

Intellectual Property Policy: Frequently Asked Questions and Answers

Introduction

The following answers are intended to address the most frequently asked questions about the USC Intellectual Property Policy and related procedures. They are cross-referenced with the policy for convenience.

Section 1. Policy Objectives

1. *What is the purpose of the Intellectual Property Policy?*

The purpose of this policy is to articulate the University's strong desire to support creative activity, to encourage open dissemination of ideas, and to recognize and reward faculty, staff and student inventors and authors. The policy confirms the University's ownership rights under law, but also recognizes exceptions that preserve the academic tradition of faculty ownership of certain scholarly works, similar to the practices at many comparable research universities. Under this policy, faculty, staff and students have more rights to own and benefit from the intellectual property they create than they would otherwise be afforded under California law.

2. *When does the Intellectual Property Policy become effective?*

The draft Policy on Intellectual Property was under development for approximately three years. It was reviewed by the University Research Committee; the Academic Senate's Executive Committee; the Advisory Group on Patents, Licensing and Technology Transfer; and the University Patents Committee. In addition, a large group of faculty members chosen for their production of intellectual property commented at length on two very different drafts of the policy.

At the March 21, 2001, meeting of the Academic Senate, the University Research Committee recommended adoption of Academic Senate Resolution # 00/01-06. The Academic Senate adopted the resolution, after which the Provost agreed to accept the February 2001 version of the Intellectual Property Policy. The policy was signed and became effective on April 3, 2001. Any future amendments will become effective immediately upon acceptance and signature by the Provost or the Senior Vice President for Administration of the University.

Section 2. General Policy

Section 2.1. Ownership of Intellectual Property

3. *Can individuals retain ownership of intellectual property?*

Yes. Authors and inventors own intellectual property that is developed on their own personal, unpaid time and with only insignificant use of University funds or facilities.

4. *What is an "insignificant" (incidental) use of University resources?*

Incidental use of University resources includes the following:

- a. only a minimal amount of unrestricted funds have been used;
- b. only a minimal amount of time has been spent using University facilities, equipment, or resources, other than offices, libraries, and routinely available office-type equipment such as desktop personal computers, all of which are regarded as incidental; and,

- c. the intellectual property was developed on the personal, unpaid time of the author or inventor.

5. *Does the University own intellectual property created by its employees?*

Yes. California law provides that an employer owns intellectual property created or developed by an employee within the scope of his or her employment, including works developed under sponsored research or other agreements, or making significant use of University funds or facilities. USC recognizes certain well-established exceptions to this general principle, as described in the policy.

6. *Who are the individuals encompassed by this policy?*

The University Community covered by the policy includes (a) all USC faculty and staff, (b) all USC students and postdoctoral fellows and (c) all USC visitors. Faculty includes all full-time, part-time, adjunct, voluntary and emeritus members of the USC instructional, research and clinical faculty.

7. *What office do I contact for clarification about USC ownership of intellectual property? What about use of USC's logos?*

The Vice Provost for Research is responsible for determining issues regarding ownership and transfer of intellectual property on behalf of the University. As an initial step, as appropriate, contact the Office of Technology Licensing (OTL) <http://www.usc.edu/academe/otl/>, or the Trademarks and Licensing Services Office (TLSO) <http://www.usc.edu/bus-affairs/trademarks/> who consult with the Office of the General Counsel.

8. *Does the Intellectual Property Policy apply to patents donated to USC on which there is no USC inventor/author?*

No. Please contact the Office of the Sr. Vice President for Advancement to confer about USC gift policies. Dr. Alan Kreditor, 213-740-2211

Section 2.1(a) Traditional Exceptions

9. *Does University ownership limit the right to publish?*

The University acknowledges the importance of encouraging the prompt and open dissemination of research findings and the importance of making its intellectual property available to industry and others for the benefit of society. The University does not limit the right of faculty, staff and students to publish their own research results and other scholarly information unless the principal investigator has agreed to restrictions in the agreements supporting such sponsored research.

Sponsored research agreements sometimes, with the approval of the Principal Investigator, provide for a publication delay in order to protect the potential patentability of any invention described in the publication, and/or to give the sponsor an opportunity to provide comment. Such delay generally will not exceed 30 days, but an additional 60 days may be requested if patents are considered.

The terms of sponsored research agreements apply to intellectual property developed not only by faculty and staff but also by students and other individuals participating in the project, whether or not they are paid by USC. Accordingly, it is essential that the principal investigators inform all participants of their responsibilities and obtain a written assignment of rights from all such participants.

Inventors are encouraged to consult with the OTL before any publication if they are interested in pursuing commercialization of any invention discussed in the proposed publication, in order to determine the impact of the publication on the underlying intellectual property.

Section 2.1(b) Student Works

10. What rights do students have with respect to intellectual property that they create while enrolled at the University?

The Intellectual Property Policy Section 2.1(b) acknowledges students' ownership of works created in the course of their education, such as dissertations, papers and articles. Students do not hold the copyright in these works if they are created:

- a. in the course of rendering services for which USC compensates the student; or
- b. as part of research performed pursuant to a sponsored agreement or project; or
- c. under a special agreement where the student assigns the copyright to the University or a third party.

Although a student retains copyright ownership to his/her thesis or dissertation or other student-created works, the student grants the University permission to use, reproduce and publicly distribute copies of those works.

If a student work contains software, patentable subject matter, one or more inventions or other intellectual property and the student used a significant amount of USC facilities, funds, resources or supplies in developing the work, the University owns the underlying intellectual property in the student work.

The University owns the copyright on any student-produced films or other audiovisual work. The student author, though, retains ownership subject to a nonexclusive license to the University of rights to the treatment, script or other written work product related to any such audiovisual work.

11. How will student group class projects be handled?

For all work that qualifies for student ownership under question 9 above, applicable law generally indicates joint ownership, unless a prior written agreement exists among the collaborators.

Section 2.2. Public Domain

12. Are inventors free to place their inventions in the public domain if that would be in the best interest of technology transfer?

In general, members of the USC community are free to publish research results and scholarly information, if public access will promote widespread use, advance the University's mission, and if such action does not violate any University obligations to third parties, such as research sponsors. If copyrightable material belonging to other parties is to be included, you must obtain their written permission before placing it in the public domain.

13. Does the University lose intellectual property rights when inventors have placed their inventions in the public domain?

If certain types of intellectual property (notably inventions, before patents are issued) are placed in the public domain, legal protections for such intellectual property may be reduced or eliminated. In the worst case, such intellectual property could be used freely by anyone with access to the materials and the University and/or the inventors could lose their rights. Faculty, staff and students

should be aware that USC routinely licenses intellectual property to other parties without charge for research and non-commercial purposes. If the intellectual property is commercially viable (i.e., it could be licensed or used commercially), then faculty, staff and students should not make such property publicly available without the prior approval of the Vice Provost for Research. Please contact OTL for further details.

Section 2.4 Faculty, Staff, Student and Visitor Responsibilities

14. How should an author or inventor protect new intellectual property?

The best time to disclose creations is before or at the time of submission to a publication or journal. For publications with a short pre-publication review time, such as an abstract or conference paper, extra care should be taken to notify OTL early. This is particularly important if it is not possible to edit the upcoming publication to prevent disclosure of confidential or novel aspects of an invention.

15. Will individuals benefit from intellectual property that they create in the normal course of University employment, which is owned by the University?

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16. Does the academic department or research institute that provides the scholarly environment to support an individual's research discoveries receive any benefits from potential income?

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17. If the University owns intellectual property, do faculty have a role in its development and distribution?

Yes. The success of commercialization frequently relies on the efforts of the inventor. USC wishes to encourage faculty to be involved in the determination of how intellectual property is publicized, commercialized or developed.

2.4(b) Confidential Information with Potential Value

18. Does USC license trade secrets?

Only in limited circumstances. By definition, trade secrets must be held strictly confidential. It is problematic for USC to restrict faculty and students from freely publishing and otherwise communicating information as they choose.

2.4(c) Copying of Work Owned by Others

19. Is there a "fair use" exception under which faculty can copy and distribute copyrighted works of others?

Federal copyright law permits the "fair use" of copyrighted works. Examples of the purposes that may qualify for the fair use exception are criticism, comment, news reporting, teaching, scholarship and research. To determine whether a purpose qualifies for the fair use exception, several complex factors must be weighed. The determination of what constitutes fair use or infringement in other uses of copyrighted works should be made only after consultation with the Office of the General Counsel.

2.4(e) Consulting Agreements

20. Will USC negotiate consulting agreements for faculty in connection with licensing technologies?

No. Consulting agreements are personal contracts between USC researchers and companies and are not negotiated by the University. Consulting agreements may be subject to review by the University to confirm that they are consistent with USC policies. Please contact the Office of General Counsel for review.

Section 3. Administration of the Policy

Section 3.1 Disclosure of Intellectual Property

21. When USC decides whether to patent an invention, what does USC take into account?

OTL makes a recommendation based on actual market response (if available), potential commercial value and patentability which is ratified by the Vice Provost for Research and Director of Contracts and Grants before patent protection is initiated by OTL using external patent counsel.

Section 3.2. Patent Protection

22. What is the cost to USC of filing a utility patent application in the United States?

Although it varies widely, costs typically range from \$10,000 – \$20,000 to have a full U.S. patent application prepared and prosecuted by external patent counsel. Additional periodic government fees are required to maintain patent protection. Significant additional expense should be anticipated if protection outside the U.S. is also desired.

23. Does USC file provisional U.S. patent applications?

Yes, in some instances USC files provisional patent applications utilizing documentation and manuscripts prepared by inventors. Please contact OTL for further information.

Section 3.5. Computer Software

24. May an individual incorporate copyrighted (non-USC) software (e.g., Quest) to create intellectual property (such as multimedia works or a CD-ROM) without first obtaining permission from the owner of the underlying software?

In most cases, probably not. Most software includes a fairly restrictive license (sometimes referred to as a shrink-wrap license) that precludes the user from altering, transferring or copying the software program. Please call the Office of the General Counsel for further information.

Section 3.6. Trademark Protection

25. Who pays for registering trademarks and service marks?

If the mark is registered in the name of the University, the cost is borne by the University.

26. Do publications and journals that use a name to identify an invention constitute trademark/service mark use?

No. Only marks used as brand names in connection with offering or selling a product or service may qualify as trademarks and service marks.

27. *If registration is sought after a mark has been in use for a while, and a search indicates that the mark is superseded by others' marks, must the name be changed?*

Perhaps. Advice from the Office of Trademarks and Licensing Services (TLSO) <http://www.usc.edu/bus-affairs/trademarks/> may assist in resolving the issue, and, if a name change is required, in brainstorming before committing to a new name.

28. *Are trademarks that literally describe a service or product registrable?*

No. A mark cannot be purely descriptive. Trademarks such as Kodak and Exxon are successful because they do not have any descriptive relationship to the product or service they represent. Use of a logotype or development of an acronym to denote the service or product may increase a mark's chance of success.

29. *How long does registration take?*

Generally, it requires one to three years to undergo review by a trademark examiner and a subsequent period of publication in which objections to the mark's registration can be made known.

30. *If an outside artist or consultant is hired to design a logotype, does the university own the mark and have the right to register it as a trademark?*

No. Independent contractors who contribute to the final design of any logotype or similar work must formally assign their copyright to the university before USC can own the work. Please contact the TLSO for assistance with a copyright assignment agreement before engaging a consultant for such work.

31. *Is an internet domain name considered to be a trademark?*

Internet domain names are not trademarks. However, in some instances it is advisable to register a domain name as a trademark. Please contact the TLSO before registering a domain name.

Section 4. Commercialization

Section 4.1. Royalty Sharing

32. *How do I know if I am eligible for the Section 4.1(a) "traditional" royalty sharing policy, rather than "new" Section 4.1(b)?*

For USC employees, the date of commencement of employment for Section 4.1 purposes is the "Original Hire Date", which is the "Employee's first date of employment at USC" in the USC payroll system. This date is effective whether the employment at USC commenced as a full-time or a part-time employee.

For students, the "date of the inventor's commencement of employment" will be the date of enrollment in his/her first USC credit-bearing class. For visitors, the equivalent date is the date on which the visitor has a relationship with USC in which he/she could invent/author something using USC resources.

33. *If I am not automatically covered by the "new" royalty sharing formula, how do I go about electing to be covered by it?*

Please contact OTL for the election form to sign and return to OTL.

34. *As an inventor, how do I arrange to get my share of net royalty income from USC?*

After an invention is disclosed, the inventor(s)/author(s) are asked by OTL to elect what royalty sharing policy they wish to be covered by (4.1(a) or 4.1(b)), which will determine how net royalty is to be allocated between the policies and among themselves, and to sign a Royalty Distribution Agreement form confirming this election. OTL provides the form. The University requires that a completely signed agreement be in place before any net income is distributed by USC.

35. *If an inventor of a technology wants someone else (a non-inventor) to get part of the inventor's share of net royalty income, is that possible?*

Yes. USC will oblige reasonable requests to distribute part of the inventor's share of net royalty income to non-inventors. However, that additional person needs to be identified at the time the Royalty Distribution Agreement is signed and must also sign the Agreement form.

36. *Does the University share royalty income with an inventor's heirs or with an inventor after s/he leaves USC?*

Yes. The University will share net royalty income with an inventor's heirs and assignees, or with an inventor, after s/he leaves USC, provided the inventor has signed a royalty distribution agreement with the University.

37. *Will USC distribute the co-inventors' share before the net royalty sharing form, which specifies the division of royalties, is approved by all signers?*

No. OTL will not distribute the co-inventors' share of net royalty income until the form is signed by all recipients and by the University. It is the responsibility of the inventors to reach agreement.

38. *What is the payment process after inventors have signed the Royalty Distribution Agreement?*

For royalties distributed under Section 4.1(b), as specified in the Royalty Distribution Agreement, OTL will establish royalty income by subtracting any unreimbursed direct expenses, deductions and fees (e.g., fees paid under Section 4.1(b) for the CIF) from royalty income received from a licensee. OTL will then authorize checks to be issued to the individuals identified in the Net Royalty Distribution Agreement, and arrange for any intra-USC funds transfers. For royalties distributed under Section 4.1(a), OTL will establish net royalty income by subtracting unreimbursed direct expenses from royalty income received from a licensee. More details are included in the policy.

Some contracts and grants under which technology is developed at USC require that the sponsor receive a portion of any royalties obtained from the sponsored technology, that the University adopt a different sequence of payments from royalties once received and other similar matters. Thus, the payment protocols of the policy are subject to variation to satisfy requirements imposed by contracts, grants or any applicable law. Such variations will be noted in the Royalty Distribution Agreement for technology whose royalties will be subject to the variations.

39. *What does "patents" mean in Section 4.1.(b) for the purposes of Royalty Distribution? When the technology is both patentable and copyrightable, which subsection takes precedence between 4.1(b) and 4.1.(c)?*

For the purposes of Section 4.1(b), "patents" will mean anything which is patentable under U.S. patent law at the time that the technology is disclosed to OTL and at the time that the Royalty Distribution Agreement is signed. Whenever a technology is both patentable and copyrightable, Section 4.1(b) takes precedence over Section 4.1(c)

40. Are funds from corporate sponsored research, including for post-doctoral fellows, ever distributed as net Royalty Income?

No. Please see the policy for definition of net royalty income.

41. If USC decides not to patent an invention, does the applicable USC School have an opportunity to do so through OTL? If so, does the School receive the net royalty income?

If the University decides against filing for protection, OTL advises the Dean(s) of the School(s) of the inventor(s). The applicable School(s) will then have the opportunity to fund OTL's costs and expenses in seeking patent protection for the invention on a "cost-reimbursement-only" basis. The School(s) must reimburse OTL on an ongoing basis for external expenses on this specific technology. The School would continue to receive a standard percentage of net royalty income specified in the policy applicable to the School's inventor(s).

42. If I as an inventor want to modify the standard royalty distribution formula, whom do I contact?

Proposals to modify a sharing formula for net royalty income from a specific invention can be initiated with OTL. The Vice Provost for Research, who may take into account the recommendation of the Dean, considers requests for modifications.

43. Can a school, institute or unit of the University implement a royalty agreement that provides an inventor with less than the share of royalty income specified in the applicable section of the Intellectual Property Policy?

Yes. The Senior Vice President, Administration and the Provost must both approve the proposed different formula before it is used. To put in place such an agreement with an individual, the inventor must acknowledge in a written agreement that the royalty sharing he/she is agreeing to differs from the percentage of net royalty income to the inventor(s) as specified in the applicable section of the Intellectual Property Policy. The inventor(s) must also waive rights to benefit from the applicable USC royalty sharing formula.

44. Is it correct, as stated under Section 4.1(a)(3), that once the IP is reviewed and not protected or returned to the funding agency by the University, that the Section 4.1(a) inventor is released from further responsibility to the University with respect to that particular invention?

Yes, subject to the inventor's continuing obligation of full disclosure. However, after a negative review by the Dean of the School(s) described in Section 3.2, it has been the USC practice to work with the inventor to license inventions to inventors, rather than to transfer ownership to the inventor. This is to try and reduce the likelihood of unfortunate conflicts of interest between the institution and its faculty members in commercialization of "follow on" inventions arising from the inventor's continuing research in the same professional field. In this regard, the institution preserves its ability to participate, in some measure, in such a future commercial success by licensing the technology to the inventor, rather than by relinquishing its ownership rights. Retaining USC's right to use and distribute the technology for educational and non-commercial research purposes is another USC goal in licensing the technology to the inventor.

The University retains derivative rights to any modifications, improvements, enhancements or other changes that may be developed during the course of the inventor's employment with the University.

45. If a transfer of rights to the inventor is denied, what is the process of appeal?

The inventor may send a written appeal to the Vice Provost for Research.

46. Who is the senior officer of the University who must give written approval for USC to assign, sell, license or commercialize intellectual property that belongs to USC?

The Senior Vice President, Administration, signs and approves licenses. The Provost signs and approves research agreements and transfers of the University's ownership rights to intellectual property.

Section 4.2. Licensing of USC's Rights to Third Parties

47. Will the University consider joint ownership with an industrial sponsor that supported development of the intellectual property?

The University prefers to retain ownership of its intellectual property rather than sharing ownership with a sponsor. Joint ownership means that both owners each have an indivisible interest in the intellectual property. As a result, in the absence of a written agreement, either owner could use the intellectual property in any manner whatsoever without obtaining the consent of the other owner. Also, neither owner has a duty to the other owner to account for profits. Under joint ownership, USC may not be able to protect its intellectual property because the other owner could license the entire work without the consent or approval of USC. The Vice Provost for Research must approve shared ownership arrangements between the University and an industrial sponsor.

Section 4.4. Conflict of Interest or Commitment

48. Is it appropriate for a faculty member to involve students or staff in his/her outside consulting or business activities?

There may be conflict of interest issues related to employing students in outside business activities. Before a faculty member employs students in outside business activities, he or she must make full disclosure of financial conflicts of interest or other potential conflicts as required by USC's current policies regarding conflict of interest. The faculty member also must obtain prior written approval from the department chair or school dean, waiving or managing the conflict.

49. Who determines if it is OK for me to hold a management position in the organization which acquired a license to my patent?

Pursuant to the University's Conflict of Interest in Research Policy, decisions about who may hold management positions in a licensee organization are made by the Vice Provost for Research in consultation with the Disclosure Review Committee (DRC).

50. To continue research in the area of an invention licensed to a company in which I have an equity or consulting interest, under what conditions can I accept research funding from the company that has licensed this invention?

As stated in Section 4.4 of the Intellectual Property Policy, special oversight and approval is required. In addition to the special oversight provided by the head of the department or unit and the Dean of the applicable school, the DRC may also need to oversee such arrangements to be consistent with the University's Conflict of Interest in Research Policy.

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Section 3.2. Patent Protection

22. What is the cost to USC of filing a utility patent application in the United States?

Although it varies widely, costs typically range from \$10,000 – \$20,000 to have a full U.S. patent application prepared and prosecuted by external patent counsel. Additional periodic government fees are required to maintain patent protection. Significant additional expense should be anticipated if protection outside the U.S. is also desired.

23. Does USC file provisional U.S. patent applications?

Yes, in some instances USC files provisional patent applications utilizing documentation and manuscripts prepared by inventors. Please contact OTL for further information.

Section 3.5. Computer Software

24. May an individual incorporate copyrighted (non-USC) software (e.g., Quest) to create intellectual property (such as multimedia works or a CD-ROM) without first obtaining permission from the owner of the underlying software?

In most cases, probably not. Most software includes a fairly restrictive license (sometimes referred to as a shrink-wrap license) that precludes the user from altering, transferring or copying the software program. Please call the Office of the General Counsel for further information.

Section 3.6. Trademark Protection

25. Who pays for registering trademarks and service marks?

If the mark is registered in the name of the University, the cost is borne by the University.

26. Do publications and journals that use a name to identify an invention constitute trademark/service mark use?

No. Only marks used as brand names in connection with offering or selling a product or service may qualify as trademarks and service marks.

27. *If registration is sought after a mark has been in use for a while, and a search indicates that the mark is superseded by others' marks, must the name be changed?*

Perhaps. Advice from the Office of Trademarks and Licensing Services (TLSO) <http://www.usc.edu/bus-affairs/trademarks/> may assist in resolving the issue, and, if a name change is required, in brainstorming before committing to a new name.

28. *Are trademarks that literally describe a service or product registrable?*

No. A mark cannot be purely descriptive. Trademarks such as Kodak and Exxon are successful because they do not have any descriptive relationship to the product or service they represent. Use of a logotype or development of an acronym to denote the service or product may increase a mark's chance of success.

29. *How long does registration take?*

Generally, it requires one to three years to undergo review by a trademark examiner and a subsequent period of publication in which objections to the mark's registration can be made known.

30. *If an outside artist or consultant is hired to design a logotype, does the university own the mark and have the right to register it as a trademark?*

No. Independent contractors who contribute to the final design of any logotype or similar work must formally assign their copyright to the university before USC can own the work. Please contact the TLSO for assistance with a copyright assignment agreement before engaging a consultant for such work.

31. *Is an internet domain name considered to be a trademark?*

Internet domain names are not trademarks. However, in some instances it is advisable to register a domain name as a trademark. Please contact the TLSO before registering a domain name.

Section 4. Commercialization

Section 4.1. Royalty Sharing

32. *How do I know if I am eligible for the Section 4.1(a) "traditional" royalty sharing policy, rather than "new" Section 4.1(b)?*

For USC employees, the date of commencement of employment for Section 4.1 purposes is the "Original Hire Date", which is the "Employee's first date of employment at USC" in the USC payroll system. This date is effective whether the employment at USC commenced as a full-time or a part-time employee.

For students, the "date of the inventor's commencement of employment" will be the date of enrollment in his/her first USC credit-bearing class. For visitors, the equivalent date is the date on which the visitor has a relationship with USC in which he/she could invent/author something using USC resources.

33. *If I am not automatically covered by the "new" royalty sharing formula, how do I go about electing to be covered by it?*

Please contact OTL for the election form to sign and return to OTL.

34. *As an inventor, how do I arrange to get my share of net royalty income from USC?*

After an invention is disclosed, the inventor(s)/author(s) are asked by OTL to elect what royalty sharing policy they wish to be covered by (4.1(a) or 4.1(b)), which will determine how net royalty is to be allocated between the policies and among themselves, and to sign a Royalty Distribution Agreement form confirming this election. OTL provides the form. The University requires that a completely signed agreement be in place before any net income is distributed by USC.

35. *If an inventor of a technology wants someone else (a non-inventor) to get part of the inventor's share of net royalty income, is that possible?*

Yes. USC will oblige reasonable requests to distribute part of the inventor's share of net royalty income to non-inventors. However, that additional person needs to be identified at the time the Royalty Distribution Agreement is signed and must also sign the Agreement form.

36. *Does the University share royalty income with an inventor's heirs or with an inventor after s/he leaves USC?*

Yes. The University will share net royalty income with an inventor's heirs and assignees, or with an inventor, after s/he leaves USC, provided the inventor has signed a royalty distribution agreement with the University.

37. *Will USC distribute the co-inventors' share before the net royalty sharing form, which specifies the division of royalties, is approved by all signers?*

No. OTL will not distribute the co-inventors' share of net royalty income until the form is signed by all recipients and by the University. It is the responsibility of the inventors to reach agreement.

38. *What is the payment process after inventors have signed the Royalty Distribution Agreement?*

For royalties distributed under Section 4.1(b), as specified in the Royalty Distribution Agreement, OTL will establish royalty income by subtracting any unreimbursed direct expenses, deductions and fees (e.g., fees paid under Section 4.1(b) for the CIF) from royalty income received from a licensee. OTL will then authorize checks to be issued to the individuals identified in the Net Royalty Distribution Agreement, and arrange for any intra-USC funds transfers. For royalties distributed under Section 4.1(a), OTL will establish net royalty income by subtracting unreimbursed direct expenses from royalty income received from a licensee. More details are included in the policy.

Some contracts and grants under which technology is developed at USC require that the sponsor receive a portion of any royalties obtained from the sponsored technology, that the University adopt a different sequence of payments from royalties once received and other similar matters. Thus, the payment protocols of the policy are subject to variation to satisfy requirements imposed by contracts, grants or any applicable law. Such variations will be noted in the Royalty Distribution Agreement for technology whose royalties will be subject to the variations.

39. *What does "patents" mean in Section 4.1.(b) for the purposes of Royalty Distribution? When the technology is both patentable and copyrightable, which subsection takes precedence between 4.1(b) and 4.1.(c)?*

For the purposes of Section 4.1(b), "patents" will mean anything which is patentable under U.S. patent law at the time that the technology is disclosed to OTL and at the time that the Royalty Distribution Agreement is signed. Whenever a technology is both patentable and copyrightable, Section 4.1(b) takes precedence over Section 4.1(c)

40. Are funds from corporate sponsored research, including for post-doctoral fellows, ever distributed as net Royalty Income?

No. Please see the policy for definition of net royalty income.

41. If USC decides not to patent an invention, does the applicable USC School have an opportunity to do so through OTL? If so, does the School receive the net royalty income?

If the University decides against filing for protection, OTL advises the Dean(s) of the School(s) of the inventor(s). The applicable School(s) will then have the opportunity to fund OTL's costs and expenses in seeking patent protection for the invention on a "cost-reimbursement-only" basis. The School(s) must reimburse OTL on an ongoing basis for external expenses on this specific technology. The School would continue to receive a standard percentage of net royalty income specified in the policy applicable to the School's inventor(s).

42. If I as an inventor want to modify the standard royalty distribution formula, whom do I contact?

Proposals to modify a sharing formula for net royalty income from a specific invention can be initiated with OTL. The Vice Provost for Research, who may take into account the recommendation of the Dean, considers requests for modifications.

43. Can a school, institute or unit of the University implement a royalty agreement that provides an inventor with less than the share of royalty income specified in the applicable section of the Intellectual Property Policy?

Yes. The Senior Vice President, Administration and the Provost must both approve the proposed different formula before it is used. To put in place such an agreement with an individual, the inventor must acknowledge in a written agreement that the royalty sharing he/she is agreeing to differs from the percentage of net royalty income to the inventor(s) as specified in the applicable section of the Intellectual Property Policy. The inventor(s) must also waive rights to benefit from the applicable USC royalty sharing formula.

44. Is it correct, as stated under Section 4.1(a)(3), that once the IP is reviewed and not protected or returned to the funding agency by the University, that the Section 4.1(a) inventor is released from further responsibility to the University with respect to that particular invention?

Yes, subject to the inventor's continuing obligation of full disclosure. However, after a negative review by the Dean of the School(s) described in Section 3.2, it has been the USC practice to work with the inventor to license inventions to inventors, rather than to transfer ownership to the inventor. This is to try and reduce the likelihood of unfortunate conflicts of interest between the institution and its faculty members in commercialization of "follow on" inventions arising from the inventor's continuing research in the same professional field. In this regard, the institution preserves its ability to participate, in some measure, in such a future commercial success by licensing the technology to the inventor, rather than by relinquishing its ownership rights. Retaining USC's right to use and distribute the technology for educational and non-commercial research purposes is another USC goal in licensing the technology to the inventor.

The University retains derivative rights to any modifications, improvements, enhancements or other changes that may be developed during the course of the inventor's employment with the University.

45. If a transfer of rights to the inventor is denied, what is the process of appeal?

The inventor may send a written appeal to the Vice Provost for Research.

46. Who is the senior officer of the University who must give written approval for USC to assign, sell, license or commercialize intellectual property that belongs to USC?

The Senior Vice President, Administration, signs and approves licenses. The Provost signs and approves research agreements and transfers of the University's ownership rights to intellectual property.

Section 4.2. Licensing of USC's Rights to Third Parties

47. Will the University consider joint ownership with an industrial sponsor that supported development of the intellectual property?

The University prefers to retain ownership of its intellectual property rather than sharing ownership with a sponsor. Joint ownership means that both owners each have an indivisible interest in the intellectual property. As a result, in the absence of a written agreement, either owner could use the intellectual property in any manner whatsoever without obtaining the consent of the other owner. Also, neither owner has a duty to the other owner to account for profits. Under joint ownership, USC may not be able to protect its intellectual property because the other owner could license the entire work without the consent or approval of USC. The Vice Provost for Research must approve shared ownership arrangements between the University and an industrial sponsor.

Section 4.4. Conflict of Interest or Commitment

48. Is it appropriate for a faculty member to involve students or staff in his/her outside consulting or business activities?

There may be conflict of interest issues related to employing students in outside business activities. Before a faculty member employs students in outside business activities, he or she must make full disclosure of financial conflicts of interest or other potential conflicts as required by USC's current policies regarding conflict of interest. The faculty member also must obtain prior written approval from the department chair or school dean, waiving or managing the conflict.

49. Who determines if it is OK for me to hold a management position in the organization which acquired a license to my patent?

Pursuant to the University's Conflict of Interest in Research Policy, decisions about who may hold management positions in a licensee organization are made by the Vice Provost for Research in consultation with the Disclosure Review Committee (DRC).

50. To continue research in the area of an invention licensed to a company in which I have an equity or consulting interest, under what conditions can I accept research funding from the company that has licensed this invention?

As stated in Section 4.4 of the Intellectual Property Policy, special oversight and approval is required. In addition to the special oversight provided by the head of the department or unit and the Dean of the applicable school, the DRC may also need to oversee such arrangements to be consistent with the University's Conflict of Interest in Research Policy.
