Virginia Polytechnic Institute and State University

Intellectual Property Committee Meeting

September 17, 2014, 12:00-1:00p.m.

325 Burruss Hall

FULL COMMITTEE

The Intellectual Property Committee (IPC) met on September 17, 2014.

The following members were present: Justin Barone, Steve Capaldo, Laurie Coble, Mark Coburn, Srinath Ekkad (chair), Willard Eyestone, Joseph Falkingham, Kay Heidbreder, Brook Kennedy (for Ed Dorsa), Barbara Lockee, Gerald Luttrell, Anna Marion-Bieri, Sarah Mazza, Ken Miller, Peggy Quesenberry, John Rudd (by phone) and Bob Walters. Wendy Vaughn attended and recorded the minutes.

Those members not in attendance: Gail McMillan, Beth Tranter

Call to Order

Srinath Ekkad called the meeting to order at 12:05p.m. Introductions were made around the table.

Comments by Dr. Walters, Vice President for Research. Dr. Walters made mention of the Innovation Ecosystem Committee work. Beth Tranter will be able to give a much more detailed recommendation and actions that are being taken and timeline of completion. Three subcommittees have been formed. SEED funding, Investor Industry and Alumni Engagement, Gateway Services Education and Campus Climate. There is an Innovate@ VT website that is being worked on.

Srinath Ekkad opened by stating the agenda was put together with information from the last Intellectual Property Committee and shared Policy 13000 with the committee due to new members having joined the committee.

Unfinished Business

Private use of public funded buildings. John Rudd joined the meeting via phone to share new information. John began with a little background about the policy and legal issues.

One challenge when dealing with IP negotiations is that Corporate Sponsors and University expansion has been funded with tax exempt bond issues. With that, the university will use 10 percent or less for private use (for profit use). The 10 percent includes such things as snack, soft drinks, etc. The university markets IP, or research project when we do not know if there will be IP or value. There is no way to fairly price, so by definition the IRS would consider this work for hire if we give away the IP upfront at an unknown price. When a situation with a corporation that is interested in securing an IP upfront, there are several options at our disposal. One of the first things that would be looked at is that would there be alternative spaces that could be utilized that are not bond funded. Another alternative would be a non-exclusive royalty-free license, and it is non-exclusive and we can market the product to
the world at large. The university has an exclusive six month period at the end of a project to negotiation a purchase the IP at a fair price. The proceeds after cost would then be split between the university and the investors. Another option is a Technology fee which has been used on a pilot basis within the past six months. Our competitor institutions use this on a routine basis. They believe it would pass the IRS regulations. The price is usually a 10 to 15 percent of the contract value, when the technology fee option is used. Our Legal Counsel has advised that they do not believe that this would pass the IRS regulation, and it has not been tested in the court system yet. When the university uses this option the research is moved into a non-fund bonded basis for IRS regulations. A space survey is used to gather information on usage to building managers.

One question was asked about space at the Corporate Research Center and how it falls into the discussion. Kay Heidbreder stated it depends on the building. Some buildings are funded through tax exempt bonds, others are not. If it is a foundation owned building a different rule is applied, which is 5 percent of the space if on a tax exempt bond. Some are constructed with regular taxable bonds, and those building are 10 percent.

A question was raised regarding faculty and student who would like to start a corporation of their own. If the faculty/student corporation would like to rent the original space where the research began due to there are no resources to rent space. Is there a policy on campus to do this? How would this handled?

There is a university policy 5240, if read closely the policy is restricted to university related corporations such as VTARC or the Foundation. Kay Heidbreder commented that state law regulates what the university can do with our facilities. When the university starts leasing out the space, the state looks at this as we do not need the additional space and could affect future capital construction programs.

A company could be formed and sponsor research in that space, however a conflict of interest mitigation plan would need to be in place.

**Undergraduate Intellectual Property**

Anna-Marion Bieri spoke briefly on an article that was shared with the committee. She along with Derick Maggard tried to address questions on student intellectual property. Anna briefly went over the article in general in regards to undergraduate IP. In the interest of time, she and Derick will attend a future meeting and go more in depth on the policy.

Srinath Ekkad asked the committee what future topics they would be interested in addressing. One goal is to come up with a new policy to address areas of problems and solutions to current IP. Kay Heidbreder mentioned that their office would put together information on state law in regards to intellectual property and pass this out to the committee.

The meeting was adjourned at 1:00p.m.

Respectfully submitted,

Wendy Vaughn

OVPR Support