

Proposed Revised

11.05 – Intellectual Property Management and Commercialization

v030519-2

PART 1: PURPOSE

The IP Office assists NMSU faculty and students throughout the NMSU System to make their greatest scholarly, economic, and social impact through their inventions by the prudent and timely management of intellectual property as described in this rule. This rule implements [RPM 11.05](#) and [RPM 6.10](#) B. 13., establishes IP ownership rights and the processes for IP protection, commercialization and technology transfer.

PART 2: DEFINITIONS

When used in this rule, the following definitions will apply:

- A. **Assignee:** The designated party to whom a right or property is legally transferred. For the purposes of this rule, Assignee refers to Arrowhead Center, Inc. (AHC Inc.), which serves as the university's authorized Assignee for the protection, management and commercialization of University IP.
- B. **Conflict of Interest:** The actual or perceived impairment of the exercise of objective, unbiased judgment regarding a university employee, placing into question whether or not the employee is acting in the best interest of the university or the best interest of the employee or another private third party.
- C. **Copyright:** The intangible property right granted by federal statute to an original work, fixed in a tangible form of expression. Copyright provides the owner with the exclusive right to reproduce a work, to distribute it by sale or otherwise, to display or perform it publicly and to prepare derivative works.
- D. **Copyrightable Materials:** Include the following: (1) books, journal articles, texts, glossaries, bibliographies, study guides, laboratory manuals, syllabi, tests, and proposals; (2) lectures, musical or dramatic compositions, unpublished scripts; (3) films, filmstrips, charts, transparencies, and other visual aids; (4) video and audio tapes or cassettes; (5) live video and audio broadcasts; (6) programmed instructional materials; (7) mask works; (8) research notes, research data reports, and research notebooks; and (9) other materials or works such as Software, Apps, or computer programs which qualify for protection under the Copyright laws of the United States (See 17 U.S.C. 102 et seq.) or other protective statutes whether or not registered thereunder.
- E. **Earnings:** Monetary proceeds received by the university from the sale or licensing of IP (e.g. royalties or other form of payment). Earnings do not include: (1) research or development funding, or (2) reimbursements to the university or its Assignee.
- F. **Elect Title:** A determination that the IP is eligible for patent, and has potential marketability, in addition to a willingness on the part of NMSU to protect and manage the IP through the term of the IP life. The process for electing title includes completion of the requisite documentation by all parties formally allocating the IP rights between the Inventor and NMSU.
- G. **Expenses:** The funds expended or encumbered by NMSU or by its Assignee for the evaluation, protection and management of the IP, including but not limited to: NMSU administrative fees, legal fees, and marketing costs. Expenses do not include costs incurred to develop the invention.

- H. **Individual IP:** Intellectual Property in which the university has no ownership interest. Examples of Individual IP include: IP conceived and developed outside the course and scope of employment, without university resources and without corporate, federal or other sponsorship. Individual IP may also include instructional material, scholarly or artistic work created by academic personnel within the course and scope of their employment, if no more than Limited Permitted Use of NMSU resources are used in its development. (See Part 6, Section A.) Individual IP also includes University IP which the university has released from any claim of ownership. (See Part 6, Sections B. 2. and C. 5.)
- I. **Intellectual Property (IP):** Potential patentable and copyrightable materials, Trademarks, Trade Secrets, and Software whether or not formal protection is sought. IP includes, and is not limited to, books, articles, plays, films, audio and video works, written lectures, works of art, musical compositions, laboratory manuals, demonstration devices, computer programs, apps, inventions, devices, methods, tangible properties and materials, chemical compounds, new materials or processes, instruments, and rights covering these items, such as Patents, Copyrights, and Trademarks.
- J. **Invention:** All original, novel useful processes, machines, compositions, and other scholarly and artistic creations. Invention also encompasses the application of new solutions to meet unexpected or new requirements, unarticulated needs, or actual market demands, which result in more effective products, processes, services, technologies or business models and are thus more readily available to markets, governments and society.
- K. **Invention Disclosure Form (IDF):** A written notice of Invention to the IP Office. An IDF confidentially discloses the Inventor's Invention, whether or not work for hire, so that options for protection and commercialization can be evaluated and pursued.
- L. **Inventor:** The faculty member, student, employee, staff member, or other university personnel who develops an Invention. IP may have more than one Inventor; "Inventor" referred to in the singular throughout this rule also refers to multiple Inventors of one Invention, collectively.
- M. **Know-How:** Expert skill, information, or body of knowledge that imparts an ability to cause a desired result, is not readily available, and is confidentially held. Know-How may include tangible material (such as blueprints, formulas, instructions, patterns, specifications and Trade Secrets) or intangibles (such as manufacturing practices, marketing concepts, quality control and testing techniques) which are not common knowledge.
- N. **Limited Permitted Use:** The use of NMSU resources permitted in connection with the production of instructional materials, scholarly or artistic work, which is limited to the reasonable use of an employee's regularly assigned office or studio space; telephone, computer, printer or similar items used in the normal course of business.
- O. **Net Earnings:** For purposes of calculating the amount to be distributed, is the amount of Earnings remaining after the repayment of all Expenses.
- P. **Patent:** The right granted under federal statute to the owner of an invention that is novel, useful and not of an obvious nature, to exclude others from producing or using the invention for a limited period of time.
- Q. **Patentable Materials:** Includes the following: a process, a machine, a manufacture, or a composition of matter (such as new chemical), a method, operation or series of actions intended to achieve some end or result; a device or apparatus, a thing that is made or built by a human being (or by a machine); a patentable compound of material composed of two or more different substances. Items other than Software which reasonably appear to qualify for protection under the patent laws of the United States (see 35 U.S.C. 101 et seq.) or other protective statutes, including Novel Plant Varieties and Patentable Plants, whether or not patentable thereunder.

- R. **Sponsoring Agency:** An external public or private entity responsible for funding the research and development or other efforts associated with Copyrightable or Patentable Materials.
- S. **Trademark:** Includes all Trademarks, service marks, trade names, seals, symbols, designs, slogans, or logotypes developed by or associated with any NMSU entity. (See 17 U.S.C. 1127) A Trademark is a distinctive symbol, logo, picture, sound or word used to distinguish and identify the origin or description of products. A Trademark may also include distinctive and unique packaging, color combinations, building designs, product styles and overall presentations. A Trademark provides the owner with the exclusive right to use it on the product it was intended to identify and often on related products. Service-marks receive the same legal protection as Trademarks but are meant to distinguish services rather than products.
- T. **Trade Secret:** Information including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers which: (i) derives 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 (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.
- U. **University IP:** Intellectual Property owned by NMSU. Examples of University IP include Works for Hire, unless otherwise excepted by this rule (See Part 6, Section A.); and inventions produced using NMSU resources in excess of Limited Permitted Use.
- V. **Work for Hire:** Intellectual Property created within the Inventor's course and scope of employment with NMSU. A work is a work for hire only if it is prepared by an employee within the scope of employment (as hired to develop); or it is specially ordered or commissioned from an independent contractor pursuant to a written agreement as defined by statutory categories.

PART 3: ROLES AND RESPONSIBILITIES

The following entities are directly involved in IP, commercialization and technology transfer transactions, and are charged with the responsibilities noted:

- A. **Arrowhead Center, Inc.** Arrowhead Center, Inc. (AHC Inc.) is a 501 (c) (3) corporation established by the NMSU Board of Regents, consistent with the University Research Park and Economic Development Act. Among other activities and responsibilities, AHC Inc. is responsible for technology commercialization activities related to University IP.
- B. **Intellectual Property Office (IP Office):** The IP Office is a unit within Arrowhead Center NMSU which protects, manages, and assists with the commercialization of inventions, consistent with this rule.
- C. **Inventor:** An inventor is the source of the innovation that drives the processes under this rule. Each Inventor is required to work through their department head or equivalent and/or vice president or dean with the IP Office to ensure compliance with this rule and laws and regulations applicable to IP development, protection and commercialization. This begins with filing the Invention Disclosure Form and preliminary consultation with the IP Office, signing requisite documents, and other evaluation, protection, and commercialization activities.
- D. **Human Resource Services:** Human Resource Services (HRS) is responsible for assisting the academic and other departments by providing all NMSU employees with a copy of this rule, as it may be amended, upon hire, and for obtaining an acknowledgment in writing that they have received it and that they will abide by it.

- E. Intellectual Property and Commercialization Board:** The Intellectual Property and Commercialization Board (IPAC) was established in March, 2014 by the chancellor. The IPAC consists of NMSU administrators, staff, and researchers from various colleges, offices, and disciplines, and at least one representative from Arrowhead Center, Inc. See List of University Boards and associated Charter. The IPAC is authorized:
1. To make recommendations to the IP Office and vice president for research concerning NMSU IP protection and commercialization issues, including but not limited to IP policy, rules and procedures; budget; and promotion of the IP Office.
 2. To serve as a hearing body to assist in the resolution of grievances on IP topics, disputes and ownership and to issue findings and recommendations to the vice president for research.
 3. After evaluation of the market and commercial potential of disclosed Inventions, the IPAC votes to make a recommendation to the vice president for research on the issue of whether NMSU, through its Assignee, should Elect Title to the disclosed IP. The IPAC may also make other recommendations relating to the pursuit of IP protection and commercialization activities.
- F. Research Administration Services (RAS):** Research Administration Services is responsible for working with faculty, staff, and students in establishing and executing contracts and agreements related to IP and technology commercialization (e.g., non-disclosure agreements [NDAs] and confidentiality agreements [CDAs]). Research Administration Services is also responsible for reviewing and, if necessary, instituting changes to contracts or agreements proposed by external partners in IP and technology commercialization-related activities.
- G. University General Counsel:** University General Counsel is responsible for working with the IP Office and outside patent counsel in the management of NMSU IP, which may involve dispute resolution. University General Counsel is also responsible for processing NMSU Trademark applications and maintaining awarded Trademarks, with the exception of Trademarks affiliated directly with the New Mexico Department of Agriculture and Arrowhead Center, Inc.

PART 4: OVERVIEW OF IP MANAGEMENT

Observations, experiments or other activities by members of the academic university community often lead to Inventions. Some of these Inventions have potential for commercialization. The IP Office assists with the protection, commercialization of these Inventions and their transfer into the marketplace. This happens in six steps, within three primary phases: 1. Research and Disclosure, 2. Evaluation and Protection, and 3. Commercialization and Licensing. New Inventions may go through all phases and steps in the process, or for a variety of reasons, the IP management process may stop, change or end at any step. The following gives a brief overview; see Parts 5-7 for detailed rules/procedures.

A. Research and Disclosure (Phase 1-See Part 5):

1. **Step One:** Consultation with the IP Office: The Inventor, with their department head or equivalent and/or vice president or dean, or with their supervisors' approval, discusses the invention with staff from the IP Office, before public disclosure, to discuss publishing, making public disclosure, IP protection, the technology transfer process, and whether the invention is Work for Hire. Also the parties will consider and discuss preliminary tasks relating to patent eligibility and possibilities for commercialization and to explore options for moving Inventions from campus to market. If other parties will be affected by the potential future distribution of net earnings, they will be included in the conversation before decisions are finalized or action commenced. Public Disclosure of an Invention may jeopardize the ability and eligibility to protect the IP.

2. **Step Two:** Formal Submission of IP: The Inventor submits information about the IP in a legal document called the Invention Disclosure Form (IDF) to the IP Office for evaluation.

B. Evaluation and Protection (Phase 2 – See Part 6):

1. **Step Three:** Determination of IP Ownership: The IP Office evaluates the Invention Disclosure Form and, in consultation with the appropriate dean or equivalent and other party who may be affected by a potential future distribution of net earnings, makes the preliminary determination relating to IP ownership.
2. **Step Four:** Election of Title: The IP Office evaluates the Invention's eligibility for protection, the market potential, and maintains the IP documentation file. The IPAC receives and reviews the IP documentation, hears from the Inventor, and makes a recommendation on Election of Title. The vice president for research considers the IPAC's recommendation, the IP documentation file, position of the Inventor, and issues a written determination indicating whether or not NMSU will Elect Title.
3. **Step Five:** IP Protection: The IP Office takes steps to obtain legal protection and initiates opportunities to commercialize the IP.

C. Commercialization and Licensing (Phase 3 – See Part 7):

1. **Step Six:** Commercialization: The IP Office executes the technology transfer process, manages and administers the legal, financial and business documentation, and distributes Net Earnings generated from commercializing the University IP, when realized.

PART 5: RESEARCH AND DISCLOSURE (PHASE 1)

The first phase of the technology transfer process is Research and Disclosure. This Part addresses what each Inventor must do once it is realized that the Inventor's work has led to an Invention which may require IP protection.

A. Step 1 – Consultation with the IP Office

The first step within the Research and Disclosure phase is for the Inventor, their department head or equivalent and/or vice president or dean and any other party affected by the potential future distribution of net earnings to contact the IP Office. Communication with the IP Office staff is the first step to determining if the research has led to an Invention, with discussion of disclosing the Invention, public disclosures, funding of the research, determining ownership, eligibility for protection and the Inventions commercialization potential.

B. Step 2 – Formal Submission of IP

An Invention Disclosure Form is the written notice of Invention to the IP Office that begins the formal technology transfer process. The Invention Disclosure Form confidentially discloses the Invention in its entirety so that options for protection and commercialization can be evaluated and pursued. Submission of the Invention Disclosure Form, signed by the Inventor and appropriate supervisors, begins the formal process.

1. **Submission of IP:** All University IP must be submitted for evaluation to the IP Office by the Inventor. Any uncertainty about whether IP is University IP should be resolved by submitting the IP for evaluation. Submission should be done using the appropriate form and in accordance with the guidelines posted at www.IP.nmsu.edu. IP Office staff will examine the disclosed materials in a timely manner and respond to Inventor to avoid a delay in publication or disclosure (as appropriate).

2. **Multiple Inventors:** Where multiple inventors have participated in the development of University IP, they each must sign an agreement specifying their relative contributions on a percentage basis. Where individual inventors cannot agree on their relative percentage contributions, the dispute resolution process will be utilized, in order to determine in advance the collective and individual percentages of the IP. (See Part 8)
3. **University Assistance with Individual IP:** Individual IP may be submitted to the IP Office to explore the feasibility of the university assisting with the protection and commercialization of the IP. If the university agrees to provide such assistance, the Inventor must assign their rights in the IP to the university, and such IP will become University IP, and processed in the same manner as any other University IP.

PART 6: EVALUATION AND PROTECTION (PHASE 2)

The second phase of the technology transfer process is Evaluation and Protection. Part 6 addresses determination of ownership rights, Election of Title and initiation of processes to protect the IP.

A. Step 3: Determination of IP Ownership

1. **Factors Relevant to Ownership Determination:** The determination of IP ownership hinges in large part on whether or not the Invention is Work for Hire, falls within the exception to Work for Hire set forth in this subsection, or is Individual IP. To determine this, the terms and conditions of the Inventor's employment, and the extent to which NMSU resources, personnel, or facilities were used in the development of the Invention will be examined. Considerations may also include external funding sources and any agreement related to the creation of the IP. An invention produced as a Work for Hire is University IP, unless it is a Copyrightable Material developed by academic personnel that is an instructional material, or other artistic or scholarly work developed using no more than Limited Permitted Use of NMSU resources, in which case, the invention is not considered a Work for Hire, and will be recognized as Individual IP. (This is referred to as the exception to the Work for Hire rule.) The following is provided as guidance, with additional information and guidance available at the IP Office:
 - a. **University IP:** Except as otherwise provided in this rule, if any one of these three criteria are met, the IP will be University IP:
 - i. The IP was developed during the university employee's regular work hours;
 - ii. The IP was developed with university resources in excess of Limited Permitted Use, or
 - iii. The IP was developed as part of the university employee's job duties for the university.
 - b. **Contract Considerations:**
 - i. **Grants and Contracts:** Ownership of IP developed as a result of projects funded by a contract or grant properly executed by NMSU will be determined in accordance with the terms of the contract or grant.
 - ii. Individual or Third Party IP rights recognized in an agreement executed by the board of regents, the chancellor, or the executive vice president and provost prior to the effective date of this rule will remain in force and effect.
 - iii. Commencing with the effective date of this rule, No agreement purporting to bind the university with regard to IP ownership, including but not limited to grants and consulting agreements, will be valid unless the IP Office has reviewed and provided a recommendation to the vice president for research, who is a signatory to the agreement, along with the proper university official per the chancellor's Signature Authority Table (See [RPM 1.30](#))

- c. Consulting Activities (See Also [ARP 6.92 Faculty Consulting](#) and [ARP 6.91 Staff Consulting](#))
 - i. IP developed by a member of the faculty or by an exempt staff member (1) during that person's approved consulting activities and (2) without the use of university resources beyond the Limited Permitted Use will be Individual IP.
 - d. Instructional Materials:
 - i. Generally, Copyrightable Materials developed with no more than Limited Permitted Use of NMSU resources, for courses offered by NSMU, will be Individual IP.
 - ii. Copyrightable Materials created at the request of the university under a specific contract or for supplemental pay (e.g. development of distance learning courses) will be University IP.
 - e. Student Work:
 - i. Copyrightable or Patentable Materials developed by a student to earn credit in university courses, or otherwise to satisfy university degree requirements, will be Individual IP, unless the cost of development of the materials covered by NMSU substantially exceeds the amount regularly spent assisting students in courses of the same type. In such cases, prior to initiating any effort to promote the creation and prior to incurring Expenses, NMSU will enter into an agreement with the student.
 - ii. IP developed by a student pursuant to research activities performed under a university research contract or grant, or for which the student is compensated by the university (student employment) will be University IP, or may be third party IP as provided by contract or grant.
 - f. Artistic, Literary and Scholarly Works:
 - i. Generally, Copyrightable Materials developed without more than Limited Permitted Use of NMSU resources will be Individual IP. Examples include books, articles, and other publications, works of art, literature and music recordings.
 - ii. Copyrightable Materials developed pursuant to a university research contract or grant, or for which the employee is separately compensated by the university (contract or supplemental employment) will be University IP, or may be third party IP as provided by contract or grant.
 - g. Works for Hire: Works for Hire, unless excepted as described above, will be University IP.
2. Procedures:
- a. The IP Office in consultation with the Inventor and the appropriate supervisors will consider the facts relating to the disclosed IP and render a determination of IP ownership in accordance with this rule. The determination may be contested by any involved party. (See Part 8)
 - b. Once IP ownership has been determined and is not subject to any pending internal grievance or appeal, the parties will execute the appropriate documentation to release claim of ownership consistent with the determination:
 - i. In the case of a determination of Individual IP, NMSU will not assert any claim to the IP, which provides the Inventor full authority to use or dispose of the Individual IP without further university involvement.
 - ii. In the case of a determination of University IP, the Inventor will release any claim to the IP which might be asserted by the Inventor, and will provide NMSU and its Assignee full

authority to use or dispose of the University IP. The Inventor will be involved throughout the technology transfer process to protect and commercialize the IP.

B. Step 4: Election of Title

The eligibility of the Invention for IP protection, the commercial potential of the Invention and whether NMSU will Elect Title to the Invention is also determined within the second phase of the technology transfer process (Evaluation and Protection). The following procedures apply:

1. The IP Office, in coordination with the Inventor, evaluates the eligibility for IP Protection. Inventions that are eligible for protection and have the potential for commercialization will be presented to IPAC for evaluation and recommendation regarding Election of Title.
2. The IP Office and/or the Inventor present the disclosed IP and pertinent facts to the IPAC. The Inventor may excuse, without stating any justification, one member of the IPAC for any reason. If the Inventor or the IP Office believes that any member of the IPAC has an actual conflict of interest, and the Inventor has already excused a member, that issue will be resolved separately. IPAC Board members must be able to serve in an objective and impartial manner, which may involve the recusal of a member with a conflict or the excusal by the vice president for research and replacement of that member with a designee.
3. The IPAC will evaluate the commercial potential of University IP at or after the presentation by the IP Office and Inventor. The IPAC will issue its recommendation to the vice president for research on the issue of whether the university should Elect Title to the University IP.
4. The vice president for research is not bound to the recommendation of the IPAC. The vice president for research issues a written determination indicating whether or not the university will Elect Title, and if the determination is not consistent with the recommendation of the IPAC, explains the basis for the determination.
 - a. If the vice president for research finds that there is adequate potential for commercial application of the technology or finds that there is a potential market for the licensing of the IP, the vice president for research will Elect Title.
 - b. If the vice president for research finds there is not adequate potential for either licensing or commercialization, but an academic college or other NMSU entity support Election of Title based on academic value of the disclosed IP, then the Inventor and the Inventor's Dean or equivalent will contact the IP Office to initiate the process to fund the Election of Title.
5. If the vice president for research determines not to Elect Title, the vice president for research is authorized to release to the Inventor, on behalf of NMSU, any claim that might be asserted by the university to the IP. This does not apply in the instance of federally sponsored research, in which case the university's rights are transferred to the Sponsoring Agency. In such cases, the Inventor may request assignment of rights from the Sponsoring Agency.

C. Step Five: IP Protection or Subsequent Return of the IP

Also within the second phase of the technology transfer process (Evaluation and Protection), NMSU through the IP Office will protect the IP. There are several manners in which IP can be protected including but not limited to the application of Patents, Copyrights, Trademarks, and Trade Secrets through protection granting agencies such as the United States Patent and Trademark Office and the United States Copyright Office.

1. **Formal Assignment by Inventor:** The Inventor will retain authorship or inventor rights, which will be recognized on the patent or copyright, but must assign ownership rights to the University IP to NMSU and its Assignee as part of protection and commercialization processes. The Inventor will execute an assignment document provided by the IP Office to protect the IP, and will cooperate in

all matters relating to the IP so that the university or its Assignee is able to pursue legal protection, technology transfer and commercialization.

2. Return by NMSU to Inventor of the Elected IP: If at least two (2) years have passed from the date the university determined it would Elect Title, or the university or its Assignee, along with the Inventor has not been successful in reaching its goals, or is not willing to expend the resources necessary to protect and commercialize the IP, then the Invention may be released to the Inventor(s) (and becomes Individual IP).
 - a. An Inventor interested in protecting and commercializing the Invention, may engage in an agreement with the university for release of ownership rights and any financial obligations associated with the IP.
 - b. The Inventor may request that the university and its Assignee return their rights in such IP to the Inventor.
 - i. Such requests must be submitted in writing to the vice president for research and the IP Office.
 - ii. If the university and its Assignee have no plans to commercialize, the vice president for research will relinquish the university's claim and assign its rights in such IP to the Inventor or Sponsoring Agency.
 - iii. If the university or its Assignee can demonstrate progress with pursuing legal protection and/or commercialization, such request may be denied, or an agreement may be reached relating to reimbursement of the university for its Expenses prior to relinquishing its claim.

PART 7: COMMERCIALIZATION AND LICENSING; DISTRIBUTION OF EARNINGS (PHASE 3)

A. Step 6: Commercialize

1. The move to establish a new company or work with an existing business is a joint decision made by the IP Office and the Inventor.
2. The IP Office will manage and administer the associated legal, financial and business aspects relating to IP protection, commercialization and technology transfer for current, non-expired IP protected Inventions.
3. The IP Offices utilizes a variety of sources and strategies to identify potential licensees and commercialize Inventions. Sometimes existing relationships of the Inventor, other researchers, and IP Office staff are useful in commercializing an Invention. Inventor active involvement dramatically improves the chances of matching an Invention to an outside company.
4. The process of commercialization may begin with a license agreement that protects NMSU's rights to ownership and enables a third party to bring the Invention to the public.
5. Distribution of Net Earnings: Net Earnings received from the terms of a license or other agreement will be distributed to the Inventor and to the University as follows:
 - a. Earnings will first be used for recovery of all Expenses incurred by the university or its Assignee to protect, manage, and commercialize the IP (including legal, management and marketing fees and any grant awarded to the Inventor for development of their IP).
 - b. Net Earnings when realized will be used to repay direct costs incurred by the Inventor for producing the material under any material transfer agreement.
 - c. Net Earnings will be distributed as follows: the Inventor will (collectively) receive fifty percent (50%) of Net Earnings and the university will receive 50%.

- d. The Net Earnings received by the university will be further distributed with 33.3% assigned to the Inventor's college or appropriate division, 33.3% to the Inventor's department, or appropriate division; and 33.3 % to the Office of the Vice President for Research.
- e. Where more than one inventor contributed to the development of the IP, the Inventor's share (50%) of the Net Earnings will be distributed to each individual inventor according to their relative percentage contribution to the development of the IP, as previously established.
- f. Where IP was developed with contributions from individual inventors from more than one college, division, or department, the portion of the college and department shares set forth above will be further divided in proportion to the respective individual inventor's relative percentage contribution.

PART 8: DISPUTE RESOLUTION

The following section establishes the process by which disputes relating to intellectual property rights or ownership at NMSU will be resolved.

- A. **Dispute Resolution Process:** Any party with a claim or complaint relating to IP management must utilize this rule's dispute resolution process. The IPAC will convene to hear parties' complaints as provided in this rule. Examples of types of issues which may be submitted to it include but are not limited to: ownership rights, distribution of funds, and decisions about the pursuit or non-pursuit of legal protection or commercialization.
- B. **Initiation of Complaint:** A Complaint Resolution Request form must be completed and turned in to the IP Office. The form must provide the reason for the request, the name of requestor, the details of complaint and requested resolution. A copy of the Complaint must also be sent by the complainant to the employee's dean or equivalent or to the student's supervising faculty, as appropriate.
- C. **Administrative Hearing:** The IPAC serves as the official hearing body, which hears from the parties, reviews the evidence presented and assertions made by the parties, and renders findings and recommendations to the vice president for research. Consistent with this rule, the IPAC may establish additional procedures to more specifically address mediation and/or hearing procedures for the orderly presentation and resolution of matters brought to it. When the IPAC convenes a dispute resolution hearing, the follow procedures will apply:
 1. The IPAC chair will provide the parties at least ten business days' notice of the hearing date and time, and members of the hearing panel by name and job position or role in the university community. Each complainant must be given an opportunity to excuse a member from the hearing panel, for cause or no cause. Should a complainant believe there remains a conflict of interest on the part of any remaining member of the IPAC, the provisions of No. 4 below will apply.
 2. The IPAC will conduct an informal hearing within 30 business days (unless this time limit is extended by the IPAC, with notice to the parties) from the date the request for a hearing is submitted by the aggrieved party. The hearing will be audio- recorded.
 3. The IPAC will review the documentation or other evidence provided by each party, convene a hearing to allow the parties to present, and render written factual findings and separate recommendations, if any.
 4. The IPAC will conduct a fair hearing, which includes resolution of ethical issues which might be raised concerning a member of the IPAC. Such issues (e.g., conflict of interest on the part of a member of the IPAC) should be raised and resolved prior to the hearing or as soon as it is brought to the IPAC's attention. In the event of an actual or perceived conflict, the affected IPAC member will recuse him or herself. If the IPAC member will not voluntarily recuse, the IPAC will hear

from all parties and the member accused of the conflict, and vote regarding whether or not the IPAC reasonably could serve impartially and fairly in the matter at issue.

5. The IPAC will follow any additional hearing procedures it may adopt, and maintain order during the hearing process. In the absence of any additional written procedures to this rule, the chair will maintain order. Procedural questions raised by any participant will be decided by the IPAC after hearing the position of each party on the issue in contention, discussion and deliberation amongst the IPAC members. The IPAC may meet apart from the parties to deliberate on the procedural question and may consult by phone with General Counsel. The decision on the procedural question will be decided by a vote of the IPAC after re-convening the hearing with all parties.
 6. The hearing will be audio-recorded; the audio recording becomes part of the dispute resolution record, along with the complaint resolution request; position statement from respondent, if any; other documentation or evidence tendered by the parties for the IPAC's consideration; and the findings and recommendations by the IPAC. The IPAC will not consider evidence outside of the hearing. Trade Secret or other confidential proprietary information or other disclosed IP which merits heightened protection from public disclosure will be labeled as such in the record.
 7. To ensure impartiality, the IPAC members must not communicate with either party or associated supervisor before or at the hearing unless through the chair and with both parties present.
 8. The IPAC members are expected to respect the privacy of the parties, and the confidentiality of the disclosed IP, and will not discuss the matters in dispute with third parties, except for university officials with a legitimate need to know. The parties and their supervisors are subject to these same requirements.
 9. Absent the need for a time extension being required for extenuating circumstances, with notice to the parties, the IPAC's findings and recommendations will be provided to the vice president for research within 15 business days from the date of the hearing.
- D. **Issuance of Determination:** The vice president for research will review the findings and recommendations, the record from the hearing, and issue a decision to the parties, with a copy to the University General Counsel. The decision will inform the parties of their right to appeal the decision to the Office of the Chancellor within ten business days from receipt of the decision.
- E. **Right to Appeal; Appeal Procedures and Final Decision:** The decision of the vice president for research may be appealed by either party. A written request for appeal, attaching a document outlining the basis for the appeal, must be submitted to the Office of the Chancellor, with a copy to all parties, the vice president for research and the University General Counsel, within ten business days from receipt of the decision. Any party may submit a response to the appeal document within ten business days from receipt of the copy of the request for appeal. The chancellor's review will be based on the written and audio recorded record, the argument of the parties contained in the written submissions. A final decision will be within thirty business days from date the Office of the Chancellor received the responses to the appeal and the record (to be provided by the IPAC chair), whichever is later, which time deadline may be extended based on scheduling or other circumstances, with notice to the parties.

Proposed Revised

11.05 – Intellectual Property Management and Commercialization

v030319-2

PART 1: PURPOSE

The IP Office assists NMSU faculty and students throughout the NMSU System to make their greatest scholarly, economic, and social impact through their inventions by the prudent and timely management of intellectual property as described in this rule. This rule implements [RPM 11.05](#) and [RPM 6.10](#) B. 13., establishes IP ownership rights and the processes for IP protection, commercialization and technology transfer.

PART 2: DEFINITIONS

When used in this rule, the following definitions will apply:

- A. **Assignee:** The designated party to whom a right or property is legally transferred. For the purposes of this rule, Assignee refers to Arrowhead Center, Inc. (AHC Inc.), which serves as the university's authorized Assignee for the protection, management and commercialization of University IP.
- B. **Conflict of Interest:** The actual or perceived impairment of the exercise of objective, unbiased judgment regarding a university employee, placing into question whether or not the employee is acting in the best interest of the university or the best interest of the employee or another private third party.
- C. **Copyright:** The intangible property right granted by federal statute to an original work, fixed in a tangible form of expression. Copyright provides the owner with the exclusive right to reproduce a work, to distribute it by sale or otherwise, to display or perform it publicly and to prepare derivative works.
- D. **Copyrightable Materials:** Include the following: (1) books, journal articles, texts, glossaries, bibliographies, study guides, laboratory manuals, syllabi, tests, and proposals; (2) lectures, musical or dramatic compositions, unpublished scripts; (3) films, filmstrips, charts, transparencies, and other visual aids; (4) video and audio tapes or cassettes; (5) live video and audio broadcasts; (6) programmed instructional materials; (7) mask works; (8) research notes, research data reports, and research notebooks; and (9) other materials or works such as Software, Apps, or computer programs which qualify for protection under the Copyright laws of the United States (See 17 U.S.C. 102 et seq.) or other protective statutes whether or not registered thereunder.
- E. **Earnings:** Monetary proceeds received by the university from the sale or licensing of IP (e.g. royalties or other form of payment). Earnings do not include: (1) research or development funding, or (2) reimbursements to the university or its Assignee.
- F. **Elect Title:** A determination that the IP is eligible for patent, and has potential marketability, in addition to a willingness on the part of NMSU to protect and manage the IP through the term of the IP life. The process for electing title includes completion of the requisite documentation by all parties formally allocating the IP rights between the Inventor and NMSU.
- G. **Expenses:** The funds expended or encumbered by NMSU or by its Assignee for the evaluation, protection and management of the IP, including but not limited to: NMSU administrative fees, legal fees, and marketing costs. Expenses do not include costs incurred to develop the invention.
- H. **Individual IP:** Intellectual Property in which the university has no ownership interest. Examples of Individual IP include: ~~Individual IP is that~~ conceived and developed outside the course and scope of employment, without university resources and without corporate, federal or other

sponsorship. Individual IP may also include instructional material, scholarly or artistic work created by academic personnel within the course and scope of their employment, if no more than Limited Permitted Use of NMSU resources are used in its development. (See Part 6, Section A.) Individual IP also includes University IP, which the university has released from any claim of ownership. (See Part 6, Sections B. 2. and C. 5.)

- I. **Intellectual Property (IP):** Potential patentable and copyrightable materials, Trademarks, Trade Secrets, and Software whether or not formal protection is sought. IP includes, and is not limited to, books, articles, plays, films, audio and video works, written lectures, works of art, musical compositions, laboratory manuals, demonstration devices, computer programs, apps, inventions, devices, methods, tangible properties and materials, chemical compounds, new materials or processes, instruments, and rights covering these items, such as Patents, Copyrights, and Trademarks.
- J. **Invention:** All original, novel useful processes, machines, compositions, and other scholarly and artistic creations. Invention also encompasses the application of new solutions to meet unexpected or new requirements, unarticulated needs, or actual market demands, which result in more effective products, processes, services, technologies or business models and are thus more readily available to markets, governments and society.
- K. **Invention Disclosure Form (IDF):** A written notice of Invention to the IP Office. An IDF confidentially discloses the Inventor's Invention, whether or not work for hire, so that options for protection and commercialization can be evaluated and pursued.
- L. **Inventor:** The faculty member, student, employee, staff member, or other university personnel who develops an Invention. IP may have more than one Inventor; "Inventor" referred to in the singular throughout this rule also refers to multiple Inventors of one Invention, collectively.
- M. **Know-How:** Expert skill, information, or body of knowledge that imparts an ability to cause a desired result, is not readily available, and is confidentially held. Know-How may include tangible material (such as blueprints, formulas, instructions, patterns, specifications and Trade Secrets) or intangibles (such as manufacturing practices, marketing concepts, quality control and testing techniques) which are not common knowledge.
- N. **Limited Permitted Use:** The use of NMSU resources permitted in connection with the production of instructional materials, scholarly or artistic work, which is limited to the reasonable use of an employee's regularly assigned office or studio space; telephone, computer, printer or similar items used in the normal course of business to produce work for NMSU.
- O. **Net Earnings:** For purposes of calculating the amount to be distributed, is the amount of Earnings remaining after the repayment of all Expenses.
- P. **Patent:** The right granted under federal statute to the owner of an invention that is novel, useful and not of an obvious nature, to exclude others from producing or using the invention for a limited period of time.
- Q. **Patentable Materials:** Includes the following: a process, a machine, a manufacture, or a composition of matter (such as new chemical), a method, operation or series of actions intended to achieve some end or result; a device or apparatus, a thing that is made or built by a human being (or by a machine); a patentable compound of material composed of two or more different substances. Items other than Software which reasonably appear to qualify for protection under the patent laws of the United States (see 35 U.S.C. 101 et seq.) or other protective statutes, including Novel Plant Varieties and Patentable Plants, whether or not patentable thereunder.
- R. **Sponsoring Agency:** An external public or private entity responsible for funding the research and development or other efforts associated with Copyrightable or Patentable Materials.

- S. **Trademark:** Includes all Trademarks, service marks, trade names, seals, symbols, designs, slogans, or logotypes developed by or associated with any NMSU entity. (See 17 U.S.C. 1127) A Trademark is a distinctive symbol, logo, picture, sound or word used to distinguish and identify the origin or description of products. A Trademark may also include distinctive and unique packaging, color combinations, building designs, product styles and overall presentations. A Trademark provides the owner with the exclusive right to use it on the product it was intended to identify and often on related products. Service-marks receive the same legal protection as Trademarks but are meant to distinguish services rather than products.
- T. **Trade Secret:** Information including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers which: (i) derives 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 (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.
- U. **University IP:** Intellectual Property owned by NMSU. Examples of University IP include Works for Hire, unless otherwise excepted by this rule (See Part 6, Section A.); and ~~an~~ inventions produced using NMSU resources in excess of beyond Limited Permitted Use.
- V. **Work for Hire:** Intellectual Property created within the Inventor's course and scope of employment with NMSU. A work is a work for hire only if it is prepared by an employee within the scope of employment (as hired to develop); or it is specially ordered or commissioned from an independent contractor pursuant to a written agreement as defined by statutory categories.

PART 3: ROLES AND RESPONSIBILITIES

The following entities are directly involved in IP, commercialization and technology transfer transactions, and are charged with the responsibilities noted:

- A. **Arrowhead Center, Inc.** Arrowhead Center, Inc. (AHC Inc.) is a 501 (c) (3) corporation established by the NMSU Board of Regents, consistent with the University Research Park and Economic Development Act. Among other activities and responsibilities, AHC Inc. is responsible for technology commercialization activities related to University IP.
- B. **Intellectual Property Office (IP Office):** The IP Office is a unit within ~~Arrowhead Center NMSU~~ the Office of the Vice President for Economic Development (VPED) which protects, manages, and assists with the commercialization of inventions, consistent with this rule.
- C. **Inventor:** An inventor is the source of the innovation that drives the processes under this rule. Each Inventor is required to work through their department head or equivalent and/or Vice President or Dean with the IP Office to ensure compliance with this rule and laws and regulations applicable to IP development, protection and commercialization. This begins with filing the Invention Disclosure Form and preliminary consultation with the IP Office, signing requisite documents, and other evaluation, protection, and commercialization activities.
- D. **Human Resource Services:** Human Resource Services (HRS) is responsible for assisting the academic and other departments by providing all NMSU employees with a copy of this rule, as it may be amended, upon hire, and for obtaining an acknowledgment in writing that they have received it and that they will abide by it.
- E. **Intellectual Property and Commercialization Board:** The Intellectual Property and Commercialization Board (IPAC) was established in March, 2014 by the Chancellor. The IPAC consists of NMSU administrators, staff, and researchers from various colleges, offices, and disciplines,

and at least one representative from Arrowhead Center, Inc. See List of University Boards and associated Charter. The IPAC is authorized:

1. To make recommendations to the IP Office and Vice President for ~~Research~~**Economic Development** concerning NMSU IP protection and commercialization issues, including but not limited to IP policy, rules and procedures; budget; and promotion of the IP Office.
2. To serve as a hearing body to assist in the resolution of grievances on IP topics, disputes and ownership and to issue findings and recommendations to the Vice President for ~~Research~~**Economic Development**.
3. After evaluation of the market and commercial potential of disclosed Inventions, the IPAC votes to make a recommendation to the ~~vice president for research~~ **VPED** on the issue of whether NMSU, through its Assignee, should Elect Title to the disclosed IP. The IPAC may also make other recommendations relating to the pursuit of IP protection and commercialization activities.

F. **Research Administration Services (RAS):** Research Administration Services is responsible for working with faculty, staff, and students in establishing and executing contracts and agreements related to IP and technology commercialization (e.g., non-disclosure agreements [NDAs] and confidentiality agreements [CDAs]). Research Administration Services is also responsible for reviewing and, if necessary, instituting changes to contracts or agreements proposed by external partners in IP and technology commercialization-related activities.

G. **University General Counsel:** University General Counsel is responsible for working with the IP Office and outside patent counsel in the management of NMSU IP, which may involve dispute resolution. University General Counsel is also responsible for processing NMSU Trademark applications and maintaining awarded Trademarks, with the exception of Trademarks affiliated directly with the New Mexico Department of Agriculture and Arrowhead Center, Inc.

PART 4: ~~OVERVIEW OF SYNOPSIS OF PHASES AND STEPS INVOLVED IN~~ IP MANAGEMENT

Observations, experiments or other activities by members of the academic university community often lead to Inventions. Some of these Inventions have potential for commercial~~ization~~**ization-development**. The IP Office assists with the protection, commercialization of these Inventions and their transfer into the marketplace. This happens in six steps, within three primary phases: 1. Research and Disclosure, 2. Evaluation and Protection, and 3. Commercialization and Licensing. New Inventions may go through all phases and steps in the process, or for a variety of reasons, the IP management process may stop, change or end at any step. The following gives a brief overview; see Parts 5-7 for detailed rules/procedures.

A. Research and Disclosure (Phase 1-See Part 5):

1. **Step One:** Consultation with the IP Office: The Inventor, with their department head or equivalent and/or Vice President or Dean, or with their supervisors' approval, discusses the invention with staff from the IP Office, before public disclosure, to discuss publishing, making public disclosure, IP protection, the technology transfer process, and whether the invention is Work for Hire. Also the parties will consider and discuss preliminary tasks relating to patent eligibility and possibilities for commercialization and to explore options for moving Inventions from campus to market. If other parties will be affected by the potential future distribution of net earnings, they will be included in the conversation before decisions are finalized or action commenced. Public Disclosure of an Invention may jeopardize the ability and eligibility to protect the IP.
2. **Step Two:** Formal Submission of IP: The Inventor submits information about the IP in a legal document called the Invention Disclosure Form (IDF) to the IP Office for evaluation.

B. Evaluation and Protection (Phase 2 – See Part 6):

1. **Step Three:** Determination of IP Ownership: The IP Office evaluates the Invention Disclosure Form and, in consultation with the appropriate dean or equivalent and other party who may be affected by a potential future distribution of net earnings, makes the preliminary determination relating to IP ownership.
2. **Step Four:** Election of Title: The IP Office evaluates the Invention's eligibility for protection, the market potential, and maintains the IP documentation file. The IPAC receives and reviews the IP documentation, hears from the Inventor, and makes a recommendation on Election of Title. The Vice President for ~~Research~~Economic Development considers the IPAC's recommendation, the IP documentation file, position of the Inventor, and issues a written determination indicating whether or not NMSU will Elect Title.
3. **Step Five:** IP Protection: The IP Office takes steps to obtain legal protection and initiates opportunities to commercialize the IP.

C. Commercialization and Licensing (Phase 3 – See Part 7):

1. **Step Six:** Commercialization: The IP Office executes the technology transfer process, manages and administers the legal, financial and business documentation, and distributes Net Earnings generated from commercializing the University IP, when realized.

PART 5: RESEARCH AND DISCLOSURE (PHASE 1)

The first phase of the technology transfer process is Research and Disclosure. This Part addresses what each Inventor must do once it is realized that the Inventor's work has led to an Invention which may require IP protection.

A. Step 1 – Consultation with the IP Office

The first step within the Research and Disclosure phase is for the Inventor, their department head or equivalent and/or Vice President or Dean and any other party affected by the potential future distribution of net earnings to contact the IP Office. Communication with the IP Office staff is the first step to determining if the research has led to an Invention, with discussion of disclosing the Invention, public disclosures, funding of the research, determining ownership, eligibility for protection and the Inventions commercialization potential.

B. Step 2 – Formal Submission of IP

An Invention Disclosure Form is the written notice of Invention to the IP Office that begins the formal technology transfer process. The Invention Disclosure Form confidentially discloses the Invention in its entirety so that options for protection and commercialization can be evaluated and pursued. Submission of the Invention Disclosure Form, signed by the Inventor and appropriate supervisors, begins the formal process.

1. **Submission of IP:** All University IP must be submitted for evaluation to the IP Office by the Inventor. Any uncertainty about whether IP is University IP should be resolved by submitting the IP for evaluation. Submission should be done using the appropriate form and in accordance with the guidelines posted at www.IP.nmsu.edu. IP Office staff will examine the disclosed materials in a timely manner and respond to Inventor to avoid a delay in publication or disclosure (as appropriate).
2. **Multiple Inventors:** Where multiple inventors have participated in the development of University IP, they each must sign an agreement specifying their relative contributions on a percentage basis. Where individual inventors cannot agree on their relative percentage contributions, the

dispute resolution process will be utilized, in order to determine in advance the collective and individual percentages of the IP. (See Part 8)

3. **University Assistance with Individual IP:** Individual IP may be submitted to the IP Office to explore the feasibility of the university assisting with the protection and commercialization of the IP. If the university agrees to provide such assistance, the Inventor ~~must shall~~ assign their rights in the IP to the university, and such IP ~~will shall~~ become University IP, and processed in the same manner as any other University IP.

PART 6: EVALUATION AND PROTECTION (PHASE 2)

The second phase of the technology transfer process is Evaluation and Protection. Part 6 addresses determination of ownership rights, Election of Title and initiation of processes to protect the IP.

A. Step 3: Determination of IP Ownership

1. **Factors Relevant to Ownership Determination:** The determination of IP ownership hinges in large part on whether or not the Invention is Work for Hire, falls within the exception to Work for Hire set forth in this subsection, or is Individual IP. To determine this, the terms and conditions of the Inventor's employment, and the extent to which NMSU resources, personnel, or facilities were used in the development of the Invention will be examined. Considerations may also include external funding sources and any agreement related to the creation of the IP. An invention produced as a Work for Hire is University IP, unless it is a Copyrightable Material developed by academic personnel that is an instructional material, or other artistic or scholarly work developed using no more than Limited Permitted Use of NMSU resources, in which case, the invention is not considered a Work for Hire, and will be recognized as Individual IP. (This ~~is shall be~~ referred to as the exception to the Work for Hire rule.) The following is provided as guidance, with additional information and guidance available at the IP Office:
 - a. **University IP:** Except as otherwise provided in this rule, if any one of these three criteria are met, the IP will be University IP:
 - i. The IP was developed during the university employee's regular work hours;
 - ii. The IP was developed with university resources ~~in excess of beyond~~ Limited Permitted Use, or
 - iii. The IP was developed as part of the university employee's job duties for the university.
 - b. **Contract Considerations:**
 - i. **Grants and Contracts:** Ownership of IP developed as a result of projects funded by a contract or grant properly executed by NMSU will be determined in accordance with the terms of the contract or grant.
 - ii. Individual or Third Party IP rights recognized in an agreement executed by the Board of Regents, the Chancellor, or the Executive Vice President and Provost prior to the effective date of this rule will remain in force and effect.
 - iii. Commencing with the effective date of this rule, No agreement purporting to bind the university with regard to IP ownership, including but not limited to grants and consulting agreements, will be valid unless the IP Office has reviewed and provided a recommendation to the ~~vice president for research VPED, who and the VPED~~ is a signatory to the ~~a~~Agreement, along with the proper university official per the Chancellor's Signature Authority Table (See [RPM 1.30](#))
 - c. **Consulting Activities** (See Also [ARP 6.92 Faculty Consulting](#) and [ARP 6.91 Staff Consulting](#))

- i. IP developed by a member of the faculty or by an exempt staff member (1) during that person's approved consulting activities and (2) without the use of university resources beyond the Limited Permitted Use will be Individual IP.
- d. Instructional Materials:
 - i. Generally, Copyrightable Materials developed with no more than Limited Permitted Use of NMSU resources, for courses offered by NSMU, will be Individual IP.
 - ii. Copyrightable Materials created at the request of the university under a specific contract or for supplemental pay (e.g. development of distance learning courses) will be University IP.
- e. Student Work:
 - i. Copyrightable or Patentable Materials developed by a student to earn credit in university courses, or otherwise to satisfy university degree requirements, will be Individual IP, unless the cost of development of the materials development Expenses covered by NMSU substantially exceeds the amount regularly spent assisting students in courses of the same type. In such cases, prior to initiating any effort to promote the creation and prior to incurring Expenses, NMSU will enter into an agreement with the student. of the course lab fees.
 - ii. IP developed by a student pursuant to research activities performed under a university research contract or grant, or for which the student is compensated by the university (student employment) will be University IP, or may be third party IP as provided by contract or grant.
- f. Artistic, Literary and Scholarly Works:
 - i. Generally, Copyrightable Materials developed without more than Limited Permitted Use of NMSU resources will be Individual IP. Examples include books, articles, and other publications, works of art, literature and music recordings.
 - ii. Copyrightable Materials developed pursuant to a university research contract or grant, or for which the employee is separately compensated by the university (contract or supplemental employment) will be University IP, or may be third party IP as provided by contract or grant.
- g. Works for Hire: Works for Hire, unless excepted as described above, will be University IP.
- 2. Procedures:
 - a. The IP Office in consultation with the Inventor and the appropriate supervisors will consider the facts relating to the disclosed IP and render a determination of IP ownership in accordance with this rule. The determination may be contested by any involved party. (See Part 8)
 - b. Once IP ownership has been determined and is not subject to any pending internal grievance or appeal, the parties will execute the appropriate documentation to release claim of ownership consistent with the determination:
 - i. In the case of a determination of Individual IP, NMSU will not assert any claim to the IP, which provides the Inventor full authority to use or dispose of the Individual IP without further university involvement.
 - ii. In the case of a determination of University IP, the Inventor will release any claim to the IP which might be asserted by the Inventor, and will provide NMSU and its Assignee full authority to use or dispose of the University IP. The Inventor will be involved throughout the technology transfer process to protect and commercialize the IP.

B. Step 4: Election of Title

The eligibility of the Invention for IP protection, the commercial potential of the Invention and whether NMSU will Elect Title to the Invention is also determined within the second phase of the technology transfer process (Evaluation and Protection). The following procedures apply:

1. The IP Office, in coordination with the Inventor, evaluates the eligibility for IP Protection. Inventions that are eligible for protection and have the potential for commercialization will be presented to IPAC for evaluation and recommendation regarding Election of Title.
2. The IP Office and/or the Inventor present the disclosed IP and pertinent facts to the IPAC. The Inventor may excuse, without stating any justification, one member of the IPAC for any reason. If the Inventor or the IP Office believes that any member of the IPAC has an actual conflict of interest, and the Inventor has already excused a member, that issue will be resolved separately. IPAC Board members must be able to serve in an objective and impartial manner, which may involve the recusal of a member with a conflict or the excusal by the vice president for research~~VPED~~ and replacement of that member with a designee.
3. The IPAC will evaluate the commercial potential of University IP at or after the presentation by the IP Office and Inventor. The IPAC will issue its recommendation to the vice president for research~~VPED~~ on the issue of whether the university should Elect Title to the University IP.
4. The vice president for research~~VPED~~ is not bound to the recommendation of the IPAC. ~~The~~ vice president for research~~VPED~~ ~~will~~ issues a written determination indicating whether or not the university will Elect Title, and if the determination is not consistent with the recommendation of the IPAC, ~~will~~ explains the basis for the determination.
 - a. If the vice president for research~~VPED~~ finds that there is adequate potential for commercial application of the technology or finds that there is a potential market for the licensing of the IP, the vice president for research~~VPED~~ will Elect Title.
 - b. If the vice president for research~~VPED~~ finds there is not adequate potential for either licensing or commercialization, but an academic college or other NMSU entity support Election of Title based on academic value of the disclosed IP, then the Inventor and the Inventor's Dean or equivalent will contact the IP Office to initiate the process to fund the Election of Title.
5. If the vice president for research~~VPED~~ determines not to Elect Title, the vice president for research~~VPED~~ is authorized to release to the Inventor, on behalf of NMSU, any claim that might be asserted by the university to the IP. This does not apply in the instance of federally sponsored research, in which case the university's rights are transferred to the Sponsoring Agency. In such cases, the Inventor may request assignment of rights from the Sponsoring Agency.

C. Step Five: IP Protection or Subsequent Return of the IP

Also within the second phase of the technology transfer process (Evaluation and Protection), NMSU through the IP Office will protect the IP. There are several manners in which IP can be protected including but not limited to the application of Patents, Copyrights, Trademarks, and Trade Secrets through protection granting agencies such as the United States Patent and Trademark Office and the United States Copyright Office.

1. Formal Assignment by Inventor: The Inventor will retain authorship or inventor rights, which will be recognized on the patent or copyright, but must assign ownership rights to the University IP to NMSU and its Assignee as part of protection and commercialization processes. The Inventor will execute an assignment document provided by the IP Office to protect the IP, and will cooperate in all matters relating to the IP so that the university or its Assignee is able to pursue legal protection, technology transfer and commercialization.
2. Return by NMSU to Inventor of the Elected IP: If at least two (2) years have passed from the date the university determined it would Elect Title, or the university or its Assignee, along with the Inventor has not been successful in reaching its goals, or is not willing to expend the resources

necessary to ~~protect and commercialize develop~~ the IP, then the Invention may be released to the Inventor(s) ~~(and becomes Individual IP)-to protect and commercialize.~~

- a. An Inventor interested in protecting and commercializing the Invention, may engage in an agreement with the university for release of ownership rights and any financial obligations associated with the IP.
- b. The Inventor may request that the university and its Assignee return their rights in such IP to the Inventor.
 - i. Such requests must be submitted in writing to the ~~vice president for research~~VPED and the IP Office.
 - ii. If the university and its Assignee have no plans to commercialize, the ~~vice president for research~~ VPED ~~will shall~~ relinquish the university's claim and assign its rights in such IP to the Inventor or Sponsoring Agency.
 - iii. If the university or its Assignee can demonstrate progress with pursuing legal protection and/or commercialization, such request may be denied, or an agreement may be reached relating to reimbursement of the university for its Expenses prior to relinquishing its claim.

PART 7: COMMERCIALIZATION AND LICENSING; DISTRIBUTION OF EARNINGS (PHASE 3)

A. Step 6: Commercialize

1. The move to establish a new company or work with an existing business is a joint decision made by the IP Office and the Inventor.
2. The IP Office will manage and administer the associated legal, financial and business aspects relating to IP protection, commercialization and technology transfer for current, non-expired IP protected Inventions.
3. The IP Offices utilizes a variety of sources and strategies to identify potential licensees and commercialize Inventions. Sometimes existing relationships of the Inventor, other researchers, and IP Office staff are useful in commercializing an Invention. Inventor active involvement dramatically improves the chances of matching an Invention to an outside company.
4. The process of commercialization may begin with a license agreement that protects NMSU's rights to ownership and enables a third party to bring the Invention to the public.
5. Distribution of Net Earnings: Net Earnings received from the terms of a ~~I~~License or other ~~a~~Agreement will be distributed to the Inventor and to the University as follows:
 - a. Earnings will first be used for recovery of all Expenses incurred by the university or its Assignee to protect, manage, and commercialize the IP (including legal, management and marketing fees and any grant awarded to the Inventor for development of their IP).
 - b. Net Earnings when realized will be used to repay direct costs incurred by the Inventor for producing the material under any material transfer agreement.
 - c. Net Earnings will be distributed as follows: the Inventor will (collectively) receive fifty percent (50%) of Net Earnings and the university will receive 50%.
 - d. The Net Earnings received by the university will be further distributed with 33.3% assigned to the Inventor's college or appropriate division, 33.3% to the Inventor's department, or appropriate division; and 33.3 % to the Office of the Vice President for Research (OVPR).
 - e. Where more than one inventor contributed to the development of the IP, the Inventor's share (50%) of the Net Earnings ~~will shall~~ be distributed to each individual inventor according to their relative percentage contribution to the development of the IP, as previously established.

- f. Where IP was developed with contributions from individual inventors from more than one college, division, or department, the portion of the college and department shares set forth above will be further divided in proportion to the respective individual inventor's relative percentage contribution.

PART 8: DISPUTE RESOLUTION

The following section establishes the process by which disputes relating to intellectual property rights or ownership at NMSU will be resolved.

- A. **Dispute Resolution Process:** Any party with a claim or complaint relating to IP management must utilize this rule's dispute resolution process. The IPAC will convene to hear parties' complaints as provided in this rule. Examples of types of issues which may be submitted to it include but are not limited to: ownership rights, distribution of funds, and decisions about the pursuit or non-pursuit of legal protection or commercialization.
- B. **Initiation of Complaint:** A Complaint Resolution Request form must be completed and turned in to the IP Office. The form must provide the reason for the request, the name of requestor, the details of complaint and requested resolution. A copy of the Complaint must also be sent by the complainant to the employee's dean or equivalent or to the student's supervising faculty, as appropriate.
- C. **Administrative Hearing:** The IPAC serves as the official hearing body, which hears from the parties, reviews the evidence presented and assertions made by the parties, and renders findings and recommendations to the Vice President for ~~Research~~Economic Development. Consistent with this rule, the IPAC may establish additional procedures to more specifically address mediation and/or hearing procedures for the orderly presentation and resolution of matters brought to it. When the IPAC convenes a dispute resolution hearing, the follow procedures will apply:
 1. The IPAC chair will provide the parties at least ten business days' notice of the hearing date and time, and members of the hearing panel by name and job position or role in the university community. Each complainant ~~must shall~~ be given an opportunity to excuse a member from the hearing panel, for cause or no cause. Should a complainant believe there remains a conflict of interest on the part of any remaining member of the IPAC, the provisions of No. 4 below will apply.
 2. The IPAC will conduct an informal hearing within 30 business days (unless this time limit is extended by the IPAC, with notice to the parties) from the date the request for a hearing is submitted by the aggrieved party. The hearing will be audio- recorded.
 3. The IPAC will review the documentation or other evidence provided by each party, convene a hearing to allow the parties to present, and render written factual findings and separate recommendations, if any.
 4. The IPAC will conduct a fair hearing, which includes resolution of ethical issues which might be raised concerning a member of the IPAC. Such issues (e.g., conflict of interest on the part of a member of the IPAC) should be raised and resolved prior to the hearing or as soon as it is brought to the IPAC's attention. In the event of an actual or perceived conflict, the affected IPAC member will recuse him or herself. If the IPAC member will not voluntarily recuse, the IPAC will hear from all parties and the member accused of the conflict, and vote regarding whether or not the IPAC reasonably could serve impartially and fairly in the matter at issue.
 5. The IPAC will follow any additional hearing procedures it may adopt, and maintain order during the hearing process. In the absence of any additional written procedures to this rule, the chair ~~will shall~~ maintain order. Procedural questions raised by any participant will be decided by the IPAC after hearing the position of each party on the issue in contention, discussion and deliberation

amongst the IPAC members. The IPAC may meet apart from the parties to deliberate on the procedural question and may consult by phone with General Counsel. The decision on the procedural question will be decided by a vote of the IPAC after re-convening the hearing with all parties.

6. The hearing will be audio-recorded; the audio recording becomes part of the dispute resolution record, along with the complaint resolution request; position statement from respondent, if any; other documentation or evidence tendered by the parties for the IPAC's consideration; and the findings and recommendations by the IPAC. The IPAC will not consider evidence outside of the hearing. Trade Secret or other confidential proprietary information or other disclosed IP which merits heightened protection from public disclosure will be labeled as such in the record.
7. To ensure impartiality, the IPAC members must not communicate with either party or associated supervisor before or at the hearing unless through the chair and with both parties present.
8. The IPAC members are expected to respect the privacy of the parties, and the confidentiality of the disclosed IP, and will not discuss the matters in dispute with third parties, except for university officials with a legitimate need to know. The parties and their supervisors are subject to these same requirements.
9. Absent the need for a time extension being required for extenuating circumstances, with notice to the parties, the IPAC's findings and recommendations will be provided to the vice president for research~~VPED~~ within 15 business days from the date of the hearing.

D. **Issuance of Determination:** The vice president for research~~VPED~~ will review the findings and recommendations, the record from the hearing, and issue a decision to the parties, with a copy to the University General Counsel. The decision will inform the parties of their right to appeal the decision to the Office of the Chancellor within ten business days from receipt of the decision.

E. **Right to Appeal; Appeal Procedures and Final Decision:** The decision of the vice president for research~~VPED~~ may be appealed by either party. A written request for appeal, attaching a document outlining the basis for the appeal, must be submitted to the office of the Chancellor, with a copy to all parties, the vice president for research~~VPED~~ and the University General Counsel, within ten business days from receipt of the ~~VPED's~~ decision. Any party may submit a response to the appeal document within ten business days from receipt of the copy of the request for appeal. The Chancellor's review will be based on the written and audio recorded record, the argument of the parties contained in the written submissions. A final decision will be within thirty business days from date the Office of the Chancellor received the responses to the appeal and the record (to be provided by the IPAC chair), whichever is later, which time deadline may be extended based on scheduling or other circumstances, with notice to the parties.