

Frequently Asked Questions: Outside Activities and Intellectual Property

Generally, any Intellectual Property (referred to as “IP”) that arises in any part in the course of employment or enrollment at Purdue University (referred to as “Purdue”), or in the course of a work-for-hire relationship or visiting scholar relationship with Purdue, is owned by Purdue under Purdue’s Intellectual Property Policy I.A.1. All such IP must be disclosed using the forms provided by the Purdue Research Foundation Office of Technology Commercialization (referred to as “OTC”) (<https://www.prf.org/otc/disclosure/index.html>). Purdue Policy I.A.1. also provides an exception to the general rule for any IP that is generated solely in the course of an Outside Activity, completely without the use of University Resources or pre-existing Purdue Intellectual Property.

I. How should a Purdue employee determine whether IP was generated solely during the course of an Outside Activity, and whether disclosure is required under Purdue Policy I.A.1.?

Many faculty and research employees participate in Outside Activities that are related and directly relevant to their field of research or instruction at Purdue. There is a risk, therefore, that any work, advice or service given or performed for that Outside Activity may involve pre-existing Purdue IP. In addition, advances in technology for mobile devices and remote access have largely eroded the physical barriers that used to be present between an individual’s work for Purdue and the work done for an Outside Activity. For this reason, when any work, advice or service during an Outside Activity is related to or relevant in any way to an individual’s field of research or instruction at Purdue, it is recommended that any Intellectual Property created during the course of such Outside Activity be disclosed to OTC for an official determination of IP ownership. In making a determination, OTC will consider the following factors:

1. Is the IP entirely unrelated to your scope of employment or field of research at the University?
2. Was the IP created entirely without the use of pre-existing Purdue Intellectual Property?
3. Were you in leave status when the IP was created?
4. Was the IP created entirely without assistance from any graduate students, administrative support staff, or other Purdue personnel engaged in the work from which the IP arose?
5. Was the IP created entirely without the use of any University funds, facilities or equipment?
6. Were any external sponsor funds or internal Purdue funding used to support the work from which the IP arose?
7. If you have a conflict of interest management plan with Purdue regarding the Outside Activity, what are the IP terms of that agreement, and did you comply with all requirements of the agreement?
8. Does Purdue have an agreement in place with the company, university or other entity that will benefit from the Outside Activity, and, if so, what are the IP terms of that agreement?
9. If the Purdue employee has a consulting agreement with the outside entity, are the IP terms of that agreement consistent with Purdue’s Intellectual Property Policy?

OTC will consider all of these factors in making a determination on the issue of IP ownership. If OTC, in consultation with the Senior IP Officer, decides that either (i) the IP is not Purdue IP, or (ii) that the IP is not a candidate for commercialization, you will receive a written determination to that effect. Such a written determination can be useful when you are dealing with third parties, and the third party wants to ensure that you are free to use the IP. Below, we have included some additional information on specific situations that frequently arise in the context of IP developed in coordination with an Outside Activity. It is important to remember that all reportable Outside Activities must be disclosed to the Office of the Vice President for Ethics

and Compliance as required by Purdue Policy III.B.1., on Conflicts of Commitment and Reportable Outside Activities (<https://www.purdue.edu/ethics/resources/faqs/coc-faqs.html>). The situations below assume that any such Outside Activity has been approved through the required Purdue procedures.

II. A company in which I have an ownership interest licenses IP from Purdue. Does Purdue have any interest in any newly created IP that is developed using IP licensed from Purdue?

The license contract and intellectual property rules will determine whether Purdue has an ownership interest in the newly created IP. OTC and the Senior IP Officer will look to the licensing agreement and general U.S. patent and copyright law to determine IP ownership. Because pre-existing Purdue IP was used in the development of the newly created IP, the IP should be disclosed to OTC through the normal process for a definitive determination on ownership. The same would apply if the company is owned by a third party rather than by Purdue personnel. You should also ensure that you have complied with the Individual Financial Conflicts of Interest Policy (III.B.2) with respect to your ownership of the company (<https://www.purdue.edu/ethics/resources/faqs/coi-faqs.html>).

III. A company in which I have an ownership interest uses equipment in my lab. The company pays approved external rates for the use of the equipment through a recharge mechanism. Does Purdue own the IP resulting from use of the equipment?

No, as long as (i) no Purdue personnel participate in the research that results in the IP, and (ii) no other Purdue resources or pre-existing Purdue Intellectual Property are used, any IP resulting solely from use of Purdue equipment under an arms-length, invoiced transaction charging Purdue-approved external rates would not be Purdue Intellectual Property. The same would apply if the company was owned by a third party. You should also ensure that your company's use of Purdue equipment was in compliance with Purdue's Policy IV.B.1., on the Use and Assignment of University Facilities, and any conflict management plan you have executed with Purdue.

IV. A company that I own or in which I have another significant financial interest is contracting for research services from my lab at Purdue. Does IP that is created using my company's funding need to be disclosed to Purdue?

Yes. This would constitute IP arising during the course of your employment at Purdue and would be Purdue IP. Under the Procedures for Disclosure, Assignment and Commercialization of Intellectual Property (<https://www.purdue.edu/research/regulatory-affairs/ip-procedures.php>), all Purdue IP that arises under third-party funding must be disclosed to Purdue in accordance with these procedures, and should also be disclosed to the sponsor in accordance with the terms of the research funding agreement. Sponsored Program Services has flexible contracting terms for intellectual property in both traditional research and applied research agreements. Details of each contracting model are available at the following link: <https://www.purdue.edu/business/sps/contractmgmt/appliedresearch.html>.

V. Purdue would like to purchase materials, technology, or other items from a company that I own or in which I have a financial interest, and I would like to use those materials in my lab. Does Purdue own the resulting IP?

Yes. This would constitute IP arising during the course of your employment at Purdue and would be Purdue IP. **IMPORTANT:** This type of situation also invokes the Indiana state conflicts of interest statute (Indiana Code § 35-44.1-1-4), which provides that an employee who knowingly or intentionally has a monetary interest in or

profits from a University contract or purchase may be charged with conflict of interest, a felony punishable by fine and imprisonment, unless the employee has made the required disclosure in advance of the contract or purchase, the disclosure has been approved in advance by the Board of Trustees, and submitted to the Indiana State Board of Accounts. The Purdue Individual Financial Conflicts of Interest Policy III.B.2. provides more information on the procedures to be followed in this type of situation. This requirement also applies to any other purchase of services or products from a faculty or university employee-owned company. Any conflict management plan or other requirements or recommendations of the Board of Trustees, the State Board of Accounts or the University's conflicts of interest committee would also be taken into account in determining IP ownership for this type of situation.

VI. A company that I own donates money to Purdue specifically for the purpose of supporting research in my lab. Is IP resulting from the research funded through the donation Purdue IP requiring disclosure?

Yes. This IP would constitute IP arising during the course of your employment at Purdue and would be Purdue IP. Under the Procedures for Disclosure, Assignment and Commercialization of Intellectual Property (<https://www.purdue.edu/research/regulatory-affairs/ip-procedures.php>), all Purdue IP that arises under third-party funding must be disclosed to Purdue in accordance with these procedures, and if the gift was a restricted gift, the gift acceptance agreement may require disclosure to the donor as well. If there is no gift acceptance agreement with the donor, or if the gift was unrestricted, no disclosure would need to be made to the donor, but the IP should still be disclosed to Purdue. You should also ensure that you have complied with the Individual Financial Conflicts of Interest Policy III.B.2., Purdue's Policy II.B.2. on Charitable Donations to the University, and any conflict management plan executed in accordance with these policies. Donors do not receive any ownership rights to intellectual property through the making of a gift to Purdue.

VII. My lab collected data as part of a research project, and a company in which I have an ownership interest would like to use the data in its initial pitch to investors. Do I need permission from Purdue to use the data my lab collected for this purpose?

Yes. Purdue's Intellectual Property Policy includes Research Data within the definition of IP that Purdue owns, and data collected by your Purdue lab was collected during the course of employment at Purdue. You should contact the Senior IP Officer and request a Data Use Agreement between your company and Purdue in order to enable your company to use the data.

VIII. I want to use my lab facilities to perform part of the work for an approved Outside Activity. Is this allowable, and who would own the IP resulting from such activities?

Use of Purdue facilities or other resources to perform research falls within the course and scope of employment, and therefore would not be deemed to have been performed solely in the course of an outside activity. Any resulting IP would be owned by Purdue. In addition, generally any use of Purdue facilities or resources for the benefit of an outside activity should be through an arms-length contract with Purdue via a research or testing agreement.

IX. I want to invite a colleague that I work with on an approved Outside Activity to participate in a project at Purdue. Who would own any resulting IP developed by my colleague?

A third party who participates directly in an on-campus research project is a visiting scientist, and therefore subject to Purdue's IP Policy, which provides that the resulting IP would be owned by Purdue.

