

## **Appendix A. Board Approved Faculty Senate Handbook Revisions.**

### INTELLECTUAL PROPERTY: POLICIES AND PROCEDURES

Passed, Adopted by Board of Trustees April 7, 2016.

#### 1.0 Purpose

The purpose of this document is to delineate the policy and procedures pertaining to intellectual property created by employees, students, and visitors of the Medical University of South Carolina (“MUSC”) and its affiliates, including but not limited to MUSC Physicians, the Medical University Hospital Authority, the MUSC Foundation, and the MUSC Foundation for Research Development. (“MUSC Enterprise”).

#### 2.0 Objective

The objective of this policy is to further MUSC Enterprise’s mission by (i) providing for the necessary protections, incentives, and vehicles to encourage the discovery and development of new knowledge for the public good; (ii) fostering of research links and collaboration with industry and other academic institutions; and (iii) enabling advancement of economic development in South Carolina and beyond.

#### 3.0 Applicability

3.1 Employees (as defined below) and Students (as defined below): **This Policy applies as a condition of appointment or employment by the MUSC Enterprise to every employee, and as a condition of enrollment by every student**, who during the period of their appointment, employment, or enrollment by the MUSC Enterprise shall:

- (a) Conceive or first reduce to practice, actually or constructively, any invention or trade secret;
- (b) Prepare a copyrightable work;
- (c) Contribute substantially to the existence of any tangible result of research;  
or
- (d) Otherwise contribute to the creation of an item of intellectual property.

3.2 Visitors: This Policy applies as a condition of use of University Resources (as defined below) to all persons who are not covered under Section 3.1 above, who through their use of University Resources shall:

- (a) Conceive or first reduce to practice, actually or constructively, any invention or trade secret;
- (b) Prepare a copyrightable work;
- (c) Contribute substantially to the existence of any tangible result of research; or
- (d) Otherwise contribute to the creation of an item of intellectual property.

Such persons are called “Visitors” herein. MUSC Enterprise personnel allowing Visitor access to University Resources shall ensure that the Visitor has been notified of this Policy and obtained written consent from the Visitor, using approved forms (VISITORS consent on IP Policy - <http://frd.musc.edu/forms.html>), to be bound by this Policy.

#### 4.0 Definitions

4.1 “Intellectual Property” as used herein is broadly defined to include inventions, discoveries, know-how, show-how, trade secrets, processes, unique materials, tangible results of research, copyrightable works, original data, and other creative or artistic works which have potential commercial value. Intellectual property includes that which is protectable by statute or legislation, such as patents, copyrights, trademarks, service marks, trade secrets, mask works, and plant variety protection certificates. It also includes the physical embodiments of intellectual effort including, for example, models, machines, devices, designs, apparatus, instrumentation, circuits, computer programs and visualizations, biological materials, chemicals, other compositions of matter, plants, and records of research.

4.1.1 “Copyright” shall mean copyrightable works as defined under the laws of the United States of America, including 17 U.S.C. 101 et seq. A computer program (defined in 17 U.S.C. 101 as: “...a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result”) when licensed solely as a copyrightable work shall have the resulting Net Proceeds distributed as a “Copyright”.

4.1.2 “Patent and Other Intellectual Property (excluding Copyright)” shall mean (a) a patentable invention as defined under the laws of the United States of America including 35 U.S.C. 101 and (b) all other forms of Intellectual Property, excepting for Copyrights.

This definition (of 4.1.2) includes patentable processes which can be implemented in a computer (often called “business method patents”) and methods and algorithms capable of being implemented using a computer and protectable as a trade secret. In instances where patentable processes and/or trade secrets, and copyrightable works which fix in a tangible medium a specific instance of the patentable process and/or trade secret (i.e. a computer program) are licensed out together, the resulting total Net Proceeds shall be distributed as “Patent and Other Intellectual Property (excluding Copyright)” and not distributed as a “Copyright”

4.2 “Traditional Academic Copyrightable Works” are a subset of copyrightable works created independently and at the creator’s initiative for traditional academic purposes. Examples include manuscripts for scholarly journals, class notes, textbooks and supplemental materials, theses and dissertations, videos, digital video disks (dvds) containing audio, video, and/or interactive simulations as well as non-interactive demonstrations, compact disks containing audio, video and/or interactive simulations, as well as non-interactive demonstrations, articles, non-fiction, fiction, poems, musical works, dramatic works including any accompanying music, pantomimes and choreographic works, pictorial, graphic and sculptural works, or other works of artistic imagination that are not created as a) an institutional initiative or b) with University Resources. Specifically excluded from this definition are software works.

4.3 "Creator" means an individual or group of individuals who create, conceive, reduce to practice, author, or otherwise make a substantive intellectual contribution to the creation of, Intellectual Property. "Creator" includes the definition of "inventor" used in U.S. patent law and the definition of "author" used in the U.S. Copyright Act. Creators may be faculty, staff, and other persons employed by MUSC Enterprise whether full-or part-time; visiting faculty and researchers; and any other persons, including students, who create or discover applicable intellectual property using University resources.

4.4 “University Resources” means the material use of facilities, supplies, materials, or other resources of the MUSC Enterprise, with the exception of its Library collections.

4.5 "Net Proceeds" means the net amount received by MUSC or its designee from the sale, licensing or other disposition of any Intellectual Property, initially owned, pursuant to this policy, in whole or in part by MUSC, after deduction of all costs reasonably attributable to the protection and distribution of such Intellectual Property, including a fifteen (15) percent 15% deduction from gross income for administration expenses of the FRD, which shall be used to further the objectives and purpose of this Policy, and any reasonable expense of patent or copyright prosecution, maintenance, interference proceedings, litigation, marketing or other dissemination and licensing.

4.6 "Employees" means full-time and part-time faculty (of all ranks and status as outlined in the MUSC faculty handbook) and all levels of full-time and part-time staff employed by the MUSC Enterprise.

4.7 "Students" means full-time and part-time students of all levels including those in training, such as post doctoral fellows and residents.

## 5.0 Disclosure and Assignment Requirements

5.1 Intellectual Property is required to be disclosed, pursuant to this Policy, by the Creator to the MUSC Foundation for Research Development or another designee as determined by MUSC, using approved forms (<http://frd.musc.edu/forms.html>). All disclosures are confidential. Ownership of such disclosure shall be determined pursuant to the applicable provisions of this policy.

5.2 Disclosure should be made in a timely manner upon the Creator's recognition that Intellectual Property may have been created. Disclosure should be made prior to public presentations or publications, or other dissemination of the Intellectual Property to third parties whether public or confidential.

5.3 Creators shall and hereby do assign to MUSC ownership of any Intellectual Property pursuant to this policy as a condition of employment, enrollment, or use of University Resources. Creators shall in good faith execute any and all assignment of ownership documents required to effectuate this policy. MUSC may require assignment of ownership documents be signed for any Intellectual Property covered under this policy regardless of whether the assignment of ownership document is required by law to transfer ownership to MUSC.

## 6.0 Ownership

- 6.1 Employees (including faculty) and Staff: MUSC shall be entitled to claim ownership of Intellectual Property which is made in the field in which the employee or staff Creator is engaged by MUSC or made with the use of University Resources. The employee or staff Creator shall share in any proceeds derived there from in accordance with this policy and subject to any preexisting commitments to outside sponsoring agencies.
- 6.2 Students (including trainees): Intellectual Property created by student Creators shall be owned by the student Creator unless the Intellectual Property is created, conceived or reduced to practice (a) during the course of research conducted at MUSC; (b) through the use of University Resources; (c) in conjunction with one or more persons who are otherwise obligated to assign their rights in such Intellectual Property to MUSC under this policy; or (d) under terms of an MUSC contract with a third party which provide for other disposition of the Intellectual Property. For Intellectual Property of categories (a) through (d), MUSC shall be entitled to claim ownership, and the student Creator shall share in any proceeds derived there from in accordance with this policy and subject to any preexisting commitments to outside sponsoring agencies.
- 6.3 Visitors: MUSC shall be entitled to claim ownership of Intellectual Property created by Visitors through the use of University Resources. The Visitor shall share in any proceeds derived there from in accordance with this policy and subject to any preexisting commitments to outside sponsoring agencies.
- 6.4 Copyright:
- 6.4.1 Copyrightable works that MUSC is entitled to claim ownership to under this policy shall be treated as works for hire.
- 6.4.2 Unless subject to any of the exceptions specified in Section 6.4.3, Creators shall retain all rights to Traditional Academic Copyrightable Works and are free to submit such for publication and execute assignment documents in their own name.
- 6.4.3 MUSC shall own Traditional Academic Copyrightable Works as follows:
- (a) Works created pursuant to the terms of an MUSC agreement with an external party;
  - (b) Works created as a specific requirement of employment or as an assigned university duty that may be specified, for example, in a written job description or an employment agreement;
  - (c) Works specifically commissioned by MUSC; and
  - (d) Works that are also patentable

Nothing contained herein shall be interpreted to grant ownership to MUSC of Traditional Academic Works that are manuscripts for submission to scholarly journals, including electronic submissions which contain multimedia interactive components.

## 6.5 Agreements Impacting University Ownership

6.5.1 Sponsored Research Agreements: Ownership and disposition of Intellectual Property may be governed in whole or in part by sponsored research agreements, which may supersede certain provisions of this Policy. Prior to the execution of any sponsored research agreement which would conflict with this Policy, the Associate Provost for Research or its designee must approve the agreement in question.

6.5.2 Consulting: Employees engaged in external consulting work or business are responsible for ensuring that agreements emanating from such work are not in conflict with university policy or with MUSC's contractual commitments. Such employees should make their university obligations known to others with whom they make such agreements and should provide the parties to such agreements a statement of applicable university policies regarding ownership of intellectual property and related rights.

## 7.0 Commercialization of Intellectual Property

### 7.1 Commercialization

7.1.1 In making commercialization decisions for its Intellectual Property, MUSC, or its designee, shall have full discretion, subject to the purpose, objectives, and requirements of this policy. MUSC shall designate an internal office, or a retained third party entity such as a not-for-profit foundation, whose sole purpose is to solely benefit MUSC, hereafter referred to as the Foundation for Research Development ("FRD") for the administration and commercialization of Intellectual Property.

7.1.2 The FRD shall keep the Creator reasonably informed of its commercialization efforts; provided, however, if the Creator has an interest in an entity which desires to license or otherwise make commercial use of the Intellectual Property, the Creator shall not be privy to financial or other confidential information concerning the offers of competing parties. In this event, the supervisor of the

conflicted Creator shall be informed of the commercialization efforts in lieu of the conflicted Creator.

## 7.2 Timetable

- 7.2.1 Complete Submission: Upon submission of an Intellectual Property Disclosure, the FRD shall notify the Creator within thirty (30) days if the Intellectual Property Disclosure is deemed complete. If it is not deemed complete, the Intellectual Property Disclosure shall be returned to the Creator with a request for the additional information needed.
- 7.2.2 Ownership: Within nine (9) months of a Complete Submission, the FRD shall inform the Creators if MUSC is exercising its right to claim ownership of the intellectual property.
- 7.2.3 The FRD shall be reasonably diligent in making efforts to commercialize the Intellectual Property to which it has claimed ownership.

## 7.3 Disposition of Intellectual Property

- 7.3.1 After evaluation of the Intellectual Property and review of applicable contractual commitments, the FRD may (a) commercialize the Intellectual Property through licensing or other transfer of rights, (b) release it to the sponsor of the research under which it was made (if contractually obligated to do so), (c) release it to the Creator if permitted by law, or (d) take such other actions as are determined to be in the interest of MUSC and the public. Licensing or other transfer of Intellectual Property rights to entities which the Creator has an interest in is not prohibited by any provisions of this policy. Commercialization by the FRD or its designee may or may not involve statutory protection of the intellectual property rights, such as filing for patent protection, registering a copyright or securing plant variety certification.
- 7.3.2 The FRD may create a policy, with the approval of the Associate Provost for Research, to allow for the rapid and streamlined disposition of certain copyrightable works under “open source”, “creative commons” or “copy left” agreements.

7.3.3 Should the FRD abandon commercialization of university-owned Intellectual Property, ownership may be assigned to the Creator as allowed by law subject to the rights of sponsors and to the retention of a license to practice the Intellectual Property rights for the internal purposes of MUSC, its affiliated entities, and not-for-profit research collaborators. The minimum terms of such license shall grant MUSC, its affiliated entities, and its not-for-profit research collaborators, the right to use the Intellectual Property in their internally administered programs of teaching, research, and public service on a perpetual, royalty-free, non-exclusive basis. In such event MUSC may require the repayment of its out of pocket patent prosecution and maintenance expenses from any profits made due to commercialization by the Creator. In such an event the Creator may if they desire avail themselves of Section 9.4.

7.4 Distribution of Net Proceeds: Net Proceeds shall be distributed quarterly unless the recovery of costs reasonably attributable to the protection and distribution of such Intellectual Property necessitates a delay of up to six (6) months in order to receive and process third party invoices for such protection (i.e. patent prosecution invoices). Net Proceeds shall be distributed pursuant to the following schedule:

**DISTRIBUTION OF NET PROCEEDS: (net proceeds excludes 15% reduction from gross proceeds; see Section 4.5)**

Royalty (\$)	Inventor(s)	Department(s)	Lab(s)	Angel Fund	University	College(s)
1-\$10,000	100	0	0	0	0	0
> \$10,000	40	10	15	10	20	5

7.4.1 If Net Proceeds are attributable to more than one item of Intellectual Property (e.g. more than one patent), the Net Proceeds shall be first apportioned equally amongst each item prior to application of the distribution schedule, unless otherwise agreed to by the pertinent Creators or if no agreement, as directed by the Vice President for Research or Associate Provost for Research, who shall be under no obligation to attempt to discern an apportionment other than equal.

7.4.2 If Net Proceeds are attributable to more than one Creator, distribution of Net Proceeds (the apportioned share if more than one item of Intellectual Property) pursuant to the schedule shall be made using an equal distribution for each Creator absent a written agreement to the contrary signed by all the Creators.

7.4.3 Payment of the Creator's Share shall not end due to the Creator's death, disability, or termination of employment or other association with MUSC. In the event of death, payment of the Creator's share shall be made to the Creator's estate.

7.4.4 In the event that a Creator changes departments within MUSC, future distribution of the department share and funds previously earned by the

former department shall remain in the originating department. If a department ceases to exist, their shares shall accrue to the University Royalty Income Account until and unless the inventor, author, or contributor joins a new University department.

- 7.4.5 In the event that a Creator, or in the case of a student-Creator, when their mentor, leaves the employment of MUSC or terminates research operations then 50% of any remaining balance of laboratory shares and future laboratory shares from net proceeds resulting from patents, licensing or copyrightable works shall be redistributed to the Angel Fund and the remaining 50% will be distributed proportionally among the Department, University and School/College according to the table in 7.4 with the stipulation that these funds be solely used to support further growth of intellectual property and technology transfer initiatives at MUSC.7.4.5
- 7.4.6 Students and Visitors: For Student or Visitor Creators, the lab, department, and school/college shares shall be payable to the Laboratory, Department, and School/College of the Student's mentor or the Laboratory, Department, and School/College of the Visitor's sponsor.
- 7.4.7 In the event that equity is received from the commercialization of Intellectual Property, equity shall not be considered Net Proceeds until the equity can be freely tradable or liquidated. MUSC and/or FRD shall not be responsible or liable for any valuation fluctuations of equity.
- 7.4.8 Creators are responsible for any tax consequences associated with their receipt of Net Proceeds.
- 7.4.9 In the event the FRD is a third party not-for-profit entity, MUSC can cause the FRD to make payments on MUSC's behalf pursuant to the schedule.
- 7.4.10 Angel Fund: The proceeds designated for the Angel Fund shall be paid to the MUSC FRD with its own budget line and be used to further the development of emerging MUSC owned Intellectual Property as approved by the FRD Board of Directors and the Associate Provost for Research. The Intellectual Property Committee shall be periodically informed by the FRD regarding the use of these funds.

## 8.0 Faculty Cooperation

The Creator will use reasonable effort to cooperate and assist, at no expense to the Creator, in the commercialization efforts of the FRD. The Creator shall execute appropriate documentation for the protection of the Intellectual Property.

Potential conflicts of interest that a Creator has with respect to Intellectual Property and its disposition under this policy shall be disclosed by the Creator pursuant to appropriate MUSC policy.

## 9.0 Intellectual Property Committee

9.1 Membership: The Intellectual Property Committee (“IPC”) shall be a standing committee and consist of seven (7) to eleven (11) members appointed by the Associate Provost for Research. Members shall be chosen from the various colleges and departments of MUSC which generate disclosures of Intellectual Property. One member shall be designated by the Vice President for Research or Associate Provost for Research as the Chair. A student shall also be appointed to the committee by the Associate Provost for Research.

9.2 Duties: The IPC shall:

- (a) Provide advice to the Associate Provost for Research and the FRD regarding implementation of this policy, and undertake a periodic review of the policy making recommendations for any revisions, if needed;
- (b) Encourage compliance with this policy through education of potential Creators of Intellectual Property, and through periodic meetings with those persons and entities responsible for implementation of this policy.

9.3 Meetings: The IPC shall meet at least quarterly and at such other times as requested by the Associate Provost for Research, the FRD, the Chair, or by at least 1/3 of the committee members.

9.4 Dispute Resolution Procedures

9.4.1 A Creator or MUSC administration can request the IPC mediate a dispute arising under this policy.

9.4.2 If a mediated resolution amongst the parties is not obtained, the Committee can make a recommendation to the Associate Provost for Research for a resolution of the dispute.

9.4.3 Mediation of a dispute under this policy shall not be required and shall not be considered to be part of any required administrative remedies available to an employee of MUSC.