



North Dakota Legislative Council

STATE CAPITOL, 600 EAST BOULEVARD, BISMARCK, ND 58505-0360

APPENDIX C

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January 6, 2014

Honorable Tony Grindberg
State Senator
4755 Douglas Drive South
Fargo, ND 58104-4402

Dear Senator Grindberg:

Recently, you asked us for an overview of the North Dakota University System (NDUS) policies pertaining to intellectual property.

According to the American Intellectual Property Law Association, intellectual property is property that results from the fruits of mental labor. The United States legal system provides certain rights and protections for owners of such property. The rights and protections are based on federal patent, trademark and copyright laws (see, United States Code Titles 17 and 35), and state trade secret laws (See, North Dakota Century Code Chapter 47-25.1). In general, patents protect inventions of tangible things, trademarks protect names or symbols that identify the source of goods or services, and copyrights protect various forms of written and artistic expression.

A patent is a document, issued by the federal government, that grants to its owner a legally enforceable right to exclude others from practicing the invention described and claimed in the document. Congress allows this right, for a term ending twenty years from the date of filing of an application for patent, to encourage the public disclosure of technical advances and as an incentive for investing in their commercialization. Thus, the overall progress of technical innovation is favored, while at the same time inventors are rewarded for their specific contributions. Like other forms of property, the rights symbolized by a patent can be inherited, sold, rented, mortgaged and even taxed. When a patent expires, or is held invalid, the right to exclude the others ceases. The public is the ultimate beneficiary of the technical advance. (See, <http://www.aipla.org/about/iplaw/Pages/default.aspx>).

Trademarks and service marks are words, phrases, designs, sounds or symbols. They are used on or in association with goods and in association with services to be performed. The public learns, through purchasing experience, that the goods or services bearing a mark come from a single (but possibly anonymous) source and will meet an expectation of a standard of quality that the goods or services sold under the mark have met in the past. This predictability of a level of quality and reassurance of a known source provides the owner or user of the mark with the benefit of good will held by the public for the product or service that he offers. This goodwill is often the cornerstone of the owner's business.

Trademark rights arise in one of two ways: either by filing a mark with the United States Patent and Trademark Office based on a bona fide intent to make use of the mark on a product or in association with a service that will soon be offered to the public, or by actually using the mark in commerce on a product or in association with a service. (See *id.*)

Copyright is a statutory property right which grants to creators (authors) certain exclusive rights in their creations for a limited duration. Its purpose, as expressed in the Constitution, is to promote the Progress of Science and useful Arts by providing economic incentive for creative activity.

Copyright protects intangible original works of authorship which are fixed in a tangible medium of expression. Put another way, copyright protects the expression of ideas, but not the ideas themselves. Copyright protects works such as books, pictorial, graphic and sculptural works, music, photographs, movies and computer programs.

Copyright is often described as a bundle of rights, which include the right: (1) to reproduce the copyrighted work; (2) to make derivative works (such as a movie from a novel); (3) to distribute copyrighted works to the public; (4) to perform, publicly, certain works (such as music); and, (5) to display, publicly, certain works (such as paintings).

Copyright arises upon creation and, under current law, endures for the life of the author plus 50 years. (The term of copyright for works created before 1978 is 75 years.) Copyright applies to both unpublished and published works.

Registration of a copyrighted work with the Copyright Office in Washington, D.C. is not required for existence of the copyright; however, it is a prerequisite to a lawsuit for copyright infringement and to certain legal remedies. (*See id.*)

A significant amount of information regarding why and how to obtain patents, how to obtain trademark rights, and how to proceed with copyright registration is readily available, should you wish to be provided with that level of detail.

With respect to North Dakota, the Legislative Assembly has enacted chapters pertaining to copyrights (47-21), sound recordings (47-21.1), royalties contracts (47-21.2), trademarks (47-22), trade names (47-25), and trade secrets (47-25.1). A copy of the respective chapters is attached. In addition to the statutory approach, Section 15-10-17, in part, authorizes the State Board of Higher Education to:

1. Adopt rules to protect the confidentiality of student records, medical records, and, consistent with section 44-04-18.4, trade secret, proprietary, commercial, and financial information.
2. Authorize and encourage university system entities to enter into partnerships, limited liability companies, joint ventures, or other contractual arrangements with private business and industry for the purpose of business or industrial development or fostering basic and applied research or technology transfer.
3. Adopt rules promoting research, encouraging development of intellectual property and other inventions and discoveries by university system employees, and protecting and marketing the inventions and discoveries. The rules must govern ownership or transfer of ownership rights and distribution of income that may be derived from an invention or discovery resulting from research or employment in the university system. The rules may provide for transfer of ownership rights or distribution of income to a private, nonprofit entity created for the support of the university system or one of its institutions.

In compliance with the aforesaid authorizations, the Board adopted NDUS Policy No. 611.2, which pertains to intellectual property and NDUS Policy No. 611.6, which pertains to confidential proprietary information. The latter became effective on April 18, 2002, and the former came into effect on June 20, 2002. Both are attached for your reference.

NDUS Policy No. 611.6 is exceedingly short and easily read in its entirety. It reiterates that certain trade secrets, as well as proprietary, commercial, and financial information, are not subject to the state's open record laws. It requires that institutional policies "allow the free dissemination of data from knowledge creation efforts while maintaining confidential information and preserving the intellectual property rights resulting from such programs." It also vests the right to publish the results derived from research and development programs in the institution, its faculty, staff, or students.

NDUS Policy No. 611.2 is substantially longer and according to the NDUS website, changes are being proposed. (See, <http://www.ndus.edu/uploads/resources/4322/611-2--november-4-2013.pdf>.) In the proposed policy, current language is at times overstruck, thereby indicating its removal, and shortly thereafter, the same language is presented in an underscored fashion, thereby indicating it to be "new" language. For this reason, we have presented the current and proposed language as side-by-side sentences, or in certain cases paragraphs, in order to provide greater ease of comparison.

CURRENT POLICY (sic)	PROPOSED POLICY (sic)
General Principles	General Principles
The primary purposes of this policy are to encourage and promote research and scholarship based on the traditional principles of the academic profession.	The Board encourages and promotes research and scholarship based on the traditional principles of the academic profession.
These products may constitute Intellectual Property that could be of financial benefit to the individuals involved and the Institution.	Some creative endeavors, discoveries, advancements, and innovative approaches have the potential to be utilized outside of the North Dakota University System. Through this policy, the Board seeks to execute a synergistic model of education, research, outreach, service, and economic development to accomplish a greater good.
This policy establishes guidelines to support faculty, staff, and students, in identifying, protecting and administering Intellectual Property and defining the rights and responsibilities of all involved.	This policy establishes guidelines to support faculty, staff, and students in identifying, protecting and administering Intellectual Property (IP) and defining the rights and responsibilities of all involved.
This policy governs unless a policy on specific Intellectual Property provides a different rule.	Each institution shall adopt procedures implementing this policy, a process for resolving disputes and a process for informing faculty, staff, and students of their rights and responsibilities related to IP. Each institution may adopt a separate statement of its intellectual property policies provided such statement does not conflict with this policy.
	<p>The primary purposes of this policy are to:</p> <ul style="list-style-type: none"> • Provide clear guidelines for all involved in the creation, development, management, protection, and dissemination of discoveries and IP. • Avoid confusion and provide for an effective, efficient process to achieve positive outcomes for Creators, the Institutions, and society. • Recognize, respect, and effectively manage all interests that may emerge with discoveries that have been commercial or other valued outcomes and provide guidance as to which of these interests and outcomes has priority. • Bring creative output into practical use for the public benefit as quickly and as effectively as possible, in a manner consistent with applicable law and policy. • Facilitate the creation of appropriate public-private partnerships to achieve economic development. • Encourage a broad array of mutually beneficial relationships with organizations outside the Institutions to enhance creative output of the Institutions--including collaborative research, licensing of IP, and companies specifically formed to commercialize IP created at the Institutions.
Definitions	Definitions
"Author": Person who creates a Copyrightable Work.	Language deleted
"Copyrightable Work or Work": An original Work of authorship which has been fixed in any tangible medium of expression from which it can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device, such as books, journals, software, computer programs, musical work, dramatic works, videos, multimedia products, sound recordings, pictorial and graphical works, etc. A Work may be the product of a single Author or a group of Authors	Language deleted

CURRENT POLICY (sic)	PROPOSED POLICY (sic)
who have collaborated on a project. A Work is created by an Author.	
"Creator": Either an inventor in the context of an Invention, or an Author in the context of a Copyrightable Work.	"Creator": A person who contributes in a significant manner to the development of IP.
	"Net royalties": Gross revenues, including all royalties, licensing and other fees produced by IP, less the actual, out-of-pocket cost of procuring and maintaining protection for, marketing (at the discretion of the Institution), and enforcing rights in such IP.
"Institution": The individual colleges and universities and the North Dakota University System.	"Institution": One of the individual colleges or universities of the North Dakota University System.
"Intellectual Property": Collectively, all forms of property created by the mind including, but not limited to, Inventions, Copyrightable Work, Trademarks, and Tangible Research Property.	"Intellectual Property" or "IP": Collectively, any form of property created by the mind including, but not limited to, Inventions, trade secrets, copyrights, trademarks, mask works and any other tangible research result.
"Invention": A process, method, discovery, device, plant, composition of matter, or other Invention that reasonably appears to qualify for protection under the United States patent law (including, but not limited to, utility patent, plant patent, design patent, certificate of Plant Variety Protection, etc.), whether or not actually patentable. An Invention may be the product of a single inventor or a group of inventors who have collaborated on a project.	"Invention": A process, method, discovery, device, plant, composition of matter, knowhow, or other discovery that reasonably appears to qualify for protection under United States patent law, whether or not actually patentable (including, but not limited to, utility patent, plant patent, design patent, and Certificate of Plant Variety Protection). This includes patentable software that may also be copyrightable.
"Mediated Courseware": Teaching aids created and/or deployed electronically. Mediated Courseware may incorporate text, graphics, video, and audio elements. Examples of such materials include, but are not limited to, hypertext modules, simulation software, web sites, and databases containing numbers, images, or text.	Language deleted
"Significant Use of University System or Institution Resources": Significant Use of Institution Resources means an Author's use of other employees' time or Institution facilities or equipment that appreciably increases the Institution's costs beyond those normally incurred in support of an employee in the Institution. Significant Use does not include the normal use of Institution employees, facilities, or equipment commonly available to faculty, staff, or the public, such as libraries, Internet access, office space, office equipment, computers, and/or office supplies. Unless otherwise agreed, Significant Use also does not include the use of Institutional developmental leave time, so long as it does not appreciably increase the Institution's costs beyond those normally incurred in support of an employee of the Institution.	"Significant Use of Institutional Resources": A Creator's use of other Institutional employees' time or Institutional facilities or equipment that appreciably increases the Institution's costs beyond those normally incurred. Significant Use does not include Creator's time (including developmental leave) or the normal use of facilities, or equipment commonly available to faculty, staff, or the public, such as libraries, internet access, office space, office equipment, computers, and/or office supplies.
"Tangible Research Property": Tangible items produced in the course of research including, but not limited to, such items as biological materials, engineering drawings, integrated circuit chips, computer databases, prototype devices, circuit diagrams, and equipment. Individual items of Tangible Research Property may be associated with one or more intangible properties, such as Inventions, Copyrightable Work, and Trademarks. An item of Tangible Research Property may be the product of a single Creator or a group of individuals who have collaborated on the project.	Language deleted
"Trademark" (including Service Mark): A distinctive word, design, or graphic symbol, or combination word and design, that distinguishes and identifies the goods and services of one party from those of another, such as names or symbols used in conjunction with plant varieties or computer programs, or the Institutional names, logos, or derivatives thereof.	Language deleted
"Work For Hire": Defined pursuant to Federal Copyright Law which includes a Work prepared by an employee within the scope of employment or a Work created pursuant to a written agreement identifying the Work as a Work for Hire.	Language deleted
General Patent Policy	General Intellectual Property Policy
The North Dakota State Board of Higher Education encourages the faculty, staff, and others associated with the Institutions under its jurisdiction to seek patents on Inventions as a method	The Board strongly encourages the pursuit of formal protection and/or commercialization of all IP as a method of bringing recognition and/or remuneration to Creators and the Institutions.

CURRENT POLICY (sic)	PROPOSED POLICY (sic)
of bringing recognition and remuneration to all parties involved. Each Institution shall establish a "patent review procedure" to define the Institution's processing of such Inventions or discoveries, consistent with Board policy. The inventor(s) shall submit to the Institution the conception and/or reduction to practice of all potentially patentable discoveries prior to public "enabling" disclosure.	
A patentable discovery may arise from the development of a new and useful process, device or apparatus, article of manufacture, composition of matter (including chemical compounds, microorganisms, and the like), plant, or related improvement, or a new use for a known material or device. A public "enabling" disclosure is one which will enable others in the same or a related field to fully understand and practice the Invention. The Institutional "patent review procedure" shall assure provision of guidelines to the inventor(s) in defining what constitutes a public "enabling" disclosure.	Each Institution shall have title to all IP which is the result of any work, research or investigation conducted in the course of employment or other obligation to the Institution, except as otherwise specifically set forth herein and subject to restrictions arising from overriding obligations of the Institution. Upon employment and as otherwise necessary, all employees of an Institution are required to execute a written assignment of Inventions to the Institution.
The Institution shall have the right of first refusal to the title of all patentable discoveries derived with the use of facilities, gifts, grants, or contract funds through the university, subject to restrictions arising from the overriding obligations of the Institution pursuant to gifts, grants, contracts, or other agreements with outside organizations. The inventor(s) shall provide all necessary declarations, assignments, or other documents as may be necessary in the course of Invention evaluation, patent prosecution, or protection of patent rights to assure that title in such Inventions shall be held by the Institution or other parties as may be appropriate under the circumstances.	Each Institution shall establish Intellectual Property procedures as a guide for determining, clarifying, and/or preserving ownership of IP and that provide for the disclosure, review, and evaluation, of IP. Such procedures shall at a minimum require: <ul style="list-style-type: none"> • The Creator's timely, written disclosure of IP. • The Creator's provision of all necessary declarations, assignments, or other documents as may be necessary. • The Institution's review of the technical and commercial viability and, in the case of Inventions, patentability of the IP within a reasonable period of time.
The Institution shall have six months in which to assess the technical and commercial viability and patentability of the discovery in accordance with Institutional procedures. If the Institution judges the discovery not to be patentable, or decides not to pursue a patent, and in the absence of over-riding obligations to outside sponsors of the discovery, all rights will revert to the inventor. In no instance, and regardless of ownership of the patent, may the Institution's name be used in connection with the marketing of the Invention.	If at any time an Institution decides not to pursue, or to discontinue its protection ad (sic) commercialization of any IP, and in the absence of any overriding obligations, the Institution may release its rights in such IP to the Creator(s). However, in no instances may the Creator(s) use the Institution's name in connection with their subsequent development, use or marketing of the IP. An Institution may require that Creator(s) reimburse the Institution for out-of-pocket costs actually incurred in pursuing patent protection on IP released pursuant to this paragraph.
Subject to restrictions arising from overriding obligations of the Institution pursuant to gifts, grants, contracts, or other agreements with outside organizations, the Institution agrees, for and in consideration of the assignment of patent rights, to pay annually to the named inventor(s), or to the inventor(s)' heirs, successors, or assigns, a minimum of 30 percent of the net royalties and fees received by the Institution. Net royalties are defined as gross royalties and fees less the expenses incurred by the Institution in conducting the research and in procuring, protecting, preserving, maintaining, and licensing the patent and related property rights, and such other costs, taxes, or reimbursements as may be necessary or required by law.	Subject to any overriding obligations, the Creator, or the Creator's heirs, successors, or assigns, shall be entitled to a minimum of thirty percent of the Net Royalties received by the Institution from the IP. Each Institution's Intellectual Property procedures should allocate remaining Net Royalties between the originating department, the originating college/school, and/or the Institution to be utilized principally in support of research.
When there are two or more inventors, each inventor shall share equally in the inventor's share of royalties, unless all inventors have agreed in writing to a different distribution of such share. The Institution will have final authority over any agreement purporting to share rights and/or royalties between participating parties.	When there are two or more Creators, each Creator shall share equally in the Creator's share of royalties, unless all Creators have agreed in writing to a different distribution of such share. The Institution will have final authority over any agreement purporting to share rights and/or royalties between participating parties.
In addition to the inventor(s) share, the net royalties shall be disbursed by negotiated agreement with allocations to the originating department, the originating college/school, and the Institution. In the disposition of any net royalty income accruing to Institutional parties, other than the inventor(s), support of research shall receive first consideration. The "patent review procedure" shall outline the negotiation and distribution mechanism at each Institution.	

CURRENT POLICY (sic)	PROPOSED POLICY (sic)
The provisions of this section apply to plant variety protection unless inconsistent with Institution policy.	
General Copyright Policy	Copyright
Except as otherwise explicitly provided under this policy or applicable law, an employee who creates a Work retains copyright ownership of the Work. If there has been Significant Use of University System or Institutional Resources, the provisions of section 4b of this policy shall apply.	Each Institution's Intellectual Property procedures shall provide for the disclosure, review, and evaluation of original works of authorship, and for the protection and commercialization of copyrights owned by the Institution. Copyrightable works, such as software, that are also Inventions shall be governed by the General Intellectual Property Policy.
If there has been Significant Use of Institutional Resources, as defined in section 2 of this policy, to create a Copyrightable Work, the ownership of which is vested in the individual employee, the Institution shall be reimbursed out of the royalties, in accord with an agreement between the employee and the Institution, up to that amount that constitutes the Institution's Significant Use. The Institution shall be reimbursed for the Significant Use of any facilities, personnel or resources, except those considered part of the normal academic environment including library facilities.	<p>An Institution shall own copyright in any scholarly works prepared by its employee(s) at the specific direction of the Institution, as well as any non-scholarly works which are within the employee's scope of employment.</p> <ul style="list-style-type: none"> • An employee shall report such work in accordance with the requirements of the General Intellectual Property Policy. • Net Royalties received as a result of copyright ownership by the Institution will be disbursed in accordance with the General Intellectual Property Policy.
If employees are employed or commissioned by the Institution or agencies of the Institution for the creation of Work, or if by prior agreement they are assigned to produce or develop Work in the course of their regular duties, and if such Work is deemed appropriate for copyright, it must be reported to the Institution pursuant to its copyright review procedure. In such instances the Institution shall have the first option to secure copyright in the name of the Institution. Should the Institution decide, in writing, it would not be appropriate to secure copyright, the employee then may proceed to personally secure the copyright.	<p>Institution employee(s) shall be entitled to ownership in scholarly works which are prepared within the scope of employment but not at the specific direction of the Institution.</p> <ul style="list-style-type: none"> • An Institution shall relinquish any copyright ownership in any scholarly work that arises by operation of law and if necessary, shall execute assignments conveying such copyright ownership to employee(s). The Institution shall retain a perpetual, non-exclusive, worldwide, royalty-free license to use the copyrightable work for teaching, educational, archival, and research purposes. This provision shall not apply to companion works which enable, or are incidental to or necessary for the practice of, an Invention owned by the Institution under this policy. • In the event that an employee has made a Significant Use of Institutional Resources in the creation of a scholarly work, the employee shall reimburse the Institution for the value of such use. • Institution employees shall not sell, lease, rent or otherwise use any of their scholarly works, including textbooks and other courseware, either printed or electronic, in any manner that competes in a substantial way with the for-credit offering of their own Institution unless that transaction has received the approval of the chief academic officer of the Institution
Royalties received as a result of copyright ownership by the Institution will be disbursed at least 30 percent to the employee(s) and the remainder pursuant to the copyright review procedure.	Language deleted
Mediated Courseware	Trademark
Self-initiated Mediated Courseware. When employees develop Mediated Courseware without specific direction by the Institution, unless otherwise agreed, the ownership of the courseware shall remain with the employee. Normally, no royalty, rent or other consideration shall be paid to the employee when that Mediated Courseware is used for instruction at the Institution and such Mediated Courseware shall not be used or modified without the consent of the employee. While the Creator is under Institutional employment, the Mediated Courseware shall not be sold, leased, rented or otherwise used in a manner that competes in a substantial way with the for-credit offering of the employee's own Institution unless that transaction has received the approval of the chief	Each Institution's Intellectual Property procedures shall provide for the identification and protection of the trademarks and service marks of the Institution, provided that commercialization and licensing activities may be delegated by contract to one or more third parties.

CURRENT POLICY (sic)	PROPOSED POLICY (sic)
<p>academic officer of the Institution. The Institution shall have a perpetual, non-exclusive royalty-free right to use such courseware for archival research purposes. Should approval be granted to offer the course outside of the Institution, the provisions of section 4b of this policy shall apply.</p> <p>Institution-directed Mediated Courseware. When the Institution directs in an employment contract the creation of a specific Mediated Courseware, the resulting Mediated Courseware belongs to the Institution and the Institution shall have the right to revise it and decide who will utilize the Mediated Courseware in instruction. The Institution may specifically agree to share revenues and control rights with the employee.</p> <p>Institutions shall develop procedures for reporting the development of Institution-directed Mediated Courseware to the appropriate administrator at the Institution.</p>	
Copyrightable Software	
<p>Unless a separate written agreement provides otherwise, software created by employees within the scope of their employment and not covered under Mediated Courseware in section 5 of this policy shall be treated as a Work for Hire, owned by the Institution and commercialized pursuant to the General Patent Policy, with the employee(s) getting a minimum of 30 percent of the net royalties and fees.</p>	Language deleted
Student Work	Work (sic) Student Intellectual Property Policy
<p>The ownership of copyrights in student Work is governed by the following:</p> <ul style="list-style-type: none"> • Copyright ownership of student Work that is performed in whole or in part by the student with financial support in the form of wages, salaries, stipend, or grants from funds administered by the Institution shall be determined in accordance with the terms of the support agreement, or in the absence of such terms, shall become the property of the Institution. • Copyright ownership of student Work generated by research performed in whole or in part utilizing equipment or facilities provided by the Institution under conditions that impose copyright restrictions shall be determined in accordance with such restrictions. • Students will own the copyrights to their Work not within the provisions of (1) and (2) above; however, a student must, as a condition to a degree award, grant royalty-free permission to the Institution to reproduce and publicly distribute, including by electronic means, copies of the student's Work. • Where there is Significant Use of Institution Resources, copyright ownership shall be determined under section 4b of this policy. <p>Ownership of student Inventions shall be governed by the Patent Policy in section 3 of this policy.</p>	<p>Any IP developed by a student shall be governed in accordance with this section.</p> <p>An Institution shall not claim any rights to, or any ownership interest in, IP developed by a student as long as:</p> <ul style="list-style-type: none"> • The student did not receive any financial support from the Institution in the form of wages, salary, stipend, or grant funds for the research which led to the development of the IP; • The Institution is not contractually obligated to make such claim; • The IP was developed neither in cooperation with an Institution's employee(s), nor as part of a cumulative classroom project utilizing Institution resources. • The IP was developed without the Significant Use of Institutional Resources; • The IP was not a companion work that enabled, or was incidental to or necessary for the practice of, an Invention owned by the Institution under this policy and • The student was not assigned or agreed to assign the IP to the Institution. <p>In the event that at least one of the above conditions is not met, the student shall be considered a Creator and the IP shall be governed by the General Intellectual Property Policy.</p> <p>Each Institution may require, as a condition of study or a degree award, students to grant to the Institution at least limited rights in student IP.</p>
General Trademark Policy	
<p>Each Institution may develop a Trademark policy that provides for the protection of the Trademarks and Service Marks of the Institution.</p>	Language deleted
Institutional Procedures	
<p>Each Institution shall adopt procedures implementing this policy that include:</p>	Language deleted

CURRENT POLICY (sic)	PROPOSED POLICY (sic)
<ul style="list-style-type: none"> • Procedures for required disclosure of Intellectual Property; • Procedures for review, evaluation, and protection of Intellectual Property; • Rules governing distribution of net royalties or fees; • A process for resolving disputes; and • A process for informing faculty, staff, and students of the rights and responsibilities of Intellectual Property. 	
Transfer of Rights	
<p>Institutions may assign or transfer ownership rights in Intellectual Property to independent foundations created for the purpose of obtaining or administering and marketing Institution Intellectual Property, receiving gifts, or supporting or promoting the Institution or Institution research.</p> <p>It is the responsibility of employees to ensure that the terms of their consulting agreements with third parties do not conflict with their commitments to the Institution. Each employee shall make the nature of the employee's obligations to the Institution clear to any third party for whom the employee expects to consult. Specifically, the scope of the consulting services must be distinguished from the scope of research commitments to the Institution.</p>	Language deleted
Other	
	<p>Independent Foundation. An Institution may assign or transfer ownership rights in Intellectual Property to an independent foundation created for the purpose of obtaining or administering and marketing the Institution's Intellectual Property, receiving gifts, or supporting or promoting the Institution or its research. Such assignment or transfer shall be in writing and signed by the President of the Institution or his or her designee. Institutions may require as a condition of such assignment periodic reporting as to the administration, marketing, and commercialization of Intellectual Property assigned pursuant to this paragraph.</p>
	<p>Employee Consulting/Developmental Leave. It is the responsibility of Institution employees to ensure that the terms of their consulting agreements with third parties or the conditions of developmental leave do not conflict with this or any other Board or Institutional policy.</p>

According to Mr. Murray G. Sagsveen, Chief of Staff, North Dakota University System, the proposed changes to the State Board of Higher Education's intellectual property policies will be addressed by the Student Affairs Council and the Academic Affairs Council early in the new year. Mr. Sagsveen has indicated his willingness to answer questions about the proposed changes. He can be reached at 701-328-1499 or at murray.sagsveen@ndus.edu. Another contact is Mr. Jason Jenkins, Assistant General Counsel, North Dakota University System - Grand Forks. He can be reached at 701-777-6345 or at jason.jenkins@ndus.edu.

We hope this information assists you.

Sincerely,



L. Anita Thomas
Counsel

LAT/JJB

CHAPTER 47-21 COPYRIGHTS

47-21-01. Definitions.

Repealed by S.L. 1987, ch. 558, § 2.

47-21-02. Music or dramatico-musical compositions - Disposing of performing rights - Prerequisites.

Repealed by S.L. 1987, ch. 558, § 2.

47-21-03. Copies of performing rights - To be secured from state treasurer.

Repealed by S.L. 1987, ch. 558, § 2.

47-21-04. Owners combining to issue blanket license for public performance - Legality.

Repealed by S.L. 1987, ch. 558, § 2.

47-21-05. Blanket license - File copy and affidavit with state treasurer.

Repealed by S.L. 1987, ch. 558, § 2.

47-21-06. Service of process on state treasurer - Authorization by owner of performing rights.

Repealed by S.L. 1987, ch. 558, § 2.

47-21-07. Persons entitled to maintain action - Evidence admissible.

Repealed by S.L. 1987, ch. 558, § 2.

47-21-08. Tax levied on selling and licensing performing rights of music or dramatico-musical compositions - Payable to state tax commissioner.

A tax must be levied and collected for the act or privilege of selling, licensing, or otherwise disposing of performing rights in music or dramatico-musical compositions in this state, in an amount equal to five percent of the gross receipts of all such sales, licenses, or other disposition of performing rights in this state, payable to the state tax commissioner for the benefit of the general fund of the state, on or before the fifteenth day of March of each year, with respect to the gross receipts of the preceding calendar year. The state tax commissioner shall adopt and publish rules and regulations not in conflict with this section, as well as the forms necessary to carry out the provisions of this section.

47-21-08.1. Administration.

The provisions of chapter 57-39.2, pertaining to the administration of the retail sales tax, including provisions for penalty and interest, not in conflict with the provisions of this chapter, shall govern the administration of the tax levied by this chapter.

47-21-09. Public performance of composition for profit - Consent of owner necessary.

Repealed by S.L. 1987, ch. 558, § 2.

47-21-10. Obligation of contract or license - Impairment.

Repealed by S.L. 1987, ch. 558, § 2.

47-21-11. Copyrights - Violation of provisions - Penalty.

Any person who violates the provisions of this chapter is guilty of a class A misdemeanor.

CHAPTER 47-21.1 SOUND RECORDINGS

47-21.1-01. Definition.

As used in this chapter, the term "owner" means the person who owns the original fixation of sounds embodied in the master phonograph record, master disc, master tape, master film, or other device used for reproducing sounds on phonograph records, discs, tapes, films, or other articles on which sound is recorded, and from which the transferred recorded sounds are directly derived.

47-21.1-02. Unauthorized transfer of recorded sound or the recording of any performance prohibited.

It is hereby declared unlawful for any person to knowingly:

1. Transfer or cause to be transferred any sounds recorded on a phonograph record, disc, tape, wire, film, or other article on which sounds are recorded, with the intent to sell or cause to be sold for profit, or used to promote the sale of any product, any article on which sounds are so transferred without the express consent of the owner.
2. And without the consent of the performer, transfer to or cause to be transferred to any phonograph record, disc, wire, tape, film, or other article, any performance, whether live before an audience or transmitted by wire or through the air by radio or television, with the intent to sell or cause to be sold for profit or used to promote the sale of any product, such article onto which such performance is so transferred.
3. Or with reasonable grounds to know, advertise, or offer for sale or resale, or sell or resell, distribute or possess for such purposes, any recorded article that has been produced without the consent of the owner. Possession of five or more duplicate copies, or twenty or more individual copies of such recorded articles, produced without the consent of the owner, shall create a rebuttable presumption that such devices are intended for sale or distribution in violation of this section.
4. Or with reasonable grounds to know, sell or resell, distribute or possess for such purposes, any phonograph record, disc, wire, tape, film, or other article embodying any performance, whether live before an audience, or transmitted by wire or through the air by radio or television, recorded without the consent of the performer.

47-21.1-03. Disclosure of name and address of manufacturer.

No person shall advertise or offer for sale or resale, or sell or resell, or possess for such purposes, any phonograph record, disc, wire, tape, film, or other article on which sounds are recorded, unless the outside cover, box, or jacket clearly and conspicuously discloses the actual name and address of the manufacturer thereof, and the name of the actual performer or group of performers.

47-21.1-04. Forfeiture and destruction of illegal recordings.

Any recording produced in violation of this chapter, and any equipment used in the production thereof, shall be subject to forfeiture and destruction upon seizure by any state or local law enforcement agency or officer thereof.

47-21.1-05. Exemptions.

The provisions of this chapter shall not apply to:

1. Any broadcaster who, in connection with or as part of a radio, television, or cable broadcast transmission, or for the purpose of archival preservation, transfers any sounds recorded on a sound recording.
2. Any person who transfers sounds in the home, for personal use, and without compensation for such transfer.
3. Any person who transfers or causes to be transferred any recorded sounds or transcript thereof in any judicial or administrative proceedings conducted pursuant to law.

47-21.1-06. Penalty.

Any person violating subsection 1 or 2 of section 47-21.1-02 shall, upon conviction thereof, be guilty of a class C felony. Each individual, felonious manufacture or production of a recorded article shall constitute a separate offense and be punishable as such. Any person violating the provisions of subsection 3 or 4 of section 47-21.1-02, or the provisions of section 47-21.1-03 shall, upon conviction thereof, be guilty of a class B misdemeanor.

CHAPTER 47-21.2 ROYALTIES CONTRACTS

47-21.2-01. Definitions.

As used in this chapter:

1. "Copyright laws of the United States" means those laws specified pursuant to title 17 of the United States Code [Pub. L. 94-553; 17 U.S.C. 101 et seq.].
2. "Copyright owner" means the owner of a copyright of a musical work other than a motion picture or other audiovisual work or part of a motion picture or other audiovisual work, which is recognized and enforceable under the copyright laws of the United States.
3. "Performing rights society" means an association or corporation that licenses the public performance of nondramatic musical works on behalf of copyright owners, including the American Society of Composers, Authors, and Publishers; Broadcast Music, Incorporated; and SESAC, Incorporated.
4. "Proprietor" means the owner of a retail establishment, restaurant, inn, bar, tavern, sports or entertainment facility, not for-profit organization, or any other place of business or professional office located in this state in which the public may assemble and in which musical works may be performed, broadcast, or otherwise transmitted for the enjoyment of the members of the public in that place.
5. "Royalties" means the license fees payable by a proprietor to a performing rights society for the nondramatic public performance of musical works.

47-21.2-02. Notice and information.

A performing rights society may not enter, or offer to enter, a contract for the payment of royalties by a proprietor unless it agrees to provide to the proprietor upon request at the proprietor's place of business, by electronic means or otherwise, information as to whether specific copyrighted musical works are in its repertoire and the opportunity to review the most current available list of the performing rights society's members or affiliates.

47-21.2-03. Contract requirements.

Every contract for the payment of royalties between a proprietor and a performing rights society executed, issued, or renewed in this state must be signed by both parties to the contract and must include the following information:

1. The proprietor's name and business address and the name and location of each place of business to which the contract applies;
2. The name and business address of the performing rights society;
3. The duration of the contract; and
4. The schedule of rates and terms of royalties to be collected under the contract, including any sliding scale, discount, or schedule for any increase or decrease of those rates for the duration of the contract.

47-21.2-04. Prohibited conduct.

A performing rights society, or any agent, employee, or representative of a performing rights society, may not:

1. Enter onto the premises of a proprietor's business for the purpose of discussing or inquiring about a contract for the payment of royalties with the proprietor or the proprietor's employees, without first providing identification to the proprietor or the proprietor's employees, providing photographic identification from the society if requested, and making known to the proprietor or the proprietor's employees the purpose of the discussion or inquiry;
2. Engage in any coercive conduct, act, or practice that is substantially disruptive to a proprietor's business;
3. Use or attempt to use any unfair or deceptive act or practice in negotiating with a proprietor; or

4. Fail to comply with or fulfill the obligations imposed by sections 47-21.2-02 and 47-21.2-03. However, this chapter does not prohibit a performing rights society from conducting investigations to determine the existence of music use by a proprietor or informing a proprietor of the proprietor's obligation under the copyright laws of the United States.

47-21.2-05. Remedies.

Any person suffering a violation of this chapter has a claim for relief to recover actual damages and reasonable attorney's fees and seek an injunction or any other remedy available.

47-21.2-06. Application.

This chapter does not apply to contracts between copyright owners or performing rights societies and broadcasters licensed by the federal communications commission or to contracts with cable operators, programmers, or other transmission services. In addition, this chapter does not apply to musical works performed in synchronization with an audiovisual film or tape. This chapter does not apply to investigations by law enforcement officers or other persons concerning a suspected violation of section 47-21.1-03.

CHAPTER 47-22 TRADEMARKS

47-22-01. Definitions.

As used in this chapter, unless the context otherwise requires, the term:

1. "Applicant" embraces the person filing an application for registration of a mark under this chapter and that person's legal representatives, successors, or assigns.
2. "Mark" includes any trademark or service mark entitled to registration under this chapter whether or not registered.
3. "Person" means any individual, firm, partnership, corporation, limited liability company, association, union, or other organization.
4. "Registrant" embraces the person to whom the registration of a mark under this chapter is issued and that person's legal representatives, successors, or assigns.
5. "Service mark" means any word, name, symbol, or device or any combination thereof used by a person to identify and distinguish the services of one person, including a unique service, from the services of others, and to indicate the source of the services, even if that source is unknown. Titles, character names used by a person, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.
6. "Trademark" means any word, name, symbol, or device or any combination thereof adopted and used by a person to identify goods made or sold by that person and to distinguish them from goods made or sold by others.

For the purposes of this chapter, a trademark shall be deemed to be "used" in this state when it is placed in any manner on the goods or their containers or on the tags or labels affixed thereto and such goods are sold or otherwise distributed in this state.

47-22-02. Registrability.

A mark by which the goods or services of any applicant for registration may be distinguished from the goods or services of others shall not be registered if it:

1. Consists of or comprises immoral, deceptive, or scandalous matter;
2. Consists of or comprises matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute;
3. Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any state or municipality, or of any foreign nation, or any simulation thereof;
4. Consists of or comprises the name, signature, or portrait of any living individual, except with that individual's written consent;
5. Consists of a mark which:
 - a. When applied to the goods or services of the applicant, is merely descriptive or deceptively misdescriptive of them;
 - b. When applied to the goods or services of the applicant is primarily geographically descriptive or deceptively misdescriptive of them; or
 - c. Is primarily merely a surname provided, however, that nothing in this subsection shall prevent the registration of a mark used in this state by the applicant which has become distinctive of the applicant's goods or services. The secretary of state may accept as evidence that the mark has become distinctive, as applied to the applicant's goods or services, proof of continuous use thereof as a mark by the applicant in this state or elsewhere for the five years next preceding the date of the filing of the application for registration; or
6. Consists of or comprises a mark that resembles a mark registered in this state or a trade name, corporate name, limited liability company name, limited liability partnership name, limited partnership name, limited liability limited partnership name, or fictitious name registered with the office of the secretary of state, as to be likely, when applied to the goods or services of the applicant, to cause confusion or mistake or to deceive.

47-22-03. Application for registration.

Subject to the limitations set forth in this chapter, any person who adopts and uses a mark in this state may file in the office of the secretary of state, on a form to be furnished by the secretary of state, an application for registration of that mark setting forth, but not limited to, the following information:

1. The name and business address of the person applying for such registration; if a corporation, the state or country of incorporation and address of the principal place of business; if a limited partnership, the state or country of the organization and address of the principal place of business; and, if a limited liability company, the state or country of organization and the principal place of business;
2. The goods or services in connection with which the mark is used and the mode or manner in which the mark is used in connection with such goods or services and the class, or classes, in which such goods or services fall;
3. The date when the mark was first used anywhere and the date when it was first used in this state by the applicant or the applicant's predecessor in business; and
4. A statement that the applicant is the owner of the mark and that no other person has the right to use such mark in this state either in the identical form thereof or in such near resemblance thereto as might be calculated to deceive or to be mistaken therefor.

The application must be signed by the applicant or by a member of the firm, an officer of the corporation or association, or manager of the limited liability company applying.

The application must be accompanied by a specimen or facsimile of such mark in duplicate.

The application for registration must be accompanied by a filing fee of thirty dollars for one class of goods or services and twenty dollars for each additional class, payable to the secretary of state.

47-22-04. Certificate of registration.

Upon compliance by the applicant with the requirements of this chapter, the secretary of state shall cause a certificate of registration to be issued and delivered to the applicant. The certificate of registration must be issued under the signature of the secretary of state and the seal of the state, and it shall show the name and business address and, if a corporation, the state of incorporation, and, if a limited liability company, the state of organization, of the person claiming ownership of the mark, the date claimed for the first use of the mark anywhere and the date claimed for the first use of the mark in this state, the class, or classes, of goods or services and a description of the goods or services on which the mark is used, a facsimile of the mark, the registration date, and the term of registration.

Any certificate of registration issued by the secretary of state under the provisions hereof or a copy thereof duly certified by the secretary of state is admissible in evidence as competent and sufficient proof of the registration of such mark in any action or judicial proceedings in any court of this state.

47-22-05. Duration and renewal.

Registration of a mark hereunder is effective for a term of ten years from the date of registration and, upon application filed prior to the expiration of such term, on a form to be furnished by the secretary of state, the registration may be renewed in the same manner as a new application for a like term. A renewal fee of thirty dollars for one class of goods or services and twenty dollars for each additional class, payable to the secretary of state, must accompany the application for renewal of the registration.

A registration may be renewed for successive periods of ten years in like manner.

The secretary of state shall notify registrants hereunder of the necessity of renewal within ninety days preceding the expiration of the ten years from the date of registration by writing to the last-known address of the registrants.

47-22-06. Assignment.

Any mark and its registration hereunder shall be assignable with the goodwill of the business in which the mark is used, or with that part of the goodwill of the business connected

with the use of and symbolized by the mark. Assignment must be made by the assignor on forms provided by the secretary of state setting forth the name and business address of the assignor and the assignee, the mark certificate number, and the class or classes of goods or services on which the mark will appear. The assignment must be filed by the secretary of state upon the payment of a fee of thirty dollars payable to the secretary of state who, upon recording of the assignment, shall issue in the name of the assignee a new certificate for the remainder of the term of the registration or of the last renewal thereof. An assignment of any registration under this chapter is void as against any subsequent purchaser for valuable consideration without notice unless it is recorded with the secretary of state within three months after the date thereof or prior to such subsequent purchase.

47-22-06.1. Change of name or address of registrant.

Any registrant that effects a name change must record that name change with the secretary of state. The secretary of state must record the name change upon the payment of a fee of thirty dollars and filing of the following:

1. A notarized statement reciting the name change if the registrant is an individual.
2. A certificate of fact reciting the name change duly authenticated by the proper officer of the state or country if the registrant is a corporation, limited liability company, limited partnership, limited liability partnership, or limited liability limited partnership incorporated or organized in another state or country and does not have a certificate of authority to transact business in North Dakota.
3. An amendment or application for amended certificate of authority for a registrant that is a corporation, limited liability company, limited partnership, limited liability partnership, or limited liability limited partnership registered with the secretary of state.

The secretary of state shall issue a certificate in the new name of the registrant for the remainder of the term of the registration or of the last renewal thereof.

A registrant must notify the secretary of state when effecting a change of address. A corporate annual report or limited partnership renewal filed by the secretary of state that reflects a change of address of the principal place of business of a registrant may serve as such notice.

47-22-07. Records.

The secretary of state shall keep for public examination a record of all marks registered or renewed under this chapter.

47-22-08. Cancellation.

The secretary of state shall cancel from the register:

1. Any registration concerning which the secretary of state shall receive a voluntary written and signed request for cancellation thereof from the registrant or the assignee of record.
2. All registrations granted under this chapter and not renewed in accordance with the provisions hereof.
3. Any registration concerning which a state district court shall find any of the following:
 - a. That the registered mark has been abandoned.
 - b. That the registrant is not the owner of the mark.
 - c. That the registration was granted improperly.
 - d. That the registration was obtained fraudulently.
 - e. That the registration mark is so similar, as to be likely to cause confusion or mistake or to deceive, to a mark registered by another person in the United States patent office, prior to the date of the filing of the application for registration by the registrant hereunder, and not abandoned; provided, however, that should the registrant prove that the registrant is the owner of a concurrent registration of the registrant's mark in the United States patent office covering an area including this state, the registration hereunder shall not be canceled.
4. When a district court shall order cancellation of a registration on any ground.

5. Any mark whose registered owner is a corporation, limited liability company, limited partnership, limited liability partnership, or limited liability limited partnership that has ceased to exist for six months.

47-22-09. Classification.

The following general classes of goods and services are established for convenience of administration of this chapter, but not to limit or extend the applicant's or registrant's rights, and a single application for registration of a mark may include any or all goods upon which, or services with which, the mark is actually being used.

The said classes are as follows:

1. Goods.
 - a. Raw or partly prepared materials.
 - b. Receptacles.
 - c. Baggage, animal equipment, portfolios, and pocketbooks.
 - d. Abrasives and polishing materials.
 - e. Adhesives.
 - f. Chemicals and chemical compositions.
 - g. Cordage.
 - h. Smokers' articles, not including tobacco products.
 - i. Explosives, firearms, equipments, and projectiles.
 - j. Fertilizers.
 - k. Inks and inking materials.
 - l. Construction materials.
 - m. Hardware and plumbing and steam-fitting supplies.
 - n. Metals and metal castings and forgings.
 - o. Oils and greases.
 - p. Paints and painters' materials.
 - q. Tobacco products.
 - r. Medicines and pharmaceutical preparations.
 - s. Vehicles.
 - t. Linoleum and oiled cloth.
 - u. Electrical apparatus, machines, and supplies.
 - v. Games, toys, and sporting goods.
 - w. Cutlery, machinery, and tools, and parts thereof.
 - x. Laundry appliances and machines.
 - y. Locks and safes.
 - z. Measuring and scientific appliances.
 - aa. Horological instruments.
 - bb. Jewelry and precious-metal ware.
 - cc. Brooms, brushes, and dusters.
 - dd. Crockery, earthenware, and porcelain.
 - ee. Filters and refrigerators.
 - ff. Furniture and upholstery.
 - gg. Glassware.
 - hh. Heating, lighting, and ventilating apparatus.
 - ii. Belting, hose, machinery packing, and nonmetallic tires.
 - jj. Musical instruments and supplies.
 - kk. Paper and stationery.
 - ll. Prints and publications.
 - mm. Clothing.
 - nn. Fancy goods, furnishings, and notions.
 - oo. Canes, parasols, and umbrellas.
 - pp. Knitted, netted, and textile fabrics, and substitutes therefor.
 - qq. Thread and yarn.
 - rr. Dental, medical, and surgical appliances.
 - ss. Soft drinks and carbonated waters.

- tt. Foods and ingredients of foods.
- uu. Wines.
- vv. Malt beverages and liquors.
- ww. Distilled alcoholic liquors.
- xx. Merchandise not otherwise classified.
- yy. Cosmetics and toilet preparations.
- zz. Detergents and soaps.

2. Services.

- a. Miscellaneous.
- b. Advertising and business.
- c. Insurance and financial.
- d. Construction and repair.
- e. Communications.
- f. Transportation and storage.
- g. Material treatment.
- h. Education and entertainment.

47-22-10. Fraudulent registration.

Any person who shall for that person, or on behalf of any other person, procure the filing or registration of any mark in the office of the secretary of state under the provisions hereof, by knowingly making any false or fraudulent representation or declaration, verbally or in writing, or by any other fraudulent means, shall be liable to pay all damages sustained in consequence of such filing or registration, to be recovered by or on behalf of the party injured thereby in any court of competent jurisdiction.

47-22-11. Infringement.

Subject to the provisions of section 47-22-13, any person who shall:

1. Use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this chapter in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive as to the source of origin of such goods or services; or
2. Reproduce, counterfeit, copy, or colorably imitate any such mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale or other distribution in this state of such goods or services;

shall be liable to a civil action by the owner of such registered mark for any or all of the remedies provided in section 47-22-12, except that under subsection 2 the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such mark is intended to be used to cause confusion or mistake or to deceive.

47-22-12. Remedies.

Any owner of a mark registered under this chapter may proceed by suit to enjoin the manufacture, use, display, or sale of any counterfeits or imitations thereof and any court of competent jurisdiction may grant injunctions to restrain such manufacture, use, display, or sale as may be by the said court deemed just and reasonable, and may require the defendants to pay to such owner all profits derived from or all damages suffered by reason of such wrongful manufacture, use, display, or sale, or either, and such court may also order that any such counterfeits or imitations in the possession or under the control of any defendant in such case, be delivered to an officer of the court, or to the complainant, to be destroyed.

The enumeration of any right or remedy herein shall not affect a registrant's right to prosecute under any penal law of this state.

47-22-13. Common-law rights.

Nothing herein shall adversely affect the rights or the enforcement of rights in marks acquired in good faith at any time at common law.

CHAPTER 47-25 TRADE NAMES

47-25-01. Trade name defined - Registration.

1. a. As used in this section, a "trade name" is a name assumed to identify the business or activities of an individual or organization and which does not include in the name:
 - (1) The true name of the organization using the name;
 - (2) The first name and surname of each individual using the business name; or
 - (3) The surname of each individual, repeating a surname if more than one owner has the same surname.
- b. A name assumed under paragraph 3 or a name of an organization or association not otherwise registered with the secretary of state is a trade name if a license or permit to conduct business or operations is required by this state.
2. A person or organization that has registered a trade name under this section may institute a civil suit prohibiting any other person from using the name.
3. This chapter does not prohibit any person engaged in business under a trade name before July 1, 1959, from continuing business under that name.
4. Notwithstanding any other provision of law, an individual or organization may register as a trade name under section 47-25-04 any name listed in paragraph 1, 2, or 3 of subdivision a of subsection 1.

47-25-02. Trade name - Registration - Statement - Contents.

A person or organization may not engage in business in this state under a trade name until the trade name is registered with the secretary of state. This section does not apply to partnerships that have filed a fictitious name certificate as provided under chapter 45-11. The trade name registration must be a statement executed by the owner upon forms prescribed by the secretary of state, setting forth:

1. The trade name to be registered;
2. The name and address of the owner of the business, and if a corporation, limited liability company, or other organization, the state or country of incorporation or organization;
3. Address of the principal place of business; and
4. The nature of the business in detail.

47-25-02.1. Electronic filing of trade name registration.

A person or organization may file a trade name registration by electronic communication with the secretary of state. The following definitions apply to electronic trade name filings with the secretary of state:

1. "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.
2. "Electronic communication" means any form of communication acceptable to the secretary of state, not directly involving the physical transmission of paper:
 - a. That creates a record that may be retained, retrieved, and reviewed by a recipient of the communication; and
 - b. That may be directly reproduced in paper form by the recipient through an automated process.
3. "Electronic record" means a record created, generated, sent, communicated, received, or stored by electronic means.
4. "Electronic signature" means an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.
5. "Legal recognition" means a record or signature may not be denied legal effect or enforceability solely because it is in electronic form. If a provision of this chapter requires:

- a. A record to be in writing, an electronic record satisfies the requirement.
 - b. A signature, an electronic signature satisfies the requirement.
6. "Signed" means that the signature of a person, which may be a facsimile affixed, engraved, printed, placed, stamped with indelible ink, transmitted by facsimile telecommunication or electronically, or in any other manner reproduced on the document, and is communicated by a method or medium of communication acceptable to the secretary of state.

47-25-03. Trade name - Nature.

A trade name:

1. Must be expressed in letters or characters used in the English language as those letters or characters appear in the American standard code for information interchange (ASCII) table.
2. May not contain the word "company", "corporation", "incorporated", "limited", "limited liability company", "limited partnership", "limited liability partnership", "limited liability limited partnership", or any abbreviation of any of those words unless the owner of the trade name is a corporation, limited liability company, limited partnership, limited liability partnership, or limited liability limited partnership as indicated by the words used in the name.
3. May not be the same as or deceptively similar to any name reserved or registered with the secretary of state unless there is filed with the registration a written consent from the holder of the similar name to use the proposed name and filing fee of ten dollars, whether domestic or foreign, including:
 - a. Any corporate name;
 - b. Any limited liability company name;
 - c. Any other trade name;
 - d. Any fictitious partnership name;
 - e. Any limited partnership name;
 - f. Any limited liability partnership name;
 - g. Any limited liability limited partnership name; or
 - h. Any trademark or service mark.
4. That is a franchise must be accompanied by a written consent from the franchiser.

47-25-03.1. Certain use of trade names by franchisees restricted.

1. Except as provided in section 47-25-03, an individual or organization that is a franchisee may not register a licensed trade name under this chapter. If the licensed trade name is not registered as provided in this chapter, the franchisee may not use the trade name in this state until the franchisee has provided the following disclosure information to the secretary of state on a form prescribed by the secretary of state for that purpose:
 - a. The true and full name and business address of the franchisee;
 - b. The complete trade name licensed to the franchisee;
 - c. The address of each place of business in this state where the franchisee will use or display the unregistered trade name;
 - d. The name and address of the franchiser or other licensor of the trade name; and
 - e. Any other information that the secretary of state may reasonably request to identify or contact the franchisee.

The disclosure filing required under this subsection is subject to the same filing fee and renewal requirements as provided in section 47-25-04 for trade name registrations.
2. A trade name licensed to a franchisee that is not registered under the provisions of this chapter is not entitled to any trade name protection provided by this chapter.

47-25-04. Trade names - Registration - Fees - Renewal - Notice.

For the registration of a trade name under this chapter, the registrant shall pay to the secretary of state a fee of twenty-five dollars for an original registration, a fee of twenty-five dollars for an assignment, and a fee of ten dollars for a consent to use of a similar name or any other change in the original registration under this chapter. A registration remains in force for a period of five years from the date of the original registration and may be renewed within ninety days before its expiration date by reregistering in the same manner as an original registration. The secretary of state shall notify the registrant by mail at least ninety days before the expiration of the registration.

The secretary of state may destroy all registrations or renewals one year after expiration.

47-25-05. Certificate of registration.

Every certificate of the registration of a trade name, within thirty days from the time of the registration of such trade name, must be indexed in the office of the secretary of state and a copy of the certificate must be given to the registrant.

47-25-06. Assignment.

If the interest of any person engaged in business under a trade name changes or ceases to exist, or any other person becomes interested therein, the assignment of ownership must be registered within ninety days after any change takes place. Any trade name and its registration is assignable with the goodwill of the business in which the trade name is used. Assignment must be made by the assignor on forms prescribed by the secretary of state setting forth the trade name, the names and addresses of each assignee, and the nature of the business. The assignment must be filed by the secretary of state who, upon recording of the assignment, shall issue in the name of the assignee a new certificate for the remainder of the term of the registration or of the last renewal.

47-25-06.1. Change of name or address of registrant - Other amendments.

Any registrant that effects a name change must record that name change with the secretary of state. The secretary of state must record the name change upon the payment of a fee of twenty-five dollars and filing of the following:

1. A notarized statement reciting the name change if the registrant is an individual;
2. A certificate of fact reciting the name change duly authenticated by the proper officer of the state or country if the registrant is a corporation, limited liability company, limited partnership, limited liability partnership, or limited liability limited partnership incorporated or organized in another state or country and does not have a certificate of authority to transact business in North Dakota; or
3. An amendment or application for amended certificate of authority for a registrant that is a corporation, limited liability company, limited partnership, limited liability partnership, or limited liability limited partnership registered with the secretary of state.

The secretary of state shall issue a certificate in the new name of the registrant for the remainder of the term of the registration or of the last renewal thereof.

A registrant must notify the secretary of state in writing when effecting a change of address. A corporate annual report filed by the secretary of state that reflects a change of address of the principal place of business of a registrant may serve as such notice.

A registrant may submit an amendment to a trade name registration on a form prescribed by the secretary of state to show any change in the nature of the business or in the purpose of the registration. The secretary of state shall amend the registration upon receipt of the completed form and payment of a fee of twenty-five dollars by the registrant.

47-25-07. Cancellation.

The secretary of state shall cancel from the register:

1. Any registration concerning which the secretary of state receives a voluntary written and signed request for cancellation from the registrant or the assignee of record. In the

case of a registrant who is a deceased individual, the request for cancellation may be made by the personal representative of the registrant's estate.

2. Any registration concerning which a state district court finds any of the following:
 - a. That the registered trade name has been abandoned.
 - b. That the registrant is not the owner of the trade name.
 - c. That the registration was granted improperly.
 - d. That the registration was obtained fraudulently.
 - e. That the trade name registered is so similar to a trade name registered by another person as to be likely to cause confusion or mistake or to deceive.
3. Any registration a district court orders canceled on any grounds.
4. Any trade name when the registrant is a corporation, limited liability company, limited partnership, limited liability partnership, or limited liability limited partnership that has ceased to exist for six months.

47-25-08. Secretary of state - Exempt records.

Any social security number or federal tax identification number disclosed or contained in any document filed with the secretary of state under this chapter is an exempt record as defined by subsection 5 of section 44-04-17.1. The secretary of state shall take reasonable precautions to delete or obscure any social security number or federal tax identification number the secretary of state determines to be a closed record before a copy of any document is released to the public.

CHAPTER 47-25.1 TRADE SECRETS

47-25.1-01. Definitions.

As used in this chapter, unless the context requires otherwise:

1. "Improper means" includes theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means.
2. "Misappropriation" means:
 - a. Acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or
 - b. Disclosure or use of a trade secret of another without express or implied consent by a person who:
 - (1) Used improper means to acquire knowledge of the trade secret;
 - (2) At the time of disclosure or use, knew or had reason to know that the person's knowledge of the trade secret was:
 - (a) Derived from or through a person who had utilized improper means to acquire it;
 - (b) Acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use; or
 - (c) Derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or
 - (3) Before a material change of the person's position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake.
3. "Person" means a natural person, corporation, limited liability company, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or any other legal or commercial entity.
4. "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique, or process, that:
 - a. Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and
 - b. Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

47-25.1-02. Injunctive relief.

1. Actual or threatened misappropriation may be enjoined. Upon application to the court, an injunction must be terminated when the trade secret has ceased to exist, but the injunction may be continued for an additional reasonable period of time to eliminate commercial advantage that otherwise would be derived from the misappropriation.
2. In exceptional circumstances, an injunction may condition future use upon payment of a reasonable royalty for no longer than the period of time for which use could have been prohibited. Exceptional circumstances include a material and prejudicial change of position prior to acquiring knowledge or reason to know of misappropriation that renders a prohibitive injunction inequitable.
3. In appropriate circumstances, affirmative acts to protect a trade secret may be compelled by court order.

47-25.1-03. Damages.

1. Except to the extent that a material and prejudicial change of position prior to acquiring knowledge or reason to know of misappropriation renders a monetary recovery inequitable, a complainant is entitled to recover damages for misappropriation. Damages can include both the actual loss caused by misappropriation and the unjust enrichment caused by misappropriation that is not taken into account in computing actual loss. In lieu of damages measured by any other method, the damages caused

by misappropriation may be measured by imposition of liability for a reasonable royalty for a misappropriator's unauthorized disclosure or use of a trade secret.

2. If willful and malicious misappropriation exists, the court may award exemplary damages in an amount not exceeding twice any award made under subsection 1.

47-25.1-04. Attorney's fees.

If a claim of misappropriation is made in bad faith, a motion to terminate an injunction is made or resisted in bad faith, or willful and malicious misappropriation exists, the court may award reasonable attorney's fees to the prevailing party.

47-25.1-05. Preservation of secrecy.

In an action under this chapter, a court shall preserve the secrecy of an alleged trade secret by reasonable means, which may include granting protective orders in connection with discovery proceedings, holding in camera hearings, sealing the records of the action, and ordering any person involved in the litigation not to disclose an alleged trade secret without prior court approval.

47-25.1-06. Statute of limitations.

An action for misappropriation must be brought within three years after the misappropriation is discovered or by the exercise of reasonable diligence should have been discovered. For the purposes of this section, a continuing misappropriation constitutes a single claim.

47-25.1-07. Effect on other law.

1. Except as provided in subsection 2, this chapter displaces conflicting tort, restitutionary, and other law of this state providing civil remedies for misappropriation of a trade secret.
2. This chapter does not affect:
 - a. Contractual remedies, whether or not based upon misappropriation of a trade secret;
 - b. Other civil remedies that are not based upon misappropriation of a trade secret; or
 - c. Criminal remedies, whether or not based upon misappropriation of a trade secret.

47-25.1-08. Short title.

This chapter may be cited as the Uniform Trade Secrets Act.

Section: 611.2 Employee Responsibility and Activities: Intellectual Property

1. General Principles.

The primary purposes of this policy are to encourage and promote research and scholarship based on the traditional principles of the academic profession. These products may constitute Intellectual Property that could be of financial benefit to the individuals involved and the Institution. This policy establishes guidelines to support faculty, staff, and students, in identifying, protecting and administering Intellectual Property and defining the rights and responsibilities of all involved. This policy governs unless a policy on specific Intellectual Property provides a different rule.

2. Definitions.

- a. "Author": Person who creates a Copyrightable Work.
- b. "Copyrightable Work or Work": An original Work of authorship which has been fixed in any tangible medium of expression from which it can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device, such as books, journals, software, computer programs, musical work, dramatic works, videos, multimedia products, sound recordings, pictorial and graphical works, etc. A Work may be the product of a single Author or a group of Authors who have collaborated on a project. A Work is created by an Author.
- c. "Creator": Either an inventor in the context of an Invention, or an Author in the context of a Copyrightable Work.
- d. "Institution": The individual colleges and universities and the North Dakota University System.
- e. "Intellectual Property": Collectively, all forms of property created by the mind including, but not limited to, Inventions, Copyrightable Work, Trademarks, and Tangible Research Property.
- f. "Invention": A process, method, discovery, device, plant, composition of matter, or other Invention that reasonably appears to qualify for protection under the United States patent law (including, but not limited to, utility patent, plant patent, design patent, certificate of Plant Variety Protection, etc.), whether or not actually patentable. An Invention may be the product of a single inventor or a group of inventors who have collaborated on a project.
- g. "Mediated Courseware": Teaching aids created and/or deployed electronically. Mediated Courseware may incorporate text, graphics, video, and audio elements. Examples of such materials include, but are not limited to, hypertext modules, simulation software, web sites, and databases containing numbers, images, or text.
- h. "Significant Use of University System or Institution Resources": Significant Use of Institution Resources means an Author's use of other employees' time or Institution facilities or equipment that appreciably increases the Institution's costs beyond those normally incurred in support of an employee in the Institution. Significant Use does not include the normal use of Institution employees, facilities, or equipment commonly available to faculty, staff, or the public, such as libraries, Internet access, office space, office equipment, computers, and/or office supplies. Unless otherwise agreed, Significant Use also does not include the use of Institutional developmental leave time, so long as it does not appreciably increase the Institution's costs beyond those normally incurred in support of an employee of the Institution.
- i. "Tangible Research Property": Tangible items produced in the course of research including, but not limited to, such items as biological materials, engineering drawings, integrated circuit chips, computer databases, prototype devices, circuit diagrams, and equipment. Individual items of Tangible Research Property may be associated with one or more intangible properties, such as Inventions, Copyrightable Work, and Trademarks. An item of Tangible Research Property may be

the product of a single Creator or a group of individuals who have collaborated on the project.

- j. "Trademark" (including Service Mark): A distinctive word, design, or graphic symbol, or combination word and design, that distinguishes and identifies the goods and services of one party from those of another, such as names or symbols used in conjunction with plant varieties or computer programs, or the Institutional names, logos, or derivatives thereof.
- k. "Work For Hire": Defined pursuant to Federal Copyright Law which includes a Work prepared by an employee within the scope of employment or a Work created pursuant to a written agreement identifying the Work as a Work for Hire.

3. General Patent Policy.

- a. The North Dakota State Board of Higher Education encourages the faculty, staff, and others associated with the Institutions under its jurisdiction to seek patents on Inventions as a method of bringing recognition and remuneration to all parties involved. Each Institution shall establish a "patent review procedure" to define the Institution's processing of such Inventions or discoveries, consistent with Board policy. The inventor(s) shall submit to the Institution the conception and/or reduction to practice of all potentially patentable discoveries prior to public "enabling" disclosure.
- b. A patentable discovery may arise from the development of a new and useful process, device or apparatus, article of manufacture, composition of matter (including chemical compounds, microorganisms, and the like), plant, or related improvement, or a new use for a known material or device. A public "enabling" disclosure is one which will enable others in the same or a related field to fully understand and practice the Invention. The Institutional "patent review procedure" shall assure provision of guidelines to the inventor(s) in defining what constitutes a public "enabling" disclosure.
- c. The Institution shall have the right of first refusal to the title of all patentable discoveries derived with the use of facilities, gifts, grants, or contract funds through the university, subject to restrictions arising from the overriding obligations of the Institution pursuant to gifts, grants, contracts, or other agreements with outside organizations. The inventor(s) shall provide all necessary declarations, assignments, or other documents as may be necessary in the course of Invention evaluation, patent prosecution, or protection of patent rights to assure that title in such Inventions shall be held by the Institution or other parties as may be appropriate under the circumstances.
- d. The Institution shall have six months in which to assess the technical and commercial viability and patentability of the discovery in accordance with Institutional procedures. If the Institution judges the discovery not to be patentable, or decides not to pursue a patent, and in the absence of overriding obligations to outside sponsors of the discovery, all rights will revert to the inventor. In no instance, and regardless of ownership of the patent, may the Institution's name be used in connection with the marketing of the Invention.
 - 1. Subject to restrictions arising from overriding obligations of the Institution pursuant to gifts, grants, contracts, or other agreements with outside organizations, the Institution agrees, for and in consideration of the assignment of patent rights, to pay annually to the named inventor(s), or to the inventor(s)' heirs, successors, or assigns, a minimum of 30 percent of the net royalties and fees received by the Institution. Net royalties are defined as gross royalties and fees less the expenses incurred by the Institution in conducting the research and in procuring, protecting, preserving, maintaining, and licensing the patent and related property rights, and such other costs, taxes, or reimbursements as may be necessary or required by law.
 - 2. When there are two or more inventors, each inventor shall share equally in the inventor's share of royalties, unless all inventors have agreed in writing to a different distribution of such share. The Institution will have final authority over any agreement purporting to share rights and/or royalties between participating parties.
 - 3. In addition to the inventor(s) share, the net royalties shall be disbursed by negotiated

agreement with allocations to the originating department, the originating college/school, and the Institution. In the disposition of any net royalty income accruing to Institutional parties, other than the inventor(s), support of research shall receive first consideration. The "patent review procedure" shall outline the negotiation and distribution mechanism at each Institution.

4. The provisions of this section apply to plant variety protection unless inconsistent with Institution policy.

4. General Copyright Policy.

- a. Except as otherwise explicitly provided under this policy or applicable law, an employee who creates a Work retains copyright ownership of the Work. If there has been Significant Use of University System or Institutional Resources, the provisions of section 4b of this policy shall apply.
- b. If there has been Significant Use of Institutional Resources, as defined in section 2 of this policy, to create a Copyrightable Work, the ownership of which is vested in the individual employee, the Institution shall be reimbursed out of the royalties, in accord with an agreement between the employee and the Institution, up to that amount that constitutes the Institution's Significant Use. The Institution shall be reimbursed for the Significant Use of any facilities, personnel or resources, except those considered part of the normal academic environment including library facilities.
- c. If employees are employed or commissioned by the Institution or agencies of the Institution for the creation of Work, or if by prior agreement they are assigned to produce or develop Work in the course of their regular duties, and if such Work is deemed appropriate for copyright, it must be reported to the Institution pursuant to its copyright review procedure. In such instances the Institution shall have the first option to secure copyright in the name of the Institution. Should the Institution decide, in writing, it would not be appropriate to secure copyright, the employee then may proceed to personally secure the copyright.
- d. Royalties received as a result of copyright ownership by the Institution will be disbursed at least 30 percent to the employee(s) and the remainder pursuant to the copyright review procedure.

5. Mediated Courseware.

- a. Self-initiated Mediated Courseware. When employees develop Mediated Courseware without specific direction by the Institution, unless otherwise agreed, the ownership of the courseware shall remain with the employee. Normally, no royalty, rent or other consideration shall be paid to the employee when that Mediated Courseware is used for instruction at the Institution and such Mediated Courseware shall not be used or modified without the consent of the employee. While the Creator is under Institutional employment, the Mediated Courseware shall not be sold, leased, rented or otherwise used in a manner that competes in a substantial way with the for-credit offering of the employee's own Institution unless that transaction has received the approval of the chief academic officer of the Institution. The Institution shall have a perpetual, non-exclusive royalty-free right to use such courseware for archival research purposes. Should approval be granted to offer the course outside of the Institution, the provisions of section 4b of this policy shall apply.
- b. Institution-directed Mediated Courseware. When the Institution directs in an employment contract the creation of a specific Mediated Courseware, the resulting Mediated Courseware belongs to the Institution and the Institution shall have the right to revise it and decide who will utilize the Mediated Courseware in instruction. The Institution may specifically agree to share revenues and control rights with the employee.
- c. Institutions shall develop procedures for reporting the development of Institution-directed Mediated

Courseware to the appropriate administrator at the Institution.

6. Copyrightable Software.

Unless a separate written agreement provides otherwise, software created by employees within the scope of their employment and not covered under Mediated Courseware in section 5 of this policy shall be treated as a Work for Hire, owned by the Institution and commercialized pursuant to the General Patent Policy, with the employee(s) getting a minimum of 30 percent of the net royalties and fees.

7. Student Work.

a. The ownership of copyrights in student Work is governed by the following:

1. Copyright ownership of student Work that is performed in whole or in part by the student with financial support in the form of wages, salaries, stipend, or grants from funds administered by the Institution shall be determined in accordance with the terms of the support agreement, or in the absence of such terms, shall become the property of the Institution.
2. Copyright ownership of student Work generated by research performed in whole or in part utilizing equipment or facilities provided by the Institution under conditions that impose copyright restrictions shall be determined in accordance with such restrictions.
3. Students will own the copyrights to their Work not within the provisions of (1) and (2) above; however, a student must, as a condition to a degree award, grant royalty-free permission to the Institution to reproduce and publicly distribute, including by electronic means, copies of the student's Work.
4. Where there is Significant Use of Institution Resources, copyright ownership shall be determined under section 4b of this policy.

b. Ownership of student Inventions shall be governed by the Patent Policy in section 3 of this policy.

8. General Trademark Policy

Each Institution may develop a Trademark policy that provides for the protection of the Trademarks and Service Marks of the Institution.

9. Institutional Procedures. Each Institution shall adopt procedures implementing this policy that include:

- a. Procedures for required disclosure of Intellectual Property;
- b. Procedures for review, evaluation, and protection of Intellectual Property;
- c. Rules governing distribution of net royalties or fees;
- d. A process for resolving disputes; and
- e. A process for informing faculty, staff, and students of the rights and responsibilities of Intellectual Property.

10. Transfer of Rights

- a. Institutions may assign or transfer ownership rights in Intellectual Property to independent foundations created for the purpose of obtaining or administering and marketing Institution

Intellectual Property, receiving gifts, or supporting or promoting the Institution or Institution research.

- b. It is the responsibility of employees to ensure that the terms of their consulting agreements with third parties do not conflict with their commitments to the Institution. Each employee shall make the nature of the employee's obligations to the Institution clear to any third party for whom the employee expects to consult. Specifically, the scope of the consulting services must be distinguished from the scope of research commitments to the Institution.

History:

Replaces the current 611.2. New policy. SBHE Minutes, April 24-25, 1989, page 5812.
Amendment SBHE Minutes, June 20-21, 2002.

NORTH DAKOTA STATE BOARD OF HIGHER EDUCATION

POLICY MANUAL

SUBJECT: PERSONNEL

EFFECTIVE: June 20, 2002

Section: 611.2 Employee Responsibility and Activities: Intellectual Property

1. General Principles

- ~~a.~~ The primary purposes of this policy are to encourage The North Dakota State Board of Higher Education (Board) encourages and promote promotes research and scholarship based on the traditional principles of the academic profession. These products may constitute Intellectual Property that could be of financial benefit to the individuals involved and the Institution. This policy establishes guidelines to support faculty, staff, and students, in identifying, protecting and administering Intellectual Property and defining the rights and responsibilities of all involved. This policy governs unless a policy on specific Intellectual Property provides a different rule. Some creative endeavors, discoveries, advancements, and innovative approaches have the potential to be utilized outside of the North Dakota University System. Through this policy, the Board seeks to execute a synergistic model of education, research, outreach, service, and economic development to accomplish a greater good.
- ~~b.~~ This policy establishes guidelines to support faculty, staff, and students in identifying, protecting and administering Intellectual Property (IP) and defining the rights and responsibilities of all involved. Each institution shall adopt procedures implementing this policy, a process for resolving disputes and a process for informing faculty, staff, and students of their rights and responsibilities related to IP. Each institution may adopt a separate statement of its intellectual property policies provided such statement does not conflict with this policy.
- ~~c.~~ The primary purposes of this policy are to:

 - i. Provide clear guidelines for all involved in the creation, development, management, protection, and dissemination of discoveries and IP.
 - ii. Avoid confusion and provide for an effective, efficient process to achieve positive outcomes for Creators, the Institutions, and society.
 - iii. Recognize, respect, and effectively manage all interests that may emerge with discoveries that have been commercial or other valued outcomes and provide guidance as to which of these interests and outcomes has priority.

- iv. Bring creative output into practical use for the public benefit as quickly and as effectively as possible, in a manner consistent with applicable law and policy.
- v. Facilitate the creation of appropriate public-private partnerships to achieve economic development.
- vi. Encourage a broad array of mutually beneficial relationships with organizations outside the Institutions to enhance creative output of the Institutions – including collaborative research, licensing of IP, and companies specifically formed to commercialize IP created at the Institutions.

2. Definitions

- ~~a. “Author”: Person who creates a Copyrightable Work.~~
- ~~b. “Copyrightable Work or Work”: An original Work of authorship which has been fixed in any tangible medium of expression from which it can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device, such as books, journals, software, computer programs, musical work, dramatic works, videos, multimedia products, sound recordings, pictorial and graphical works, etc. A Work may be the product of a single Author or a group of Authors who have collaborated on a project. A Work is created by an Author.~~
- a. “Creator”: Either an inventor in the context of an Invention, or an Author in the context of a Copyrightable Work. “Creator”: A person who contributes in a significant manner to the development of IP.
- b. “Net Royalties”: Gross revenues, including all royalties, licensing and other fees produced by IP, less the actual, out-of-pocket cost of procuring and maintaining protection for, marketing (at the discretion of the Institution), and enforcing rights in such IP.
- c. ~~“Institution”: The individual colleges and universities and the North Dakota University System. “Institution”: One of the individual colleges or universities of the North Dakota University System.~~
- d. “Intellectual Property” or “IP”: Collectively, all forms any form of property created by the mind including, but not limited to, Inventions, Copyrightable Work, Trademarks, and Tangible Research Property trade secrets, copyrights, trademarks, mask works and any other tangible research result.
- e. “Invention”: A process, method, discovery, device, plant, composition of matter, or other Invention knowhow, or other discovery that reasonably appears to qualify for protection under the United States patent law, whether or not actually patentable (including, but not limited to, utility patent, plant patent, design patent, and Certificate of Plant Variety Protection, etc.); whether or not actually

patentable. An invention may be the product of a single inventor or a group of inventors who have collaborated on a project. This includes patentable software that may also be copyrightable.

- f. ~~“Mediated Courseware:” Teaching aids created and/or deployed electronically. Mediated Courseware may incorporate text, graphics, video, and audio elements. Examples of such materials include, but are not limited to, hypertext modules, simulation software, web sites, and databases containing numbers, images, or text.~~
- g. ~~“Significant Use of University System or Institution Institutional Resources”: Significant Use of Institution Resources means an Author’s use of other employees’ time or Institution facilities or equipment that appreciably increases the Institution’s costs beyond those normally incurred in support of an employee in the Institution. Significant Use does not include the normal use of Institution employees, facilities, or equipment commonly available to faculty, staff, or the public, such as libraries, Internet access, office space, office equipment, computers, and/or office supplies. Unless otherwise agreed, Significant Use also does not include the use of Institutional developmental leave time, so long as it does not appreciably increase the Institution’s costs beyond those normally incurred in support of an employee of the Institution. A Creator’s use of other Institutional employees’ time or Institutional facilities or equipment that appreciably increases the Institution’s costs beyond those normally incurred. Significant Use does not include Creator’s time (including developmental leave) or the normal use of facilities, or equipment commonly available to faculty, staff, or the public, such as libraries, internet access, office space, office equipment, computers, and/or office supplies.~~
- h. ~~“Tangible Research Property”: Tangible items produced in the course of research including, but not limited to, such items as biological materials, engineering drawings, integrated circuit chips, computer databases, prototype devices, circuit diagrams, and equipment. Individual items of Tangible Research Property may be associated with one or more intangible properties, such as Inventions, Copyrightable Work, and Trademarks. An item of Tangible Research Property may be the product of a single Creator or a group of individuals who have collaborated on the project.~~
- i. ~~“Trademark” (including Service Mark): A distinctive word, design, or graphic symbol, or combination word and design, that distinguishes and identifies the goods and services of one party from those of another, such as names or symbols used in conjunction with plant varieties or computer programs, or the Institutional names, logos, or derivatives thereof.~~
- j. ~~“Work For Hire”: Defined pursuant to Federal Copyright Law which includes a Work prepared by an employee within the scope of employment or a Work created pursuant to a written agreement identifying the Work as a Work for Hire.~~

3. General Patent Intellectual Property Policy

- a. ~~The North Dakota State Board of Higher Education strongly encourages the faculty, staff, and others associated with the Institutions under its jurisdiction to seek patents on Inventions as a method of bringing recognition and remuneration to all parties involved. Each institution shall establish a “patent review procedure” to define the Institution’s processing of such Inventions or discoveries, consistent with Board policy. The inventor(s) shall submit to the Institution the conception and/or reduction to practice of all potentially patentable discoveries prior to public “enabling” disclosure pursuit of formal protection and/or commercialization of all IP as a method of bringing recognition and/or remuneration to Creators and the Institutions.~~
- b. ~~A patentable discovery may arise from the development of a new and useful process, device or apparatus, article of manufacture, composition of matter (including chemical compounds, microorganisms, and the like), plant, or related improvement, or a new use for a known material or device. A public “enabling” disclosure is one which will enable others in the same or a related field to fully understand and practice the Invention. The Institutional “patent review procedure” shall assure provisions of guidelines to the inventor(s) in defining what constitutes a public “enabling” disclosure. Each Institution shall have title to all IP which is the result of any work, research or investigation conducted in the course of employment or other obligation to the Institution, except as otherwise specifically set forth herein and subject to restrictions arising from overriding obligations of the Institution. Upon employment and as otherwise necessary, all employees of an Institution are required to execute a written assignment of Inventions to the Institution.~~
- c. ~~The Institution shall have the right of first refusal to the title of all patentable discoveries derived with the use of facilities, gifts, grants, or contract funds through the university, subject to restrictions arising from the overriding obligations of the Institution pursuant to gifts, grants, contracts, or other agreements with outside organizations. The inventor(s) shall provide all necessary declarations, assignments, or other documents as may be necessary in the course of Invention evaluation, patent prosecution, or protection of patent rights to assure that title in such Inventions shall be held by the Institution or other parties as may be appropriate under the circumstances. Each Institution shall establish Intellectual Property procedures as a guide for determining, clarifying, and/or preserving ownership of IP and that provide for the disclosure, review, and evaluation, of IP. Such procedures shall at a minimum require:~~
 - i. The Creator’s timely, written disclosure of IP.
 - ii. The Creator’s provision of all necessary declarations, assignments, or other documents as may be necessary.

iii. The Institution's review of the technical and commercial viability and, in the case of Inventions, patentability of the IP within a reasonable period of time.

d. ~~The Institution shall have six months in which to assess the technical and commercial viability and patentability of the discovery in accordance with Institutional procedures. If the Institution judges the discovery not to be patentable, or decides not to pursue a patent, and in the absence of over-riding obligations to outside sponsors of the discovery, all rights will revert to the inventor. In no instance, and regardless of ownership of the patent, may the Institution's name be used in connection with the marketing of the Invention. If at any time an Institution decides not to pursue, or to discontinue its protection and commercialization of any IP, and in the absence of any overriding obligations, the Institution may release its rights in such IP to the Creator(s). However, in no instances may the Creator(s) use the Institution's name in connection with their subsequent development, use or marketing of the IP. An Institution may require that Creator(s) reimburse the Institution for out-of-pocket costs actually incurred in pursuing patent protection on IP released pursuant to this paragraph.~~

~~i. Subject to restrictions arising from overriding obligations of the Institution pursuant to gifts, grants, contracts, or other agreements with outside organizations, the Institution agrees, for and in consideration of the assignment of patent rights, to pay annually to the named inventor(s), or to the inventor(s)' heirs, successors, or assigns, a minimum of 30 percent of the net royalties and fees received by the Institution. Net royalties are defined as gross royalties and fees less the expenses incurred by the Institution in conducting the research and in procuring, protecting, preserving, maintaining, and licensing the patent and related property rights, and such other costs, taxes, or reimbursements as may be necessary or required by law.~~

~~ii. (2) When there are two or more inventors, each inventor shall share equally in the inventor's share of royalties, unless all inventors have agreed in writing to a different distribution of such share. The Institution will have final authority over any agreement purporting to share rights and/or royalties between participating parties.~~

~~iii. (3) In addition to the inventor(s) share, the net royalties shall be disbursed by negotiated agreement with allocations to the originating department, the originating college/school, and the Institution. In the disposition of any net royalty income accruing to Institutional parties, other than the inventor(s), support of research shall receive first consideration. The "patent review procedure" shall outline the negotiation and distribution mechanism at each Institution.~~

~~iv. (4) The provisions of this section apply to plant variety protection unless inconsistent with Institution policy.~~

- e. Subject to any overriding obligations, the Creator, or the Creator's heirs, successors, or assigns, shall be entitled to a minimum of thirty percent of the Net Royalties received by the Institution from the IP. Each Institution's Intellectual Property procedures should allocate remaining Net Royalties between the originating department, the originating college/school, and/or the Institution to be utilized principally in support of research.
- f. When there are two or more Creators, each Creator shall share equally in the Creator's share of royalties, unless all Creators have agreed in writing to a different distribution of such share. The Institution will have final authority over any agreement purporting to share rights and/or royalties between participating parties.

4. General-Copyright-Policy

- a. Except as otherwise explicitly provided under this policy or applicable law, an employee who creates a Work retains copyright ownership of the Work. If there has been Significant Use of University System or Institutional Resources, the provisions of section 4B of this policy shall apply. Each Institution's Intellectual Property procedures shall provide for the disclosure, review, and evaluation of original works of authorship, and for the protection and commercialization of copyrights owned by the Institution. Copyrightable works, such as software, that are also Inventions shall be governed by the General Intellectual Property Policy.
- b. If there has been Significant Use of Institutional Resources, as defined in section 2 of this policy, to create a Copyrightable Work, the ownership of which is vested in the individual employee, the Institution shall be reimbursed out of the royalties, in accord with an agreement between the employee and the Institution, up to that amount that constitutes the Institution's Significant Use. The Institution shall be reimbursed for the Significant Use of any facilities, personnel or resources, except those considered part of the normal academic environment including library facilities. An Institution shall own copyright in any scholarly works prepared by its employee(s) at the specific direction of the Institution, as well as any non-scholarly works which are within the employee's scope of employment.
 - i. An employee shall report such work in accordance with the requirements of the General Intellectual Property Policy.
 - ii. Net Royalties received as a result of copyright ownership by the Institution will be disbursed in accordance with the General Intellectual Property Policy.
- c. If employees are employed or commissioned by the Institution or agencies of the Institution for the creation of Work, or if by prior agreement they are assigned to produce or develop Work in the course of their regular duties, and if such Work is deemed appropriate for copyright, it must be reported to the Institution pursuant to its copyright review procedure. In such instances the Institution shall have the

~~first option to secure copyright in the name of the Institution. Should the Institution decide, in writing, it would not be appropriate to secure copyright, the employee then may proceed to personally secure the copyright. Institution employee(s) shall be entitled to ownership in scholarly works which are prepared within the scope of employment but not at the specific direction of the Institution.~~

- ~~i. An Institution shall relinquish any copyright ownership in any scholarly work that arises by operation of law and if necessary, shall execute assignments conveying such copyright ownership to employee(s). The Institution shall retain a perpetual, non-exclusive, worldwide, royalty-free license to use the copyrightable work for teaching, educational, archival, and research purposes. This provision shall not apply to companion works which enable, or are incidental to or necessary for the practice of, an Invention owned by the Institution under this policy.~~
- ~~ii. In the event that an employee has made a Significant Use of Institutional Resources in the creation of a scholarly work, the employee shall reimburse the Institution for the value of such use.~~
- ~~iii. Institution employees shall not sell, lease, rent or otherwise use any of their scholarly works, including textbooks and other courseware, either printed or electronic, in any manner that competes in a substantial way with the for-credit offering of their own Institution unless that transaction has received the approval of the chief academic officer of the Institution.~~

- ~~d. Royalties received as a result of copyright ownership by the Institution will be disbursed at least 30 percent to the employee(s) and the remainder pursuant to the copyright review procedure.~~

5. Mediated Courseware Trademark

- ~~a. Self initiated Mediated Courseware. When employees develop Mediated Courseware without specific direction by the Institution, unless otherwise agreed, the ownership of the courseware shall remain with the employee. Normally, no royalty, rent or other consideration shall be paid to the employee when that Mediated Courseware is used for instruction at the Institution and such Mediated Courseware shall not be used or modified without the consent of the employee. While the Creator is under Institutional employment, the Mediated Courseware shall not be sold, leased, rented or otherwise used in a manner that competes in a substantial way with the for credit offering of the employee's own Institution unless that transaction has received the approval of the chief academic officer of the Institution. The Institution shall have a perpetual, non-exclusive royalty free right to use such courseware for archival research purposes. Should approval be granted to offer the course outside of the Institution, the provisions of section 4b of this policy shall apply.~~
- ~~b. Institution directed Mediated Courseware. When the Institution directs in an employment contract the creation of a specific Mediated Courseware, the~~

~~resulting Mediated Courseware belongs to the Institution and the Institution shall have the right to revise it and decide who will utilize the Mediated Courseware in instruction. The Institution may specifically agree to share revenues and control rights with the employee.~~

~~e. Institutions shall develop procedures for reporting the development of Institution-directed Mediated Courseware to the appropriate administrator at the Institution. Each Institution's Intellectual Property procedures shall provide for the identification and protection of the trademarks and service marks of the Institution, provided that commercialization and licensing activities may be delegated by contract to one or more third parties.~~

6. ~~Copyrightable Software~~

~~Unless a separate written agreement provides otherwise, software created by employees within the scope of their employment and not covered under Mediated Courseware in section 5 of this policy shall be treated as a Work for Hire, owned by the Institution and commercialized pursuant to the General Patent Policy, with the employee(s) getting a minimum of 30 percent of the net royalties and fees.~~

6. ~~Student Work~~ Student Intellectual Property Policy

~~a. The ownership of copyrights in student Work is governed by the following:~~

- ~~i. Copyright ownership of student Work that is performed in whole or in part by the student with financial support in the form of wages, salaries, stipend, or grants from funds administered by the Institution shall be determined in accordance with the terms of the support agreement, or in the absence of such terms, shall become the property of the Institution.~~
- ~~ii. Copyright ownership of student Work generated by research performed in whole or in part utilizing equipment or facilities provided by the Institution under conditions that impose copyright restrictions shall be determined in accordance with such restrictions.~~
- ~~iii. Students will own the copyrights to their Work not within the provisions of (1) and (2) above; however, a student must, as a condition to a degree award, grant royalty free permission to the Institution to reproduce and publicly distribute, including by electronic means, copies of the student's Work~~
- ~~iv. Where there is Significant Use of Institution Resources, copyright ownership shall be determined under section 4b of this policy.~~

~~b. Ownership of student Inventions shall be governed by the Patent Policy in section 3 of this policy.~~

a. Any IP developed by a student shall be governed in accordance with this section.

b. An Institution shall not claim any rights to, or any ownership interest in, IP developed by a student as long as:

- i. the student did not receive any financial support from the Institution in the form of wages, salary, stipend, or grant funds for the research which led to the development of the IP;
 - ii. the Institution is not contractually obligated to make such claim;
 - iii. the IP was developed neither in cooperation with an Institution's employee(s), nor as part of a cumulative classroom project utilizing Institution resources.
 - iv. the IP was developed without the Significant Use of Institutional Resources;
 - v. the IP was not a companion work that enabled, or was incidental to or necessary for the practice of, an Invention owned by the Institution under this policy and
 - vi. the student was not assigned or agreed to assign the IP to the Institution.
- c. In the event that at least one of the above conditions is not met, the student shall be considered a Creator and the IP shall be governed by the General Intellectual Property Policy.
 - d. Each Institution may require, as a condition of study or a degree award, students to grant to the Institution at least limited rights in student IP.

~~8. General Trademark Policy~~

~~Each Institution may develop a Trademark policy that provides for the protection of the Trademarks and Service Marks of the Institution.~~

~~9. Institutional Procedures. Each Institution shall adopt procedures implementing this policy that include:~~

- ~~a. Procedures for required disclosure of Intellectual Property;~~
- ~~b. Procedures for review, evaluation, and protection of Intellectual Property;~~

- ~~e. Rules governing distribution of net royalties or fees;~~
- ~~d. A process for resolving disputes; and~~
- ~~e. A process for informing faculty, staff, and students of the rights and responsibilities of Intellectual Property. ———~~

~~10. ——— Transfer of Rights~~

- ~~a. Institutions may assign or transfer ownership rights in Intellectual Property to independent foundations created for the purpose of obtaining or administering and marketing Institution Intellectual Property, receiving gifts, or supporting or promoting the Institution or Institution research.~~
- ~~b. It is the responsibility of employees to ensure that the terms of their consulting agreements with third parties do not conflict with their commitments to the Institution. Each employee shall make the nature of the employee's obligations to the Institution clear to any third party for whom the employee expects to consult. Specifically, the scope of the consulting services must be distinguished from the scope of research commitments to the Institution.~~

7. Other

- a. Independent Foundation. An Institution may assign or transfer ownership rights in Intellectual Property to an independent foundation created for the purpose of obtaining or administering and marketing the Institution's Intellectual Property, receiving gifts, or supporting or promoting the Institution or its research. Such assignment or transfer shall be in writing and signed by the President of the Institution or his or her designee. Institutions may require as a condition of such assignment periodic reporting as to the administration, marketing, and commercialization of Intellectual Property assigned pursuant to this paragraph.
- b. Employee Consulting/Developmental Leave. It is the responsibility of Institution employees to ensure that the terms of their consulting agreements with third parties or the conditions of developmental leave do not conflict with this or any other Board or Institutional policy.

HISTORY: Replaces the current 611.2. New Policy. SBHE Minutes, April 24-25, 1989, page 5812.
Amendment SBHE Minutes, June 20-21, 2002.

SUBJECT: 600s: Personnel

EFFECTIVE: April 18, 2002

Section: 611.6 Employee Responsibility and Activities: Confidential Proprietary Information

1. Pursuant to N.D.C.C. section 44-04-18.4, trade secret, proprietary, commercial and financial information is confidential and not subject to the state's open records law if it is of a privileged nature and has not been previously publicly disclosed. Institutions shall adopt necessary policies or procedures to protect confidential information, including such information received or generated in connection with grants or contracts. The existence of a confidential grant, contract or proposal and nonconfidential grant or contract terms, the name of the funding entity, or the general nature of the research shall not be proprietary or confidential.
2. No policy shall limit or affect the applicability or implementation of any rule or regulation of the State Health Department.
3. Confidential information shall be identified by the sponsor as such at the time of disclosure to the institution. Such information shall not mean: (1) information already in the public domain at the time of disclosure; (2) information rightfully received by the institution from a third party without obligation of confidence; (3) information publicly disclosed either prior to or subsequent to the institution's receipt of such information by the sponsor or a third party; or (4) information which the institution can demonstrate to have been known prior to receipt from the sponsor.
4. Institution policies shall allow the free dissemination of data from knowledge creation efforts while maintaining confidential information and preserving the intellectual property rights resulting from such programs. The right to publish the results derived from research and development programs shall be vested at all times in the institution, its faculty, staff, or students.

However, the sponsor may request: (1) a limited time period in which the sponsor may examine potential publications to provide advisory comments and to identify its proprietary information; and (2) a time period in which public "enabling" disclosures of research results or discoveries should be withheld to allow the preservation of intellectual property rights. Other restrictions may apply within the context of local institutional policy and state law.

Statutory References: N.D.C.C. Section 15-10-17(17); N.D.C.C. Section 44-04-18.4

History:

New policy. SBHE Minutes, February 9-10, 1989, page 5790.

Amendment SBHE Minutes, November 4, 1993, page 6403.

Amendment SBHE Minutes, January 15, 1998, page 6823.

Amendment SBHE Minutes, April 18, 2002.