BOARD OF REGENTS BRIEFING PAPER

Handbook Revision: Title 4, Chapter 12, Intellectual Property, Research, and Entrepreneurial Activity
Academic, Research and Student Affairs Committee, June 8-9, 2017

BACKGROUND & POLICY CONTEXT OF ISSUE:

In July 2014, NSHE Research Affairs Council requested the formation of a working group to review and revise the Board of Regents Intellectual Property, Research and Entrepreneurial Activity (hereinafter referred to as "Intellectual Property policy") policy in Title 4, Chapter 12 of the Handbook. A working group, chaired by Vice Chancellor Abba and former Vice Chancellor Nielsen, with representation from all institutions was formed and began its work in September 2014.

SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

The Working Group undertook an in-depth review of Title 4, Chapter 12, Intellectual Property policy, with the goal of updating the policy and clarifying existing language without changing long-standing concepts regarding development and ownership of Intellectual Property unless a specific need for substantive revision was identified.

The attached chart identifies the proposed amendments and indicates whether the proposed amendment is considered a substantive change or addition. Although the Working Group discussed whether to review the distribution of net income provision, as set forth in Section 7 of the current policy, it was decided that review of that section should take place later and a new working group established for that purpose.

The proposed revisions to Title 4, Chapter 12 include the following:

Section 1

- Adds term "Intellectual Property;"
- Adds references to economic development, entrepreneurial activity, innovation and commercialization
- Revises existing language to use the term "Intellectual Property";
- Adds "commercialization" and language to encourage research, creative and Scholarly/Creative activity;
- Adds language regarding preservation of NSHE and institution rights as well as those of the inventor/author/creator;
- Revises language to use the terms "Intellectual Property" and "Personnel."

Section 2

- Clarifies definitions for Course Materials, Intellectual Property, Inventions, Net Income, Personnel, Significant Use of NSHE Resources, Trademark, Traditional Scholarly/Creative Works (Copyrightable Works), Trade Secrets, Work(s), Work Made for Hire.
- Adds a definition for "Commercial Value."

Section 3

- New language is added to provide a process for determination of "Significant Use of NSHE Resources," by the Intellectual Property Administrator in consultation with the Personnel creating the Intellectual Property and the dean or equivalent;
- An opportunity for an appeal by the Personnel must be provided;
- Guidelines regarding "Significant Use" are clarified and language establishing student rights to Intellectual Property is added.

Section 4

 The revisions clarify existing language regarding NSHE and faculty ownership of Intellectual Property, and add language concerning student ownership of Intellectual Property other than Traditional Scholarly or Creative Works;

- Language is added to clarify that sponsored graduate research is owned by NSHE;
- Existing language on Sponsor Supported Efforts is clarified;
- Existing language on "Invention Disclosure" is clarified and new language regarding the timeframe for such disclosure is added.

Section 5

- Revisions to existing language to clarify existing policy that NSHE does not own faculty and student copyrightable works which are referred to as "Traditional Scholarly and Creative Works;"
- New language is added allowing institutions, in Bylaws, to provide for limited exceptions for the granting of perpetual, royalty-free, non-exclusive licenses to the institution to use certain Works and for ownership of certain Course Materials.

Section 6

- New language is added to allow equity ownership in a company or business venture as part of an Intellectual Property commercialization agreement;
- Review and approval by the VC for Legal Affairs is required.

Section 7

- Clarifications of existing language (in former Sec. 6) regarding: 1. Institution Policies and Procedures and Intellectual Property Administrator; 2. Intellectual Property Committee; 3. Net Income Sharing; 4. Institution Implementation Options; 5. TEACH Act Compliance; and 6. Appeal Procedure.
- New language is added in Sec. 7.4.e to allow institutions to release certain Intellectual Property to the public domain or to Personnel when such release is in the best interests of the institution and NSHE;
- Requirement for Board approval of institution policies is changed to Chancellor approval;
- The current requirement for institutional Intellectual Property Committees is made discretionary and other committee requirements are deleted;
- New language is added in Sec. 7.6 to require Personnel to assign, in writing, ownership to NSHE of any Intellectual Property which NSHE owns pursuant to the policy.

Section 8

- Existing policy deleted in current Section 8 and language moved to Sec. 7.1 regarding institution policies on Intellectual Property;
- Revisions to existing language (in former Sec. 7) to clarify that Knowledge Fund net income may be distributed in accordance with provisions of the *Nevada Revised Statutes* (NRS);
- New language added to address holding and liquidation of equity interests.

Section 9

• Section 9 on "Periodic Reporting" amended to change reporting requirement to the Board of Regents from former Workforce, Research and Economic Development Committee."

Section 10

• No changes.

Section 11

• Numbering of subsections revised for format consistency.

The Committee is respectfully requested to approve the proposed amendments to Title 4, Chapter 12, Intellectual Property.

IMPETUS (WHY NOW?):

The need for revision and updating of the NSHE policy on Intellectual Property was recognized by the NSHE Research Affairs Council in 2014 and the working group has completed it work.

BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- The proposed revisions greatly clarify the policy on Intellectual Property, by consolidating and refining the definitions of key terms, and by reorganizing and streamlining the policy.
- Institutions are given more discretion to develop institution policies within the framework of the Board policy.
- In keeping with the Board emphasis on efficiency and effectiveness, institution policies will be approved by the Chancellor, not the Board.
- New language addresses the Board's emphasis on innovation, entrepreneurship and commercialization.
- New language addresses the constitutional prohibition on ownership of equity interests and is needed to help promote commercialization of Intellectual Property.
- New language addresses the holding in United States Supreme Court decision in *Stanford v. Roche* to require all NSHE Personnel, who are involved in the development of Intellectual Property, to assign NSHE's property interests in IP to NSHE in a written instrument. The written assignment is needed to protect NSHE's legal rights and is in essence, a written acknowledgement by Personnel of NSHE's ownership interest in Intellectual Property, which for example, has been developed with significant use of NSHE resources.

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 #	
X Amends Current Board Policy: Title 4, Chapter 12 Intellectual Property	
☐ Amends Current Procedures & Guidelines Manual: Chapter # Section #	
□ Other:	
X Fiscal Impact: Yes No_X	
Explain:	

(ACADEMIC, RESEARCH AND STUDENT AFFAIRS COMMITTEE 06/08/17) Ref. ARSA-7, Page 3 of 23

POLICY PROPOSAL TITLE 4, CHAPTER 12, SECTIONS 1-11

Intellectual Property Policy

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

Title 4 - Codification of Board Policy Statements Chapter 12 INTELLECTUAL PROPERTY POLICY

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Section 1. Preamble

- 1. The Nevada System of Higher Education (NSHE) is dedicated to teaching, research, and the extension of knowledge to the public. The [p] Personnel at its institutions recognize as two of their major objectives the production of new knowledge and the dissemination of both old and new knowledge. A byproduct of these objectives is the conception, authorship, development and creation of Intellectual Property [new and useful products and processes] and the publication of scholarly works. Such activities seek to [(1)]a. contribute to the professional development of the individuals involved, [(2)]b. enhance the reputation of the institutions concerned, [(3)]c. provide additional educational opportunities for participating students, [and (4)]d. drive economic development within the State, e. foster entrepreneurial activity, innovation and commercialization, and f. promote the general welfare of the public at large.
- 2. [Inventions and copyrightable works] Intellectual Property often comes about because of activities of NSHE [p]Personnel through association, employment or Significant Use of NSHE Resources [who have been aided wholly or in part through the use of funds and/or facilities of the System]. It becomes significant, therefore, to ensure the utilization of such [inventions] Intellectual Property for the public good and to expedite their development, [and] marketing and commercialization. The rights and privileges of NSHE and its institutions must be preserved, as well as the incentive [-] of the Personnel [inventor or author/creator must be preserved so that the abilities of the inventor or author/creator and those of other personnel of the NSHE may be] to further encourage [d] and stimulate [d] teaching, research, creative and scholarly activity, service and the extension of knowledge to the public.
- 3. The Board of Regents acknowledges that *Personnel* [faculty, staff, and students who are employees of the Board] regularly prepare for publication, usually through individual effort and initiative, articles, pamphlets, books, and other scholarly works that may be subject to copyright and that may generate income. Publications may also result from work supported either partially or completely by the institution. With the advent of innovative techniques and procedures, the variety and number of materials that might be created in a higher education community have increased significantly, causing the ownership of such [copyrightable works] *Works* to become increasingly complex.
- 4. The foregoing considered, the Board of Regents of [the] NSHE does hereby establish the following policy with respect to [inventions, intellectual property] Intellectual Property and restricted access research [from] for which NSHE Personnel [faculties, staff and students] are contributing participants.

Section 2. <u>Definitions</u>

- 1. ["Intellectual property" is a category of intangible property, which includes patents and copyrights.] "Commercial Value" means something that may be commercialized or offered for sale as determined by the institution.
- [2. The term "inventions" shall refer to all inventions, discoveries, computer programs, processes, methods, uses, products, or combinations whether or not patented or patentable at any time under the U.S. Patent Act, 35 U.S.C. Sec. 1 et seq. as now existing or hereafter amended or supplemented.]

- [3. "Copyrightable works" shall include the following: (1) books, journal articles, texts, glossaries, bibliographies, study guides, laboratory manuals, syllabi, tests, and proposals; (2) lectures, musical or dramatic compositions, unpublished scripts; (3) films, filmstrips, charts, transparencies, and other video or audio broadcasts; (4) distance education courses or programmed instructional materials; (5) computer programs and documentation; and (6) other materials or works which qualify for protection under the copyright laws of the United States or other protective statutes whether or not copyrightable thereunder.]
- 2. "Course Materials" includes, but is not limited to:
 - a. Materials prepared for use in teaching, in any form, including distance education courses:
 - b. Digital, print, audio, and visual materials, or any combination thereof; and
 - c. Documents related to course approval by relevant authorities, lectures, lecture notes and materials, syllabi (except for courses designated in accordance with institution policy adopted pursuant to Section 5.2.b), study guides, bibliographies, visual aids, images, diagrams, multimedia presentations, web-ready content, and educational software (without commercial value).
- 3. "Intellectual Property" is a category of property, which are creations of the mind and their embodiment; the tangible and intangible result of research (including but not limited to data, lab notebooks, charts, biological material, cell lines and samples), compilations and original works of art, literature or music and includes Inventions and Works, Trademarks and Trade Secrets.
- 4. "Inventions" shall refer to all innovations, discoveries, technological advances, compilations, potentially patentable computer software, tangible research property, trade secrets and proprietary information, mask works, processes, methods, uses, products, or combinations of any of the foregoing, whether or not patented or patentable at any time under the U.S. Patent Act, as now existing or hereafter amended or supplemented.
- [4]5."Net [i]Income" is defined as any consideration, including but not limited to cash, equity, royalties [income] received by [the] NSHE from [a] NSHE owned Intellectual Property [invention or copyrightable work], less any administrative fees set by the institution, and less all payments or obligations directly attributable to patenting, copyrighting, marketing, licensing, protecting, maintaining, defending, enforcing and [er] administering the Intellectual Property [invention or work].
- [5]6."Personnel" refers to part-time and full-time members of the faculty, staff, **research and graduate assistants, employed students, residents and** all other agents and employees, **visitors, volunteers,** and undergraduate and graduate students and postdoctoral fellows of [the] NSHE.
- 7. "Significant Use of NSHE Resources" means more than de minimus, unreimbursed use of NSHE resources (including, for example, funding, Personnel time, property, equipment, facilities, supplies, other resources or Intellectual Property owned by or paid for through NSHE). "Significant use of NSHE Resources" includes the efforts and/or time of Personnel to the extent NSHE has compensated or will compensate Personnel for such efforts and/or time.

Significant Use of NSHE Resources does not include the use of property, equipment, facilities, supplies or other resources that NSHE makes available to the general public (for example, library facilities or resources) or to Personnel (for example, the occasional and infrequent use of office furnishings, office supplies, computers, communications equipment, and administrative support).

NSHE institutions may adopt stricter or more specific written criteria and guidelines regarding Significant Use of NSHE Resources.

- 8. "Trademark" is defined under both state and federal law. Under state law, Trademark is defined as "any word, name, symbol or device, or any combination of them" that identifies and distinguishes the source of the goods made or sold by one party from those of others. In addition, "service marks" are used to identify and distinguish the source of a service rather than goods and "trade names" are used to identify a business, occupation or vocation and distinguish it from others. Under the federal Trademark Act of 1946, a Trademark is defined in 15 United States Code Section 1127 as a word, name, symbol, device or any combination thereof that is used by a person in commerce, or which a person intends to use in commerce and which may be registered, to identify and distinguish goods from those manufactured or sold by others, and to indicate the source of the goods.
- 9. "Traditional Scholarly and Creative Works" are:
 - a. Original works of authorship, including by not limited to books, journal articles, texts;
 - b. Lectures, musical or dramatic compositions, published or unpublished scripts;
 - c. Films, filmstrips, charts, transparencies, and other video or audio broadcasts;
 - d. Course Materials, including but not limited to, distance education courses or programmed instructional materials; and
 - e. Other materials or works of artistic or creative imagination and works of students created in the course of their education such as exams, theses or dissertations, papers, and articles.
- 10. "Trade Secrets" are defined in NRS 600A.030(5) as "information, including, without limitation, a formula, pattern, compilation, program, device, method, technique, product, system, process, design, prototype, procedure, computer programming instruction or code that:
 - a. Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by the public or any other persons who can obtain commercial or economic value from its disclosure or use; and
 - b. Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy."
- 11. "Work(s)" means any original work of authorship or creation that can be protected under copyright law, the Semiconductor Chip Protection Act or any statute enacted in the future that governs the protection of intellectual property and is based on principles similar to the principles governing copyright.
- [6] 12. "Work *Made* for Hire" is defined by the [copyright laws of the United States] Copyright Act of 1976 (17 USC Section 101 et seq), and is used herein, as a work prepared by

Personnel within the normal scope of employment [an employee within the scope of his or her employment].

[Section 3. Significant Use]

[When an invention or a copyrightable work is developed by NSHE personnel or others participating in NSHE programs using significant System resources such as facilities, materials, equipment, personnel, funds or other resources under the control of or administered by the NSHE, the NSHE will own the invention or copyrightable work in accordance with the provisions of this policy.

- 1. For the purposes of developing inventions or copyrightable works, the NSHE does not construe the provision of office or library facilities or traditional desktop personal computers as constituting significant use of NSHE space or facilities, nor does it construe the payment of salary from unrestricted accounts as constituting the significant use of NSHE funds, except in those situations where the funds were specifically paid to support the development of inventions or copyrightable works.
- 2. Textbooks developed in conjunction with class teaching are also excluded from the "significant use" category, unless such textbooks were developed using NSHE administered funds paid specifically to support textbook development.

3. 1

<u>Section 3. Determination of Significant Use of NSHE Resources and Ownershp of Intellectual Property.</u>

The determination of Significant Use of NSHE Resources and/or ownership of Intellectual Property will be made by the Intellectual Property Administrator in consultation with the Personnel creating the Intellectual Property and the dean, chair or equivalent supervisor of the Personnel creating the Intellectual Property. If the Personnel disagree with the decision of the Intellectual Property Administrator, the opportunity for an appeal must be provided in accordance with the institution's Intellectual Property policy.

Generally,[-an invention or a copyrightable work] *Intellectual Property* will not be considered to have been developed using *Significant Use of NSHE Resources* [NSHE funds or facilities] if:

- (a) 1. Only a minimal amount of **Personnel's work time**, unrestricted funds **or facilities and equipment** have been used; [and]
- (b) 2. The [invention or copyrightable work] Intellectual Property has been created outside of the [assigned duties of the inventor or author/creator] course and scope of the employment of Personnel;

[and (c) only a minimal amount of time has been spent using significant NSHE facilities or only insignificant facilities and equipment have been used; and (d) the development of the invention or copyrightable work has been made on the personal, unpaid time of the inventor or author/creator.]; or

- 3. The Intellectual Property:
 - a. Is developed by a student as part of a course; and

- b. The course description states that Intellectual Property developed by students as part of their course work shall belong to the students, except as provided in Section 4.2.c herein below.
- [4. This section shall not be interpreted as preventing member institutions of the Nevada System of Higher Education from adopting stricter criteria on what constitutes the significant use of NSHE resources.]

Section 4. [Inventions] Ownership by NSHE of Intellectual Property other than Traditional Scholarly and Creative Works.

- 1. Invention Disclosure. An invention disclosure [should] must be submitted on a form prescribed by the institution, when [something new and useful] Intellectual Property (other than Traditional Scholarly and Creative Works):
 - a. [h] Has been conceived, created, or developed, [er when unusual, unexpected, or unobvious research results have been achieved or used,]; or
 - b. Upon request from the institution.

An invention disclosure must be made before Intellectual Property is disclosed or transferred:

- a. To any other party outside of NSHE;
- b. To the public generally;
- c. For commercial purposes; or
- d. Before any presentations or publication regarding the Intellectual Property.

In the event there is a question as to whether the NSHE has an ownership claim to Intellectual Property, the Intellectual Property must be disclosed by Personnel to the NSHE institution. Such disclosure shall be without prejudice to the Personnel's ownership claim. Ownership of such Intellectual Property shall be determined in accordance with Section 3 hereinabove.

- 2. **Determination of Rights and Equities.** Determination of rights and equities in [inventions (patentable or not)] **Intellectual Property** shall be as follows:
 - a. **NSHE Ownership.** Except as **may** otherwise **be** specified **in an agreement between** [by the] NSHE **and Personnel** in writing, [inventions] **Intellectual Property** shall belong to [the] NSHE if conceived, **created**, **developed** or reduced to practice **(where necessary to perfect)**: (1) by [an employee of the NSHE] **Personnel** as a result of the [employee's] **Personnel's** duties, (2) by agreement with a non-NSHE [sponsor] **party**, or (3) through **Personnel's** [the] [s] **S**ignificant [u] **U**se **of NSHE Resources**[, by any person, of the NSHE's resources such as facilities, materials, equipment, personnel, funds, or other resources under the control of or administered by the NSHE].
 - b. Personnel Ownership. [Inventors] Personnel acquire ownership in [inventions] Intellectual Property which [are]: (1) is not [the result of a NSHE employee's] conceived, created, developed or reduced to practice in the course and scope of Personnel's employment [duties] or subject to the terms of agreements with research sponsors or other third parties, and (2) does not involve the [s]Significant [u]Use of NSHE [r]Resources administered by [the] NSHE.

c. Student Ownership. Except as otherwise provided herein below, NSHE shall not claim ownership of Intellectual Property created by students using NSHE resources in connection with classwork and available to all students in the course, if the student is not paid by NSHE or any third party, and the class or project is not supported by a corporation, government grant or contract or other third party.

Intellectual Property first conceived, created, developed, or reduced to practice in sponsored graduate research will be owned by NSHE and shall be subject to NSHE policies and procedures governing Intellectual Property.

[In the event there is a question about an invention as to whether the NSHE has an ewnership claim, the invention should be disclosed to the NSHE. Such disclosure is without prejudice to the inventor's ownership claim. In determining ownership interest in an invention, a designated official may determine that the NSHE has no property interest in the invention because its conception and reduction to practice was unrelated to the inventor's NSHE duties, involved only insignificant use of institutional resources, or for such other reasons as may be set forth in the guidelines.]

d. Sponsor-Supported Efforts. [Prior to signing a] Any agreement with a non-NSHE [sponsor] party that may result in the conception, creation or development of any Intellectual Property [or that deals with patent rights or the like, where NSHE time, facilities, materials, equipment, personnel, funds, or other resources are involved, NSHE personnel] must [bring] be brought by Personnel [the proposed agreement] to the attention of the appropriate administrators of the constituent institution [in accordance with its invention procedures] and either obtain a written waiver of NSHE rights or otherwise modify the agreement to conform with these policies, as is determined by the institution in its discretion. [Research agreements with private sponsors shall define ownership of inventions]. The agreement under which [inventions] Intellectual Property may be produced may contain specific provisions with respect to disposition of rights to such Intellectual Property in conformance with this policy, and state and federal law [these materials. The sponsor may receive an option to license such inventions on terms to be negotiated]. In those cases where [all rights are vested in the NSHE, where] income is received by the institution from the disposition of the Intellectual Property conceived, created or developed under the agreement, such income shall be dispersed according to Sections 7.1(c) and 8 [shared between the sponsor and the constituent institution, the inventor may appropriately share in the income]. The nature and extent of [inventor] participation in income, however, shall be subject to [sponsor and] NSHE [regulations] institution policies and procedures, as well as the terms of the agreement.

Section 5. Ownership of Traditional Scholarly and Creative Works.

1. Faculty and Student Traditional Scholarly and Creative Works. Except as may be otherwise provided herein, NSHE claims no ownership in any Traditional Scholarly and Creative Works of Personnel or of students.

[Copyright is the ownership and control of the intellectual property in original works of authorship, which is subject to copyright law. In contrast to a patent which protects the "idea," copyright covers the "artistic expression" in the particular literary work, musical work, computer program, video or motion picture or sound recording, photograph, sculpture and so forth, in which the "expression" is embodied, illustrated, or explained, but does not protect

any idea, process, concept, discovery, or the like. It is the policy of [the] NSHE that all rights in copyright shall remain with the author/creator unless the work is a work for hire (and copyright vests in the NSHE under copyright law), is supported by a direct allocation of funds through the NSHE for the pursuit of a specific project, is commissioned by the NSHE, is created with the significant use of NSHE administered resources, or is otherwise subject to contractual obligations.]

- 2. Limited Exceptions. For Traditional Scholarly and Creative Works, an institution policy, set forth in the institution Bylaws may provide for limited exceptions to Personnel ownership of Traditional Scholarly and Creative Works as follows:
 - a. The granting of a perpetual, royalty free, non-exclusive license to the institution to use certain Works owned by Personnel for education, research, commemorative or promotional use; and
 - b. Ownership by the institution of certain Course Materials made as a work for hire or as designated in accordance with the institution Bylaws.
- [2. Except as may be provided otherwise in this policy, the NSHE does not claim ownership of books, articles, and similar works, the intended purpose of which is to disseminate the results of academic research or scholarly study. Such works include those of students created in the course of their education, such as dissertations, papers, and articles. Similarly, the NSHE claims no ownership of popular nonfiction, novels, poems, musical compositions, or other works of artistic imagination that are not institutionally commissioned works or that were not created with the significant use of NSHE administered resources. If title to copyright in works defined within this paragraph vests in the NSHE by law, the NSHE will, upon request and to the extent consistent with its legal obligations, convey copyright to the creators of such works.
- 3. The NSHE shall retain ownership of works created as institutional rather than personal efforts -- that is, works created for NSHE purposes in the course of the author/creator's employment. For instance, work assigned to staff programmers is "work for hire" as defined by law (regardless of whether the work is in the course of sponsored research, unsponsored research, or non-research activities), as is software developed for NSHE purposes, and the NSHE owns all rights, intellectual and financial, in such works.
- 4].3. NSHE Sponsored Agreements or NSHE Funds. [Except as excluded under Section 3, the]
 - a. NSHE owns all rights, intellectual and financial, in [copyrightable] [w] Works authored or created in the course of scholarly projects specifically funded for that purpose by NSHE sponsored agreements or other NSHE funds. Such Works may include the creation of Course Materials that are specifically commissioned for the use of the institution. The creation of such Works and NSHE's ownership rights must be set forth in a written agreement with Personnel.
 - b. Prior to signing any agreement with a non-NSHE [sponsor]party that may result in or which deals with [copyrightable] [w] Works, where any NSHE time, facilities, materials, [p] Personnel, or resources are involved, NSHE [p] Personnel [and students] must bring the proposed agreement to the attention of the [appropriate administrators] Intellectual Property Administrator of the constituent institution for review, negotiation and binding signature in accordance with its copyright procedures and either obtain a written waiver of NSHE rights or otherwise modify the agreement to conform with these policies as is determined by the institution at its direction.

4. Computer Software. Any potentially patentable computer software regardless of the form of expression or object in which it is embodied, together with any user manuals or other relevant documentation, and any computer database that is developed under or subject to any agreement between NSHE and any third party, with the use of direct or indirect financial support from NSHE, or with significant use of NSHE resources shall be owned by NSHE.

Ownership of copyright in any computer software not patentable as defined by 35 USC Section 101 shall be retained by the author subject to provisions regarding ownership of commissioned works and works created in the normal scope of employment described herein.

- 5. **NSHE Commissioned Works.** Under the copyright laws of the United States, commissioned works of non-employees are owned by the author/creator and not by the commissioning party. [&] **U**nless there is a written agreement to the contrary, NSHE [p]**P**ersonnel must, [therefore, generally] require NSHE commissioned contractors to agree in writing that ownership to copyrightable materials is assigned to [the] NSHE. **Such Works shall be considered Works Made for Hire and NSHE shall own the copyrights.** Examples of [eopyrightable w] **W**orks which [the] NSHE may commission non-employees to prepare are:
 - a. Illustrations or designs.
 - b. Artistic works
 - c. Architectural or engineering drawings.
 - d. Forwards and introductions.
 - e. Computer software.
 - f. Reports by consultants or subcontractors.
- 6. Instructional Recordings. Any videotaping, broadcasting, or televising of classroom, laboratory, or other instruction, and any associated use of computers, must be approved or authorized in accordance with an institution policy developed in consultation with the faculty. [approved in advance by the appropriate institutional administrators, who shall determine the conditions under which such activity may occur and resolve questions of ownership, distribution, and policy.]
- 7. **NSHE Obligations.** [The] NSHE in all events shall have the right to perform its obligations with respect to [e] **C**opyrightable [w] **W**orks, data, prototypes, and other [i] Intellectual [p] **P**roperty under any contract, grant, or other arrangements with third parties, including [sponsored] research agreements, license agreements, and the like.
- 8. **NSHE Resources.** Except as **otherwise** provided **in Title 4, Chapter 12** [in Section 3], NSHE resources are to be used [solely] for NSHE purposes and not for personal **financial** gain or personal commercial advantage [, or for any other non-NSHE purposes].

Section 6. Equity Interests in Private Companies.

Equity ownership in a company or developing business venture may be agreed to as part of an agreement for commercialization of an NSHE-owned Intellectual Property and Works. However, any such agreement must be reviewed and approved by the Vice Chancellor for Legal Affairs to ensure that pursuant to the special fund doctrine the

equity interest does not violate the provisions of the Nevada Constitution, Article 8, Section 9, and to ensure that the agreement contains appropriate provisions to protect the state, the institution and institution foundation from liability for the debts of the company or developing business venture. Institution foundations, research foundations, other institution affiliated non-profit entities or companies wholly-owned by any of those entities may be entitled to own such equity interests under the special fund doctrine.

Section [6]7. Administration

- [1.]Institutional procedures for the development of [inventions, copyrightable works], and [inventions] [inve
 - [a]1.Institution Policies and Procedures and Intellectual Property Administrator. Each institution of [the] NSHE is required to develop policies and procedures for handling [inventions, copyrightable works, and intellectual property] Intellectual Property. The Intellectual Property policies and procedures must be consistent with the requirements set forth in Title 4, Chapter 12 and must be submitted to the Chancellor for approval. Each President shall appoint one institutional officer, an Intellectual Property Administrator, who is responsible for the administration and disposition of Intellectual Property. [Each President shall appoint an Intellectual Property Committee consisting of no fewer than three or more than nine members, one of whom shall be designated by the President to serve as chair. In each case the committee shall include a representative of the office of fiscal affairs of that institution. This committee shall make recommendations to the President regarding procedures. quidelines, and responsibilities for the administration and development of inventions, copyrightable works, intellectual property, and such other matters as the President shall determine. The Committee shall report annually to the President and to the Chancellor on inventions and copyrightable works disclosed and the disposition thereof.

Each President shall appoint one institutional officer who is responsible for the administration and disposition of inventions, copyrightable works and intellectual property.] It will be the duty of [this intellectual property administrator] the Intellectual Property Administrator, in accordance with the institution policies and procedures, to determine ownership of [inventions] Intellectual Property and [eopyrightable w]Works, develop terms of agreements with non-NSHE [sponsors] parties, inventors and authors/creators, and to resolve disputes among co-inventors and co-authors/co-creators. Detailed operational guidelines and procedures for the administration of these responsibilities shall be established by each institution.

- 2. Intellectual Property Committee. Each President may appoint an Intellectual Property Committee. The Committee shall work with the Intellectual Property Administrator in accordance with the institution Intellectual Property policies and procedures.
- [E-]3. Net Income Sharing. When net income is to be shared, all net income received by the constituent institution on [inventions] Intellectual Property and [copyrightable] [w] Works subject to this policy shall be divided with the Personnel conceiving, authoring, creating or developing such Intellectual Property and/or Works [the inventor(s) or the author(s)/creator(s) on the basis stated in] in accordance with Section [7] 8, it being understood that if there should be a plurality of [inventors] Personnel, the portion accruing to the [inventors or authors/creators] Personnel will be

distributed on an equal share basis unless specifically agreed otherwise in writing by all the [inventors or authors/creators] *Personnel*. The [inventor(s) or author(s)/creator(s)] *Personnel*, at or before the time of filing *for formal protection of any Intellectual Property or Work, or at the request of the institution*, [a patent application or copyright] must agree in writing to any other terms and conditions negotiated with the institution. In the case of a plurality of [inventors or authors/creators] *Personnel*, all [individual inventors or authors/creators] *the Personnel* must sign the same agreement.

- [d.] **4.** Institution Implementation Options. [In the implementation of its] In accordance with the institution policies and procedures with respect to [inventions] Intellectual Property, each institution may elect, through the recommendation of its Intellectual Property Administrator and with approval of the President, any of the following courses:
 - [(1)]a. To develop and manage its licensing and commercialization program through an independent [patent] assistance organization so as to secure competent evaluation and protection of [inventions or discoveries, expeditious filing of applications for patents] Intellectual Property, and aggressive licensing and administration of [patents] such Intellectual Property; or
 - [(2)]**b.** To develop and manage its licensing **and commercialization** program through an affiliated nonprofit corporation; or
 - [(3)]c. To develop and manage independently its own licensing **and commercialization** program; or
 - [(4)]d. To release and convey ownership in any Intellectual Property (that has been disclosed to the institution) [invention] to which [the institution] NSHE has title or an interest, and for which the institution has stewardship to the [inventor] 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 ownership of Intellectual Property to the Personnel, when it is determined by the institution that such release is in the best interest of the institution and NSHE.
- [e-]5.TEACH Act Compliance. In the implementation of its policies and procedures with regard to distance education courses, each institution shall require compliance with all federal copyright laws, including the provisions of the TEACH Act, 17 U.S.C. Sec. 110(2). In accordance with the TEACH Act, the institution's policies on distance education should include, among other things, provisions regarding: [(1)]a. limitations on use of copyrighted materials; [(2)]b. limiting access to materials to enrolled students; [(3)]c. use of copyrighted materials as part of mediated instructional activities; [(4)]d. providing informational materials to students, faculty and staff members regarding copyright laws; [(5)]e. providing notice to students that course materials may be subject to copyright laws; [(6)]f. limitations on digitizing of analog works; [(7)]g. limiting retention of copies of materials; [(8)]h. preventing unauthorized further transmission of digital materials; and [(9)]i. non-interference with technological measures taken by copyright owners to prevent retention and distribution.

- [f. Each institution's policies shall provide for an appeal procedure, with final decision by the President, in the event of a disagreement as to the ownership and use of an invention or intellectual property.]
- 6. Assignment of Ownership. Each Personnel does hereby assign and agree to assign any Intellectual Property to NSHE for which NSHE has an ownership interest pursuant to this policy. All newly hired and current Personnel who participate in the development of Intellectual Property, which is owned by NSHE in accordance with Title 4, Chapter 12, are required to assign, through a written instrument, all ownership and any other interest in the Intellectual Property to NSHE.

Section [7]8. <u>Distribution of Income</u>

Except as may be provided in a written agreement to the contrary including agreements entered into pursuant to NRS 231.1593 (Knowledge Fund), the distribution of Net Income from Intellectual Property shall be as follows: The Personnel [inventor or author/creator] shall receive not less than 60 percent of the net income from each [invention or copyrightable work] Intellectual Property. The [inventor's or the author/creator's] Personnel' academic unit or department shall receive not less than 25 percent of the net income, and any remaining income shall go to the institution. Unless otherwise agreed to in writing, equity received as consideration (partial or in full) for rights to Intellectual Property shall be held on behalf of the Personnel, and upon a liquidation event for that equity, the Net Income received shall be distributed in accordance with this paragraph.

[Section 8. Institution Policies. The intellectual property policy of each institution shall be consistent with these guidelines and shall be submitted to the Chancellor for review and subsequent approval by the Board of Regents.]

Section 9. Periodic Reporting.

Periodically or upon request, each NSHE President or his or her designee shall report to the [Workforce, Research and Economic Development Committee of] Board of Regents on the status and outcomes of institutional research endeavors.

Section 10. Restricted Access Research

The Board of Regents through NSHE institutions is committed to the creation and dissemination of knowledge. Further, the Board recognizes the importance of open intellectual communication within a research group, within an NSHE institution, and within the community at large. Recognizing that NSHE institutions are dedicated to academic freedom and to the public documentation and dissemination of the knowledge that they create, a free and open academic environment is an essential element in fulfilling research and educational missions. Policies or practices that inhibit the free exchange of ideas, by limiting scholarly interchange, can markedly restrain both the advancement of knowledge and its productive use.

In meeting this commitment, NSHE faculty may find it important to engage in research in the national interest where restrictions may be imposed on access to, documentation, and dissemination of information. In these cases, the specific research may be characterized as "classified" or "restricted access." Restrictions on these projects create potential conflicts with the academic values of NSHE institutions. This policy does not attempt to anticipate all possible concerns about restricted access research. In some cases, decisions will need to be made about specific research projects to which the application of particular policy guidelines are not

clear. In choosing to accept or decline such projects, an institution must weigh the potential of a project for generating and disseminating new knowledge for the benefit of society, against the project's potential for adversely affecting the climate for research conducted in a free and open environment. While this policy sets no explicit limits on the extent of classified research permitted by an NSHE institution, it is not the intent of the policy to encourage an institution to engage in classified research as a primary ongoing activity.

- 1. Restricted access research includes proprietary, sensitive but not classified, and classified research, unless otherwise provided.
- 2. The President shall develop policies and procedures for all restricted access research that include provisions for oversight of research projects by the President or his or her designee, appropriate project controls, and guidelines for the release and dissemination of project results, including preliminary results. These procedures must be reviewed by the Chancellor and published by the institution. Copies of the policies and procedures must be lodged with the Secretary of the Board upon adoption by the institution, and whenever modified thereafter.
- 3. The President or his or her designee may enter into contracts with confidentiality clauses where such clauses protect from public disclosure only that information defined as restricted access by Board policy and in accordance with the guidelines of the Board and institution for accountability and dissemination of research results.
- 4. NSHE auditors and legal staff shall have access to materials related to restricted access research, excluding classified research, as is appropriate and germane to the performance of their jobs.
- 5. The President or his or her designee must have the appropriate security clearance for the oversight of classified research.

Section 11. Institutional Research and Entrepreneurial Activity

The Nevada Board of Regents and the Nevada System of Higher Education support and encourage efforts by faculty and staff to advance research, technology commercialization, industry engagement, and the entrepreneurial goals of the institution, as well as the objectives set forth in the State Economic Development Plan and the Knowledge Fund created pursuant to Nevada Revised Statutes 231.1592, and similar activities. These efforts must include the vigorous pursuit of related federal, state and industry-sponsored research, entrepreneurial and economic development opportunities.

In support of these efforts, presidents shall ensure institutional procedures, policies and protocols establish and sustain a culture that promotes and incentivizes these research and entrepreneurial goals and activities. On a periodic basis, presidents shall evaluate existing institutional procedures, policies and protocols and make provisional changes as necessary to comply with this section. Areas of evaluation should include, but are not limited to, the following:

a) 1. Transparent, expeditious, and informed review of conflict of interest issues, particularly as they affect research and entrepreneurial activity;

- b)2. Methods of increasing faculty awareness and incentivizing faculty to participate in NSHE and institutionally supported research and entrepreneurial activities through performance evaluations, workload adjustments, and leave opportunities;
- e)3. Faculty recruitment plans that include provisions for attracting and retaining faculty active in research and entrepreneurial activity;
- d)4. Consulting policies that allow for and encourage research and entrepreneurial activity;
- e)5. Transparent, expeditious, and informed review and processing of contracts related to research and entrepreneurial activity;
- f)6. Policies and procedures related to intellectual property that are related to or support research and entrepreneurial activity; and
- g)7.Recommendations for policies or changes to policies adopted by the Board of Regents to support research and entrepreneurial activity.

Presidents shall report upon request to the Board the findings and actions taken as a result of this evaluation.

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TITLE 4 – Codification of Board Policy Statements Chapter 12 Intellectual Property POLICY PROPOSED REVISIONS

SECTION	PROPOSED REVISION	PURPOSE/RATIONALE	SUBSTANTIVE CHANGES
Sec. 1.1 Preamble	Adds term "Intellectual Property."	The term "Intellectual Property" is used throughout for consistency in lieu of "inventions and copyrights."	None.
Sec. 1.1 Preamble	Adds references to economic development, entrepreneurial activity, innovation and commercialization.	These terms are added to be consistent with Board emphasis on such activities.	None.
Sec. 1.2 Preamble	Revises existing language to use the term "Intellectual Property"; Adds "commercialization" and language to encourage research, creative and Scholarly/Creative activity; Adds language regarding preservation of NSHE and institution rights as well as those of the Personnel (inventor/author/creator).	These revisions recognize the additional goal of commercialization of Intellectual Property and clarify that all aspects of creativity and invention are encouraged. The added reference to preservation of NSHE and institution rights is an acknowledgment that the employer and employee both have ownership rights to Intellectual Property that must be respected.	None. The current policy addresses both faculty and NSHE/institution rights to Intellectual Property.
Sec. 1.3 Preamble	Revises language to use the word "Personnel."	For clarification, the word "Personnel" is used consistently throughout the policy in lieu of students, staff, or faculty.	None.
Sec. 1.4 Preamble	Revises language to use the terms "Intellectual Property" and "Personnel."	The terms "Intellectual Property" and "Personnel are used throughout the policy for clarification and consistency.	None.
Sec. 2 Definitions	Clarifies definitions for Course Materials, Intellectual Property, Inventions, Net Income, Personnel, Significant Use of NSHE Resources, Trademark, Traditional Scholarly/Creative Works (Copyrightable Works), Trade Secrets, Work(s), Work Made for Hire; Adds a definition for "Commercial Value."	Through the use of capitalized and defined terms, the entire policy will be much clearer. These terms and concepts, with the exception of "Commercial Value," are referenced in the current policy. Through these revisions defined terms are consolidated in one section and clear definitions are provided that build on existing language. Regarding the definition of "Significant Use of NSHE Resources," new language is used to define the same	The revisions to the definitions do not substantively change the concepts in the current policy. The new language regarding "Significant Use of NSHE
		concept that is contained in the existing policy and no substantive change is intended. Language has been added to provide that more than de minimus use of	Resources in intended to express the same concept that exists in the current policy.

SECTION	PROPOSED REVISION	PURPOSE/RATIONALE	SUBSTANTIVE CHANGES
		resources is required. Existing language in current Sec. 3.3, regarding adoption of "stricter criteria" by institutions is moved to Sec. 2.7.	"Commercial Value" is a new term that is used later in the definition of "Course Materials." See Sec. 2.2.c.
Sec. 3 Determination of Significant Use of NSHE Resources and Ownership of Intellectual Property	New language is added to provide a process for determination of "Significant Use of NSHE Resources," by the Intellectual Property Administrator in consultation with the Personnel creating the IP and the dean or equivalent. Institution policy must provide an opportunity for an appeal by the Personnel. Guidelines regarding "Significant Use" are clarified and language establishing student rights to Intellectual Property is added.	Current policy does not address how "Significant Use" is determined. The amendments will protect faculty by providing a process and an appeal. New language addresses when students will own Intellectual Property that is developed as part of course work.	The amendments enhance the rights of faculty by providing a process for determination of Significant Use and clarify the rights of students to Intellectual Property.
Sec. 4 Ownership by NSHE of Intellectual Property other than Traditional Scholarly and Creative Works	The revisions clarify existing language regarding NSHE and faculty ownership of Intellectual Property, and add language concerning student ownership of Intellectual Property. Language is added to clarify that sponsored graduate research is owned by NSHE. Existing language on "Invention Disclosure" is clarified and new language regarding the timeframe for such disclosure is added. Language regarding Sponsor Supported Efforts is clarified.	The revisions insert the terms Intellectual Property and Personnel to be consistent throughout. Student ownership and the timing of invention disclosure are not addressed in the current policy and therefore, these additions provide clear guidelines. Graduate research is traditionally the result of "Significant Use" of resources and therefore, is the property of the institution.	The new language clarifies the existing policy.
Sec. 5 Ownership of Traditional Scholarly and Creative Works	Revisions to existing language to clarify that NSHE does not own faculty and student copyrightable works which are referred to as "Traditional Scholarly and Creative Works." New language is added allowing institutions, in Bylaws, to provide limited exceptions to require the granting of a perpetual, non-exclusive, royalty free license to the institution to use certain Works and for ownership of certain Course Materials.	In light of the very broad definition of Traditional Scholarly/Creative Works in Sec. 2.9, the simplified language in this section confirms the traditional faculty and student ownership of scholarly and creative Works. Traditional Scholarly/Creative Works includes such things journal articles, monographs, scripts, screen plays, music, songs, stories, essays, poetry, novels, choreographed performances, and any such projects completed while on sabbatical or while on or off contract.	Although the existing policy is silent regarding development of policies for non-exclusive licensing of Works to the institution and ownership of certain Course Materials, the new language is a substantive addition to existing policy to allow the institution to develop limited exceptions which must be made part of

SECTION	PROPOSED REVISION	PURPOSE/RATIONALE	SUBSTANTIVE CHANGES
		The new language regarding licensing of Works to the institution and ownership of Course Materials is intended to allow the institution, working with the Faculty Senate, to identify in institution Bylaws particular situations where such licensing to or ownership by the institution would be appropriate. Language is added to Sec.5.3.a to clarify that Course Materials which have been specifically commissioned by the institution in a written agreement with Personnel, belong to the institution.	the institution Bylaws. The new requirement in Sec. 5.3.a for a written agreement regarding institution commissioned works will protect the interests of both faculty and the institution.
Sec. 6 Equity Interests in Private Companies	New language is added to allow equity ownership in a company or business venture as part of an Intellectual Property commercialization agreement. Review and approval by the VC for Legal Affairs is required.	This new language addresses a legal issue under the Nevada Constitution which prohibits state ownership of equity or stock of private companies. The new language recognizes the special fund doctrine exception to this prohibition.	The new language is a substantive addition to existing policy that is intended to enhance faculty ability to commercialize Intellectual Property.
Sec. 7 Administration (former Sec. 6)	Clarifications of existing language regarding: 1. Institution Policies and Procedures and Intellectual Property Administrator; 2. Intellectual Property Committee; 3. Net Income Sharing; 4. Institution Implementation Options; 5. TEACH Act Compliance; and 6. Appeal Procedure. New language is added as Sec. 7.4.e to allow institutions to release certain Intellectual Property to the public domain and report any such release to the Chancellor. New language is added as Sec. 7.6 to require Personnel to assign in writing ownership to NSHE of any Intellectual Property which NSHE owns pursuant to the policy.	Language is moved from Sec. 9 regarding the requirement for institutions to adopt policies, and is amended to require Chancellor approval of the policies instead of Board of Regents approval. The creation of an Intellectual Property Committee is made discretionary. Other revisions to existing policy language provide clarification and are consistent with the existing policy. Each institution must develop policies and procedures consistent with the provisions of Title 4, Chapter 12 and an Intellectual Property Administrator appointed.	The change to Chancellor approval of institution policies and to make IP Committees discretionary, are substantive changes, but are consistent with the Board's efficiency and effectiveness initiative. The clarifications of existing language do not substantively change the current policy.
		The new language on release or abandonment to the public domain or to the inventor/creator of	The new language regarding release of Intellectual property

SECTION	PROPOSED REVISION	PURPOSE/RATIONALE	SUBSTANTIVE CHANGES
		Intellectual Property is proposed in recognition of the	by an institution to the public
		occasional decision at institutions of higher education	domain or to the
		to make Intellectual Property publicly available and to	inventor/creator, is a
		release it to the inventor/creator. Such decisions must be determined to be in the best interest of the	substantive addition.
		institution and NSHE.	
		mstrution and worte.	
		The new language regarding Assignment of Ownership	The new language regarding
		is a legal requirement based on the United States	assignment of rights is a
		Supreme Court decision in Stanford v. Roche	substantive addition to
		Molecular Systems, Inc. Although the Stanford case	existing policy, but it is not
		involved a technical interpretation under the Bayh-	intended to make any change
		Doyle Act regarding federally funded inventions, the	to ownership rights of faculty
		decision has broader implications for institutions of	as established by the existing policy. The written assign-
		higher education. The Supreme Court noted that title to inventions developed by employees of federal	ment using the phrase "does
		contractors does not automatically vest in the	hereby assign" is a legal
		employer and therefore, the contractors "institute	formality which serves as the
		policies to obtain assignments from their employees."	faculty member's
		Stanford v. Roche Molecular Systems, Inc., et al, 131	acknowledgement of the
		S.Ct. 2188, 2196, 2199, 180 L. Ed. 2d 1, 14, 16 (2011).	institution's ownership of
		The current policy does not address assignment of	Intellectual Property as
		ownership. The amendment is needed to require	provided the policy (e.g.,
		written assignment by the employee to the institution	developed with the Significant
		of rights to Intellectual Property that are the property	Use of NSHE Resources).
		of the institution. The policy does not require	
		assignment of any property rights that belong to the employee. In essence, the written assignment acts as	
		a confirmation and acknowledgement by the	
		employee of the institution's ownership of certain	
		Intellectual Property rights.	
Sec. 8 Distribution	Revisions to existing language to clarify that	The percentage distribution of net income that is set	No change to existing rights.
of Income (former	Knowledge Fund net income may be distributed in	forth in existing policy is not changed. The revisions	The Knowledge Fund and
Sec. 7)	accordance with provisions of the Nevada Revised	merely clarify that Knowledge Fund income	equity interest language are
	Statutes (NRS). New language added to address	distribution must adhere to agreements entered into	substantive additions that are

SECTION	PROPOSED REVISION	PURPOSE/RATIONALE	SUBSTANTIVE CHANGES
	holding and liquidation of equity interests.	under NRS 231.1593. The new language clarifies that the distribution of income from liquidated equity interests must also comply with the policy.	needed to clarify faculty/institution rights.
Former Sec. 8 Institutional Policies	Existing policy is deleted and moved to Sec. 7.1.a. The amendment provides for Chancellor approval of the institution policies.	See Sec. 7.1. above.	See Sec. 7.1.
Sec. 9 Periodic Reporting	Title to section added; reference to "Workforce, Research and Economic Development Committee" is deleted.	The Workforce, Research and Economic Development Committee no longer exists and the research component is now part of the Academic Affairs, Research and Student Affairs. Reports regarding Intellectual Property are of interest to the entire Board.	Reference to Committee deleted and policy now provides that the Board of Regents may request information regarding institutional research endeavors.
Section 10 Restricted Access Research	No amendments to the existing policy.	None.	None.
Section 11 Institutional Research and Entrepreneurial Activity	No amendments to the existing policy. Subsections renumbered for format consistency.	Subsections renumbered for format consistency.	None.

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NSHE Intellectual Property Policy - Flowchart

Is it a patent, invention, or other "hard" IP Is it a Traditional Scholarly or Creative that falls outside of the definition of Work as defined in Section 5? **Traditional Scholarly or Creative Work?** (e.g. original works of authorship (including (i.e. a Section 4 work of IP) books, journal articles, and texts), lectures, musical or dramatic composition, published or unpublished scripts, films, filmstrips, charts, transparencies, and other video or audio broadcasts, course materials (including distance education courses or programmed instruction materials), materials or works of artistic imagination of Yes students created in the course of their education such as exams, dissertations, papers, and articles) Yes Was it created: (a) using a Significant Use of NSHE Resources, or (b) by agreement with a non-NSHE party/sponsoring party? No Then it belongs to the faculty/employee. Yes Note that – by policy adopted in consultant to the Faculty Senate (i) an institution can require the employee to grant the Then it belongs to NSHE. institution a non-exclusive license to use the work, and (ii) an institution can require Note that - Income split: 60% to the employee to grant the institution a faculty/inventor, 25% to faculty license to certain Course Material member's academic unit, %15 to designated by the institution. Institution. Note that Faculty/employee receives income/commercial value of the work.