

BOARD OF REGENTS BRIEFING PAPER

Handbook Revision: Title 4, Chapter 12,
Intellectual Property, Research, and Entrepreneurial Activity,
Subsections 7.4.a-e

BACKGROUND & POLICY CONTEXT OF ISSUE:

Title 4, Chapter 12, Section 7.4, sets forth Board of Regents' policies regarding institution implementation options for licensing and commercialization of institution Intellectual Property. The current Board policy provisions in Subsections 7.4.a-c, allow institutions to establish institution policies and procedures for development and management of Intellectual Property licensing and commercialization independently, through an independent assistance organization or through an affiliated nonprofit corporation. However, these current policies do not provide for the conveying of ownership of the Intellectual Property as part of an institution's commercialization program. The current policy in Subsections 7.4.a-c, only refers to the "licensing and commercialization" of Intellectual Property. Conveying of ownership of Intellectual Property is only permitted in Subsections 7.4.d and e, which address transferring the Intellectual Property to the Personnel who developed it or abandoning the Intellectual Property to the public domain. In Subsection 7.4.d, the institution may "release and convey ownership" of Intellectual Property to the Personnel who created the Intellectual Property after the "execution of an agreement providing for the division of income." Under Subsection 7.4.e, an institution may also "release ownership" of Intellectual Property to the Personnel who developed the Intellectual Property when the institution determines that such action "is in the best interest of the institution and NSHE." Subsection 7.4.e also allows an institution "to release or abandon Intellectual Property to the public domain."

The conveying of ownership of Intellectual Property rights is often used by institutions of higher education as part of a program for the aggressive commercialization of Intellectual Property. The proposed amendments to Subsections 7.4.a-c are necessary to clarify that conveying of ownership of Intellectual Property is permitted as part of an institution's program for commercialization of Intellectual Property. The proposed amendments require the execution of a written agreement to provide appropriate legal protections of NSHE and the institution's interests in the Intellectual Property. The language in Subsections 7.4.a and b is also revised to indicate that institutions may engage outside entities to conduct all or a portion of their commercialization program.

The Research Advisory Council (RAC) supports the clarification of the institutions' options for commercialization of Intellectual Property. However, after the last RAC meeting, at the suggestion of the General Counsels of UNR and UNLV, the requirement for institutional General Counsel review has been added; and the clause "transferring/conveying of ownership ("transferees")" was placed in front of "assigning, licensing" in the second sentence of Subparagraphs 7.4.a, 7.4.b and 7.4.c, which is intended to clarify that the term "transferees" applies to those to whom ownership of Intellectual Property is conveyed for purposes of commercialization.

SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

Approval is requested of proposed amendments to Title 4, Chapter 12, Section 7.4, as follows:

1. Amend Subsection 7.4.a to add new language that permits institutions to convey ownership of intellectual property to an independent assistance organization (the "Organization") and third party engaged by the Organization subject to a written agreement that provides at a minimum:
 - The right to revoke any agreement with the Organization if it is not acting in the best interest of NSHE, the institution or the State of Nevada;

- No funds or credit of NSHE, the institution or State of Nevada may be pledged by the Organization, third parties engaged by it, and any licensees, assignees and transferees of the Intellectual Property;
 - The State of Nevada, NSHE, the institution, and their officers, employees and agents must be fully indemnified and held harmless, including attorney fees by the Organization, third parties engaged by it, and any licensees, assignees or transferees of the Intellectual Property;
 - The Organization, third parties engaged by it, and any licensees, assignees or transferees of the Intellectual Property must comply with all applicable state and federal laws, including 35 U.S.C. Secs. 200-212, the “Bayh-Dole Act”); and
2. Amend Subsections 7.4.a and b to clarify that institutions may engage outside organizations to conduct all or a portion of its commercialization program and that the program may include, but is not limited to assigning, licensing or transferring/conveying of ownership of Intellectual Property rights.
 3. Amend Subsections 7.4.b and 7.4.c to be consistent with the proposed amendments in Subsection 7.4.a by revising the language to permit the institutions either independently or through an affiliated nonprofit to assign, license or transfer ownership of Intellectual Property as part of the institution’s commercialization program, after the execution of a written agreement which contains the same legal protections required in Subsection 7.4.a(i-iv).
 4. Amend Subsections 7.4.d and e to make the language regarding conveying ownership to the Personnel who developed the Intellectual property consistent.

IMPETUS (WHY NOW?):

The amendments are needed to help promote the development and commercialization of institution Intellectual Property.

BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- The proposed revisions clarify the policy on Intellectual Property to permit conveying of ownership as an option for the development and commercialization of Intellectual Property.
- The proposed amendments are consistent with the Board of Regents goals declared in Title 4, Chapter 12, Section 1, to “foster entrepreneurial activity, innovation and commercialization.”
- The proposed amendments give the institutions broad flexibility in conducting their Intellectual Property commercialization programs.
- The Research Advisory Council (RAC) supports the clarification of the institutions’ options for commercialization of Intellectual Property.
- The proposed amendments mandate written agreements to set forth specific legal protection of the interests of NSHE and the institution, and require review by the institution General Counsel.

POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

None have been presented.

ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

Do not approve proposed amendments.

COMPLIANCE WITH BOARD POLICY:

Consistent With Current Board Policy: Title # _____ Chapter # _____ Section # _____

Amends Current Board Policy: Title 4, Chapter 12 Intellectual Property, Subsection 7.4.

Amends Current Procedures & Guidelines Manual: Chapter # _____ Section # _____

Other: _____

Fiscal Impact: Yes _____ No X

Explain:

POLICY PROPOSAL
TITLE 4, CHAPTER 12, SECTION 7.4
Intellectual Property, Research and Entrepreneurial Activity

Additions appear in ***boldface italics***; deletions are [~~stricken and bracketed~~]

as revised during the July 19, 2019 Board of Regents meeting

Section 7. Administration

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4. Institution Implementation Options. In accordance with the institution policies and procedures with respect to Intellectual Property, each institution may elect, through the recommendation of its Intellectual Property Administrator, ***review by institution General Counsel***, and with approval of the President **and Board of Regents**, any of the following courses:
- a. To develop and manage its [~~licensing and~~] commercialization program through an independent assistance organization (***the "Organization"***) or any third party engaged by the Organization to assist in the commercialization of the Intellectual Property, so as to secure competent evaluation and protection of Intellectual Property, and aggressive [~~licensing,~~] ***commercialization*** and administration of [~~such~~] Intellectual Property. ***The program may include, but is not limited to, transferring/conveying of ownership [{"transferees"}], assigning or licensing of Intellectual Property to the Organization after the execution of a written agreement that explicitly grants certain rights to the Organization to perform all or a portion of commercialization activities on behalf of the institution, and that provides for appropriate legal protections for NSHE and the institution. Such legal protections must include, but are not limited to, the following:***
 - i. ***The institution retains the ability to revoke any agreement with the Organization should the institution determine that the Organization is not acting in the best interest of NSHE, the institution or the State of Nevada; and***
 - ii. ***The Organization, third parties engaged by it, and any assignees, licensees, or transferees of the Intellectual Property, have no ability to pledge funds or credit of NSHE, the institution or the State of Nevada; and***
 - iii. ***The Organization, third parties engaged by it, and any assignees, licensees or transferees of the Intellectual Property, shall fully indemnify and hold harmless the State of Nevada, NSHE, the institution, and their officers, employees, and agents from and against any and all liabilities, judgements, and/or expenses, including attorney fees, arising either directly or indirectly from any act or failure to act by the Organization, licensees, transferees and their officers, employees or agents; and***
 - iv. ***The Organization, third parties engaged by it, and any assignees, licensees or transferees of the Intellectual Property shall be required to conduct their commercialization and related activities in compliance with applicable state and federal law (including 35 U.S.C. §§ 200-212, the "Bayh-Dole Act"); or***
 - b. To develop and manage its [~~licensing and~~] commercialization program through an affiliated nonprofit corporation ***and any third party engaged by the affiliated nonprofit corporation. The program may include, but is not limited to, transferring/conveying of ownership [{"transferees"}], assigning or***

licensing, of Intellectual Property to the affiliated nonprofit corporation after the

execution of a written agreement that explicitly grants certain rights to the affiliated nonprofit corporation to perform all or a portion of commercialization activities on behalf of the institution, and that provides for appropriate legal protections for NSHE and the institution. Such legal protections must include, but are not limited to, the legal protections set forth in Subsection 7(a)i-iv hereinabove; or

- c. To develop and manage independently its own [~~licensing and~~] commercialization program. **The institution's commercialization program may include, but is not limited to, transferring/conveying of ownership [~~("transferees")~~], assigning or licensing of Intellectual Property after the execution of a written agreement that provides for appropriate legal protections for NSHE and the institution. Such legal protections must include, but are not limited to, the legal protections set forth in Subsection 7(a)i-iv hereinabove; or**
- d. To [~~release and~~] convey ownership in any Intellectual Property (that has been disclosed to the institution) to which NSHE has title or interest, and for which the institution has stewardship to the Personnel for management and development as a private venture after the execution of an agreement providing for the division of income; or
- e. To release or abandon Intellectual Property (that has been disclosed to the institution) to the public domain or [~~release~~] **convey** ownership of Intellectual Property to the Personnel, when it is deemed by the institution that such release is in the best interest of the institution and NSHE.

execution of a written agreement that explicitly grants certain rights to the affiliated nonprofit corporation to perform all or a portion of commercialization activities on behalf of the institution, and that provides for appropriate legal protections for NSHE and the institution. Such legal protections must include, but are not limited to, the legal protections set forth in Subsection 7(a)i-iv hereinabove; or

- a. To develop and manage independently its own [~~licensing and~~] commercialization program. **The institution's commercialization program may include, but is not limited to, transferring/conveying of ownership ("transferees"), assigning or licensing of Intellectual Property after the execution of a written agreement that provides for appropriate legal protections for NSHE and the institution. Such legal protections must include, but are not limited to, the legal protections set forth in Subsection 7(a)i-iv hereinabove;** or
- b. To [~~release and~~] convey ownership in any Intellectual Property (that has been disclosed to the institution) to which NSHE has title or interest, and for which the institution has stewardship to the Personnel for management and development as a private venture after the execution of an agreement providing for the division of income; or
- c. To release or abandon Intellectual Property (that has been disclosed to the institution) to the public domain or [~~release~~] **convey** ownership of Intellectual Property to the Personnel, when it is deemed by the institution that such release is in the best interest of the institution and NSHE.