

SCOMM

#51:29

July 6, 1983

HB 52: Government interests in intellectual work products developed at the expense of the state.

History - IN THE HOUSE

Judiciary This bill had no hearings in the House. •

Note: The Council on Science and Technology, which the bill makes responsible for carrying out the protection of the state's interest in patents, copyrights and trademarks, has been drastically reshaped by the legislature this session. If this bill goes anywhere, some alternative may have to be found for carrying out the functions assigned to the Council.

Companion bill: SB 59 is the companion. It had one hearing in committee and I met with Suzanne Tryck (Senator Vic Fischer's aide on this bill) several times to discuss problems. She indicated that the committee would be working on the bill during the interim.

Introduced: 1/18/83
Referred: Judiciary and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE LEGISLATIVE
COUNCIL (for the Blue
Ribbon Commission on the
State Personnel Act)

1 IN THE HOUSE

2

HOUSE BILL NO. 52

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act relating to government interests in intellectual work products developed at the expense of the state."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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* Section 1. AS 39 is amended by adding a new chapter to read:

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CHAPTER 52. INTELLECTUAL PROPERTY DEVELOPED AT THE EXPENSE OF THE STATE.

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Sec. 39.52.010. RIGHT TO INTELLECTUAL WORK PRODUCT. (a) Except

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as provided in AS 39.52.040 and AS 14.40.345, all right, title, and

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interest in and to an intellectual work product of any kind that is

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subject to the trademark, copyright, or patent laws of the United

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States or this state or any foreign country that is developed by a

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public officer or employee or a person under contract with the state

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is the property of the state if developed

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(1) during working hours;

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(2) with the contribution of the state beyond what is

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available to the public in general in the form of facilities, equip-

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ment, materials, money, or information, or of time or services of

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another public officer or employee in the course of state employment

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or another person under contract with the state; or

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(3) in connection with the official duties of the public

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officer or employee or the person under contract, including but not

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limited to circumstances in which the public officer or employee or

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the person is employed or assigned to

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(A) produce or improve an intellectual work product;

1 (B) conduct or perform research, development work, or
2 both;

3 (C) supervise, direct, coordinate, or review state
4 financed or conducted research, development work, or both; or

5 (D) act in a liaison capacity among governmental or
6 nongovernmental agencies or individuals engaged in such work.

7 (b) If a public officer or employee or a person under contract
8 with the state develops an intellectual work product that is the
9 property of the state, the developer is obligated to

10 (1) fully and promptly disclose the intellectual work
11 product to the Alaska Council on Science and Technology (AS 44.21.-
12 241);

13 (2) assign to the state the entire right, title, and inter-
14 est in and to the intellectual work product if not already waived by
15 signing of a general waiver upon commencement of employment in accor-
16 dance with AS 39.05.160 or as part of a contract for services; and

17 (3) upon request by the council, execute and reasonably
18 assist in the prosecution of an application for a trademark, copy-
19 right, or patent.

20 (c) If the state has a right to an intellectual work product
21 under (a) of this section but the council decides that it is inadvis-
22 able to prosecute an application for trademark, copyright, or patent,
23 the council, on behalf of the state, may, after consultation with
24 affected state agencies,

25 (1) waive all right, title, and interest in and to the
26 intellectual work product; or

27 (2) waive all right, title, and interest in and to a trade-
28 mark, copyright, or patent but reserve a nonexclusive, irrevocable,
29 royalty-free license in the intellectual work product with power to

1 grant licenses for all governmental purposes.

2 Sec. 39.52.020. COUNCIL AUTHORIZED TO GRANT MONETARY RECOGNITION
3 FOR CREATION OF INTELLECTUAL WORK PRODUCT. (a) The council is autho-
4 rized to give monetary recognition to a public officer or employee who
5 develops an intellectual work product that is the property of the
6 state and who discharges the obligations set out in AS 39.52.010.

7 (b) The council shall determine the guidelines, terms, and
8 conditions, as well as amount, source, distribution, and manner of
9 payments under (a) of this section. The council shall consider the
10 actual or potential value of the intellectual work product in terms of
11 revenue or reduced operating costs to the state.

12 Sec. 39.52.030. ARBITRATION OF DISAGREEMENTS. (a) Disagree-
13 ments between a public officer or employee or a person under contract
14 with the state and the council pertaining to ownership of an intellec-
15 tual work product or obligations of the respective parties shall be
16 disposed of by

17 (1) voluntary arbitration of all relevant issues, if the
18 disagreeing parties agree to be bound by the decision upon arbitra-
19 tion;

20 (2) compulsory arbitration if that is provided for in any
21 applicable contract between the disagreeing parties; or

22 (3) recourse to the court if arbitration cannot be resorted
23 to.

24 (b) The council is authorized to make contracts for compulsory
25 arbitration on behalf of the state.

26 (c) If arbitration is used to settle disagreements, the provi-
27 sions of AS 09.43 (Uniform Arbitration Act) shall govern.

28 Sec. 39.52.040. EXCEPTIONS. The provisions of this chapter do
29 not apply to a public officer or employee associated with or a person

1 under contract with the University of Alaska. Those persons shall be
2 governed by the provisions of AS 14.40.345. The provisions of this
3 chapter do not apply to a member of the legislature.

4 Sec. 39.52.050. ADOPTION OF RULES. The council may adopt rules
5 implementing the provisions of this chapter in accordance with the
6 Administrative Procedure Act (AS 44.62).

7 Sec. 39.52.099. DEFINITIONS. As used in this chapter, unless
8 the context otherwise requires,

9 (1) "council" means the Alaska Council on Science and Tech-
10 nology established in AS 44.21.241;

11 (2) "intellectual work product" means any product of the
12 mind including but not limited to the following:

13 (A) discovery, invention, or idea;

14 (B) process, system, or method;

15 (C) machine, manufacture, or product;

16 (D) composition of matter;

17 (E) design or composition in letters, art, or graph-

18 ics;

19 (F) literary, dramatic, musical, educational, or
20 artistic work;

21 (G) certification mark, trademark, patent, or copy-
22 right.

23 * Sec. 2. AS 14.40 is amended by adding a new section to read:

24 Sec. 14.40.345. INTELLECTUAL PROPERTY DEVELOPED AT THE EXPENSE
25 OF THE UNIVERSITY. All right, title, and interest in and to an intel-
26 lectual work product developed by a public officer or employee associ-
27 ated with or a person under contract with the University of Alaska is
28 the property of the university in accordance with a general policy
29 established by the university. The policy adopted by the University

1 of Alaska may provide for ownership, control, management, and disposal
2 of intellectual work products by an independent foundation created for
3 the purpose of obtaining intellectual work products, receiving gifts,
4 administering or disposing of interests in intellectual work products,
5 and promoting research.

6 * Sec. 3. AS 39.05 is amended by adding a new section to read:

7 ARTICLE 5. WAIVER OF RIGHT TO INTELLECTUAL PROPERTY.

8 Sec. 39.05.160. WAIVER OF RIGHT TO INTELLECTUAL PROPERTY. (a)

9 A public officer or employee of the state, before engaging in the
10 duties of the office or employment, shall sign a waiver of all right,
11 title, and interest in and to an intellectual work product that may be
12 developed by the officer or employee at the expense of the state as
13 set out in AS 39.52.

14 (b) Notwithstanding the requirement in (a) of this section, the
15 state, in accordance with AS 39.52.020, may share a portion of the
16 resulting revenue with or grant a cash award for resulting reductions
17 in operating costs to a public officer or employee who develops an
18 intellectual work product at the expense of the state.

19 (c) A public officer or employee may be required to sign, before
20 engaging in the duties of the office or employment, an acknowledgement
21 that the public officer or employee will not receive a share of the
22 revenue or reduction in operating costs attributable to an intellec-
23 tual work product developed as a duty of the office or employment.

24 (d) The waiver under (a) of this section and the acknowledgement
25 under (c) of this section are not considered terms and conditions of
26 employment that are subject to negotiation for purposes of collective
27 bargaining under the Public Employment Relations Act (AS 23.40).

28 * Sec. 4. AS 44.21.242(b) is amended by adding new paragraphs to read:

29 (9) consistent with the provisions of AS 39.52, retain,

1 assign, license, transfer, sell, or otherwise dispose of, in whole or
2 in part and upon terms that the council may direct, any and all rights
3 to, interests in, or income from intellectual work products acquired
4 by the council under AS 39.52;

5 (10) adopt rules implementing the provisions of AS 39.52.

6 * Sec. 5. AS 37.12.070(9) and AS 46.12.110(10) are repealed.



JUNEAU, ALASKA

Alaska State Legislature

BLUE RIBBON COMMISSION ON THE
STATE PERSONNEL ACT

Senator Bill Ray, Chairman

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M E M O R A N D U M

January 25, 1983

TO: House Judiciary Committee

FROM: Teresa B. Cramer *Teresa B Cramer*
Administrative Assistant

SUBJECT: House Bill 52 - Government Interests in Intellectual Work
Products Developed at the Expense of the State

The Blue Ribbon Commission is proposing legislation to create and protect the state's interest in inventions, discoveries and creations developed by state employees or contractors during their employment or developed with the use of state facilities or resources.

The commission became interested in the issue when an employee of the Department of Fish and Game testified about employment problems arising from his patenting of a production scale salmon incubator. He had begun developing the incubator before he accepted employment with the state. He began working for the department and continued his project after securing advice from the Department of Law concerning avoiding the potential conflict of interest. His job for Fish and Game was closely related to the development of incubators. The employee stated that he created the incubator on his own time. He then patented it and sold the patent to a private corporation which marketed it. Thereafter, the department was required to pay royalties for use of the process.

The employee has filed several grievances over poor performance evaluations, lost promotional opportunities, and an alleged retaliatory layoff which he believed resulted from his patenting the invention. The department testified that there had been considerable morale problems because other employees believed that they had contributed to the development of the process. They thought it unfair that one individual could secure a patent and potentially profit from an invention in which others had participated and in which the state should have an interest.

The Blue Ribbon Commission is concerned that there is no statute protecting the state's interest in the inventions, discoveries and creations made by its employees or made through the use of its facilities. Legislation for the Alaska Energy Center and the Alaska

Resources Corporation gives each agency the authority to hold patents. Nothing in either chapter spells out how the state acquires that interest.

While the proposed legislation does not specifically address the situation which occurred in the Department of Fish and Game, the commission believes that this system would alleviate similar problems in the future. Information about the number of conflict of interest hearings before the Personnel Board indicates that there will probably be no more than two or three applications of the bill per year.

Bill Analysis

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| Page 1
Line 10 | The first section of the proposed legislation gives the state all right, title and interest in any intellectual work product developed during working hours or with the use of state facilities or by employees whose duties include responsibility for research. |
| Page 4
Line 12 | "Intellectual work product" is broadly defined later in the bill to include anything which is subject to patent, trademark or copyright laws. |
| Page 2
Line 8 | A state employee or person under contract with the state is obliged to disclose the development of an intellectual work product to the Alaska Council on Science and Technology and to assign any interest in it to the state. If requested, the person is required to assist the Council in applying for a trademark, patent or copyright. The commission believes that the Council is the most appropriate existing state agency to administer the program. |
| Page 2
Line 21 | The Council is given broad discretion to decide whether to pursue patenting, trademarking, or copyrighting the invention after consultation with affected state agencies. The Council may waive any state interest in the discovery or may waive all interest but retain a royalty-free license in the intellectual work product so that the state would not have to pay for its use in the future. If the state waives its interest, then the inventor would be able to pursue protection of his own interest in the discovery. |
| Page 3
Line 3 | The proposed legislation gives the Council authority to grant monetary recognition to employees who develop an intellectual work product. The recognition could be in |

the form of a cash award, a share in any royalties generated by the invention, or in any other manner the Council found appropriate. Payment would, of course, be subject to legislative appropriation. The commission believes that the Council should have wide discretion in implementing the monetary award system in order to best encourage employees in their work and serve the state's interests.

Page 3
Line 13

Any disagreements between an employee and the state pertaining to ownership of an intellectual work product would be subject to voluntary arbitration if the parties agreed to be bound by the result. If not, then the disagreement could be settled in court. In addition, the state and the employee or contractor may enter into an employment contract which requires compulsory arbitration.

Page 3
Line 29

Legislators and employees of the University of Alaska are exempted from the chapter. The University has its own policy on intellectual property developed at its expense which is codified in section 2 of the proposed legislation.

Page 4
Line 5

The Council is granted rule-making authority for the chapter in accordance with the Administrative Procedure Act.

Page 4
Line 24

Section 2 of the legislation adds language to codify the University of Alaska's right to intellectual work products developed by its employees.

Page 5
Line 7

Section 3 requires state employees to waive their interest in intellectual work products developed at the expense of the state as set out in section 1 of the bill. The waiver is not subject to negotiation under the Public Employment Relations Act.

Page 5
Line 29

Section 4 amends the Alaska Council on Science and Technology statutes to add the powers and responsibilities granted by the proposed legislation.

Page 6
Line 7

Section 5 repeals the patenting powers currently granted to the Alaska Energy Center and the Alaska Resources Corporation. The commission believes that there should be a single system which applies to all legislative, judicial and executive branch employees of the state.