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Section 12

Intellectual Property

12.0 Intellectual Property Policy and Procedures (SB)

The following policy determines ownership rights and responsibilities regarding intellectual property produced by a student and/or an employee of the VCCS. This policy is subject to applicable law and is consistent with the State Council of Higher Education for Virginia (SCHEV) Draft Guidelines for the Development of Patent and Copyright Policies and Procedures by State Supported Institutions of Higher Education of May 6, 1987. Although the VCCS might legally claim ownership of all intellectual property created by or for it, this policy exercises that right more narrowly in order to encourage creativity.

12.0.0 Intellectual Property Guidelines (SCHEV)

The 1986 session of the General Assembly amended the Code of Virginia by adding Sections 23-4.3, 23-4.4, and 23-9.10:4 which require that each board of a State-supported institution of higher education adopt formal intellectual property policies consistent with guidelines developed by SCHEV. The guidelines adopted by the State Council in June 1987 stipulate that a State institution must: define what kind of intellectual property it wants to own, if any; establish procedures by which the institution shall be notified by the creator of intellectual property within the purview of this policy; implement procedures designed to protect and promote said property; when required, obtain from the Governor prior authorization to transfer ownership to said; and, submit an annual report including a quantitative listing of intellectual properties owned by the institution.

12.0.1 Intellectual Property Definitions

Assigned Duty is a task or undertaking pursuant to a contractual obligation, specific assignment, or directive. Assigned duty is narrower than "scope of employment." A general obligation to develop curriculum materials, to do research even if it results in a specific end product such as a vaccine, published article, or a computer program, or to produce scholarly publications is not a specific request or direction and hence is not an assigned duty. In contrast, an obligation or specific direction to develop particular teaching materials, to write a particular article, or to produce a particular computer program is an assigned duty.

Claim an Interest - A college may claim an interest in intellectual property when, pursuant to this policy, it asserts a right to ownership of the property or the right to a license for its use. A college may choose not to "claim an interest" in some forms of intellectual property that it does not want to own, even though it might legally be able to do so.

College Intellectual Property Policy Administrator - Each college president shall designate an appropriate college administrator to serve as the college intellectual property policy administrator.

Copyright - A copyright assigns to the owner of copyrightable intellectual property the following five exclusive rights:

- a. to reproduce the work;
- b. to prepare derivative works or adaptations;
- c. to distribute the work by sale, rent, license, lease, or lending;

- d. to perform the work, and;
- e. to display the work.

When the VCCS claims a license to use a copyrightable intellectual property, the license shall include all of the above rights except as otherwise provided by separate written agreement or waiver that is executed by a duly authorized officer of a college or the VCCS.

Copyrightable Material is any original work of authorship that is fixed in print, digital file, magnetic tape, or other tangible medium of expression coming within the definition of the U.S. Library of Congress Copyright Office.

Creator is either an inventor in the context of patentable inventions or an author in the context of copyrightable works. Creator may be assumed to be either singular or plural.

Employees are full- and part-time faculty; full- and part-time classified employees, administrative staff; and students who are paid for specific work by the college. Students may be employees for some purposes and not for others. If they are paid as student assistants, for example, they are employees. Students receiving general scholarship funds would not normally be considered employees for the purposes of this policy.

Intellectual Property includes but is not limited to any material defined within one or more of the following categories:

- a. A potentially patentable machine, product, composition of matter, process, or improvement, in any of these;
- b. An issued patent;
- c. A legal right which is part of a patent; or
- d. Anything that is copyrightable.

Some examples of copyrightable intellectual property include:

- a. Written Materials - literary, dramatic, and musical materials or works, published or unpublished;
- b. Courseware - lectures, printed materials, images and other items used in the delivery of a course, regardless of the physical medium of expression;
- c. Visual and/or Recorded Materials - sound, visual, audio-visual, and television films or tapes, video tapes, motion pictures or other recordings or transcriptions, published or unpublished; and
- d. Computer Related Materials - computer programs, procedures and other documents involved in the operation and maintenance of a data processing system, including program listings, compiler tapes, a library of sub-routines, user and programmer manuals, specifications, and data bases.

Net Revenues are gross receipts of anything of value including, but not limited to: cash payments, rents, royalties, dividends, earnings, gains and sales proceeds, less all original and ongoing costs and losses paid or incurred by the college and/or the employee, in connection with the creation, marketing, and/or copyrighting or patenting of the intellectual property, including but not limited to: direct costs of obtaining and securing copyrights or patents, indirect costs as determined by the college, and all attorney's fees.

Reporting Period is the period from July 1 of one year through June 30 of the following year.

Royalties Received are any values received during the reporting period, including cash payments as well as the market value of any property or services received, in consideration for a transfer or licensing of any intellectual property in which a college claims an interest.

Use of College Resources

- a. Incidental Use of College Resources involves the normal use of office space and facilities generally available to all college employees, such as libraries, computers, equipment, and support staff and does not 1) involve the procurement of special supplies, services, equipment, or other support by the College, 2) constitute more than ten percent (10%) of the normal duty time of any administrator or classified employee in any semester, or 3) involve released or reassigned time, or 4) demand more than 20% of the normal work hours of assisting college employees in any semester. Incidental resources that are available to employees generally should not be counted in the assessment of the use of College resources or general funds.

- b. Substantial Use of College Resources involves 1) more than 10% of the normal duty time of any administrator or classified employee in any semester, 2) released or reassigned time from the creator's normal duties, 3) more than 20% of the work hours of assisting college employees in any semester, or 4) procurement of special supplies, services, equipment, or other support by the College. The total value of identifiable resources shall not exceed \$10,000 for a specific intellectual property. In cases where the intellectual property consists of several identifiable elements, the total resources used for all elements shall not exceed \$10,000. The value of released or reassigned time shall be based on the contract rate for adjunct faculty. The value of support staff dedicated to the creator's efforts shall be a pro rata share of their salary and benefits. The value of other resources dedicated to the creator's efforts, such as supplies, equipment and other support, shall be based on reasonable cost if an actual cost figure is not readily available. It is the responsibility of the creator to advise the college policy administrator when substantial college resources are involved in the creation of intellectual property.
- c. Significant Use of General Funds - involves \$10,000 or more of identifiable College resources in the development of a specific intellectual property. It is the responsibility of the creator to advise the intellectual property policy administrator when significant college resources are involved in the creation of intellectual property. This definition should be used for determining when a transfer of intellectual property must be approved by the Governor.

12.0.2 Applicability of Intellectual Property Policy

This policy shall apply to employees and students of the VCCS.

12.0.3 Ownership of Intellectual Property

Nothing in this policy invests ownership or any other rights in any person who produces intellectual property as the result of an unauthorized use of college resources. VCCS claims ownership of intellectual property produced by any VCCS employee or student as follows:

- a. Assigned Duty. VCCS claims exclusive ownership of any intellectual property produced by a VCCS employee when produced as a result of an assigned duty except as otherwise provided by a separate written agreement or waiver which is executed by a duly authorized officer of a college or the VCCS.
- b. Incidental Use of College Resources. VCCS does not claim an ownership interest or a license to use any intellectual property which was developed with only incidental use of college resources except as otherwise provided by separate written agreement or waiver which is executed by a duly authorized officer of a college or the VCCS. The creator shall own all dissertations, theses, and classroom instructional materials prepared at the creator's inspiration regardless of the physical medium of expression when such theses, dissertations or materials are produced as a result of routine teaching duties. Further, notwithstanding the foregoing, unless there is agreement otherwise with the creator, the creator shall also own all literary works (such as poems, plays, novels, essays, musical scores, etc.) prepared as a result of the creator's inspiration unless the creator was hired, assigned or directed to create the literary work in question. The scope of ownership, however, does not include elements in the work that are created as a result of an assigned duty of a VCCS employee, such as a computer programmer, that participates in the development of the intellectual property.
- c. Substantial Use of College Resources. VCCS claims a non-exclusive, irrevocable, royalty-free license to use intellectual property which was developed with the substantial use of college resources except as otherwise provided by separate written agreement or waiver which is executed by a duly authorized officer of a college or the VCCS. The creator shall retain ownership of the intellectual property, but shall grant VCCS a non-exclusive license to use the intellectual property in accordance with this policy in perpetuity. The creator's scope of ownership, however, does not include elements in the work that are created as a result of an assigned duty of a VCCS employee, such as a computer programmer, that participates in the development of the intellectual property. Development or delivery of a distance learning course is considered a substantial use of college resources whether the faculty member is compensated or not. Faculty are strongly encouraged to address any concerns about ownership interests through a separate written agreement prior to offering the distance learning course. The creator must advise the college's intellectual property policy administrator when the creation of intellectual property involves substantial use of college resources.
- d. Significant Use of College Resources. VCCS claims an exclusive ownership interest in any intellectual property which was developed with the significant use of college resources except as otherwise provided by separate written agreement or waiver which is executed by a duly authorized officer of a college or the VCCS. The creator must advise the college's intellectual property policy administrator when the creation

of intellectual property involves significant use of college resources.

- e. Notwithstanding any use of college resources, the VCCS claims a license to use an instructor's materials to complete a course once that course has begun, and where the instructor is no longer available to teach the course.

12.0.3.0 Student-Developed Intellectual Property Materials

Except as otherwise provided by separate written agreement or waiver that is executed by a duly authorized officer of the VCCS or a college, the VCCS:

- a. Does not claim an ownership interest in intellectual property produced by a student provided that the production of the intellectual property is not an assigned duty and it involves only incidental use of college resources. VCCS does, however, claim the right to use student intellectual property for its internal educational and administrative purposes.
- b. Claims a non-exclusive, irrevocable, royalty-free license to use intellectual property developed by a student with the substantial use of college resources.
- c. Claims an exclusive ownership interest in any intellectual property developed by a student with the significant use of college resources.

12.0.3.1 Sponsor-Supported Intellectual Property Efforts

Funds and facilities administered and controlled by a college which are provided by governmental, commercial, industrial, or other public or private organizations shall be considered, for the purpose of this policy, to be funds and facilities provided by or through the college unless otherwise agreed to by the intellectual property policy administrator.

A creator shall sign assignments, disclaimers, or other agreements as the college may require for such sponsored-supported intellectual property, and shall not enter into any agreement directly with a sponsoring organization without the pre-approval of the appropriate college intellectual property policy administrator. The college reserves the sole right to make agreements with sponsoring organizations regarding the ownership and disposition of rights in intellectual properties as it deems to be in the interest of the college and the public.

12.0.3.2 Intellectual Property Consulting Work

VCCS does not claim an ownership interest or license to use intellectual property which is developed in the course of consulting work and involves only the incidental use of college resources. When substantial or significant college resources are involved, the provisions of paragraph 12.0.3 apply.

When significant college resources are involved, a creator engaged in consulting work is prohibited from entering into any agreement with any organization covering ownership or other rights in any intellectual properties except as otherwise provided by separate written agreement or waiver which is executed by a duly authorized officer of a college or the VCCS.

12.0.4 Administration of Intellectual Property Policy

Responsibility for administration of this policy is vested in the Chancellor. Each president is responsible for administration of this policy at the college level. The college intellectual property policy administrator, as appointed by the president, shall be assisted by an appropriate college committee in implementing the provisions of this policy. The college president shall designate the committee and its function.

12.0.5 Intellectual Property Interest Notification

When a creator creates intellectual property as an assigned duty or with the use of substantial or significant college resources, the employee shall provide the following information to the college intellectual property policy administrator as soon as possible:

- a. Title of creation;
- b. Name and position of creator;
- c. Name of sponsor (if applicable) including grant or contract identification, title of project, and principal investigator;

- d. Description of creation;
- e. Year in which creation was (or will be) completed;
- f. College employment status of creator/author;
- g. If more than one creator/author is involved, percent of interest recommended to be allocated to each creator/author; and
- h. College resources, including their value, used in the creation of the work.

12.0.6 Protection of Intellectual Property

12.0.6.0 Patents

The VCCS shall obtain the necessary approval from the Attorney General's Office when the assistance of a patent professional is needed for protection or commercialization of patentable intellectual property.

12.0.6.1 Copyrights

Copyright protection applies to any original work of authorship as soon as it is written or otherwise recorded. Registration of a copyright is not a condition of obtaining or protecting a copyright, but it is a prerequisite to an infringement suit. The owner of an original work of authorship may choose to register a copyright for the work with the U.S. Copyright Office. The instructions and forms for registering different types of works are available on the U.S. Copyright Office web site.

- a. The creator of intellectual property which involves either incidental or substantial use of college resources may decide to register the property on a case-by-case basis as a cost-benefit decision, depending on the commercial value perceived for a work. For example, a major computer program might be registered immediately, although a newsletter might never be registered.
- b. The creator of intellectual property that involves significant use of college resources shall register the work with the U.S. Copyright Office when the work is completed. The creator shall advise the college intellectual property policy administrator when the work has been registered. The creator shall include in the work a copyright notice: a small "c" in a circle or the word "copyright" or the abbreviation "copr.", the year of publication, and the Virginia Community College System as the name of the copyright owner.

12.0.7 Use and Commercialization of Intellectual Property

The VCCS shall make determinations to exploit the commercial value of any intellectual property in which the VCCS claims an ownership interest on a case-by-case basis. Two categories of use are defined for the purpose of administering this policy.

- a. Internal Use is use within the VCCS, any college or any unit of a college, including continuing education, or any other branch or subdivision of a college.

For any intellectual property in which VCCS claims a license or an ownership interest, the VCCS reserves the right to royalty-free internal use of the intellectual property by the VCCS and its colleges in connection with their educational activities.

When VCCS plans to use, update, or make derivative works from an intellectual property for which it claims an ownership interest or license to use, the creator of the intellectual property shall be afforded the right of "first refusal" to participate in the use or creation of new versions of the intellectual property, provided the creator is employed by the VCCS and is fully qualified and eligible based on documented past performance. The creator, for example, shall have the right of first refusal to teach one, but not necessarily all, sections of an on-line course in which the VCCS has an ownership interest or license to use. If the creator declines the opportunity to participate in the use or creation of new versions of the course, the VCCS or college may offer the opportunity to another qualified and eligible individual. VCCS does not consult former employees on reuse or revision of intellectual property except as otherwise provided by separate written agreement or waiver which is executed by a duly authorized officer of a college or the VCCS.

- b. External Use is use outside the VCCS, including, but not limited to educational institutions, government, nonprofit institutions, and commercial organizations operating under lease or other contractual

agreements with the VCCS or an individual college.

The creator may loan, license, or sell for external use intellectual property for which the creator has exclusive ownership and may retain any associated revenues. The loan, license or sale of the intellectual property may not infringe upon any license granted to VCCS in accordance with this policy.

When VCCS claims a license to use intellectual property, the VCCS reserves the right to royalty-free external use of the intellectual property by the VCCS and its colleges in connection with their educational activities.

The VCCS may loan, license, or, with the Governor's prior written approval, sell for external use any intellectual property in which the VCCS has an exclusive ownership interest. The VCCS shall determine how the intellectual property is managed and marketed except as otherwise provided by separate written agreement or waiver which is executed by a duly authorized officer of a college or the VCCS and the employee who created the intellectual property.

A creator shall not enter into any agreement for the external use of intellectual property in which the VCCS has an ownership interest without a prior written agreement with the college intellectual property policy administrator governing, at a minimum, the terms of external use and distribution of any revenues.

12.0.8 Intellectual Property Royalty Provisions

The VCCS is committed to the encouragement and recognition of the creative efforts of its employees by sharing with the creator any net revenues from intellectual property in which the VCCS has an ownership interest in accordance with general principles of division as stated below. However, if the intellectual property is produced as an assigned duty, the employee will not share in any net revenues from the work except as otherwise provided by separate written agreement or waiver which is executed by a duly authorized officer of a college or the VCCS.

12.0.8.0 Determination of Equities for Intellectual Property

a. Prior Written Agreements

Whenever the VCCS foresees the production of commercially viable intellectual property through an assigned task or the use of significant college resources, the VCCS shall enter into a written agreement with the college employee prior to the creation of the intellectual property. If the college intellectual property policy administrator and the creator cannot reach an agreement, the president shall determine the degree of ownership interest of the parties, the terms for use of the intellectual property, and the distribution of any revenues. Nothing herein shall be interpreted as guaranteeing to an employee any compensation or share in royalties.

b. Determination Without Prior Written Agreement

In the absence of a prior written agreement between a college and a college employee involved in the creation of intellectual property, the college intellectual property policy administrator shall make a recommendation to the president regarding the distribution of net revenues from intellectual property in which the VCCS claims an ownership interest. The recommendation will be in accordance with the general principles of division as stated below.

c. General Principles of Division

When an intellectual property is created with the significant use of college resources, the creator shall be awarded no more than 10% of net revenues until the college has recovered all direct and indirect production, marketing, management or other costs. After the college recovers these costs, the creator shall be awarded no more than the percentage of net revenues established by prior written agreement. In the absence of a written agreement, the creator shall be awarded no more than 40% of the net revenues.

In any given fiscal year where the costs, expenses, and losses incurred by a college in connection with commercially viable intellectual properties in which it has claimed an ownership interest exceed gross revenues, the college may in the absence of a contract to the contrary unilaterally cancel payments of royalties to other entitled owners until the revenues exceed the costs.

d. Division of Equities Among Employees

If more than one person claims an ownership interest in the property, the college intellectual property

policy administrator shall recommend to the president division of ownership interests and any associated royalties according to:

1. Agreement among the individuals themselves or,
2. The college intellectual property policy administrator's determination of a fair division in the absence of agreement among the creators.

e. Sponsored Research

When intellectual property is created through a sponsored research project, the disposition of rights to that intellectual property must comply with the terms and conditions of the grant or contract that applies to the sponsored project.

f. Divestment of Intellectual Property

Notwithstanding anything to the contrary in this policy, the VCCS always reserves the right unilaterally to negotiate and enter into contracts for the exercise, sale, use, or other disposition of any and all rights in intellectual property in which the VCCS claims an ownership interest. College employees shall have no rights with respect to the transfer, retention, or licensing of ownership interests except as otherwise provided by separate written agreement or waiver which is executed by a duly authorized office of a College or the VCCS.

12.0.9 Intellectual Property Dispute Resolution

Disputes may arise involving issues including but not limited to ownership rights, percentage of royalty payments, and publication clearance. An interested party may appeal the college intellectual property policy administrator's final proposal for copyright or patent determination by submitting a petition to the college president at any time prior to the signing of a contract between the college and the involved parties. The petition shall state the grounds for an appeal and a proposal for a different determination. The decision of the president on such matters shall be final.

12.0.10 Transfer of Intellectual Property

Except when the Governor's prior written approval is required, the State Board may transfer any intellectual property in which the VCCS claims an interest.

The VCCS must obtain the Governor's prior written approval for transfers of intellectual property in which the VCCS claims an ownership interest that were:

- a. Developed wholly or significantly through the use of State general funds, by an employee of the institution acting within the scope of his employment or
- b. Developed wholly or significantly through the use of State general funds, and are to be transferred to an entity other than the following:
 - The Innovative Technology Authority, or
 - Entity whose purpose is to manage intellectual properties on behalf of Nonprofit institutions, or
 - An entity whose purpose is to benefit the transferring institution.

12.0.10.0 Prior Written Approval of Intellectual Property Transfer

When prior written approval of the Governor is required, the college shall send a description of the intellectual property and the proposed transaction through the Chancellor to SCHEV. Within 30 days the Council will recommend action to the Governor, including any conditions the Council thinks should be attached to the proposed transfer. The Governor may also attach conditions to the transfer.

12.0.10.1 Other Employment Agreement Relating to Intellectual Properties

- a. An employment agreement which allows certain intellectual properties to be retained by an employee from the moment of their creation is not a "transfer" to the employee and, hence, need not be reported.
- b. An intellectual property that is owned by the institution and later transferred to an employee is a "transfer" and should be reported if it meets the requirements of Section 4.9.9 a. or b.

12.0.10.2 Subsequent Transfers of Intellectual Property

The requirement for approval of certain transfers refers to transfers by the college itself, not to later transfers made by anyone other than the institution.

12.0.11 Intellectual Property Reporting Requirements

The General Assembly has directed SCHEV, in cooperation with the Innovative Technology Authority, to collect and report certain information about intellectual property. Each college must collect and report information for the preceding fiscal year. Each annual report should include the following information:

- a. The name of the college;
- b. The name of the official submitting the report;
- c. The number of intellectual properties in which the college claims an interest under its intellectual property policy.

The number should be divided into patentable subject matter and copyrightable subject matter;

- c. The name of all transferees to whom the college has transferred any interest, including licenses, in intellectual properties (This requirement does not refer to later transfers made by anyone other than the college.);
- d. If the college is prohibited from disclosing the identity of the transferee of any intellectual property, the college shall identify the particulars of the transfer and state the reasons why such information may not be reported; and
- e. The total royalties received by the college during the reporting period.