Patent/Copyright Obligations from Employees to Employer

Employee: All WSU Employees

Employer: Washington State University

Sections:

1. Title 49 RCW: Labor Regulations – Assignment of Intellectual Property
2. Works Made for Hire – U.S. Copyright Act
3. WSU’s Intellectual Property Policy
4. Washington State University’s Standard Research Agreement
5. The Bayh-Dole Act - COGR’s Publication

Information provided by Washington State University’s Office of Grant and Research Development.
RCW 49.44.140
Requiring assignment of employee's rights to inventions -- Conditions.
(1) A provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer does not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) directly to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this state and is to that extent void and unenforceable.

(2) An employer shall not require a provision made void and unenforceable by subsection (1) of this section as a condition of employment or continuing employment.

(3) If an employment agreement entered into after September 1, 1979, contains a provision requiring the employee to assign any of the employee's rights in any invention to the employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) directly to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed [performed] by the employee for the employer.

[1979 ex.s. c 177 § 2.]

RCW 49.44.150
Requiring assignment of employee's rights to inventions -- Disclosure of inventions by employee.
Even though the employee meets the burden of proving the conditions specified in RCW 49.44.140, the employee shall, at the time of employment or thereafter, disclose all inventions being developed by the employee, for the purpose of determining employer or employee rights. The employer or the employee may disclose such inventions to the department of employment security, and the department shall maintain a record of such disclosures for a minimum period of five years.

[1979 ex.s. c 177 § 3.]
§4.01[F]  EPSTEIN ON INTELLECTUAL PROPERTY

111 Works Made for Hire

Under the 1909 Act, which still governs works created before January 1, 1978,71 there is a rebuttable presumption that the copyright in a work created by an employee vests in the employer, absent an agreement to the contrary.72 The burden to rebut this presumption lies with the creator of the work to produce evidence, either written or oral, of a contrary intent.73

The 1909 Act did not define the word "employee," and courts looked to several factors to determine whether certain categories of individuals — such as those commissioned to create works — may be deemed "employee" for purposes of the work-for-hire doctrine. The tests employed by courts in determining whether a particular commissioned work is one for hire include (1) whether the work was produced at the "instance and expense" of the commissioning party;74 (2) which party was the "motivating factor" in the creation of the work;75 and (3) whether the

71 The 1976 Act "work for hire" doctrine is not to be applied retroactively to determine who holds a copyright for a work created before 1978. Section 301 of the Copyright Act "merely clarifies the rights of individuals owning copyrights on that date, whomever they might be." In other words, § 301 provides that all copyrights, whether previously governed by common law or by the 1909 Act, were thereafter to be controlled by the provisions of the 1976 statute. Buemi v. Lewis, 51 F.3d 271 (6th Cir. 1995) (noting that Copyright Act of 1978 preempts plaintiff's claim for common law copyright); Roth v. Pritikin, 710 F.2d 934, 938 (2d Cir.), cert. denied, 464 U.S. 961 (1983).

72 Section 25 of the 1909 Copyright Act provides that "the word author shall include an employer in the case of works made for hire."

73 Saenger Org., Inc. v. Nationwide Ins. Licensing Assocs., 119 F.3d 55, 60 (1st Cir. 1997) (despite plaintiff's claim that oral agreement made him co-owner/co-author of insurance manuals, where parties' agreement was for employment, manuals were works made for hire because they were prepared during the course and within the scope of plaintiff's employment); Real Estate Data, Inc. v. Sidwell Co., 907 F.2d 770 (7th Cir. 1990) (the conduct of the parties, as well as parol evidence, may suffice to establish the original intentions of the parties as to ownership of the work), aff'd 809 F.2d 366 (7th Cir. 1987), cert. denied, 498 U.S. 1088 (1991).

74 Playboy Enters., Inc. v. Dumas, 53 F.3d 549, 555 (2d Cir.) (finding "expense" requirement was met by "simple fact" that parties fixed a sum for each work), cert. denied, 516 U.S. 1010 (1995); Brattleboro Publishing Co. v. Winmill Publishing Corp., 369 F.2d 565, 567 (2d Cir. 1966) (court held that the copyright for advertisements created by newspaper's staff properly belonged to the merchants that paid for the advertisements).

75 Picture Music, Inc. v. Boume, Inc., 457 F.2d 1213 (2d Cir.) (court held that where motion picture producer had control over the original song, engaged the creator to adapt the song, remained free to accept, reject, or modify the work, and the creator accepted payment for the work, the work was one "for hire"), cert. denied, 409 U.S. 997 (1972).
"commissioning" party had the right to control and supervise the work’s use and creation, even if this right was not exercised. Along this line, the 1909 Act, independent contractors could be treated the same as true employees.

The 1976 Act, which applies to all works created after January 1, 1978, modified the work-for-hire doctrine. Although the 1976 Act maintains the presumption that the copyright in a work created by an employee vests in the employer, the 1976 Act narrows the scope of the work-for-hire doctrine so that the independent contractor maintains the rights to his or her creation, unless the specially commissioned work falls within one of nine categories enumerated in the statute, and the parties expressly agree in writing that the work is considered one for hire.

Once a work is defined as a work-for-hire pursuant to section 101, the copyright in that work vests in the “employer” or “other person for whom the work was prepared” unless the parties have expressly agreed otherwise, in writing.

Neither section 101 of the 1976 Act nor the accompanying committee reports define the terms “employee” and “scope of employment.” In 1989, the United States Supreme Court settled a long-standing split among the U.S. circuit courts of appeal regarding the definition of “employee” in the “work for hire” context.

Section 101 of the 1976 Act states, in pertinent part, as follows:

(A) “work made for hire” is:

(1) a work prepared by an employee within the scope of his or her employment; or

(2) 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 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.

Under one interpretation, referred to as the “active supervision” view, a work would be deemed a “work for hire” if the hiring party (i) caused the work to be made and (ii) actively supervised the creation of the work. Under this test, many traditionally independent contractors would risk losing ownership in their works, depending on the degree of supervision exercised by the commissioning party.

Under the other interpretation, referred to as the “literal interpretation” test, a court was required first to determine — using applicable rules of agency law — whether the creator of
§4.01 [F]  

Non-Violence v. Reid, a case involving a verbal agreement between a sculptor and the Community for Creative Non-Violence ("CCNV") to create a sculpture that had been conceived by CCNV and that would be placed on a pedestal manufactured by CCNV, the United States Supreme Court affirmed the decision of the U.S. Court of Appeals for the District of Columbia that the sculptor was not an "employee" within the meaning of section 101(A)(1) and that the sculpture was not a work-for-hire.

The Supreme Court reached its decision by adopting the "literal interpretation" test and construing the scope of section 101(A)(1) pursuant to the traditional rules of agency law. In determining that the sculptor was not an "employee" for purposes of section 101(A)(1), the Court set forth a number of considerations that would be relevant to an agency law analysis of whether an "employer-employee" relationship existed:

(1) the hiring party’s right to control the manner and means by which the product is accomplished;
(2) the skill required;
(3) the sources of instrumentalities and tools;
(4) the location of the work;
(5) the duration of the relationship between the parties;
(6) whether the hiring party may assign other projects to the third party;
(7) the hiring party’s discretion over when and how long the hired party should work;*
(8) the method of payment, the provision of employee benefits, and the tax treatment of the hired employee;
(9) the hired party’s role in hiring and paying assistants; and
(10) whether the hiring party is in business, and whether the work is part of the regular business of that party.

A work is an employee or an independent contractor. Pursuant to this view, if a creator is deemed to be an employee, § 101(A)(1) applies. If the creator is deemed an independent contractor, the work would be considered a work for hire only if the work fell within one of the nine specified categories in § 101(A)(2), and if there is a writing to that effect. Easter Seal Soc’y v. Playboy Enters., 815 F.2d 323 (5th Cir. 1987), cert. denied, 485 U.S. 981 (1988).


** According to CCNV, the setting of a deadline by when the project must be completed does not alone satisfy this criterion of agency law. Id.
The Court acknowledged that no one of these factors alone is determinative.\(^{82}\)

The most important aspect of the Supreme Court's holding in *Reid* is that it narrows the definition of "employee" and, by doing so, creates a strong presumption that works created by traditional independent contractors and freelancers should not be considered "works for hire" within the scope of section 101.

### [2] Joint Works

A "joint work" is one "prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole."\(^{83}\) Each co-owner has an independent right to use or license the copyright but must account to other co-owners for any profit earned from the licensing or the use of the copyright.\(^{84}\) Each joint owner may make revisions and publish the original or revised work.\(^{85}\)

\(^{82}\) See id. at 752. See also Aymes v. Bonelli, 47 F.3d 23 (2d Cir. 1995), aff'd 980 F.2d 857, 861 (2d Cir. 1992) ("It does not necessarily follow that because no one factor is dispositive, that all factors are equally important, or indeed that all factors will have relevance in every case."). Applying CCNV, see Saenger Org., Inc. v. Nationwide Ins. Licensing Assocs., 119 F.3d 55 (1st Cir. 1997); Carter v. Helmsley-Spear, Inc., 71 F.3d 77 (2d Cir. 1995); Marco v. Accent Publishing Co., 969 F.2d 1547 (3d Cir. 1992); Lakedreams v. Taylor, 932 F.2d 1103 (5th Cir. 1991).

\(^{83}\) Section 101 of the 1976 Act. The "intention" element is fulfilled if both participants intend to be regarded as joint authors; a joint work is not created merely from the intent that two persons contribute to a copyrightable expression, as in the case of a writer and an editor or a writer and a researcher. Erickson v. Trinity Theatre, Inc., 13 F.3d 1061, 1068 (7th Cir. 1994) (collaboration without intent does not establish joint authorship); Childress v. Taylor, 945 F.2d 500, 507 (2d Cir. 1991) (same). See also Aalmuhammed v. Lee, 202 F.3d 1227, 1234 (9th Cir. 2000) (standard for determining whether parties intended to be co-authors is not strictly subjective, but, rather, involves inquiry into factual indicia of ownership); Thomson v. Larson, 147 F.3d 195, 202 (2d Cir. 1998) (the particularly dominant author must have a subjective intention in his mind that the subsidiary author somehow shares ownership).

\(^{84}\) Erickson v. Trinity Theatre, Inc., 13 F.3d 1061, 1067 (7th Cir. 1994). See Oddo v. Ries, 743 F.2d 630 (9th Cir. 1984) (the duty to account does not derive from the copyright law directly, rather, it derives from the equitable principles of unjust enrichment and property law governing co-owners).

\(^{85}\) Weinstein v. University of Ill., 811 F.2d 1091, 1095 (7th Cir. 1987). When a revised work is published, a co-author of the original who does not participate in the revision acquires no property rights in the new matter. Weissmann v. Freeman, 868 F.2d 1313, 1318 (2d Cir.), cert. denied, 493 U.S. 883 (1989).
F. INTELLECTUAL PROPERTY

1. Introduction

a.) Intellectual property is the inherent value produced by human creativity and invention, protected by law from unauthorized exploitation by others, and includes patents, copyrights, trademarks, and other proprietary information.

b.) The University's patent and copyright policies are intended to encourage a healthy atmosphere conducive to research and development through a system of rewards and incentives for the creation of intellectual property while at the same time giving proper consideration to the responsibilities that the University has as a public land-grant university.

c.) The strength of the University lies in its employees. The University's policies can provide invaluable assistance in bringing employee ideas to development and fruition within a framework of mutual trust and collegiality.

d.) These policies are intended to spell out the responsibilities of the University and its employees and establish a framework for ethical conduct. While employees are encouraged to consider the potential market value of their inventions, they shall not be held liable for failing to recognize a potentially patentable invention. Nothing in this policy shall be construed as abridging a faculty members’ academic freedom in the classroom.

e.) Employees of Washington State University may create copyrightable works and patentable discoveries. It is desirable in the public interest in some cases to seek University intellectual property protection for these works and discoveries. Commercialization through licensing the use of the property provides an opportunity for both income to the inventor and support for further University research and scholarship.

f.) This Intellectual Property Policy applies to all University Employees. For the Purposes of this Intellectual Property Policy, "Employee" shall be defined as any person receiving compensation for service, or any person volunteering services for the benefit of the University. Employees shall include, but not be limited to, faculty, administrative and professional personnel, classified staff, research fellows, staff assistants, and all other student employees. "Faculty" shall be defined as permanent and temporary teaching, research, service, extension, library, or student affairs appointment faculty, graduate teaching and research assistants, visiting scientists, and postdoctoral researchers. The uncompensated activities of students in furtherance of their education shall not be considered service that benefits the University within the meaning of this policy unless an agreement exists to the contrary.

g.) All employees accept the terms of these policies as conditions of employment or gratis association. Employees shall agree to execute an assignment of their future patentable works and discoveries to the University. These policies may be modified by the administration with approval from the Board of Regents after consulting with faculty and staff of the University.
2. Applicable Laws

a.) Federal law governs the creation of intellectual property. The United States Constitution, Article III, Section 8, gives to Congress, in order "to promote the progress of science and the useful arts, "the power to grant, for limited periods of time, to authors and inventors, the exclusive right to their respective writings and discoveries." The Copyright Act, in Title 17 of the United States Code, sets out the requirements by which an author of literary, artistic, and similar works may obtain copyright protection, and provides that in the case of a "work made for hire," the employer is the author for copyright purposes. 17 U.S.C. § 201(b). The Patent Act, in Title 35 of the United States Code, sets out the requirements by which inventors of new and useful processes, machines, manufactures, or compositions of matter may obtain patent protection.

b.) The Washington State Ethics Law (Ethics Law), RCW 42.52, and the rules promulgated pursuant to the law, restrict the use of state resources for private purposes, and state employees are individually responsible for complying with this law. For Ethics Law purposes as it relates to this Policy, state employees are defined as all faculty, staff, and students employed by the University. The Ethics Law provides that "No state officer or state employee may employ or use any person, money, or property under the officer's or employee's official control or direction, or in his or her official custody, for the private benefit or gain of the officer, employee, or another." RCW 42.52.160. However, the Ethics Law allows state officers and employees to receive "honoraria" if "authorized by the agency where they serve." Honoraria is defined in the Ethics Law to mean "money or thing of value offered to a state officer or state employee for a speech, appearance, article, or similar item or activity in connection with the state officer's or state employee's official role." RCW 42.52.010(11).

c.) Consistent with the Ethics Law, this Policy authorizes University employees, under defined circumstances, to retain ownership to certain intellectual property created with University resources. Additionally, this Policy authorizes University employees to receive royalty payments from commercialization of certain University-owned intellectual property that they created.

3. Intellectual Property Committee

a.) The Intellectual Property Committee serves as an advisory committee to the Vice Provost for Research on all University intellectual property (i.e., patent, copyright, trademark, and proprietary information) especially with regard to University policy on these matters. All members of the Committee shall hold confidential all matters coming before the Committee regarding specific intellectual property.

b.) The composition and tenure of the Intellectual Property Committee shall be:

(1) Six faculty with three-year terms, one of who will be appointed chair. The Faculty Senate may suggest faculty members to be considered by the President.

(2) Two Deans or Associate Deans of the colleges for three-year terms.
(3) One member of the administrative and professional personnel or staff, with a three-year term.

(4) Director of OIPA who serves as secretary to the Committee. Director of the Office of Grant and Research Development. Both Directors act as ex officio members to the committee.

c.) The quorum required for voting at a committee meeting must be no fewer than five voting members; three of whom must be faculty.

4. Office of Intellectual Property Administration

a.) The Office of Intellectual Property Administration (OIPA) (http://www.wsu.edu/~oipa) serves the University and its employees by promoting the transfer of technologies, encouraging the disclosure of intellectual property, conducting preliminary reviews of commercial potential of invention disclosures, and recommending copyright and patent protection and licensing to the Washington State University Research Foundation (WSURF). OIPA works closely with the WSURF, a private non-profit organization responsible for the commercialization and licensing of inventions and other University intellectual property. In association with the WSURF, OIPA monitors invention disclosures, patent status, license agreements, marketing efforts, federal reporting, and royalty income. The professional staff includes the Executive Director, Program Support Supervisor, and Technology Licensing Associate(s).

G Patent Policy

An invention may be a design, process, code, biological material, or device that shows novelty, usefulness, and non-obviousness. A patent is a contract between the inventor and the government to allow the inventor exclusive rights to make, sell, or use the invention for a definite period of time (generally 20 years from the filing date). Plant Variety Protection, international Plant Variety Rights, and international patents are other forms of invention protection. Transfer of biological material, software source code, or proprietary information may be protected through confidentiality agreements. For further information about patents, refer to the U.S. Patents and Trademarks Office at http://www.uspto.gov/.

1. Scope of Policy.

a.) This policy applies to potentially patentable discoveries and proprietary information which are developed using Washington State University equipment, supplies, facilities, employee time, or proprietary information, or which relate directly to the University's business, research, or development. The University will be assigned ownership in patents and other tangible research property developed by its employees as a result of their University research or employment. The University does not claim rights in inventions for which no equipment, supplies, facilities or proprietary information was used and which was developed entirely on the employee's own time.

2. Sponsored Research.
a.) Where the invention has been developed through research sponsored by a grant or contract with the federal government (or its agencies), it must be reported to the agency and the agency joins the University to determine distribution of the rights in the invention, to determine if patent prosecution should be sought, and how the patent should be administered or disposed of in the public interest. The WSU Office of Grant and Research Development (OGRD) is responsible for the submission and acceptance of sponsored projects to the University. For further information, you may refer to OGRD’s home page at http://www.ogrd.wsu.edu/ogrd1/.

b.) Where private industry or foundations have sponsored research, licensing of patents or other intellectual property shall be negotiated between the sponsor and the University, or its agent where appropriate. The University will strive to protect the financial interests of all and ensure that the University retains the traditions of self-governance and academic freedom. The University, on behalf of its constituent colleges, schools, or departments, will not accept grants or enter into agreements for the support of instruction or research that confer upon an external party the power to censor, unduly delay, or exercise effective veto power over either the content of instruction or the publication of research. Publication of research findings may temporarily be delayed in order to protect patent rights or permit the research sponsor to review the proposed publication for the sole purpose of identifying proprietary information furnished by or belonging to the sponsor.

c.) The University normally retains ownership of property developed under sponsorship agreements and will negotiate rights to license the property. The proprietary rights of the University and of the University’s employees shall be subject to the agreement between the sponsor and the University. Agreements with outside sponsors shall be approved by the Vice Provost for Research or his or her designees.


a.) Prior to employment by the University and for the protection of the employee's interests at the time of employment, each new employee shall disclose to OIPA all inventions previously developed or being developed by the employee for the purpose of establishing his or her ownership rights to developments made.

b.) While employed at the University, employees shall disclose patentable inventions and discoveries to OIPA for review. The Executive Director of OIPA will provide assistance in filling out forms for disclosure. Invention Disclosure forms may be found at http://www.wsu.edu/~oipa/agreements.htm


a.) The University shall own the rights to all patentable property and other tangible research and scholarship developed as a result of University employment, or when the equipment, supplies, facilities, employee time or proprietary information of the University are used. After the employee terminates his or her Washington State University employment and is re-employed elsewhere, the University retains ownership of subsequent inventions where the invention is a direct outgrowth of the University’s business or University research and development.
b.) Under the federal patent and trademark legislation of 1980 (35 U.S.C. § 200 et seq.), the University has the right of first refusal to title in inventions made in the performance of federal grants and contracts. The University will assert title to and attempt to license inventions made with federal government funds so that the Congressional purpose of fostering the development of industry in the United States will be furthered.

c.) For any patentable inventions and other discoveries in which the University, its assignee, or a sponsor has an interest, the employee shall execute promptly all assignments, waivers, and other legal documents necessary to vest in the University, its assignee, or the sponsor any and all rights to the invention, including assignment of any patents or patent applications.


a.) If there is a question of ownership, OIPA will determine whether the potentially patentable property is owned by the University, by the employee, jointly by the University and the employee, or by an outside sponsor. The Office may determine that the employee or sponsor is a partial owner of the intellectual property with the University in cases where it would be unfair to determine that the property is wholly owned by the University, e.g., when an employee disclosed enabling discoveries that occurred before employment with the University or when the sponsor's employees have contributed to the invention. In such cases, OIPA shall notify the previous employer (if any) and negotiate percentages of respective ownership. If OIPA deems it to be in the best interests of the University to release its rights to the invention, it may do so.

b.) When a question of ownership arises, the procedure for determination of ownership shall be as follows. OIPA shall make its determination of ownership, or request additional time, within 45 business days of full disclosure. If OIPA asks for additional time, it must, in any event, make its determination within 35 business days of its request for additional time. The employee will be notified of OIPA’s decision within 5 business days of its mailing of the notice of the determination of ownership to appeal the decision to the Vice Provost for Research. If the Vice Provost for Research cannot resolve determination of ownership within 5 business days of the appeal, the appeal shall be heard by the Intellectual Property Committee within 20 business days of the notice of the appeal. The Intellectual Property Committee will make its recommendation to the Vice Provost for Research. The decision on appeal shall be issued within 30 business days of the deadline for submitting material. If OIPA fails to notify the employee in writing of determination of ownership within 50 business days of full disclosure or 80 business days if additional time is requested, then the University’s rights in the patentable property shall automatically become the property of the employee or sponsor.

c.) Following this internal appeal process, the employee will have recourse to settle ownership by binding arbitration administered by the American Arbitration Association (AAA) under AAA Patent Arbitration Rules. The employee shall file his or her claim with any Washington office of the AAA within 60 business days of the Vice Provost’s decision, and provide a copy of such claim to OIPA within the same period of time. Costs of the arbitration shall be shared equally by the parties.
d.) After the determination by OIPA and exhaustion of the employee's right of internal and external appeal, the employee shall execute documents of assignment to convey to the University, its assignee, or the sponsor all of the employee's interest in the invention determined to be owned by the University, its assignee or the sponsor and assist in obtaining, protecting, and maintaining patent rights.

e.) In the event an appeal results in ownership by the employee, the University shall formally release all claims to the employee's invention.

6. Publication and Disclosure to Third Parties.

a.) Once an invention is identified as potentially patentable, premature publication, public use, or disclosure of an invention can jeopardize the rights of the employee, or the university or its assignee to secure patent protection - particularly patent protection in other countries. In close consultation with the employee inventor and for the benefit of employee inventor, University, and possible Licensee, there shall be no publicity or disclosure concerning the invention until patent applications have been filed. OIPA shall act in a timely fashion in such cases so as to not unreasonably delay employee publications. All publicity, public reports, interviews, news releases, speeches, public disclosures, or public demonstrations of the invention subsequent to the filing of the application shall have prior clearance in writing from the University or its assignee.

b.) This section shall not be applicable to sponsorship agreements that impose different obligations on disclosure.


a.) The University will assign its interests in all patents and other intellectual property to the WSURF for development. The assignment will take place under the agreement between the University and the WSURF. Copies of the agreement between the University and the WSURF may be obtained from OIPA. If the agreement is terminated, the University shall select a managing agent and execute the proper assignments to the agent.

b.) Patent protection prosecution and commercialization through licensing are complex and expensive endeavors requiring active participation by the inventors and the University over a period of 20 years after patent filing. The WSURF reserves the right to return the invention to the University if commercialization is not possible. For inventions that were enabled through sponsored research, the federal, state, or private sponsoring agency must be notified and allowed the right to patent the invention. If there was no enabling sponsored research, or the sponsor or the University declines to pursue the invention, then the invention rights will be returned to the inventor.


a.) All monetary proceeds from commercialization of University-owned inventions are the property of the WSURF. The WSURF will collect and distribute royalties, fees, equity interests, or dividends to inventors and University in accordance with procedures established by the University.
(1) The WSURF will deduct the costs of obtaining and maintaining legal protection for each invention to arrive at "adjusted income."

(2) The WSURF will deduct twenty percent (20%) from adjusted income and the remainder will be "net income." This deduction is directed toward covering the expenses (excluding direct patent expenses) for administering OIPA and provides initial funds for patent prosecution for other inventions without obvious commercial partners.

(3) Distribute net income according to the following schedule.

<table>
<thead>
<tr>
<th>Cumulative Net Income</th>
<th>Inventor</th>
<th>University</th>
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<tbody>
<tr>
<td>$1-$10,000</td>
<td>100%</td>
<td></td>
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<tr>
<td>$10,001 - $200,000</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Above $200,000</td>
<td>25%</td>
<td>75%</td>
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</tbody>
</table>

(4) With consideration to other University priorities and policies, the University will distribute a portion of its share to the Office of the Vice Provost for Research to be invested in further research and technology efforts for the University and at least 20% of its share to be split equally between the inventor's department and College (or relevant branch campus when appropriate) for further research.

b.) Inventors, whose technology was previously assigned to the WSURF for administration, will be given the one-time option of selecting the above Division of Royalty policy over any pre-existing royalty policy.

c.) In the event of multiple inventors, the inventors will agree among themselves as to the distribution of the income accruing to the inventors; distribution of the inventors' share shall be made only upon receipt of a signed agreement among the inventors.

d.) The WSURF 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 relating to inventions or Copyrighted Works. Neither the WSURF nor University acts as a fiduciary for any person concerning equity nor other consideration received under the terms of this regulation.
9. Public Released Agricultural Research Center Plant Varieties

a.) The research and development, patent or plant variety protection, and public release of plant varieties requires the cooperation of the plant breeder/breeder team, funding agency (USDA), Variety Release Committees, WSU Agricultural Research Center (ARC), Washington State Crop Improvement Association (WSCIA) or similar commodity groups, and OIPA. The distribution of Research Fees and Royalties will follow this schedule:

b.) Seed Propagated Crops

(1) The WSURF will deduct the costs of obtaining and maintaining legal protection for each plant variety.

(2) WSCIA typically collects a two percent (2%) management fee for its services in producing and distributing seeds, and collection and distribution of research fees.

(3) Seventy percent (70%) of the adjusted income will be distributed to the Agricultural Research Center for enhancement of plant variety programs.

(4) The remaining thirty percent (30%) of the adjusted income will be distributed

  10% to WSURF
  10% to WSU-ARC
  10% to plant breeder/breeder teams

c.) Vegetated propagated crops

(1) The WSURF will deduct the costs of obtaining and maintaining legal protection for each plant variety.

(2) Fifty percent (50%) of the adjusted income will be distributed to the Agricultural Research Center for enhancement of plant variety programs.

(3) The remaining fifty percent (50%) will be distributed as follows:

  10% to WSURF
  10% to WSU-ARC
  30% for breeder/breeder teams

H COPYRIGHT POLICY
The United States government grants a copyright to the author or creator of original works of authorship. Copyrights for works created after January 1, 1978, are granted for the term of the author’s life and an additional 70 years. In the case of a work made for hire, the term of the copyright is 95 years from the year of first publication or 120 years from the year of creation, whichever expires first. The copyright allows the author or persons assigned rights for the author to rightfully withhold others from copying or using the works without permission. A copyright is automatically secured when the work is created or "fixed" in a tangible medium. No publication or registration or other action in the Copyright Office is required; however, it is required that a copyright be registered before a lawsuit is brought. Refer to the U.S. Copyright Office at http://lcweb.loc.gov/copyright/ for further information.

1. Copyright Policy Objectives.

a.) The University encourages the publication of scholarly works as an inherent part of its educational mission. In this connection, it acknowledges the right of faculty, staff, and students to prepare and publish, through individual initiative, architectural designs, photographs and slides, illustrations, computer software, multimedia presentations, sound recordings, video productions, telecasts, music, grant proposals, scholarly publications, and other material. The following statement of University policy on ownership of copyrightable material is provided to clarify the respective rights and responsibilities of individuals and the University in this important area. OIPA will administer the policy.

2. Copyright Ownership.

a.) University Ownership of Copyrighted Works

(1) Work Made for Hire. Except as otherwise provided in the Employee Ownership of Copyrighted Works section of this Policy, the University shall own all copyrightable works that were created as a "work made for hire." "Work made for hire," as defined by the Copyright Act, includes (1) works prepared by University employees within the employee’s scope of employment, or

(2) works not created within the employee’s scope of employment but that are specially commissioned by the University pursuant to a written agreement that is signed by both the University and the employee.

(3) Sponsored Agreements. The University shall have the right to perform its obligations with respect to copyrightable works, data, prototypes, and other intellectual property under any contract, grant, or other arrangement with third parties, including sponsored research agreements, license agreements, and the like. Employees shall assign all rights to the University or as required by the sponsored agreement necessary to facilitate obligations under grants and contracts.

(4) The Employee shall own copyrightable works unrelated to the employee’s University employment responsibilities that are developed on an employee’s own time and without University support or use of University facilities.
b) Faculty Ownership of Copyrighted Works.

(1) The University shall not assert ownership in the following works created by Faculty within the Faculty’s scope of employment, unless (1) substantial kinds or amounts of University resources, as defined below, were used to create the works; (2) the works are created pursuant to a written agreement between the employee and the University; or (3) the works are created pursuant to a third-party sponsored agreement, contract, or grant, specifically allocating ownership rights to the University.

(a) scholarly material,

(b) educational material,

(c) art works,

(d) musical compositions, and

(e) dramatic and nondramatic literary works.

(2) Substantial University Resource Use Resulting in University Ownership. The University shall assert an ownership interest for works identified in the previous paragraph to which the University contributes substantial kinds or amounts of resources. Each department or unit of the University may publish, with the approval of the Provost, a description of what constitutes substantial kinds or amounts of University resources. In the event that a department or unit does not publish such a policy prior to the creation of the works, substantial kinds or amounts of resources shall mean the use of staff or clerical time other than peer review; provision of university funding specifically for or in support of the development of the work; not to include professional leave, and provision of equipment, facilities, and supplies beyond that which is usually provided for meeting employment obligation.

c.) Student Writings. Students employed by the University in any capacity are covered by the terms of this policy. In addition, where a student receives financial aid or remuneration under a sponsored research, training, or fellowship program, his or her rights in copyrightable material are limited by the terms of the University agreement with the sponsoring agency. The University has no ownership rights in copyrightable material developed by students who are not employees.

d.) Patentable Works. Some works, particularly certain types of computer programs, may qualify for patent as well as copyright protection. An author, upon recognizing that one of his or her works is of this kind, is responsible for disclosing it to OIPA for a determination of (i) ownership and (ii) whether the University wishes to seek patent protection should ownership be vested in the University. OIPA, following the procedures set out in the University’s patent policy, will make these determinations. If ownership of such a work is vested in the University under the patent policy, but the University decides not to protect the work, ownership and disposition of the work is then determined in accordance with this Policy. If Faculty wish to appeal OIPA’s or its staff’s decisions, the procedure set out in section 6 of the Patent Policy shall be followed.
3. Administration of the Copyright Policy

a.) Disclosure. Material subject to copyright and owned by the University under the circumstances set forth in the Copyright Policy should be promptly disclosed to OIPA.

b.) Determination of Ownership in Unclear Cases. Such determinations will be made by OIPA and will follow the guidelines set out in this Policy. Either the University or the author may initiate this review.

c.) Distribution of Royalties. See the Division of Copyright Royalties section of this document.

d.) General Advice and Assistance. Contact the Washington State University, Office of Intellectual Property Administration, WSU Research and Technology Park, Pullman, WA 99164-1802, telephone (509) 335-5526.


a.) The University will either assign its copyright interests to WSURF or retain ownership for development by other University publishing units, e.g., Office of Publications and Printing, Educational Telecommunications and Technology, Information Technology, or the Extended Degree Program. For the WSURF the assignment will take place under the agreement between the University and the WSURF. Copies of the agreement between the University and the WSURF may be obtained from OIPA. If the agreement is terminated, the University shall select a managing agent and execute the proper assignments to the agent.

b.) Copyright registration is simple. Software commercialization through sale or licensing may be complex and expensive requiring active participation by the authors and the University. The WSURF reserves the right to return the copyright to the University if commercialization is not possible.

5. Division of Copyright Royalties.

a.) In cases where the University assigns its copyright interest to the WSURF, all monetary proceeds from commercialization of University-owned copyrighted works (often software) are the property of the WSURF. Often the WSURF will collect and distribute royalties, fees, equity interests, or dividends to authors and University in accordance with procedures established by the University. The guidelines as follows will be used most commonly, but the University reserves the right to adjust the distribution of its share.

(1) The WSURF will deduct the costs of obtaining and maintaining legal protection for each copyrighted work to arrive at "adjusted income."

(2) The WSURF will deduct twenty percent (20%) from adjusted income. This deduction is directed toward covering the expenses for administering OIPA.
(3) If required by the University, the WSURF will first reimburse the University for expenses in developing and distributing the copyrighted work, e.g., distance learning courseware. The remaining income is the Net Income.

(4) Copyright royalty income will be distributed as identified in Patent Policy V. a.2.

b.) In the event of multiple authors, the authors will agree among themselves as to the distribution of the income accruing to the authors; distribution of the authors’ share shall be made only upon receipt of a signed agreement between the authors.

c.) The WSURF 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 relating to Inventions or Copyrightable Works. Neither the WSURF nor the University acts as a fiduciary for any person concerning equity or other consideration received under the terms of this regulation.

I. Trademarks

University trademarks include the names, designs, logos, and colors for "Washington State University", "WSU", "Cougars", "Go Cougs", "Ask Dr. Universe", and others. Permission of the University is required before use of these trademarks. Commercial use requires licensing and payment of royalties. Royalty income from licensing of University and Athletic marks is administered by the Washington State University Foundation. The Trademarks Officer may be contacted through OIPA.

From time to time other University trademarks are registered for software, plant varieties, or devices in conjunction with their patent or copyright protection. These trademarks may generate royalty through commercialization. Net royalty income received by the WSURF shall be distributed according to the schedule used for Patents.
WASHINGTON STATE UNIVERSITY
RESEARCH AGREEMENT
OGRD # ________

ARTICLE 1 – PARTIES

1.1 THIS AGREEMENT is made and entered into by and between Washington State University, an institution of higher education and an agency of the state of Washington, hereinafter referred to as “University,” and __________________________________________, hereinafter referred to as “Sponsor.” In this Agreement, the above entities are jointly referred to as Parties.

ARTICLE 2 – PURPOSE

2.1 The research program contemplated by this Agreement is of mutual interest and benefit to University and Sponsor.

2.2 The performance of such research is consistent, compatible and beneficial to the academic role and mission of University as an institution of higher education.

In consideration of the mutual premises and covenants contained herein, the Parties hereto agree to the following terms and conditions.

ARTICLE 3 – DEFINITIONS

3.1 “Budget” shall mean the Project Budget contained in Attachment B–Budget, which is hereby incorporated by reference.

3.2 “Project Director(s)” shall be __________________________________________.

3.3 “Sponsor Liaison” shall be [name], a Sponsor [employee, agent, contractor] designated by Sponsor to be the primary contact with the Project Director.

3.4 “Scope of Work” shall mean the research described in Attachment A–Scope of Work which is hereby incorporated by reference, and that is under the direction of the Project Director(s).

ARTICLE 4 – SCOPE OF WORK

4.1 Scope of Work. University agrees to perform the activities entitled “_________________________” as described in Attachment A–Scope of Work.

4.2 University agrees to use its reasonable best efforts to perform the Scope of Work. Sponsor acknowledges that this Agreement is for the research effort described in
Attachment A–Scope of Work and that University does not represent or guarantee that the desired research results will be obtained under this Agreement.

4.3 Reporting Requirements.

4.3.1 Progress Reports. University shall provide written reports on the progress of the research as follows: [Insert frequency of progress reports, i.e., no progress reports shall be provided, or shall be provided monthly or quarterly or semi-annually].

4.3.2 Final Report. A final written report shall be furnished at the completion of the Contract Term.

ARTICLE 5 – CONTRACT TERM

5.1 This Agreement shall become effective on _________ and shall be completed on _________ unless a time extension is mutually agreed upon in writing between the Parties in accordance with Article 18–Amendments.

ARTICLE 6 – PAYMENT TERMS

6.1 Total Costs. Sponsor agrees to reimburse University for services performed under this Agreement in the amount of $________ in accordance with the following payment schedule:

[Insert Payment Schedule]

6.2 Project Budget. Attachment B–Budget sets forth the Project Budget. Deviations from this Project Budget may be made to and from any expenditure object within the University system as long as such deviation is reasonable and necessary in the pursuit of the Scope of Work. The total amount identified above may not be exceeded without prior written amendment to this Agreement signed by the Parties.

6.3 Invoices. Periodic invoices will be provided, not more often than monthly, using the standard University invoice. Payments are due to University within forty-five (45) days from the University invoice date. Checks should be made payable to Washington State University and sent to: Controller’s Office, Attn: Sponsored Projects Finance Office, Washington State University, Pullman, WA 99164-1025.

6.4 The balance of any amounts which remain unpaid more than thirty (30) days after they are due to the University shall accrue interest at the rate of the lesser of one and one-half percent (1.5%) per month or the maximum allowed under applicable law. However, in no event shall this interest provision be construed as a grant of permission for any payment delays.
ARTICLE 7 – EQUIPMENT

7.1 University shall retain title to any equipment purchased with funds provided by Sponsor under this Agreement.

ARTICLE 8 – KEY PERSONNEL

8.1 The Project Director may select and supervise other project staff as needed. No other person will be substituted for the Project Director except with Sponsor’s approval. Sponsor may exercise Termination for Convenience provisions of this Agreement if a satisfactory substitute is not identified.

ARTICLE 9 – CONTROL OF RESEARCH

9.1 Control of Scope of Work rests entirely with University. However, the Parties agree that University, through its Project Director, shall maintain communication with a designated liaison for Sponsor. University’s Project Director and Sponsor’s Liaison shall mutually define the frequency and nature of these communications.

ARTICLE 10 – CONFIDENTIAL INFORMATION

10.1 "Confidential Information" shall mean information in written, graphic, oral or other tangible form protected by trade secret or other right of non-disclosure, including without limitation algorithms, formulae, techniques, improvements, technical drawings and data, and computer software. Confidential Information shall not include information which (a) was in the receiving party's possession prior to receipt of the disclosed information; (b) is or becomes a matter of public knowledge through no fault of the receiving party; (c) is received from a third party without a duty of confidentiality; (d) is independently developed by the receiving party; (e) is required, upon advice of counsel, to be disclosed under operation of law.

10.2 It is understood that as an educational institution of the state of Washington, University is subject to Washington State laws and regulations including the Washington Public Disclosure Act, RCW 42.17.250 et seq. (http://www.leg.wa.gov/wsladm/rcw.htm). If a Public Disclosure Act request is made to view Sponsor's Confidential Information, and the University's Public Records Officer either determines that no exemption to disclosure applies or is unable to determine whether an exemption to disclosure applies, University will notify Sponsor of the request and the date that such records will be released to the requester unless Sponsor obtains a court order enjoining that disclosure. If Sponsor fails to obtain a court order enjoining disclosure, University will release the requested information on the date specified.
10.3 To the extent allowed by law, University and Sponsor agree to use reasonable care to avoid unauthorized disclosure of Confidential Information, including without limitation taking measures to prevent creating a premature bar to a United States or foreign patent application. Each party will limit access to Confidential Information received from another party hereto to those persons having a need to know. Each party shall employ the same reasonable safeguards in receiving, storing, transmitting, and using Confidential Information that prudent organizations normally exercise with respect to their own confidential information of significant value.

10.4 Any Confidential Information shall be in written, graphic, or other tangible form or reduced to such form within thirty (30) days of disclosure and shall be clearly identified as confidential at the time of or within thirty (30) days of disclosure. Confidential Information shall not be disclosed by the receiving party to a third party for a period of five (5) years from receipt of such information unless the disclosing and receiving parties agree otherwise and in writing at the time of disclosure. Third parties include all governmental offices.

10.5 The terms of confidentiality set forth in this Agreement shall not be construed to limit the parties' right to independently develop products without the use of another party's Confidential Information.

ARTICLE 11 – PUBLICATION

11.1 University reserves the right to publish or permit to be published by University employees the results of Project research undertaken by University employees. To prevent untimely disclosure or exploitation of Sponsor Confidential Information, University shall provide Sponsor Liaison with a copy of any proposed publication resulting from the Project at least thirty (30) days prior to submission for publication. Sponsor shall have thirty (30) days (the "Pre-publication Review Period") from receipt of the draft to review the proposed publication. If Sponsor determines that Sponsor Confidential Information is included in the proposed publication, University will at Sponsor's request remove such Sponsor Confidential Information prior to submission for publication. If the proposed draft publication contains Sponsor Confidential Information, the Sponsor may request that University's submission of the draft for publication be delayed for up to sixty (60) days beyond the end of the Pre-publication Review Period. If Sponsor seeks to delay publication, Sponsor shall make such request in writing prior to the expiration of the Pre-publication Review Period together with identification of the information or materials of concern and reasons why delay is warranted. University may delay publication by ninety (90) days to allow University or Sponsor, as the case may be, to seek patent protection.

ARTICLE 12 – PUBLICITY

12.1 Sponsor shall not include the name of Washington State University, Washington State University Research Foundation or any of either entity's Trademarks in any advertising, sales promotion, or other publicity matter without prior written approval of the President of the University or his or her designee.
ARTICLE 13 – TERMINATION

13.1 Termination for Convenience. This Agreement may be terminated by either party hereto upon written notice delivered to the other party at least thirty (30) days prior to the intended date of termination. By such termination, neither party may nullify obligations already incurred prior to the date of termination. In the event of Termination for Convenience of this Agreement by Sponsor, Sponsor shall pay all reasonable costs and non-cancelable obligations incurred by University as of the date of termination.

13.2 Termination for Cause. In the event either party shall commit any material breach of or default in any terms or conditions of this Agreement, and also shall fail to remedy such default or breach within sixty (60) days after receipt of written notice thereof, the non-breaching party may, at its option and in addition to any other remedies which it may have at law or in equity, terminate this Agreement by sending notice of termination in writing to the other party to that effect. Termination shall be effective as of the day of receipt of such notice.

13.3 Termination of this Agreement shall not relieve either party of any obligations incurred prior to the date of termination including, but not limited to, any obligation of the Sponsor to pay the option fee set forth in Article 16.

ARTICLE 14 – DISPUTE RESOLUTION

14.1 Except as otherwise provided in this Agreement, when a dispute arises between the Parties and it cannot be resolved by direct negotiation, any party may request a dispute resolution panel (DRP). A request for a DRP must be in writing, state the disputed issues(s), state the relative positions of the Parties and be sent to all Parties. Parties must provide a response within thirty (30) days unless the Parties mutually agree to an extension of time. Each party shall designate a representative. The representatives shall mutually select an additional member. The DRP shall evaluate the facts, Agreement terms, and applicable statutes and rules and make a determination by majority vote. The decision is binding on the Parties.

14.2 Nothing in this Agreement shall be construed to limit the Parties’ choice of a mutually acceptable dispute resolution method in addition to the dispute resolution procedure outlined above.

ARTICLE 15 – DISCLAIMER

UNIVERSITY MAKES NO EXPRESS OR IMPLIED WARRANTY AS TO THE CONDITIONS OF THE RESEARCH OR ANY INTELLECTUAL PROPERTY, GENERATED INFORMATION, OR
PRODUCT MADE OR DEVELOPED UNDER THIS AGREEMENT, OR THE OWNERSHIP, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE RESEARCH OR RESULTING PRODUCT.

ARTICLE 16 – INTELLECTUAL PROPERTY

16.1 “Intellectual Property” shall mean Invention, Copyright, Trademark and any Proprietary Information produced under the Scope of Work.

16.2 University Intellectual Property. University shall own all rights and title to Intellectual Property created solely by University employees.

16.3 Sponsor Intellectual Property. Sponsor shall own all rights and title to Intellectual Property created solely by Sponsor and without use of University resources under this Agreement.

16.4 Joint Intellectual Property. University and Sponsor shall jointly own all rights and title to Intellectual Property made jointly by University and Sponsor pursuant to this Agreement.

16.5 Consistent with University policy, University may assign Intellectual Property to the Washington State University Research Foundation (“WSURF”). For purposes of this Article, University shall mean either WSU or WSURF for Intellectual Property assigned to it.

16.6 “Invention” shall mean certain inventions and/or discoveries conceived and/or reduced to practice in performance of the Scope of Work and resulting patents, divisionals, continuations, or substitutions of such applications, all reissues and foreign counterparts thereof, upon which a University employee or agent is a named inventor.

16.7 “Invention Disclosure(s)” shall mean a written disclosure of a potentially patentable Invention(s) provided to the University’s Office of Intellectual Property Administration.

16.8 “Copyright” shall mean any work developed under the Scope of Work that is subject to copyright under copyright law.

16.9 “Proprietary Information” means all data, sequences, and any other information obtained or developed during the course of the Scope of Work.

16.10 “Trademark” shall mean any trade or service marks developed under the Scope of Work whether or not registered under either state or federal trademark law.
16.11 University hereby grants to Sponsor an option to negotiate a license to University Intellectual Property and/or University’s ownership interest in Joint Intellectual Property (Option Rights). University shall notify Sponsor of such Intellectual Property within thirty (30) days of University’s Office of Intellectual Property Administration’s receipt of University Invention Disclosure forms from University inventors. Sponsor shall, within ninety (90) days of receipt of such notification from University (the Option Period), indicate to University in writing its intent to negotiate a license. Upon receipt, by the University, of Sponsor’s notification of its intent to negotiate a license and as consideration for these Option Rights, Sponsor shall pay Seven Thousand Five Hundred dollars ($7,500) to WSURF within sixty (60) days of WSURF’s submission of an invoice to Sponsor. In the event that Sponsor exercises its option, the parties shall negotiate the license terms in good faith. The license shall contain terms standard for agreements between universities and industry including, without limitation, clauses providing for payment of reasonable royalties and other compensation to the University; reimbursement of University for all past, present, and future expenses incurred in the preparation, filing, prosecution, issuance, and maintenance of Intellectual Property rights; and product liability indemnification and insurance requirements which are acceptable to University. In the event that University and Sponsor do not execute a written license agreement for the Option Rights within (insert number of days) days following Sponsor’s exercise of the option (the “Negotiation Period”), University shall be free to negotiate with and to enter into license agreements, including exclusive license agreements, with third parties for the Option Rights.

16.12 Invention Disclosures submitted to Sponsor by University are regarded by University as confidential. Sponsor shall not disclose any information contained in Invention Disclosures to any third party without University's prior written permission.

16.13 If Sponsor declines to enter into a license with University under this Article, Sponsor agrees for itself, its employees, successors, and assigns to be bound by a secrecy obligation for five (5) years with respect to information contained in the Invention Disclosure.

16.14 University hereby grants to Sponsor a royalty-free license to use Copyrights, with the exception of copyrighted software, for its non-commercial use. University hereby grants to Sponsor the right to negotiate a license for commercial use of Copyrights on reasonable terms and conditions, including a reasonable royalty, as the Parties hereto agree in a subsequent writing.

16.15 Sponsor understands that University must comply with the provisions of the Bayh-Dole Act.
ARTICLE 17 – INDEMNITY

17.1 Each party to this Agreement shall be responsible for its own acts and/or omissions and those of its officers, employees and agents. Sponsor shall fully indemnify and hold harmless University against all claims arising out of Sponsor’s use, commercialization, or distribution of Intellectual Property or products that result in whole or in part from the Scope of Work.

ARTICLE 18 – AMENDMENTS

18.1 This Agreement may be amended by mutual agreement of the Parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the Parties.

ARTICLE 19 – ASSIGNMENT

19.1 The work to be provided under this Agreement, and any claim arising hereunder, is not assignable or delegable by either party in whole or in part, without the express prior written consent of the other party, which consent shall not be unreasonably withheld.

19.2 Notwithstanding the foregoing, and consistent with University policy, Sponsor agrees that University may assign any Inventions, Copyrights, or Trademarks developed under this Agreement to the Washington State University Research Foundation.

ARTICLE 20 – NOTICES

20.1 Any notice or communication required or permitted under this Agreement shall be delivered by overnight courier, or by registered or certified mail, postage prepaid and addressed to the party to receive such notice at the address given below or such other address as may hereafter be designated by notice in writing. Notice given hereunder shall be effective as of the date of receipt of such notice:

University:

Name/Title: ___________________________ Phone: ___________________________
Address: ___________________________ Fax: ___________________________
Address: ___________________________ E-mail: ___________________________
City/State/Zip: ___________________________
ARTICLE 21 – GOVERNING LAW

21.1 This Agreement shall be construed and interpreted in accordance with the laws of the state of Washington and the venue of any action brought hereunder shall be in the Superior Court of Whitman County.

ARTICLE 22 – SEVERABILITY

22.1 If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.

ARTICLE 23 – ORDER OF PRECEDENCE

23.1 In the event of an inconsistency in this Agreement, the inconsistency shall be resolved by giving precedence in the following order:

1. Applicable statutes and regulations;
2. Terms and Conditions contained in the basic Agreement;
3. Attachment A–Scope of Work;
4. Attachment B–Budget;
5. Any other attachments; and
6. Any other provisions incorporated by reference or otherwise into this Agreement.

ARTICLE 24 – ALL WRITINGS CONTAINED HEREIN

24.1 This Agreement contains all the terms and conditions agreed upon by the Parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the Parties hereto.
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date set forth herein by their duly authorized representatives.

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ATTACHMENT A – SCOPE OF WORK

OGRD # __________

(See Article __)

Description:
## ATTACHMENT B – BUDGET

**OGRD # __________**

*(See Articles ___ and __)*

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Introduction

The transfer of new technology from university laboratories to the private sector has a long history and has taken many different forms. The current national emphasis on this activity, however, can be dated to the 1980 enactment of P.L. 96-517, The Patent and Trademark Law Amendments Act, more commonly known as the Bayh-Dole Act, and amendments included in P.L. 98-620, enacted into law in 1984.

This brochure reviews the Bayh-Dole legislation, the implementing regulations that have evolved, and the major issues associated with complying with the law and related regulations. It also highlights the significant benefits of the Bayh-Dole Act that have occurred to date.

Background

Technology transfer--the transfer of research results from universities to the commercial marketplace for the public benefit--is closely linked to fundamental research activities in universities. Although a handful of U.S. universities were moving science from the laboratory to industrial commercialization as early as the 1920s, academic technology transfer as a formal concept, is said to have originated in a report entitled “Science - The Endless Frontier” that Vannevar Bush wrote for the President in 1945. At that time, the success of the Manhattan Project had demonstrated the importance of university research to the national defense. Vannevar Bush, however, also recognized the value of university research as a vehicle for enhancing the economy by increasing the flow of knowledge to industry through support of basic science. His report became instrumental in providing a substantial and continuing increase in funding of research by the federal government. It stimulated the formation of the National Institutes of Health (NIH), the National Science Foundation (NSF), and the Office of Naval Research (ONR). Due to the success of these and other agencies, the funding of basic research by the federal government is now considered to vital to the national interest.
In the 1960s and 1970s, there was much study and debate surrounding federal patent policies. A major concern was the lack of success by the federal government in promoting the adoption of new technologies by industry. There was no government-wide policy regarding ownership of inventions made by government contractors and grantees under federal funding. Inconsistencies in policies and practices among the various funding agencies resulted in a very limited flow of government-funded inventions to the private sector. In 1980, the federal government held title to approximately 28,000 patents. Fewer than 5% of these were licensed to industry for development of commercial products.\footnote{1}

This problem was due, in part, to restrictions imposed on the licensing of new technologies and reluctance on the part of the agencies to permit ownership of inventions to vest in universities and other grantees.\footnote{2} The government would not relinquish ownership of federally funded inventions to the inventing organization except in rare cases after petitions had moved through a lengthy and difficult waiver process. Instead, the government retained title and made these inventions available through non-exclusive licenses to anyone who wanted to practice them.

As a result, companies did not have exclusive rights under government patents to manufacture and sell resulting products. Understandably, companies were reluctant to invest in and develop new products if competitors could also acquire licenses and then manufacture and sell the same products. Accordingly, the government remained unsuccessful in attracting private industry to license government-owned patents. Although taxpayers were supporting the federal research enterprise, they were not benefiting from useful products or the economic development that would have occurred with the manufacture and sale of those products.

In 1980, however, legislators and the administration concluded that the public would benefit from a policy that permitted universities and small businesses to elect ownership of inventions made under federal funding and to become directly involved in the commercialization process. This new policy would also permit exclusive licensing when combined with diligent development and transfer of an invention to the marketplace for the public good. It was understood that stimulation of the U.S. economy would occur through the licensing of new inventions from universities to businesses that would, in turn, manufacture the resulting products in the U.S.

**Evolution**

With the passage of the Bayh-Dole Act, colleges and universities immediately began to develop and strengthen the internal expertise needed to effectively engage in the patenting and licensing of inventions. In many cases, institutions that had not been active in this area began to establish entirely new technology transfer offices, building teams with legal, business, and scientific backgrounds. These activities continue to accelerate nationally as the importance of the Bayh-Dole Act becomes fully appreciated. Evidence of this is reflected in the fact that the membership of the Association of University Technology Managers (AUTM) increased from 691 in 1989 to 2,178 in 1999. In 1979, the year before passage of the Bayh-Dole Act, the Association counted only 113 members.\footnote{3}

University technology transfer offices perform a wide variety of highly specialized functions related to the patenting and licensing of inventions. In addition, these offices also perform a
vital function related to the formation of research partnerships with industry, and in negotiating the exchange of research materials and research tools.

In recent years, the wisdom of the new federal policy has become increasingly apparent. Growing numbers of universities have demonstrated that their newly formed technology transfer programs are effective in licensing inventions made with federal support to commercial partners. As a result, many new technologies have been diligently and successfully introduced into public use.

Another significant result of the Bayh-Dole Act is that it provides a strong incentive for university-industry research collaborations. At the national level, industry support for research and development at universities represents less than 7% of the total funding of university-based research. While small compared to the 60% provided by federal agencies, this private investment in the creativity of universities, including professors, students and staff, drives a form of technology transfer that is increasingly important to industry. The investment by industry rests on a secure footing because it is based on the principles and provisions of the Bayh-Dole Act.\textsuperscript{iv}

\textbf{Some Perspective}

The principles of the Bayh-Dole Act were the result of years of intense and emotional debate, dealing with fundamental concerns. The record shows that the debate included such issues as whether exclusive licenses would lead to monopolies and higher prices; whether taxpayers would get their fair share; whether foreign industry would benefit unduly; and whether ownership of inventions by a contractor is anti-competitive. Safeguards were hammered out in numerous legislative drafts. It is certain that the Act became much stronger because of the thorough debate that took place prior to its passage.

From the beginning, it was obvious that economic interests rather than academic science interests were the driving forces for the change in government policy. As early as October 1963, President Kennedy had issued a Presidential Memorandum and Statement of Government Policy. This memorandum marked the beginning of an intense discussion about the effect that government patent policy had on commercial utilization of federally sponsored inventions, on industry participation in federally sponsored R & D programs, and on business competition in the marketplace.\textsuperscript{v} It was not until industry, academe and the government recognized that their individual interests could be reconciled in the pursuit of commercialization that passage of the Bayh-Dole Act became possible and ended years of debate.

Until the Bayh-Dole Act became effective on July 1, 1981, the federal agencies kept tight control over intellectual property rights resulting from funded research, premised largely on traditional expectations rooted in the procurement process. After the passage of the Bayh-Dole Act, codifying and implementing it at the agency level was not an easy process. As the success of the Act became quickly apparent, subsequent legislative initiatives broadened its reach even further. These initiatives and the technical amendments involved are described in the Appendix.
Current Regulations

Regulations implementing federal patent and licensing policy regarding “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms” are codified at 37 CFR Part 401. The Department of Commerce is designated as the federal agency to promote commercialization and to assume responsibility for maintaining these rules. The following summarizes the significant aspects of these regulations:

- The provisions apply to all inventions conceived or first actually reduced to practice in the performance of a federal grant, contract, or cooperative agreement. This is true even if the federal government is not the sole source of funding for either the conception or the reduction to practice. The provisions do not, however, apply to federal grants that are primarily for the training of students and postdoctoral scientists.

- The university is obligated to have written agreements with its faculty and technical staff requiring disclosure and assignment of inventions.

- The university has an obligation to disclose each new invention to the federal funding agency within two months after the inventor discloses it in writing to the university.

- The decision whether or not to retain title to the invention must be made within two years after disclosing the invention to the agency. This time may be shortened, if, due to publication of research results or public use, the one-year U.S. statutory patent bar has been set in motion. Under such circumstances, the university must make an election at least sixty days before the end of the statutory period. If the university does not elect to retain title, the agency may take title to the invention.

- Upon election of title, the university must file a patent application within one year, or prior to the end of any statutory period in which valid patent protection can be obtained in the United States. The university must, within ten months of the U.S. filing, notify the agency whether it will file foreign patent applications. If the university does not intend to file foreign applications, the agency may then file on its own behalf in the name of the United States.

- Universities must include within the specification of the patent a notification of government support of the invention and government rights in the invention.

- If the university elects to retain title, the university must provide the government, through a confirmatory license, a non-exclusive, non-transferable, irrevocable, paid-up right to practice or have practiced the invention on behalf of the U.S. throughout the world.

- The university must submit periodic reports regarding the utilization of the invention as requested by the funding agency, but no more often than annually.
• Any company holding an exclusive license to a patent that involves sales of a product in the United States must substantially manufacture the product in the U.S. Waivers of this rule may be granted by the federal agency upon a showing that reasonable but unsuccessful efforts had been made to find a company that would manufacture the product in the U.S., or that manufacture in the U.S. would not be economically feasible.

• In their marketing of an invention, universities must give preference to small business firms (fewer than 500 employees), provided such firms have the resources and capability for bringing the invention to practical application. However, if a large company has also provided research support that led to the invention, that company may be awarded the license.

• Universities may not assign their ownership of inventions to third parties, except to patent management organizations.

• Universities must share with the inventor(s) a portion of any revenue received from licensing the invention. Any remaining revenue, after expenses, must be used to support scientific research or education.

• Agencies may decide, for compelling reasons, that title should be vested in the federal government. Such decisions must be consistent with provisions within the Bayh-Dole Act and made in writing before entering into a funding agreement with a university. The agency must also file a Determination of Exceptional Circumstances (DEC) with the Department of Commerce. The NIH, for instance, has issued several DECs for programs where NIH determined it was necessary to protect rights in intellectual property obtained from third parties.  

• Under certain circumstances, the government can require the university to grant a license to a third party, or the government may take title and grant licenses itself (these are called “march-in rights”). This might occur if the invention was not brought to practical use within a reasonable time, if health or safety issues arise, if public use of the invention was in jeopardy, or if other legal requirements were not satisfied.

Procedural details, other rights and obligations not cited above, and further information regarding these matters, can be found in 37 CFR Part 401 and 35 USC 200-212.

Related NIH Policies

On November 8, 1994 the NIH published a notice in the Federal Register (59 FR 55673) entitled: “Developing Sponsored Research Agreements: Considerations for Recipients of NIH Research Grants and Contracts.” This document is intended to ensure compliance with the requirements of the Bayh-Dole Act by providing NIH awardees with guidance in developing sponsored research agreements with commercial entities when that research may be partially funded by NIH or other federal agencies.
The NIH also issued two policy statements in the NIH Guide (Volume 25, Number 16, May 17, 1996; and Volume 25, Number 29, August 30, 1996) that establish procedures for managing certain patentable inventions. These rules apply to situations in which a university wishes to elect title to biological materials, which may be patentable, but does not want to file a patent application because the cost is not justified or because the patentability of the materials appears to be weak.

In May 1999, the NIH published a proposed set of guidelines for grantees on the subject of obtaining and disseminating biomedical research resources. This guidance is intended to help avoid or minimize problems that sometimes result from the dissemination and use of proprietary research tools that involve the competing interests of intellectual property owners and research users. NIH issued this guidance because, as a public sponsor of biomedical research, it has a dual interest in accelerating scientific discovery through the use of research tools and facilitating product development.

**Compliance with Bayh-Dole Act Regulations**

When a university elects title to an invention, it assumes responsibility for taking certain actions to properly manage the invention and provide certain reports to the government regarding the invention as outlined in the section on Current Regulations above. Compliance with these obligations is critical to the success of, and ongoing federal support for, the Bayh-Dole Act. As public and Congressional interest in technology transfer increases, and as the volume of activity continues to grow, government reviews of the practices of institutions involved in the process of commercialization of inventions will be conducted more frequently. Accordingly, there will be an increasingly greater need for attention to the details involved in meeting federal reporting obligations and other requirements imposed by 37 CFR Part 401.

Each federal agency is responsible for maintaining and monitoring its own repository of information on inventions developed under its funding. In October 1995, the NIH established the “Interagency Edison” system, an electronic reporting system whereby universities can enter data directly into a national database to satisfy their reporting obligations to those federal agencies participating in the system.

Federal agencies have the authority to periodically audit grantees and contractors for compliance with the Bayh-Dole Act. The General Accounting Office (GAO) in turn may also conduct studies to assess how effectively federal agencies are overseeing grantees and contractors in the management of government-funded inventions. 35 U.S.C. Section 202(b)(3) requires the Comptroller General to review the implementation of the Bayh-Dole Act at least once every five years and report its findings to the Judiciary Committees of the House and Senate. In 1991, the GAO focused its review on the licensing of federally owned inventions (GAO/RCED-91-80 issued April 3, 1991). In 1992, the GAO reviewed federal agency mechanisms for controlling inappropriate access to federally funded research results (GAO/RCED-92-104 issued May, 1992). More recently, the GAO reviewed the implementation of the Bayh-Dole Act by research universities (GAO/RCED-98-126 issued May 7, 1998). In 1999, GAO issued a report on the number and characteristics of inventions licensed by six federal agencies (GAO/RCED-99-173, issued June 1999) and a report on compliance with reporting requirements for federally sponsored inventions (GAO/RCED-99-
In order to assist grantees in their efforts to maintain compliance with regulatory compliance of the Act, some federal agencies have periodically issued guidance to the grantee community. An example is a question and answer document regarding invention reporting, printed in the NIH Guide to Grants and Contracts in 1995. (NIH Guide, Vol.24, No.33, September 22, 1995).

Results of the Bayh-Dole Act

University patenting and licensing efforts under the Bayh-Dole Act have fostered the commercialization of many new technological advances that impact the lives of millions of people across the nation. A recent national survey conducted by AUTM reports that 70% of the active licenses of responding institutions are in the life sciences—yielding products and processes that diagnose disease, reduce pain and suffering, and save lives. Most of the inventions involved were the result of federal funding. While it would be impossible to list all such inventions, a few examples of technologies and products originating from federally funded university discoveries include:

- Artificial lung surfactant for use with newborn infants, University of California
- Cisplatin and carboplatin cancer therapeutics, Michigan State University
- Citrascal® calcium supplement, University of Texas Southwestern Medical Center
- Haemophilus B conjugate vaccine, University of Rochester
- Metal Alkoxide Process for taxol production, Florida State University
- Neupogen® used in conjunction with chemotherapy, Memorial Sloan Kettering Cancer Institute
- Process for inserting DNA into eucaryotic cells and for producing proteinaceous materials, Columbia University
- Recombinant DNA technology, central to the biotechnology industry, Stanford University and University of California
- TRUSOPT® (dorzolamide) ophthalmic drop used for glaucoma, University of Florida

These examples of successful new technologies demonstrate that a strong national infrastructure to support technology transfer has been established at academic institutions across the nation since passage of the Bayh-Dole Act. In 1980 there were approximately 25-30 universities actively engaged in the patenting and licensing of inventions. It is estimated that there has been close to a ten-fold increase in institutional involvement since then. The AUTM survey reflects the impact of this growth in activity:

- Academic institutions were granted more than 8,000 U.S. patents between 1993 and 1997 for technologies discovered by their researchers.
- Over 2,200 new companies have been formed since 1980 that were based on the licensing of an invention from an academic institution, including over 330 companies formed in FY 1997 alone.

- Approximately $30 billion of economic activity each year, supporting 250,000 jobs can be attributed to the commercialization of new technologies from academic institutions.

- There are more than 1000 products currently on the market that are based on university licensed discoveries.

- Technologies licensed from academia have been instrumental in spawning entirely new industries, improving the productivity and competitiveness of companies, and creating new companies and jobs.

In summary, the Bayh-Dole Act and its subsequent amendments created incentives for the government, universities, and industry to work together in the commercialization of new technologies for the public benefit. The success of this three-way partnership cannot be understated.

Conclusions

On a nation-wide basis, the results support the conclusion that the Bayh-Dole Act has promoted a substantial increase in technology transfer from universities to industry, and ultimately to the public. Certainty of title to inventions made under federal funding is perhaps the most important incentive for commercialization. Implementation of uniform patenting and licensing procedures, however, combined with the ability of universities to grant exclusive licenses, are also significant ingredients for success. This combination of factors led to a tremendous acceleration in the introduction of new products through university technology transfer activities.

Certainty of title to inventions made under Federal funding has one other significant benefit—it protects the right of scientists to continue to use and to build on a specific line of inquiry. This is fundamentally important to research-intensive institutions because of the complex way in which research is typically funded, with multiple funding sources. The retention of title to inventions by the institution is the only way of ensuring that the institution will be able to accept funding from interested research partners in the future. This is a critically important benefit of the Bayh-Dole Act that is not widely understood.

As Vannevar Bush foresaw, enormous benefits to the U.S. economy have occurred because of federal funding of research. These benefits have been significantly enhanced by the adoption of federal policies encouraging technology transfer. Such policies have led to breathtaking advances in the medical, engineering, chemical, computing and software industries, among others. The licensing of new technologies has led to the creation of new companies, thousands of jobs, cutting-edge educational opportunities and the development of entirely new industries. Accordingly, the Bayh-Dole Act continues to be a national success story, representing the foundation of a successful union among government, universities, and industry.
Web Resources

- http://www.access.gpo.gov  (GAO and other federal reports)
- http://137.187.120.232/  (Interagency Edison project)
- http://www.autm.net  (AUTM home page)
- http://www.cogr.edu/  (COGR home page)
Appendix

Bayh-Dole Act and Related Legislation

The Bayh-Dole Act and subsequent amendments provide the basis for current university technology transfer practices. The federal patent and licensing policy was shaped by four events that occurred between 1980 and 1985.

1. On December 12, 1980, P.L. 96-517, the Bayh-Dole Act was enacted into law. After lengthy and contentious congressional debate, legislation was crafted that created a balance between incentives and controls. Universities applauded the legislation because a uniform federal patent policy was established that clearly stated that universities may elect to retain title to inventions developed under government funding. Industry, particularly the small business community, appreciated an ownership policy that was applied uniformly on a government-wide basis. In addition, industry expected to benefit from the message that universities were encouraged to collaborate with companies to promote the utilization of inventions arising from federal funding, that preference in licensing be given to small business, and that, to the extent possible, licensed products were to be manufactured in the U.S. The federal government, in turn, was assured that universities would file, at university expense, patent applications on inventions they elected to own. In addition, the government retains rights to enforce diligent commercial development of inventions. It also enjoys royalty-free, non-exclusive licenses to practice federally funded inventions throughout the world for government purposes.

2. On February 10, 1982, the Office of Management and Budget issued OMB Circular A-124 to provide guidance to federal agencies regarding implementation of the Bayh-Dole Act. This Circular established standard patent rights clauses for use in federal funding agreements. It also set up standard reporting requirements for universities electing title to inventions.

3. On February 18, 1983, a Presidential Memorandum on “Government Patent Policy” was issued. This Memorandum was issued to satisfy those that recognized the benefits of the legislation and wanted broader coverage. The Presidential Memorandum directed federal agencies to extend the terms and provisions of the Bayh-Dole Act to all government contractors, with a follow-on amendment to the Federal Acquisition Regulations to assure that all federal R&D agencies would implement the Act and the Memorandum.

4. On November 8, 1984, the original Bayh-Dole statute was amended by P.L. 98-620. New language was added to remove term limitations placed on exclusive licenses under the original Act. In addition, the Department of Commerce was designated as the federal agency responsible for overseeing the implementation of the Bayh-Dole Act and for monitoring the granting of exceptions to the rules.
On March 18, 1987 (52 FR 8552), all of the relevant provisions—the Bayh-Dole Act, the amendment, OMB Circular A-124, and the Presidential Memorandum—were finalized and consolidated in a rulemaking published by the Department of Commerce—appearing at 37 CFR Part 401. These regulations, augmented by the NIH guidelines discussed in this brochure, specify the rights and obligations of all parties involved and constitute the operating manual for technology transfer on a national basis.
Footnotes


ii The term “university” or “universities” as used in the text applies to all non-profit grantees /contractors.

iii We gratefully acknowledge the courtesy and cooperation of AUTM in providing these statistics. See also AUTM Licensing Survey FY1991-1995 and subsequent years.

iv In 1997, federal agencies provided an estimated $14.3 billion or about 60% of total support for research performed at universities. Academic institutions provided $4.5 billion of their own funds. State and local governments and nonprofit organizations each contributed $18.1 billion and industry $1.7 billion. Although the proportion of academic R&D expenditures supplied by industry has been rising fairly steadily, it still only represents a fraction (7%) of total academic R&D support. Science and Engineering Indicators 1998. National Science Board: 4-8 and 4-9.


vi The Secretary of Commerce delegated this authority under 35 USC 206 to the Assistant Secretary for Productivity, Technology and Innovation.

vii Other circumstances, not clearly elucidated in the regulations, may be invoked by the government. Further detail can be found in 37 CFR Part 401.3; general appeal mechanisms are found in Part 401.4.

viii March-in rights, including appropriate procedures, are described at 37 CFR Part 401.6.

ix Notice for Public Comment, 64 FR 100, 28205-28209.

x AUTM Licensing Survey, Fiscal Year 1997.