

### **Patent and Copyright Policies**

I. Policy. The University of North Carolina is dedicated to instruction, research, and extending knowledge to the public (public service). It is the policy of the University to carry out its scholarly work in an open and free atmosphere and to publish results obtained there from freely. Research done primarily in anticipation of profit is incompatible with the aims of the University. The University recognizes, however, that patentable inventions sometimes arise in the course of research conducted by its employees and students using University facilities. The Board of Governors of the University of North Carolina has determined that patenting and licensing of inventions resulting from the work of University personnel, including students, is consistent with the purposes and mission of the University.

The aim of the patent policies of the University is to promote the progress of science and the useful arts by utilizing the benefits of the patent system consistent with the purposes for which it was established by Article I, Section 8, of the Constitution of the United States:

The Congress shall have power . . . To promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

Patents provide a means to encourage the development and utilization of discoveries and inventions. These policies have been established to ensure that those inventions in which the University has an interest will be utilized in a manner consistent with the public good through patents, licenses, or otherwise. The University is also aware of the value of patents in directing attention to individual accomplishment in science and engineering. Where possible, the University should make inventions resulting from its research available to industry and the public on a reasonable and effective basis and at the same time provide adequate recognition to inventors. Patents and their exploitation, however, represent only a small part of the benefits accruing to the public from the research program of the University.

A portion of the research conducted by the University is supported by government and a portion by private industry. Service to the public, including private industry, is an integral part of the University's mission. In agreements with private industry or other private organizations, the constituent institutions of the University must keep the interests of the general public in view. The rights and privileges set forth in cooperative agreements or contracts, with respect to patents developed as a result of research partly or wholly financed by private parties, must be fair and just to the inventor(s), the sponsor and the public. Research should be undertaken by the University under support from private parties only if it is consistent with and complementary to the University's goals and responsibilities to the public.

II. Objectives. The principal objectives of the University of North Carolina Patent and Copyright Policies set forth herein are:

1. To provide appropriate incentive to creative intellectual effort by faculty, staff, students, and others associated with the constituent institutions of the University;

2. To establish principles for determining the interests of the constituent institutions, inventors, and sponsors in regards to inventions and/or discoveries;
3. To enable the constituent institutions to develop procedures by which the significance of inventions and/or discoveries may be determined and brought to the point of commercial utilization;
4. To provide the means for placing in the public realm the results of research, while safeguarding the interests of the University, inventor, and sponsor; and
5. To recognize the right of the inventor to financial benefits from the invention or discovery.

III. Coverage. The University of North Carolina Patent and Copyright Policies apply to all University employees at each constituent institution, both full and part time, including faculty, other professionals exempt from the Personnel Act, staff subject to the Personnel Act, and students of each constituent institution. Upon prior written agreement between persons and the constituent institutions, these policies may be applied to persons not associated with the University who make their inventions available to the institutions under circumstances where the further development and refinement of the inventions are compatible with the research programs of the constituent institutions.

#### IV. Patent Ownership.

Condition of Employment and Enrollment. The patent and copyright policies of the University of North Carolina, as amended from time to time, shall be deemed to be a part of the conditions of employment of every employee of each constituent institution, including student employees, and of the conditions of enrollment and attendance by every student at each constituent institution.

Ownership. With the exception of "Inventions made on Own Time," hereinafter defined, every invention or discovery or part thereof that results from research or other activities carried out at a constituent institution, or that is developed with the aid of the institution's facilities, staff, or through funds administered by the constituent institution, shall be the property of the constituent institution and, as a condition of employment or enrollment and attendance, shall be assigned by the University inventor to the constituent institution in a manner determined by the constituent institution in accordance with these policies.

Patent Application. Patents on inventions made by University employees or students, may be applied for in any country by the constituent institution or through an authorized agent(s) or assignee(s). The constituent institution shall exercise its rights of ownership of such patent(s), with or without financial gain, with due regard for the public interest, as well as the interests of inventors and sponsors concerned.

Inventions Made on Own Time. Inventions or discoveries made by University personnel or students entirely on their personal time and not involving the use of University facilities or materials are the property of the inventor except in case of conflict with any applicable agreement between the institution and the federal or state government or agency thereof. For purposes of this provision, an individual's "personal time" shall mean time other than that devoted to normal or assigned functions in teaching, extension, University service, or direction or conduct of research on University premises or utilizing University facilities. The term "University facilities" shall mean any facility, including equipment

and material, available to the inventor as a direct result of the inventor's affiliation with the University, and which would not be available to a non-University individual on the same basis.

Personnel or students who claim that inventions are made on personal time have the responsibility to demonstrate that inventions so claimed are invented on personal time. All such inventions shall be disclosed in accordance with the institutions' disclosure procedures applicable to inventions made on University time or with the use of University facilities, materials or equipment, and shall demonstrate the basis of the inventor's claim that only personal time was utilized. In each instance so demonstrated to conform to the definition of personal time, the institution shall acknowledge in writing that the invention is the sole property of the inventor in accordance with the "waiver" provision, below.

If the inventor so desires, inventions or discoveries made on personal time and utilizing the inventor's own facilities and materials may be assigned to the institution. Under this arrangement, the procedures will be the same as for inventions or discoveries made by University personnel on University time and/or with the use of University facilities and materials.

**Waiver and Release of University Rights.** Pursuant to these policies and to its patent procedures, a constituent institution, after consultation with the inventor, shall cause its rights to subsequent patents, if any, to be waived to the inventor if the institution is convinced that no University facilities, time, or materials were used in the development of the discovery or invention, that it was made on personal time, and that such waiver would not conflict with any pertinent agreement between the institution and a sponsoring agency or agencies.

Pursuant to these policies and to its patent procedures, a constituent institution, after consultation with the inventor, may in its discretion and upon such terms as it deems appropriate, cause its rights to the discovery or invention, if any, to be released and waived to the inventor if the institution is convinced that the discovery or invention is clearly one that is non-patentable, that it does not warrant further evaluation as to patentability, or if the discovery or invention has been returned to the institution after negative evaluation by the institution's agent(s).

#### V. Income From Patents

**The Inventor.** The inventor shall receive not less than fifteen percent (15%) of the gross royalties derived from licensing or income from assignment or sale of each patent resulting from his invention and owned by the constituent institution pursuant to these policies. With this limitation, the exact proportion shall be determined in accordance with the institution's patent procedures as approved by the institution's Board of Trustees and the President.

**The Institution.** Income earned by each constituent institution from its patent and licensing activity shall be held in a separate trust fund by that institution to support research. The particular unit of the institution employing the inventor or furnishing the research facilities will be given preferential consideration, though not necessarily exclusive consideration, in the allocation of such royalty income by the institution. Allocations from such trust funds shall be made by the chancellor of each institution after receiving recommendations from the institutional patent committee.

## VI. Specific Conditions Governing Sponsored Research

Government Sponsored Research. Patents on inventions arising from research financed by the United States Government may be controlled by the terms of the grants and contracts specified by the government agency pursuant to Federal law. In some cases, the government claims rights to patents resulting from research financed under contracts supported by government agencies. Except as provided by Federal law or by government-supported grants or contracts, or when no patent rights are claimed by the United States Government, or when such rights are waived by the government, patents arising from government sponsored research are controlled by these patent and copyright policies. When a patent arising out of research supported under government grants or contracts is owned by a constituent institution, that institution will, if requested, agree to a non-exclusive royalty-free license for use by the government of such patent. If such a patent is owned by the government, the institution shall be free to use the invention so covered for its own scientific and educational purposes without payment of royalty or other charge, consistent with Federal Law.

University Research Sponsored by Non-Governmental Entities. The University must ensure that its facilities and the results of the work of its employees are applied in a manner which best serves the interests of the public. Likewise, the legitimate interests of a private sponsor who provides financial or other support to research carried out through the constituent institutions must be considered. Constituent institutions should normally reserve the right to ownership of patents on inventions arising out of research supported in whole or in part of grants or contracts with nongovernmental organizations or firms. Contracts or agreements which are entered into between institutions and such organizations or agencies should contain clauses setting forth such a reservation unless deviations therefrom are requested by the sponsor and approved by the institution consistent with the public interest. In the interest of fair treatment to the sponsor in consideration for the sponsor's investment and in the interest of discharging the institution's obligation to the public in the application of its facilities and its employees' time and talent, special provisions may be negotiated by the institution in such non-government sponsored contracts, upon request, provided that the institution retains the right to use the invention for its own research, educational, and service purposes without payments of royalty fees, that the institution requires the sponsor to use due diligence in the commercial use of the invention, and that the institution retains the right freely to publish the results of its research after a reasonable period necessary to protect the right of the parties and to allow for the filing of a patent application.

VII. Publication. A major function of the University of North Carolina is the advancement and dissemination of knowledge. Any practice that unnecessarily restricts the publication of results of scientific work is to be avoided. However, it is recognized that the full development of useful inventions or discoveries may be dependent upon the securing of patent protection that will enable the commercial utilization of the discoveries or inventions. Accordingly, under certain circumstances it may be necessary to delay for a minimum period the publication of results of research.

If a sponsor proposes to support a research effort that will involve a limited exclusive license to use of patents resulting therefrom, the agreement with respect to publication shall include the following. First, the sponsor must agree that the results of the research may be published if desired by the investigators or research workers. Second, in order that patent applications not be jeopardized, the constituent institution, the investigators, and research workers may agree that any proposed publication will be submitted to the sponsor with a notice of intent to submit for publication. If within a period of no more than 90 days from the date of such notice the sponsor fails to request a delay, the investigators,

research workers and institution shall be free to proceed immediately with the publication. However, if the sponsor notifies the institution that a delay is desired, the submission of the manuscript to the publisher shall be withheld for the period requested, but in no event shall the total period of delay be longer than one year from the date of the notice of intent to submit for publication mentioned above. Such a period will permit the sponsor to have the necessary patent applications prepared and filed but will not unduly restrict the dissemination of scientific knowledge.

VIII.     Avoidance of Conflicts. Conflicts involving patentable inventions and discoveries may arise when a constituent institution's personnel, including students enter into personal consulting agreements with outside firms and organizations. The agreements that business firms wish to have executed by those who are to serve as their consultants frequently contain provisions as to the licensing or assignment of the consultant's inventions and patents. Unless such provisions are narrowly worded, they usually will apply to areas in which the individual's University work lies and thus come into conflict with the obligations owed by the individual to the University under these policies, either with respect to the rights of the constituent institution itself in an invention or with respect to the rights of a sponsor of research in the same field or subject matter.

Prior to signing any consulting agreement that deals with patent rights, trade secrets, or the like, where any University time, facilities, materials or other resources are involved, University personnel and students must bring the proposed agreement to the attention of the appropriate administrators of the constituent institution in accordance with its patent procedures and either obtain a waiver of University rights or otherwise modify the consulting agreement to conform with these policies, as is determined by the institution in its discretion.

The foregoing requirements are in addition to, and do not eliminate the necessity for, any approval which may be required by the University of North Carolina Policy on External Professional Activity of Faculty and Other Professional Staff.

IX.       Duty To Disclose Discoveries And Inventions. All individuals whose discoveries and inventions are covered by these Policies have a duty to disclose their discoveries and inventions promptly in accordance with the patent procedures adopted by each constituent institution pursuant to these policies. The duty to disclose arises as soon as the individual has reason to believe, based on his or her own knowledge or upon information supplied by others, that the discovery or invention may be patentable. Certainty about patentability is not required before a disclosure is made. Individuals shall execute such declarations, assignments, or other documents as may be necessary in the course of invention evaluation, patent prosecution, or protection of patent rights, to insure that title in such inventions shall be held by the constituent institution, where these policies indicate the institution shall hold title, or by such other parties as may be appropriate under the circumstances.

X.        Patent Committees. The chancellor of each constituent institution of the University of North Carolina shall appoint a patent committee, consisting of no less than three members, one of whom shall be designated by the chancellor to serve as chairman. The committee for the institution shall review and recommend to the chancellor or his delegate the procedures for the implementation of these policies; shall resolve questions of invention ownership that may arise between the institution and its faculty, staff, or students or among individuals; shall recommend to the chancellor the expenditure of the patent royalty fund; and shall make such recommendations as are deemed appropriate to encourage disclosure and assure prompt and expeditious handling, evaluation, and prosecution of patent opportunities.

The chairmen of the institutional patent committees, or their delegates, shall meet as an All-University Patent Committee. The meetings of the All-University Patent Committee shall be at the call of the President of the University or his delegate who shall serve as its chairman.

XI. Patent Management. The chancellor of each constituent institution, or any person designated by him, is authorized to negotiate with reputable agencies or firms to secure for each institution arrangements for patent management, including competent evaluation of invention disclosures, expeditious filing of applications on patents, and licensing and administration of patents.

A constituent institution is authorized to administer its own patent management and licensing program without the use of a patent management agent, if it determines that such arrangement may better serve institutional and public interests. Nothing in this section shall be construed to permit the reduction of the minimum share due an inventor as specified in Section V of these policies.

XII. Copyright Use And Ownership<sup>1</sup>

Preamble. The University of North Carolina, through its constituent institutions, is committed to complying with all applicable laws regarding copyright and patents. The University, as an institution devoted to the creation, discovery, and dissemination of knowledge, supports (1) the responsible, good faith exercise of full fair use rights, as codified in 17 U.S.C. § 107, by faculty, librarians, and staff in furtherance of their teaching, research, and service activities; (2) copyright ownership for creative, non-directed works by faculty, staff, and students and University ownership of directed employment-related works; and (3) protection of ownership rights for creators of works that require a different ownership model.

Copyright Use. To the foregoing stated ends the University shall:

1. Inform and educate the University community about fair use and the application of the four fair use factors as set forth in 17 U.S.C. § 107 and as interpreted in applicable case law. The four fair use factors are:
  - a. The character and purpose of the proposed use.
  - b. The nature of the work to be used.
  - c. The amount and substantiality of the portion to be used.
  - d. The effect on the market or potential market for the work
2. Develop and make available resources concerning copyright laws in general and the application of fair use in specific situations.
3. Ensure that faculty, EPA and SPA staff, and students have access to assistance in making fair use determinations.

Copyright Ownership. With respect to determining ownership of copyright, the University's policy addresses works by category of copyrightable work (including traditional or non-directed works, directed work, and sponsored or externally contracted works) and by category of author (i.e., faculty, EPA and SPA staff, or student). Ownership of copyrighted subject matter, including software, hinges on which category of work and which category of author pertain to the work at issue. (In this Policy the term "Institution"

means a constituent institution or component agency of the multi-campus University of North Carolina at which an author or work's creator is employed or enrolled.)

### Copyrightable Works

#### 1. Works by Faculty and EPA Non-Faculty Employees.

a. Traditional Works or Non-Directed Works: A "traditional work or non-directed work" is a pedagogical, scholarly, literary, or aesthetic (artistic) work originated by a faculty or other EPA employee resulting from non-directed effort. (Such works may include textbooks, manuscripts, scholarly works, fixed lecture notes, distance learning materials not falling into one of the other categories of this policy, works of art or design, musical scores, poems, films, videos, audio recordings, or other works of the kind that have historically been deemed in academic communities to be the property of their creator

Ownership: Creator of the work, unless it is a directed work, sponsored work requiring University ownership, or a work for hire described in a written agreement between the work's creator and the Institution. (See section 2., below, for the definition of "work for hire;" under the Copyright Act the Institution is deemed the "Author" of a work for hire.) If the Institution is to be involved in commercializing a traditional work or non-directed work, the work's creator shall assign the work to the Institution under an Assignment Agreement. The Assignment Agreement shall contain provisions outlining the commercialization responsibilities of the Institution and a mechanism for the sharing of commercial proceeds with the Author. In cases of ownership by the creator of a traditional work, the Institution, where practical, shall be granted a non-exclusive, non-transferable, royalty-free license for its own educational or research use (hereinafter referred to as a "Shop Right").

b. Traditional Works or Non-Directed Works Involving Exceptional Use of Institutional Resources: "Exceptional use of institutional resources" means institutional support of traditional works with resources of a degree or nature not routinely made available to faculty or other EPA employees in a given area.

Ownership: Institution. However, upon agreement by the appropriate institutional official or body, the Institution may release or transfer its rights to the work's creator, with the Institution retaining (a) a Shop Right, and/or (b) the right to require reimbursement and/or income sharing from the creator to the Institution if the work produces income for the creator. The parties may also negotiate for joint ownership of such works, with the approval of the appropriate institutional official or body.

c. Directed Works: "Directed works" include works that are specifically funded or created at the direction of the Institution (including, but not limited to, works for hire by faculty or other EPA employees).

Ownership: Institution. The work's creator, where practical, shall be granted a Shop Right. The Institution may release or transfer its authorship rights to the work's creator under a written agreement negotiated between the creator and the Institution,

usually with the Institution retaining (a) a Shop Right, and/or (b) the right to require reimbursement and/or income sharing from the work's creator to the Institution if the work produces income for the creator. The parties may also negotiate for joint ownership of such works, with the approval of the appropriate institutional official or body.

d. **Sponsored or Externally Contracted Works:** A "sponsored or externally contracted work" is any type of copyrighted work developed using funds supplied under a contract, grant, or other arrangement between the Institution and third parties, including sponsored research agreements.

**Ownership:** For a sponsored or externally contracted work created under an agreement that expressly requires copyright ownership by the Institution, the creator of the work must disclose the work to the Institution. Provided there is no conflict with a sponsored agreement, the Institution may release or transfer its rights to the work's creator under an agreement negotiated between the creator and the Institution, usually with the Institution retaining (a) a Shop Right, and/or (b) the right to require reimbursement and/or income sharing from the work's creator to the Institution if the work produces income for the creator; or the parties may also negotiate for joint ownership of such works, with the approval of the appropriate institutional official or body.

For a sponsored or externally contracted work created under an agreement that does not expressly require copyright ownership by the Institution or a third party, the creator of the work shall own the work, subject to required disclosure to the Institution where required under institutional policy. In case of ownership by the work's creator, the Institution, if practical, shall be assigned a Shop Right.

2. **Works by SPA Staff.** Most works by SPA staff members are considered to be "Works for Hire." A "work made for hire" is:

- a. a work prepared by an employee within the scope of his or her employment; or
- b. 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.

**Ownership:** Works for hire made by SPA staff shall be owned by the Institution. In special cases, though, the Institution may enter into an agreement in advance that the SPA employee shall own the copyright. In addition, a designated institutional official may waive institutional ownership.

3. **Works by Independent Contractors.**

Works by independent contractors are Works for Hire.

**Ownership:** Works by independent contractors shall be owned in accordance with the



contract under which the work was created. The Institution shall insure that there is a written contract for work by an independent contractor specifying institutional ownership.

4. Works by Students. "Student works" are papers, computer programs, theses, dissertations, artistic and musical works, and other creative works made by students. (For purposes of this policy, the term "students" includes teaching, graduate, and research assistants.)

Ownership: Ownership of the copyright to these works belongs to the student unless the work falls within one of the exceptions described below:

- a. Sponsored or Externally Contracted Works: Ownership shall be in accordance with the section of this policy on sponsored or externally contracted works made by faculty or other EPA employees.
- b. Works for Hire: Student works created by students in the course of their employment with the University shall be considered to fall within the scope of Work for Hire in accordance with the section of this policy on works for hire made by SPA staff.
- c. Classroom, laboratory, and other academic materials generated by students in the instructional process: Students have a limited right to use these materials for personal, educational purposes. Students may not use these materials for commercial gain.

As provided by the institutional policy or as agreed to mutually, rights in student works may be transferred between the student and the Institution. In such cases, a written Assignment Agreement shall specify the respective rights and obligations of the parties. The parties may also negotiate for joint ownership of such works, with the approval of the appropriate institutional official or body.

Works Subject to Protection by Both Copyright and Patent Laws. In cases where an invention or creation is subject to protection under both patent law and copyright law, if the Institution elects to retain title to its patent rights, then the inventor/creator(s) shall assign copyright to the Institution and the Institution shall be compensated in accordance with the royalty provisions of the Institution's patent policy and procedures.

Administration. The chief executive officer of each Institution shall designate an administrative office, officer, or unit responsible for implementing this policy. The designated institutional administrative entity shall address various matters covered by this policy, including developing policies and procedures designed to supplement and interpret the ownership aspects of this policy, providing advice regarding ownership of specific works, releasing institutional rights, and accepting an assignment of rights to the Institution from an author or creator of a work.

Dispute Resolution. The chief executive officer of each Institution shall designate a dispute resolution mechanism (such as a Copyright Committee or Intellectual Property Committee) for resolving any disputes which may arise among an author, other creator of a work, a third-party sponsor of a work, and an institutional official or office concerning copyright ownership or other rights.

XIII. Service Marks, Trademarks and Trade Secrets. Service marks and trademarks are the property of the constituent institutions, and without express authorization from the chancellor or his designee, no steps shall be taken for securing trademarks or service marks by usage or registration with respect to products resulting from or arising out of research or other activities carried out at a constituent institution or developed with the aid of its facilities or staff, or produced through funds administered by the constituent institution. The institutions are hereby authorized to register such marks as are deemed by that institution to be appropriate and to license the use of such marks, provided that the income from such licensing shall be used to support the research and educational programs of the institution and not accrue to the personal benefit of University personnel.

The use of trade secret agreements to protect discoveries and inventions developed at the constituent institutions may not be consistent with the aims and purposes of the University of North Carolina. Special provisions may be required to protect the free dissemination of students' degree-related work.

XIV. Procedure. The Board of Trustees of each constituent institution shall adopt patent procedures that are consistent with and implement these policies, taking into account the nature and scope of the institution's programs. The institutional patent procedures shall be reviewed and approved by the President or his representative prior to approval by the Trustees.

XV. Exceptions. Exceptions to the above policies are authorized if approved by the President following a favorable review and recommendation from the pertinent institutional committee or the All-University Patent Committee. Before approving an exception, the President must determine that, on the basis of the evidence available, such exception is in the public interest and is consistent with the University's responsibilities to the public.

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<sup>1</sup> By resolution, the Board of Governors provides the following:

(1) The provisions of Section XII are effective at the earlier of the following: (1) the date as of which the institution adopts a new or amended policy to conform to the board's policy; or (2) August 1, 2001. Any copyright dispute over a work created prior to the effective date of an institution's policy shall be resolved under such relevant policies and procedures as had existed immediately prior to the effective date, unless the parties to the dispute mutually agree in writing to abide by the new policy.

(2) Nothing in this policy is intended to alter the provisions of *The Code of the University of North Carolina*, Chapter VI: Academic Freedom and Tenure.

(3) The President is authorized to establish such supplemental policies or procedures, not inconsistent with the policy, as the President may deem necessary or desirable to implement or administer the policy. This may include provision for review by the Office of the President of policies or procedures intended by University institutions and agencies to implement the policy.