

OREGON INSTITUTE OF TECHNOLOGY

Intellectual Property

OIT-24-010

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Policy
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Policy on Distribution of Licensing Income

I. Purpose:

To set forth the manner in which revenues received from licensing of the University's intellectual property rights will be distributed among University Employees, their academic units, and the central administration at Oregon Institute of Technology

II. Preamble:

Division 043 of Chapter 580 of the Oregon Administrative Rules (OARs) states that it is the Board of Higher Education's intent to, "establish principles and procedures for equitably sharing net royalty income with employees, and with sponsoring agencies when required by an agreement." Royalty income shall be defined as cash royalties and fees. These rules further state the following: Employees [inventors and authors] shall be eligible to share in net royalty income from each invention or separate improvement thereof, an amount not to exceed:

- (a) 40% of the first \$50,000, 35% of the next \$50,000, and 30% of all additional net royalty income received by the Board for inventions and technological improvements; and
- (b) 50% of net royalty income from educational and professional materials.

Persons entitled to share in this distribution of net royalty income include: faculty, staff, assistants, graduate teaching fellows, graduate research assistants, and student employees.

The employee's share of net royalty income referred to above is the maximum percentage of net royalty income allowed for distribution to inventors and authors. Hence, this amount shall be divided between said inventors or authors, should there be more than one, in an amount agreed upon in writing by all the inventors and authors.

Section 6.250, (3) of the Internal Management Directives (IMDs) defines net royalty income as gross royalty income received by the University minus the following costs: all institutional expenses and reasonable costs incurred in developing the invention or material, expenses incurred in [obtaining], enforcing or defending any patent, copyright litigation, licensing, interference, and marketing costs attributable to the invention or material, as well as any other expenses deemed necessary to recoup. In the normal situation this means repayment of the direct expenses paid by the University to attorneys for the filing and prosecution of the patent applications, or registration of copyright or trademark.

Section 6.250, (6) of the IMDs states that, "net royalty income received by the Board, less the amount distributed, if any shall be dedicated to the institution of the inventor, or author,

subject to the limitation of ORS 351.250. The use made of such net income shall be at the discretion of the president, subject to Board-established budget policy."

III. Distribution of Net royalty Income Less Distribution to Employees

Under this policy, the employees' share of net royalty income will normally be (a) 40% of the first \$50,000, 35% of the next \$50,000, and 30% of all additional net royalty income received by the Board for inventions and technological improvements; and (b) 50% of net royalty income from educational and professional materials ("Employee's Share"). In addition, if equity is granted pursuant to the granting of a license, the Employee's Share of the equity will normally be one-third of the total equity granted. It is expected that the employee will not receive consideration for the technology as it exists at the time of the licensing agreement, in addition to his/her Employee Share. However, it is understood that an employee may participate with an entity which is further developing the technology, and may receive consideration for that participation.

Net royalty income and equity less the Employee's Share constitutes the "University's Share" of net income and equity. The University's Share of net income shall be distributed as follows:

- (a) 50% to the employee's academic unit ("Unit Share"); and
- (b) 50% to the University ("Central Share").

The University's Share of equity will normally be held by the Oregon Institute of Technology Foundation which will be responsible for distributing the income from such equity, if and when available, with the concurrence of the Provost, following the policies above for the distribution of royalty income.

Where there is more than one inventor or author and they are affiliated with different academic units, the Unit Share shall be divided between the academic units in accordance with the percentage each inventor contributed to the invention, technological improvement, or creative work (i.e., educational material, or professional material). Ideally, the Unit Share shall be used to support the continued research/ developmental activity of the inventor(s)/author(s).

Where an inventor or author is affiliated with more than one academic unit, the Unit Share shall go to the academic unit (e.g., department, institute, etc.) which fostered most of the said inventor's or author's work on the project. If such a determination cannot be made, then the Unit Share shall go to the inventor's or author's primary unit. Where an inventor or author has left the University prior to its receipt of gross royalty income,

subject to distribution hereunder, his/her Unit Share shall remain with the respective academic unit.

While the distribution of the Central Share shall normally be made to the University's patent budget, some or all of these dollars may be reallocated at the discretion of the Provost.

Collaborations frequently occur between employees of the University and other institutions or corporations. In such cases, the University may be required to share its portion of gross royalty income with another party under a joint exploitation agreement. In these cases, the managing partner under such an arrangement may be required to first distribute the partner's income prior to deduction of its valid costs and subsequent distribution of net royalty income.

Distribution of net royalty income shall be made at least once annually. Inventors/authors receiving such monies from licensing revenues shall assume full responsibility therefore (e.g., tax consequences).

Notwithstanding the foregoing, net and gross royalty income can also be held back to cover anticipated reimbursable, but not yet incurred, costs associated with a particular technology.

IV. Examples of Distribution of Royalty Income

1. OIT receives a check for \$75,000 for a license fee (gross royalty income) called for under a newly executed license agreement. The license is for patented technology developed by Dr. X from the Department of Chemistry and Dr. Y from EET. OIT has expended \$10,000 on patent costs thus far and the licensee has agreed to pay future patent costs directly. The revenue shall be distributed as follows:

\$75,000 minus \$10,000 for patent expenses incurred by OIT leaves \$65,000 net royalty income for distribution to faculty/inventors, the departments (Unit Share) and the University (Central Share).

Amount first \$50,000 remaining \$15,000

Faculty 40% 20,000 35% 5,250

Dr. X (60%) (12,000) (60%) (3,150)

Dr. Y (40%) (8,000) (40%) (2,100)

Unit Share 30% 15,000 32.5% 4,875
Chem (60%) (9,000) (60%) (2,925)
EET (40%) (6,000) (40%) (1,950)
Central Share 30% 15,000 32.5% 4,875

Total 100% 50,000 100% 15,000

note: amounts in parenthesis are subtotals.

Reminder: net royalty income for inventions is distributed to inventors at the rate of 40% of the first \$50,000, 35% of the next \$50,000, and 30% of amounts over \$100,000. For educational and professional materials, which are typically protected by copyright, 50% of net royalty income is distributed to the authors.

OIT GUIDANCE POLICY ON AUTHORSHIP

Guidance for Determining Royalty Sharing Amongst Authors, Originators, and Developers

University employees who participate in the development of digital media based materials may be eligible for royalty sharing of revenue arising from the licensing of inventions, technological improvements, and educational and professional materials under conditions established by Oregon Administrative Rules, Chapter 580-43-011 and OSSHE Internal Management Directives 6.205-255. These policies provide that employees, originators, authors, developers, and inventors may share a portion of net licensing revenue. The Provost (as the Executive Vice Chancellor's designee) has responsibility for reviewing and approving royalty sharing arrangements proposed for any given licensing action.

Authors and Inventors

The applicable policy statements provide definitions of individuals who may have a share of royalties. An inventor is an "individual who first conceived the idea, invention or technological improvement" (IMD 6.210(4)). An inventor's contribution may or may not be patentable. An author is an "individual responsible for primary subject matter guidance and development of educational and professional materials" (IMD 6.210(5)). An author therefore

provides both guidance and expression to the development of materials. These definitions of inventor and author, respectively, are broader than those given by United States patent law and copyright law. "Originator" is not defined in policy but is used in policy contexts in which "author" might be used. "Developer" is not defined in policy but is used in policy contexts in which "inventor" might be used.

Determination of Allocable Share

The allocable share is determined as a percentage of net income. Net income is defined in policy as the gross royalty income less all institutional expenses and reasonable costs incurred in developing the invention or material, including direct costs of patent protection and direct commercialization expenses, and "any other expenses deemed necessary to recoup" (IMD 6.250 (3)). The Provost or designee is responsible for approving the allocable share. Policy provides that up to 50% of net income may be allocated to authors of professional and educational materials; or, in the case of inventions, up to 40% of the first \$50,000, up to 35% of the next \$50,000, and up to 30% of any net income in excess of \$100,000.

Agreements on Sharing

Policy directs that "due consideration shall be given to the equity of all parties in the light of all circumstances surrounding the development" of any given invention or material in reaching written agreement on the sharing of net royalty income. This consideration involves (a) **determination of allocable share** (whether the maximum allowed by policy or some portion less); (b) **those who may receive a portion** of the allocable share; and (c) **the relative proportions shared** among those eligible.

Determination of Allocable Share. No share shall be allocated (a) if the originator and developer of an invention or author of material cannot be determined; (b) for any person who has a direct or indirect ownership interest in, or serves as an officer of any organization receiving a license to a development in which he or she has participated; or (c) if the inventor or author waives any claim to net royalty income. If these conditions in part apply, and in part do not apply, then the Provost should recommend an allocable share less than the maximum provided by policy. In all other situations, the maximum allocable share should be provided. In those situations in which a given licensed material has both copyright and inventive elements, the maximum allocable share should follow the inventorship share (40% of first \$50,000, 35% of next \$50,000, and 30% of revenue in excess of \$100,000), unless determined otherwise by the Provost.

Those Who May Receive a Portion. Policy anticipates sharing with all who qualify as inventors, authors, originators, or developers of licensed materials, but does not address how such contributors are to be identified. While many individuals may contribute to the

development of a given work, it is appropriate for royalty sharing to be limited to those individuals who have made a significant authorial or inventive contribution to the work. Although the University shall strive to be inclusive in its identification of individuals eligible for royalty sharing, involving many individuals in a given distribution may make trivial the amounts to be distributed, adversely affect personal incentives, and create an excessive administrative burden.

Two additional principles can be used to evaluate the eligibility of those associated with any given licensed material. (a) Copyright practice considers those who have contributed expression to a work to be joint authors of a work if they intend their contributions to be merged into a single, interdependent whole, and if they furthermore mutually intend to share in the benefits enjoyed by authors, including control of the materials, participation in financial rewards, and attribution. (b) Academic authorship practice considers those who have made substantial contributions to the scholarship being reported, who are responsible for the accuracy of the information reported, and who have a right to review the work prior to its publication are considered to be authors.

Individuals who serve as editors, proofreaders, copyists, researchers, testers, or who serve in other clerical or mechanical roles are generally not expected to be joint authors or receive a portion of the royalty share. Individuals who perform technical services, such as scanning art work, converting tape recordings from one format to another, or monitoring video recordings are generally not expected to receive a royalty share. Individuals who provide pre-existing materials through a grant of permission are also generally not expected to be joint authors, and any compensation to such individuals for their permission should be construed as a cost of development and not part of the royalty allocation. However, product designers, graphic artists, writers, software programmers, photographers, animators, and others given responsibility to compose, compile, and arrange materials in developing a given work should be considered eligible for a share of royalty income. Graduate teaching assistants, graduate teaching fellows, graduate research assistants, and student employees are also included within these policies (OAR 580-43-011 (5)) and shall be considered authors whenever possible.

Relative Proportions Shared. The shares among those eligible to receive a portion of the allocable share shall be equal unless circumstances direct otherwise. Some such circumstances are (a) the authors agree in writing to some other apportionment and submit that writing to the Director of Technology Transfer; (b) a supervisor of staff employees determines that their contributions to a particular work should be in unequal portions; (c) a faculty member and one or more graduate students whose academic program is being supervised by the faculty member are authors, in which case the chair of the faculty member's department and the Provost shall recommend the appropriate relative sharing; (d) authors who receive salary, consulting fees, or other consideration allocated as part of the

recovery of development or support costs associated with the licensed work may receive a lesser share to be recommended by the immediate supervisor of the authors and the Provost.

Conduct of Agreement

Whenever possible, the participation of individuals in work efforts that aim to create licensable works should be established by written memoranda that set forth the conditions of participation and the intentions of all involved with regard to authorship, attribution, control, and the sharing of licensing royalty. Service centers such as those providing design or computing resources should make clear the conditions under which employees of academic and administrative units have access to center personnel. It is not generally possible or appropriate, however, to attempt to make a determination of the extent of the allocable share or the relative sharing among authors until the work has been completed. To expedite agreement on a work it should be promptly disclosed to the Provost together with a statement of the circumstances of development and any memoranda documenting the understandings among those involved. The ranking supervisory authority--in the case of sponsored research, the Principal Investigator; in the case of service units, the Director or immediate supervisor--shall make a recommendation to the Provost with regard to his or her desired arrangements. If those involved are unable to reach agreement, the matter shall be referred to the Provost or designee for resolution. Any final agreement shall be filed with the Office of the Provost.

Internal Management Directives

Sections 6.205 - 6.255 : Licensing, Patent, Educational, and Professional Materials

Development, and Copyright Policies and Procedures

6.205 Application of Policies and Procedures

The policies for licensing, patents, educational and professional materials development, and registration of copyrights apply to all Department of Higher Education employees whose work-related assignments, regardless of location, might enable them to develop new knowledge which was conceived purposely or fortuitously. The policies also apply to other persons using institutional facilities, personnel, or other resources.

6.210 Definitions

- (1) Inventions or technological improvements to which these policies apply include any new and useful process, machine, device, manufacture, or composition of matter, and any new and useful improvements.
- (2) Educational and professional materials to which these policies and procedures apply are those used or distributed primarily for the formal or informal instruction or education of

professional or general students. Such materials may result from the instructional, research, or public service activities of employees.

- (3) Materials to which these policies and procedures apply are exemplified by:
- (a) Writings, lectures, study guides, books, text-books, journal articles, glossaries, laboratory manuals, proposals, musical or dramatic compositions, listings, tables, charts, graphs, figures, manuals, codes, software, unpublished scripts, and programmed instructional materials.
 - (b) Video and audio recordings, live video and audio broadcasts, cassettes, tapes, films, filmstrips, slides, transparencies, and other reproductions and visual aids.
 - (c) Computer programs and computer-assisted course-ware.
- (4) Inventor(s) means the individual(s) who first conceived the idea, invention, or technological improvement.
- (5) Author(s) means the individual(s) responsible for primary subject-matter guidance and development of educational and professional materials.
- (6) Material is said to be in the public domain if it is not protected by common law or statutory copyright and, therefore, is available for copying without infringement.
- (7) Publication occurs when by consent of the copyright owner, the original or tangible copies or phono records [tape recording or compact disc] of a work are sold, leased, loaned, given away, or otherwise made available to the general public, or when an authorized offer is made to dispose of the work in any such manner, even if a sale or other disposition does not in fact occur.
- (8) The term "owner" refers to the party who owns or controls the copyright and who has the right to sell, assign, distribute, or license the use of such material.
- (9) Board-and institution-assisted effort is individual effort which involves institution and Board support in the form of significant personnel time, facilities, or other resources.
- (10) Sponsored effort is institution-assigned effort, and assignment, among others, to conduct research and to develop materials, with substantial or all of the personnel time, facilities, or other resources for the assignment being provided by the institution and Board, or an outside sponsor such as a federal agency or private corporation.

6.215 Rights to Inventions, Tech Improvements, Educational and Professional Materials

- (1) The Board reserves the ownership rights to all institutional work-related inventions, and to educational and professional materials developed with institutional resources, including the right to a free and irrevocable license for usage, and if desired, the licensing for use by others. The foregoing does not preclude an institution employee from granting copyright privileges to the publisher of a scholarly or professional journal when no compensation or royalty is involved.
- (2) Educational and professional materials shall be considered as having been developed in the course of employment in those cases when the individual was employed for the specific purpose of preparing or producing the material, or was specifically directed to develop the material as part of general employment duties and responsibilities.
- (3) Lecture notes and other materials prepared by academic staff in connection with a teaching assignment and with only incidental use of institutional facilities, funds, staff, and other resources normally shall be viewed as flowing from individual effort and initiative and shall not be construed as having been produced in the course of discharging the obligations of employment.
- (4) Funds and facilities provided by governmental, commercial, industrial, or other public or private organizations, but administered and controlled by the institution and Board, shall be considered to be funds and facilities provided by or through the institution and Board.
- (5) If it is determined that inventions or materials developed are not related to work or to an assigned project and that development involved no or minimal use of institutional funds or facilities, or that the material developed is incidental to the individual's work assignment, or that the institution and Board have no right, vested interest, or claim in an invention, and the Institution decides to forego the licensing or patenting of an invention or the publishing and copyrighting of the material, the president or designee may recommend to the Vice Chancellor for Finance and Administration or a designee that the Board's interest and rights be waived, and that a statement be issued which waives any institution or Board claim. Such a waiver may be granted only if preexisting commitments to sponsoring agencies have been cleared. Upon receipt of such waiver, the inventor or author shall be free to take such further steps as desired. In the case of an invention, however, the institution has usually provided substantial laboratory, supply and equipment support. Therefore, the president or designee will normally recommend the execution of a limited release only after the institution has exhausted efforts to license or patent the invention. This release enables the inventor to exploit the invention and recover reasonable exploitation, licensing, and patenting costs related thereto and a sum

up to \$10,000 out of the royalty income receipts, with the inventor and the Board sharing equally in the balance of the net royalty income.

- (6) Except as provided above, the ownership rights to all forms of educational and professional material in the form of books, musical or dramatic composition, architectural designs, paintings, sculptures, or other works of comparable type developed by institution and Board employees, either in conjunction with or aside from their employment, shall accrue to the author, unless the material is prepared in compliance with contractual provisions or as a specific work assignment, or significant institutional and Board resources were utilized. An academic staff person's general obligation to produce scholarly works does not constitute such a specific institution or Board assignment.

6.220 Research and Development of Inventions and Materials with Outside Organizations

- (1) In accepting grant and research funds from governmental, nonprofit, and commercial agencies, the institution and researcher shall agree to the conditions in the agreement with the sponsoring agency pertaining to licensing, patent policies, and ownership of all copyrightable material conceived and developed in the course of work required by the agreement. Such agreements shall normally include provisions enabling the institution to publish the findings of research and rights to take title to patentable inventions, discoveries, and educational and professional materials arising from the work performed. In the absence of such agreement or terms, the products shall be the property of the institution and Board.
- (2) At the time any sponsored assignment is made and when inventions, new technology, or materials subject to copyright may be expected to be produced, affected institutional staff are to be advised of copyright limitations and rights to inventions imposed by extramural sponsors as well as institutional and Board policies and procedures regarding the same.
- (3) In cases where it appears in the interest of the Board, institution, inventor, and sponsor, and upon the recommendation of the president or designated administrator, the Vice Chancellor for Finance and Administration or designee may grant rights to the sponsor, including the right to acquire a proprietary interest in and to any invention or patent developed during the sponsored research project.
- (4) When an invention is developed in the course of sponsored research, the sponsor may be granted a non-exclusive license for its own use and, only if appropriate, an option to acquire a limited term, royalty-bearing, exclusive license to such invention.

6.225 Disclosure of Inventions and Copyrightable Materials

- (1) Employees and any other persons who conceive or develop inventions or technological improvements while engaged in activities utilizing institutional resources shall report the findings on a Department of Higher Education standard disclosure form to, and confer with, the institutional committee, or person designated by the president to administer licensing, patent, educational and professional materials development and copyright policies and procedures. The purpose of the disclosure of an invention or materials developed is to enable the institution to determine potential for licensing, patenting, publishing, and registering of copyright, and the equities of the inventor, author, institution, and Board. Disclosure of details of an invention which might jeopardize the licensing or patent potential may be delayed until the committee or president designee has acted.
- (2) If it is determined that the Board and institution have vested interest and claim in an invention, the inventor shall enter into a standard Department of Higher Education Licensing and Patent Assignment Agreement. The agreement shall be prepared initially at the institution.

6.230 Agreement to Assign Rights

- (1) As part of the acceptance of the Notice of Appointment, each academic employee is obligated to comply with conditions of employment including agreement to assign rights to inventions conceived and materials developed while employed by the institution.
- (2) In cases where a Notice of Appointment is not used, and the employee's work involves potential for discovery or invention, the employee shall execute a standard Department of Higher Education Agreement to Assign Invention, Licensing, and Patent Rights prepared at the institution.

6.235 Administration of Policies and Procedures

- (1) The Board delegates to the Vice Chancellor for Finance and Administration or designee authority to work with each president or designated administrator to obtain licensing, production, and publishing agreements and patents, develop and approve forms used in administering licensing and patent policies, and execute all types of agreements, waivers, releases, and net royalty distribution agreements.
- (2) Each institution and the Board reserve the sole right to make agreements with sponsoring agencies and to include therein provisions regarding ownership and disposition of rights in inventions and materials deemed to be in the interest of the institution, Board, and public.

- (3) The president is responsible for informing employees regarding Board licensing, patent, educational, and professional materials development, and copyright policies and procedures. The president may delegate this responsibility to a committee or an administrator.
- (4) The duties of the president, committee or a designated administrator shall be:
 - (a) To protect confidentiality of the inventor's or author's disclosure.
 - (b) To counsel with the inventor or author, examine the invention or materials disclosure, and appraise the equities of all concerned parties. If it is determined that the institution and Board have no rights, vested interest, or claim, the committee or administrator shall recommend that the president seek a release or waiver for the inventor or author.
 - (c) To counsel with the inventor or author concerning Board policies and procedures applicable to the invention or material and with policies of sponsoring agencies, if any, and to assist with compliance.
 - (d) To recommend to the president options for maximizing public, Board, institution, and inventor or author benefits when seeking licenses, patents, and publishing agreements. Such action shall be preceded by the execution by an inventor of a Licensing and Patent Assignment Agreement initiated at the institution.
 - (e) To recommend to the president appropriate action pertaining to the invention or Material within 60 days after its disclosure.
- (5) When institutional facilities are utilized on a reimbursable basis to develop educational or professional materials or to conduct research on an invention, an agreement shall be prepared and recommended by the president or designee to the Vice Chancellor for Finance and Administration or designee. Such agreement shall be executed in advance of use of the facilities and shall set forth the understanding regarding the use of facilities, ownership rights, and financial arrangements.

6.240 Determination of Securities

In determining equities relating to ownership rights in an invention or material, institutional personnel and the Vice Chancellor for Finance and Administration or designee shall follow these guidelines:

- (1) Consideration shall be given to the equity of all parties in light of circumstances surrounding the development of the new knowledge.

- (2) If an invention or material is deemed to be the result of joint efforts, an agreement shall be reached among the inventors or authors, institution, and Board for distribution of any royalties. The total of net royalty income paid to all inventors or authors shall not exceed the maximum percentage of net royalty income which Board policy allows to be distributed to a single inventor or author.
- (3) In the event an agreement cannot be reached regarding the amount of equity of each party and subsequent distribution of net royalty income, the president shall recommend resolution to the Vice Chancellor for Finance and Administration after having taken affirmative steps to assure thorough consideration of the equities of all parties.

6.245 Commercialization of Inventions

- (1) The Board encourages the president to assist the invention commercialization process to the extent that the invention contributes toward fulfillment of the institution's mission. Resource allocation for licensing, patenting, and technology transfer, however, is the responsibility of the president.
- (2) The president, designee, or appointed committee shall counsel with inventors to determine how to make the invention available to industry and the public in an effective and non-discriminatory manner, to obtain reasonable royalties for use in furthering institutional education and research objectives, and to reward the inventor through participation in net royalty income received.
- (3) When feasible, the president or designated administrator shall recommend that the Vice Chancellor for Finance and Administration grant non-exclusive royalty-bearing licenses to all qualified organizations. Exclusive licenses may be recommended if it is determined that such a license is required in the best interest of the public, Board, institution, and inventor in order to encourage marketing and eventual public use of the invention.
- (4) Before granting an exclusive license, a bona fide effort shall be made by the institution to apprise qualified organizations known to be interested in the subject matter of the invention and in developing the invention through a non-exclusive license.
- (5) When it is deemed appropriate to grant an exclusive license, the length of exclusivity shall be limited to that time deemed necessary to provide the licensee with the necessary incentive and opportunity to market the product and recover developmental costs, usually not more than five years from the date of first commercialization of the invention, or the issuance of a patent, whichever comes first, and a non-exclusive license for the life of the patent.

6.250 Distribution of Royalties

- (1) The Vice Chancellor for Finance and Administration or designee, upon the recommendation of the president, shall act on behalf of the Board to conclude agreements to share net royalty income accruing to the Board from licensing and patent agreements, and from the sale, lease, or licensing of materials outside the institution.
- (2) Agreements involving the sharing of net royalty income shall be initiated in writing at the institution and recommended by the president or designee to the Vice Chancellor for Finance and Administration or designee for review and approval. In determining disposition of income, due consideration shall be given to the equity of all parties in the light of all circumstances surrounding the development of the invention or material.
- (3) Prior to distribution of any royalty income, the Vice Chancellor for Finance and Administration or designee shall require deduction from gross royalty income all institutional expenses and reasonable costs incurred in developing the invention or material, expenses incurred in enforcing or defending any patent, copyright litigation, licensing, interference, and marketing costs attributable to the invention or material, as well as any other expenses deemed necessary to recoup. Gross royalty income minus all such costs and expenses constitutes net royalty income.
- (4) The maximum net royalty income which may be distributed to the inventor shall be 40 percent of the first \$50,000 of net royalty income received by the Board, 35 percent of the next \$50,000, and 30 percent of all additional net royalty income.
- (5) The maximum net royalty income which may be distributed to the author shall be 50 percent of the net royalty income received by the Board.
- (6) Net royalty income received by the Board, less the amount distributed, if any, shall be dedicated to the institution of the inventor, or author, subject to the limitation of ORS 351.250. The use made of such net income shall be at the discretion of the president, subject to Board-established budget policy.
- (7) If the originator and developer of an invention or author of material cannot be determined, or if the inventor or author waives any claim to net royalty income, the percent share of royalties intended for such person may be distributed, upon recommendation of the president or designee, to the originating department, laboratory, or center at the institution.

6. 255 Copyright Registration Procedures

In establishing copyright registration procedures, institutional personnel and the Vice Chancellor for Finance and Administration or designee shall follow these guidelines:

- (1) All educational and professional materials developed with significant Board and institution-assisted effort shall be registered for copyright, at the option of the institution and Board, in the name of the institution and Board. The institution and Board shall provide for disclosure of appropriate credits and shall counsel with participating employees regarding presentation of materials.
- (2) Educational and professional materials developed with minimal Board or institution-assisted effort should be registered for copyright, if at all, in the name of the author. The cost of institutional support for such effort will be agreed upon by the author and the president or his designated representative, and the author will reimburse the institution for such costs out of royalties received from the registered materials.
- (3) Materials developed under sponsored assignments should be registered for copyright, if at all, in the name of the institution and the Board, with appropriate acknowledgment to the author. The institution and author are obligated to adhere to any publication rights included in agreements made with grant or contract sponsors.
- (4) Educational and professional materials developed solely by individual effort shall be registered for copyright, if at all, in the name of the author. All rights, including those to royalties, reside with the author.

Recommended by:

President's Council – November 18, 2003

Approved: /s/ Martha Anne Dow
Martha Anne Dow, President

Date: November 18, 2003

**The Oregon Administrative Rules
filed through January 15, 2003**

OREGON UNIVERSITY SYSTEM

DIVISION 43

**POLICIES RELATING TO INVENTIONS, LICENSE AGREEMENTS,
EDUCATIONAL AND PROFESSIONAL MATERIALS DEVELOPMENT,
PATENTS, AND COPYRIGHTS**

580-043-0006

Policy

The educational and research activities of employees of the Board of Higher Education and its institutions frequently result in the discovery of new knowledge in the form of inventions, technological improvements, and the production of educational and professional materials. It shall be the general policy of the Board that such results be made available to the public in the most expeditious manner.

Stat. Auth.: [ORS 351](#)

Stats. Implemented:

Hist.: HEB 8-1978, f. & ef. 12-5-78

580-043-0007

Objectives of Policies

It is Board intent to:

- (1) Provide systematic means of bringing inventions, technological improvements and educational and professional materials into the public domain.
- (2) Encourage the development of new knowledge while protecting traditional academic freedom of employees in the publication of materials, development of inventions and discovery of technological improvements.
- (3) Establish principles and procedures for equitably sharing net royalty income with employees, and with sponsoring agencies when required by an agreement.

Stat. Auth.: [ORS 351](#)

Stats. Implemented: [ORS 351.070](#)

Hist.: HEB 8-1978, f. & ef. 12-5-78; HEB 5-1996, f. & cert. ef. 12-18-96

580-043-0011

Employee Responsibilities and Rights

- (1) As a condition of employment, all Board and institution employees shall agree to assign to the Board rights to:
 - (a) Any invention or improvement in technology conceived or developed using institutional facilities, personnel, information or other resources; and
 - (b) Educational and professional materials, whether or not registered for copyright, that result from the instructional, research or public service activities of the institutions.
- (2) Employees shall be responsible for disclosing to designated institutional representatives all inventions, technological improvements and educational and professional materials conceived, developed and/or produced during the conduct of normal activities.
- (3) Employees shall be responsible for cooperating and assisting Board and institutional representatives responsible for patenting, licensing, registering for copyright, publishing and generally assisting public access to new knowledge resulting from employee activities.
- (4) Employees shall be eligible to share in net royalty income from each invention or separate improvement thereof, an amount not to exceed:
 - (a) 40 percent of the first \$50,000, 35 percent of the next \$50,000, and 30 percent of all additional net royalty income received by the Board for inventions and technological improvements; and
 - (b) 50 percent of net royalty income from educational and professional materials.
- (5) For the limited purposes of administering the policies under Division 43, persons acting in the following capacities shall be entitled to the benefits and subject to the responsibilities of said rules: graduate teaching assistants, graduate teaching fellows, graduate research assistants and student employees.

Stat. Auth.: [ORS 351.070](#)

Stats. Implemented: [ORS 351.070](#)

Hist.: HEB 8-1978, f. & ef. 12-5-78; HEB 9-1980, f. & ef. 8-20-80; HEB 1-1982, f. & ef. 4-20-82; HEB 1-1993, f. & cert. ef. 2-5-93; HEB 5-1996, f. & cert. ef. 12-18-96

580-043-0016

Institutional Responsibilities

To manage inventions, technological improvements and educational and professional materials developed by employees, institutions shall:

- (1) Apply Board-adopted policies and procedures.
- (2) Encourage employee activities that lead to new knowledge.
- (3) Actively seek applications for new knowledge developed by employees.
- (4) Anticipate and comply with conditions in contracts, grants and agreements with sponsoring agencies.
- (5) Recommend to the Vice Chancellor for Finance and Administration or designee contractual agreements, patent applications and equitable sharing of net royalty income.

Stat. Auth.: [ORS 351.070](#)

Stats. Implemented: [ORS 351.070](#)

Hist.: HEB 8-1978, f. & ef. 12-5-78; HEB 1-1986, f. & ef. 1-17-86; HEB 10-1990, f. & cert. ef. 7-26-90; HEB 1-1993, f. & cert. ef. 2-5-93; HEB 5-1996, f. & cert. ef. 12-18-96

580-043-0026

Office of Finance and Administration Responsibilities

The Office of Finance and Administration shall:

- (1) Assist institutions in the development of procedures implementing Board policies and managing new knowledge.
- (2) Monitor institutional application of Board policies.
- (3) Review and approve institutional recommendations regarding assignment of rights, applications for patents, execution of licenses and agreements and distribution of royalties.

Stat. Auth.: [ORS 351.070](#)

Stats. Implemented: [ORS 351.070](#)

Hist.: HEB 8-1978, f. & ef. 12-5-78; HEB 1-1993, f. & cert. ef. 2-5-93; HEB 5-1996, f. & cert. ef. 12-18-96

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