries with it additional release time to permit development of course materials, there would be no agreement to create such works, and the institution would not claim ownership to faculty-prepared materials.*

*Where a faculty member applies for a sabbatical in order to conduct research that leads to the creation of intellectual properties other than scholarly or creative artistic works, the institutional support in the form of salary will not be a form of extraordinary support that would ground a claim to the resulting properties. Sabbatical leaves are granted in order to assist professors in developing further their scholarly skills and interests. The benefit sought by the institution comes in the form of the additional professional experience that the returning professors bring to the classroom. The primary institutional purpose for granting the leave does not involve the creation of intellectual properties, so the salary support should not ground an institutional claim to such properties.*

*Ordinary instructional activities involve the making of copies of copyrighted works, sometimes in print or other tangible matrix, sometimes in technologically assisted media. Even where faculty members or other employees may own such properties, the Board will be deemed to enjoy a no-cost, non-exclusive, world-wide license, to use copies of the materials for educational and research purposes. The license to the Board will permit the use of the property by other institutions within the system. Because the license is non-exclusive, the employees would still be able to license the work commercially. Because the license is limited to educational and research purposes, the Board would not be able to license the works for commercial purposes.*

*The no-cost, non-exclusive, world-wide license to use materials for educational purposes will permit the Board to allow faculty members at any institution within the system to make use of instructional materials prepared by one another. Such uses might well include the use as a model to develop their own materials, actual use in delivering instruction (whether in person or through technological mediation), use as supporting documentation in accreditation reports, use to develop new courses, curricula or support resources, or other such use associated with the delivery of instruction, the governance of the institution or accountability reporting. Research uses might well entail the use of the materials as data for historical, pedagogical or institutional research. It might also include the application of the materials in controlled settings to gauge responses to the materials, or other comparable inquiries.*

*A limited right to develop derivative work might be implied where an institution acquires new computer hardware and operating systems and has to upgrade the software used in an interactive tutorial, where overhead graphics are converted to digital form for more effective use in smart classrooms, where syllabi are reproduced on a CD-ROM document submitted to an accrediting agency, or where graphics used in the delivery of remote instruction are recorded onto a videotape of the class. In each case, the ordinary use of the material for instructional or educational purposes results in the reproduction of a work in a new medium (and consequently in a new, derivative work) consistent with evolving educational or research practice.*

*Employee developed software that has not been incorporated into a scholarly work would be treated in the same fashion as any other form of copyrightable property. Ownership would depend upon (a) whether the property was developed in the course of and as direct result of duties with the institution and (b) whether it was developed using institutional funds or resources.*

*Employee owned presentation software that the employee uses to deliver instruction would not be subject to the license permitting educational use, though the data comprising the presentation would be subject to the license. The institution would need to license the presentation software from the employee needed to run the instructional material, just as it would license presentation software from other third party vendors.*

#### **D. Sponsor-Supported Efforts**

The rights to intellectual property produced as a result of work supported partially or fully by an external agency and for which an approved contract is on file with the institution will be determined by the terms of the specific contract. If no approved contract is on file, rights to intellectual property, other than scholarly or creative artistic works, created as a result of sponsored research will reside in the institution.

*Discussion: There will be times when the outside entities may condition a research grant upon a certain allocation of rights to intellectual properties. Where such terms have been reviewed and accepted by the appropriate institutional officials, the contractual language will be given effect, even if the terms are inconsistent with this policy.*

*Examples:*

*If a private company contracts with the institution for research into means to reduce the cost of manufacturing a particular compound, the rights of institutional employees to any properties will be determined under the terms of the research contract.*

*If the contract is silent as to the interests of the institutional employees, the institution will claim any ownership interests in properties, other than scholarly or creative artistic works, arising from sponsored research that might not be claimed by the sponsor. In that event, institutional employees whose efforts gave rise to the work would have all the rights otherwise established under this policy.*

## **5. Procedures**

### **A. Disclosure of Intellectual Property**

1. No disclosure is required of scholarly or creative artistic works that belong to their authors under section III(C) above.
  - a. When submitting documentation for their annual performance evaluation, or at such time as the employee terminates his or her employment, employees whose scholarly works are subject to the no-cost, non-exclusive, world-wide license to the Board to use instructional material for educational and research purposes reserved under section III(C) above must provide their supervisors with lists of works employed for instructional purposes during the evaluation period.
  - b. At the time that the supervisor returns the completed evaluation, or prior to the date that an employee terminates employment, the supervisor will designate whether the reserved license will be asserted over any of the properties.
  - c. The employee will deliver one full copy of the materials or one installation copy of the software identified by the supervisor. In the case of software, the employee will not be responsible for bugs and compatibility problems arising from any software or hardware concerns. The author will not be required to write users manuals or to provide intensive training in the use of the software, but may be directed to provide basic instruction in the use of the software to permit its beneficial use.
  - d. Employees may place copyright notices on the material that is delivered to the supervisor. Such notices will be treated thereafter as would any other copyright management information.
2. Each employee who has created an intellectual property that may have commercial value must file a disclosure with the Designated Individual prior to submission for publication,

other release to the public domain or attempt to license, to distribute or to manufacture the invention or property commercially. Where more than one employee has participated in the creation of a property, all participants must file disclosure notices. The notices identify each property that has been created and all persons who collaborated in the creative activity that produced the property.

- a. This disclosure requirement is intended solely to afford the institution an opportunity to determine ownership of a property with potential commercial value, to evaluate the extent of such potential value and to take steps to protect that value. The reserved right to evaluate the commercial value of a property is not intended to authorize an institution to prevent the due publication of research results or to impose unreasonable delay in communicating research results.

*Discussion: Disclosure is not required where a property has no commercial value and is not intended for release into the stream of commerce or into the public domain. Where a creator intends to license or transfer a property for commercial purposes, or wishes to release a property into the public domain, disclosure is required.*

*Submission prior to publication is required because publication can render an invention unpatentable or can preclude trade secret protection. Such a result could compromise the value of the property, irrespective of the ultimate decision about ownership. Once a product has been duly evaluated, measures can be taken to protect the commercial value of the product, for example, by obtaining a provisional patent, while permitting publication of research results.*

*All employees who participated in the creation of a particular property should file notices in order to document their respective entitlements to participate in the creator's portion of revenues derived from commercial exploitation of the property.*

3. Employees who claim ownership of an intellectual property, or who claim a right to increased revenue sharing on the basis of contributed personal resources, will support their claims by documenting the circumstances under which the property was created and by identifying the funds and resources that used in its creation.
4. The institution will not mediate disputes among employees regarding their involvement in the creative activities that produced an intellectual property or the sharing of revenues generated by a property. In the event that such disputes have not been resolved by the time that an institutionally owned property has begun to generate income, the institution will provide for the deposit of the creator's share of revenues into an escrow account for payment once all such disputes have been definitively resolved.
5. Within thirty working days of receipt of the disclosure, the Designated Individual will make a determination whether the institution has reason to exercise ownership rights over the intellectual property, together with a preliminary assessment of the potential value of the property. The Designated Individual will send creator a notice of the determination by the thirty-fifth working day.

6. If the property is determined to be owned by the institution, the Designated Individual will then have 120 days to make a determination whether or not to commercialize the disclosed intellectual property. Following this determination, the Designated Individual will have an additional ten days in which to inform the creator of the intellectual property of this decision.
7. The timelines established herein may be extended upon the mutual agreement of the creator and the Designated Individual. Such agreement will be reduced to writing and signed by the parties.
8. Employees who make disclosures are responsible for informing all persons involved in creating and developing the intellectual property of the disclosure and the ensuing events, especially those events related to further development through the various avenues of protecting the property and subsequent licensing or sale of the property.
9. The principal investigators are responsible for notifying all other project members if research sponsors reserved for themselves the rights to any technology resulting from the sponsored research.
10. If the institution or its designee is the owner of intellectual property, the employee(s) responsible for the development of such intellectual property shall be notified of timely market development of such property. A marketing strategy and partners shall be identified within six months of disclosure. If no significant progress towards market is made during any six month period, following disclosure, ownership and all rights shall revert to the employee(s) responsible for that development.

## **B. Disclosure Processing**

The Designated Individual will determine the ownership of the disclosed intellectual property according to the terms of this policy.

1. The institution will disclaim in writing any interest in property determined to be owned by employees. Upon request from the employees, it will also provide such written disclaimers for scholarly or creative artistic works that belong to their authors under section 4(C) above.
2. Intellectual property determined not to merit or warrant exploitation by the institution will be released to employee-creators, provided that the institution may condition the release on the assignment to the institution of a share, not to exceed fifteen percent, of net royalty income.
3. The institution will retain the right to produce, reproduce, modify and use for institutional purposes, without payment of royalties or license fees, intellectual properties that have been released to individual employees pursuant to section 5(D)(2).

4. Intellectual property determined to be owned by the institution may be patented, copyrighted, or otherwise legally protected by the institution. The institution may commercialize intellectual property rights using its own resources, or it may make an agreement with one or more intellectual property management organizations to undertake such activities. If the institution has not taken steps to commercialize the intellectual property within two years of the determination of ownership, the employees who created the intellectual property may thereafter request the release of such intellectual property from the Designated Individual. If at any time thereafter, the institution ceases to exercise due diligence in pursuing the commercialization of a property, the employees who created the intellectual property may request the release of such property from the Designated Individual. Upon receipt of requests for the release of property that has not been commercialized, the Designated Individual will either execute a release in keeping with subsections B(2) and B(3) of this section, or document that the institution has exercised and continues to exercise due diligence in attempting to commercialize the property.
  - a. Employees who can show that the institution has not exercised due diligence in initiation of a commercially reasonable marketing plan within twelve months from the date of first disclosure may obtain the release of all institutional rights in the property by tendering payment for all costs that the institution has incurred to that point to evaluate, to protect and to market the property.
5. Employees may assign their intellectual properties to the institution for commercialization. The terms of such agreements are not controlled by this policy.
6. The Designated Individual will inform the employee-creators on a regular basis of the progress of protection efforts and commercialization of intellectual property disclosed by that employee.

### **C. Resolution of Disputes**

Employees may appeal decisions of the Designated Individual to the Chief Executive Officer. A written appeal specifying the basis in policy and fact for the disagreement with the determinations of the Designated Individual must be filed within the period of time allowed for other grievances. Such grievances will be resolved in the manner provided under the grievance procedures available to the employees.

### **D. Intellectual Property Income Distribution**

Employees who create intellectual property that is disclosed pursuant to this policy and that is determined to be owned by the institution are entitled to share in the net income earned from the commercialization of that intellectual property according to the Intellectual Property Income Distribution Policy, section 6 below. Where more than one employee contributed to the creation of a work, the creator's share of revenues will be divided among them equally, unless the employees agree upon a different distribution among themselves.

and notify the institution in writing of their agreement. Income earned from the licensing of institutional trademarks or service marks is not subject to this policy.

**E. Patent, Trademark, Service Mark or Copyright Application**

Employees who create intellectual property owned by the institution will cooperate fully with the institution in the application for legal protection of intellectual property when requested to do so by the Designated Individual. All costs involved in obtaining and maintaining legal protection, domestic and foreign, will be borne by the institution or its contract management agent.

**F. Assignment of Title to Research Sponsor**

On rare occasions the institution may accept a grant or contract from an organization in which title or rights equivalent to title are assigned to the sponsor, or the institution may accept a grant or contract that gives to the sponsor an exclusive option for a limited period of time for the right of first refusal to obtain an exclusive license. The terms and conditions of such a license must be consistent with Board policy, and they must provide for the recovery of all institutional costs before the assignment will be effected. The Designated Individual must approve all such agreements in advance. It is the responsibility of the principal investigators involved to ensure that all persons involved in work supported by the grant or contract are notified of and agree to its terms.

**G. Review of Funding Agreements with Outside Organizations in Which Employees Have Financial Interests**

Where an organization in which institutional employees have financial interests seeks to fund research at an institution on the condition that it obtain title to any resulting intellectual properties, the institutional chief executive officer must specifically approve the agreement. Employees have financial interests in an organization if they would be deemed to have an interest under Board Policy 4:35 (Conflict of Interest) or 4:32 (Investigator Financial Disclosure).

Approval by the Board for either the creation of any organization or any substantial interest in an organization under applicable South Dakota law does not exempt any agreement between the institution and an organization from the provisions of this subsection.

**H. Rights upon leaving the employment of the institution at which intellectual property rights were acquired.**

1. Faculty unit members who have acquired rights to share in the income generated by intellectual properties owned by the employing institution will continue to enjoy such rights when they leave the employment of the institution.
2. Individuals who leave the employment of the institution remain under continuing obligations to abide by the provisions of this policy insofar as they require actions to assist in perfecting or protecting institutional rights to intellectual properties, including, without limitation, such actions as may be needed to maintain the confidentiality of research data.
  - a. Institutions will bear costs incidental to securing the assistance of individuals who have left the employment of the institutions.
  - b. Such costs will number among those to be recouped from gross revenues before any income is distributed to inventors, authors or creators.
3. When individuals involved in research projects at the institution leave, they may request permission to take copies of research data for projects on which they have worked. Such requests will be submitted to the Designated Individual, and will not unreasonably be denied. Original research data must be retained at the institution by the principal investigator.
4. If a principal investigator leaves the institution, and a project is to be moved to another institution, ownership of the research data may be transferred with the approval of the president or the president's designee, and with written agreement from the principal investigator's new institution that guarantees:
  - a. its acceptance of custodial responsibilities for the research data, and
  - b. that it will provide the institution, or the Board, access to the research data, should that become necessary for any reason.
5. In unusual cases (for example, but without limitation, when research data must be used for a patent application filed by the institution or when research data are subject to an ongoing inquiry or investigation), it may be necessary for the original research data to be retained by the institution. In cases of research data used for a patent application, a separate written agreement shall be signed which preserves the inventor's right to access and copy (where practical) such research data.

## **6. Intellectual Property Income Distribution Policy**

Where the institution retains title to an intellectual property and income is created, the creator will receive 50 percent of all net revenues realized by the institution from commercialization of the property. Net revenues will equal gross revenues reduced by taxes or other governmental fees, charges or assessments and commercially reasonable direct costs that the institution incurs to develop the property and to realize the property's commercial value. Where two or more employees contributed to the creation of the property, the creator's share of revenues will be divided among them equally, unless the employees agree upon a different distribution among themselves and notify the institution in writing of their agreement.

**SOURCE: BOR, June 1997; BOR, December 2002; BOR, January 2004; BOR, June 2005.**