Penn State's Protection Racket

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The 1991 Intellectual Property Policy

Hey, I know what, let's compare Penn State's "Intellectual Property Agreement" from 1992 with the present version. I know, just what you were hoping to do today. Identifying the changes help to show how Penn State created its IP protection racket. To get there, we'll have to do some close reading. In formal policy and in binding contracts, words matter, so it's best that words get used well and get read well. We will start with the 1991 Penn State IP policy. Then we will look at the related IP agreement that came along a few months later, in 1992. Then we will compare changes in both IP policy and the IP Agreement.

Penn State has had for some time an IP policy that states that personnel must sign an IP agreement and disclose certain inventions. The IP agreement, in turn, says that personnel must follow the IP policy in whatever form it happens to be. The basic requirement, then, is that personnel report inventions. But then Penn State administrators slip into the IP agreement whatever else they want to--since policy requires personnel to sign the IP agreement, administrators can--so the theory goes--put whatever requirements there that they want.

Here is Penn State's patent policy (RA-11) as of 1991 (I use a 1998 version that according to the change history is the same as 1991 but for numbering). It requires individuals in various "classification categories" to "complete" an IP agreement:

> **Intellectual Property Agreement -**
>
> The protection of concepts with commercial potential (inventions or creations) via patents and copyrights is an essential aspect of the technology transfer process. Therefore an *Intellectual Property Agreement* (page 4.04 in the General Forms Usage Guide) is required to be completed by individuals first appointed or transferred to classification categories as follows:
>
> 1. For Executive, Administrator, Academic Administrator, and Academic throughout the University.
> 2. For Staff Exempt, Staff Nonexempt, and Technical-Service in academic or academic service units at University Park and the Hershey Medical Center.
>
> **NOTE:***Academic and academic service units are all units that report to the Executive Vice President and Provost, plus The President's Office, and the College of Medicine at The Hershey Medical Center)*
>
> For these individuals, the execution of the University Intellectual Property Agreement is a condition of employment.

Funny how folks can't just write a policy that says, "you must agree." That is, it's not much of an "agreement" if there's nothing to negotiate, nothing voluntary about it. But here, it's just that one has to "complete" the "Intellectual Property Agreement." It's just a form, something that records

information with blanks to be "completed." Oh, yes, one of those blanks is for a signature rather than just your printed name. Oh, yes, and we'd like you to believe that when you sign, you are agreeing to give up a broad swath of your future personal property, made in the course of your scholarly work. But let's just say the form is to be "completed" without belaboring the idea of a transfer of rights.

In any event, note that the categories include "academic" but not "faculty." The focus of the policy, then, is to identify "classification categories" (an HR thing) for which one must complete an IP Agreement form. The premise is that some categories must not require an IP Agreement form to be completed or there would be no point making lists of categories--everyone receiving an appointment in a "classification category" would be required to complete the IP Agreement. Thus, we might expect that people in some classification categories don't have to complete the IP Agreement. Notably, "faculty" are not mentioned. Just the ambiguous "academic" category. (In the current IP policy, circa 2002, "faculty" is added to the category that includes "staff"--in category 2 in the 1991 scheme. Policy HR76 parenthetically defines an "academic" employee as " a person whose duties include instructional, research or creative responsibilities" and, clearly, is not also a faculty member.)

Note also the preambling sentence--"protection of concepts with commercial potential (inventions or creations)." This is bizarre stuff written by amateurs. Concepts aren't protected by either patent or copyright. The subject matter of copyright is original works of authorship, not "creations." And for that matter "protection" of things is not an "essential aspect of the technology transfer process." Technology may be "transferred" without any "protections" whatsoever--by teaching, publication, open distribution. Commercialization via an investment that requires a monopoly might require "protection"--but that's an almost entirely different issue. The policy recites technology transfer, however, not commercialization. So it's just plain wrong. Even if one argued that "protection" might assist in technology transfer, it's a long way to claim that "protection" is "essential."

The preamble, however, does more than just state some nonage about protection and technology transfer. It creates a scope with regard to what follows. The IP Agreement, as far as policy is concerned, should focus on only "inventions or creations" that have "commercial potential"--whatever "commercial potential" might mean. We will come back to this point.

Finally, the policy asserts that "execution" (meaning, one figures, "completing") the IP Agreement "is a condition of employment." Employment, if it has the meaning of "working under the direction and control of another for compensation" then has a restrictive meaning here for faculty, who are not "employed" by the university for their research activities unless they expressly agree to such a thing. The university does not assign or direct faculty research

activities. Faculty are not employed by the university for research unless in a particular circumstance they agree to work under the direction of the university. That is, in those matters in which the university does control the work ("employment"), the IP Agreement is required.

This, too, is funny with regard to copyright. If faculty are working within the scope of their *employment* to create original works of authorship, then those works are works made for hire under federal copyright law. One would expect a university policy on copyright then to manage what the university ownership position will be with such works for hire--do faculty or student authors have any interest in such works?

The IP policy then concerns itself with getting the IP Agreement signed:

Responsibility -

It shall be the responsibility of the appropriate budget executive or budget administrator to ensure that the University Intellectual Property Agreement is presented to, and signed by, persons appointed to or transferred to positions covered by this policy. Letters of offer shall contain a statement that the signing of the attached-intellectual property agreement is a condition of employment.

A "budget administrator" is designated to get IP Agreements signed. "Signing" the IP Agreement is "a condition of employment." Still no one can bring themselves to lay out just what the agreement entails--the policy emphasis is on completing a form, not in reaching an agreement.

And yet more fuss about signing the IP Agreement:

Required Signature -

The signed copy of the intellectual property agreement shall accompany the personnel action ("*NAPP*" in EASY) appointing or transferring an individual to a position covered by this policy. Personnel actions requiring, but not including, a signed Intellectual Property Agreement shall not be processed until the agreement has been signed.

"Personnel actions" won't be "processed" until the IP Agreement is signed. So we are clear on this point in policy. Completing the IP Agreement is a requirement *before* employment can begin.

We now get the second requirement of the IP Policy, an obligation to disclose inventions:

Personal Obligation -

University personnel have an obligation to disclose promptly to the Intellectual Property Office, through the cognizant University administrators, inventions developed, a) with University resources (facilities, funds, or equipment), or b) within the fields of expertise and/or within the scope of employment for which they are retained by the University.

We note that there is no obligation to disclose "creations" here. Wait for it. But first, inventions, but restricted to those "developed" with "University resources" or "developed" in certain fields

or scope. "Developed" is not "conceived" or "made." What is meant? In commercialization speak, an invention is "developed" after it has been made in an effort to make it commercially viable. The invention must be tested for safety and efficacy, ways must be found to manufacture it efficiently, designs have to be improved for reliability and the like. That's development of an invention. The policy here reads--"if you use university resources or work in an assigned job to improve an invention, you must report those improvements to the university." Perhaps administrators meant--"if you make a patentable invention with commercial value using university resources or in a task assigned by the University, then you must report it." But that's not what the administrators chose to write. As the *Shaw* court observed, "the true intent of a contracting party is irrelevant if it remains unexpressed."

We will have to deal with that. There are two parts, with an ambiguous terminal restriction. First part: "within the fields of expertise" . . . "for which they are retained by the University." What does "retained" mean here? If it is to mean "employed," why then isn't "employed" used? To "retain" a professional (as an attorney) is to secure their future services for one's benefit. University faculty are not, generally, "retained" by a university--they are "appointed" and for some duties are even "employed." But here, in a scoping statement for what must be disclosed, inventions are limited to those in "fields" the university "retains" people for.

Second part: "within the scope of employment" . . . "for which they are retained by the University." Thus, "fields of expertise" is not "scope of employment." Let's try an instance. An individual is appointed an assistant professor of English, specializing in medieval English literature. What "field of expertise" is represented by this appointment? Is it "anything to do with English language and literature"? Or is it "only those things having to do with "medieval English literature"? Or is it "anything having to do with culture, generally"? Perhaps what matters is what the university expressly "retains" a faculty member for. If nothing expressly, then the appropriate interpretation is "nothing at all" rather than "everything that you are professionally good at." We will come back to this point, too.

The terminal restriction is (as is typical with amateurish drafting) ambiguous--does it modify only the last element ("scope of employment") or both elements in the coordinated series ("fields" and "scope")? From the amateurish administrative perspective, of course, it doesn't matter because administrators tolerate ambiguities in policy so they can decide what the policy means later, in the moment, as it suits them. But if the policy here establishes administrative authority to enter into contracts with employees regarding intellectual property, so administrators are not at liberty to exploit ambiguities any way they wish--if administrators act outside their delegated authority, then what standing does any contract have that they force on employees?

Thus, we might posit that a reasonable interpretation of the IP policy at this point is that the obligation to disclose inventions is restricted to only those patentable inventions with "commercial value" that are "developed" (improved) with university facilities, funds, or equipment or are within the scope of work assigned ("retained") by the university. Not that any university administrator would accept such a reading--but those administrators also would find no support for expansive readings, other than that most anything can be asserted (and defended by lawyers), and most faculty don't have the resources to fight back. In a fair debate, the university would pay for legal counsel to represent faculty in disputes over policy, so that the outcome would represent *better policy and practice*, not just the dominance of administrative power. Alas, for the day that happens.

There are a couple of further matters. Copyright is one:

> The University encourages faculty, staff, and students to create literary, scholarly, and artistic works, including textbooks and other instructional materials. In this context, copyright ownership of such works generally rests with the creator(s) unless they are generated within the scope of the creator's employment, commissioned by the University, or are subject to a sponsor's agreement which provides for a different ownership. University personnel creating such materials are urged to contact the Intellectual Property Office, through the cognizant University administrators, for assistance.

That the university encourages this sort of thing is like ornithologists encouraging birds to fly or gravity to pull things to earth. Faculty create scholarly things regardless of administrative "encouragement." What's interesting is that the university also "encourages" staff to create scholarly works. Apparently encouragement, in this context, means to "work outside the scope of university employment." This idea becomes clear with the next sentence, which restricts the university's ownership interest to scope of employment, plus two other situations not so easily handled. The first is commissioned work--the policy thus distinguishes three kinds of work environment: (i) encouraged work; (ii) scope of employment work; and (iii) commissioned work.

We've already discussed scope of employment. This bit on copyright makes it clear that scope of employment is a narrow concept relative to all the things that faculty and staff might do during their work days (and nights). "Commissioned" work would be work that the university requests (for separate compensation) that would not be within the scope of employment--otherwise, there would be no need to commission it. The university could simply direct someone (faculty, staff) to do the work. "Encouraged" work is neither within the scope of employment nor commissioned. But it is work that the university permits--indeed, encourages. For literary, scholarly, and artistic works, there is no limitation with respect to "university resources" either--at least use of facilities or equipment.

This treatment of employment with regard to copyright is instructive in understanding the overall IP policy approach to employment. The same thinking holds for the invention portion of policy, but using different wording. Instead of "commissioned" we have "retained" and

"developed with University resources." Unstated with regard to inventions is "encouraged"--but if the university does not even require the disclosure of inventions that are not developed with university resources or within scope of "retained" employment or fields of expertise, it is clear that the university makes no ownership claims with respect to such inventions. No doubt university administrators will still assert such ownership claims, but they will do so without policy authority.

Here are the definitions that go with the IP policy. We find the usual bungling of inventions and intellectual property:

Inventions
is a general term which includes computer software, general instructional materials (including video tapes), novel machines, devices, compositions of matter (compounds, mixtures, genetically engineered cells, plants or animals), genetic forms, mask works, production processes, production methods, plant varieties, etc.

Intellectual property
is the term used to describe the patents, copyrights, mask work protection, trade secrets, and plant variety protection certificates which cover or pertain to inventions.

Cognizant University administrators
include deans, department heads, program and center directors, office directors, or other individuals delegated by the budget executive to administer such matters.

For inventions, we get merely a statement that "inventions" is [sic] a general term and then a list that's illustrative ("includes," "etc.") without anything at all to indicate what the policy means by invention or why the policy requires a definition that turns out not to be a definition at all. The definition conflates inventions with works of authorship and all sorts of other things--methods, processes. This is a bother. Worse, the term used initially by the policy is "concepts" not "inventions." Thus, to read "invention" in this IP policy means one has to substitute "inventions and non-inventions." The definition makes nonsense of the ordinary sense of the word "invention." A meaningful definition of invention would be that of Bayh-Dole:

The term "invention" means any invention or discovery which is or may be patentable or otherwise protectable under this title or any novel variety of plant which is or may be protectable under the Plant Variety Protection Act (7 U.S.C. 2321 et seq.)

The effect of such a definition is to exclude non-patentable stuff. How are non-patentable inventions owned? The IP policy's stated purpose is

To establish appropriate policies for ownership and management of University intellectual property.

But in the definition of invention, which ought to be fundamental to the policy, instead we get a non-definition that appears to include most anything, almost with indifference--you know--"etc."

The IP policy fails its basic purpose by conflating stuff that can be owned with stuff that cannot. If the policy were just a patent policy, then it would be all the more evident that the definition should restrict disclosure obligations only to inventions that are or may be patentable. But no. University administrators (and their legal advisors) were not competent even to do something as simple as this, and so they attempt to create a single "IP" policy to cover everything without regard to whether everything can be owned as intellectual property.

We come then to the definition of "intellectual property." Statutory forms of intellectual property are patents, copyrights, and trademarks. But in an IP policy, there is no particular need to define "intellectual property"--one treats each form of intellectual property according to institutional requirements. Patents are not copyrights are not trademarks. The Penn State IP policy, however, goes the other way and conflates things. Now for the truly bizarre bit--you may have guessed it already. The IP policy does not use "intellectual property" other than in its statement of purpose, and in the name of a form agreement personnel must sign. The policy instead talks about "concepts" and "inventions" and "works" and "patents" and "copyrights." What is the point of giving scope to a term used only in a purpose statement and never used in the substantive text of the policy itself? Useless. Meaningless. Incompetent. But, hey, it was 1998. The #1 pop hit was "Too Close" by Next. Perhaps university administrators were confused about which way was right.

The definition of intellectual property then states that "intellectual property" is a term (we needed that) "used to describe" a list of things "that cover or pertain to inventions." On the face of it, this is a false definition because it uses "inventions"--which is a defined term in policy and unlike any normal definition of invention. No one uses "intellectual property" as such a term to describe such a bespoke notion of invention. I doubt even Penn State administrators, still reeling from the need to breathe, use intellectual property in such a way. This stuff must be too difficult for university administrators. The biggest problem in the list is that of "trade secret." Trade secret is not generally intellectual property. One creates a trade secret by securing information with independent economic value from disclosure to the public. How is it that the university will assert trade secret with regard to inventions made by faculty? Why does not the IP policy discuss how institutional trade secret claims interact with the universty's policy on academic freedom and expectations for publication?

Let's review. The Penn State IP policy requires an IP Agreement to be "completed" as a "condition of employment" and states that personnel have an obligation to report inventions developed with university resources or within a field of expertise or scope of employment for which personnel have been "retained." These are the two requirements of the IP Policy. That's it.

Next we will look at the IP Agreement that runs with this policy. One might expect that the primary requirement of the IP Agreement would be to implement the IP Policy. Har, har, har.

The 1992 IP Agreement

Penn State manages its IP by means of an IP policy statement and an IP Agreement form. The policy statement made effective in 1991 requires various university personnel (including in the category "academic"--whatever that means) to "complete" an IP Agreement and states that these personnel are obligated to disclose certain inventions to the university, where "inventions" means "inventions and non-inventions." (Policy HR76 distinguishes "academic employee" from tenure-track faculty and graduate students, so that much at least is clear.)

Let's look then at Penn State's 1992 IP Agreement. The IP Agreement is divided into two parts, A and B. Part A covers IP policy requirements. Part B covers sponsored project requirements. First, there is a general preamble:

> I understand that my employment with The Pennsylvania State University (hereafter referred to as the University) may be, at least in part, in connection with one or more research, development or other type of project, and which may include contracts or grants between non-University sponsors (hereinafter referred to as Sponsors) and the University.

Let's clean it up a bit:

> I understand that my employment with the university may be in connection with one or more projects, and some projects may involve contracts between the university and sponsors.

What is going on here, besides stating the obvious? We have some key words--employment, project, contract, sponsor. We can break things down further. There's employment, and that employment may involve projects, and some of those project may be sponsored. The distinction between employment and project is most interesting. While the IP Agreement identifies "research" and "development" projects, it also makes the term general with "or other type of project." Anything, so long as it is a project, apparently, and projects are distinct from employment generally. What is the reason for requiring this general acknowledgement, that projects are distinct from other activities of employment?

The answer that first comes to mind is--there is no reason whatsoever. It is a document written by amateurs and incompetent ones at that. But let's suppress the obvious and seek after stranger possibilities. The point of distinguishing projects from general employment picks up on the

university's IP policy, which in turn distinguishes employment, commissioned work, and encouraged work. The IP Agreement does not indicate that projects are part of employment--rather, that employment may be "in connection with" projects. What does it mean for employment to be "in connection with" something else, such as a project? That first answer keeps coming to mind--but we might posit as well that projects involve some sort of commissioning, just as the IP policy recognizes that employed personnel may also be commissioned or encouraged.

Some projects are what we recognize as sponsored projects. An external entity provides money and perhaps direction and in exchange expects various obligations to be met by the university. The challenge then for the university is to flow down certain of these obligations to the personnel involved in the project--since they may not be parties to the contract itself, the university has to provide a means to bind them to the obligations of the university's contract. The IP Agreement (in part B) does this. So part A, we might think, applies to projects that are not sponsored. These non-sponsored projects may then be considered to be commissioned by the university and distinct from general employment. If this preamble acknowledgement can be read at all to mean anything, this reading must be close to that meaning: what follows concerns IP obligations in projects supported by the university or by an external sponsor.

Again, no doubt university administrators will disagree with this reading. But they have nothing to offer to explain why this preamble acknowledgement distinguishes employment and projects, and university-sponsored projects from projects sponsored by others. If it's purposeless, why include it? If it has nothing to do with the IP policy's distinctions, why include it? The first response comes to mind.

We move then to part A, which consists of a general statement and four "responsibilities." Here's the general statement:

> I agree, as a condition of my employment, to abide by the terms of the University's Intellectual Property Policies and Procedures currently in effect, as well as any subsequent revisions thereto as approved by the Board of Trustees of the University. In so agreeing, I especially note the responsibilities set forth below. I understand that a complete copy of the Intellectual Property Policies and Procedures is available in my Department Head's office.

The IP Agreement requires employees to agree that the IP Agreement is a condition of employment. We might say, the IP Agreement forms a contract between the employee and the university. Otherwise, why have it? What difference is there between a general requirement that employees "abide by the terms of the University's policies" and requiring employees to complete

a form agreement to that effect? All one needs in policy (and in employment offers) that if an employee fails to follow university policy, the employee is subject to disciplinary action, which may include termination. We might add that such an assertion would then also apply to administrators who go rogue and act outside of their policy authority or fail to follow the university's policies.

As an agreement, however, the IP Agreement presents a serious problem. Employees are required to agree not just to current university IP policies (and procedures) but also to any "subsequent revisions" "as approved by the Board of Trustees." The problem is that this extension to whatever the Board of Trustees might require in the future makes the IP Agreement depend on an agreement to agree, and that's pretty fatal to the concept of a contract, which consists of mutually enforceable promises. If the university can alter the deal whenever it wants, then it's not a bargain at all. It's just a Darth Vaderific assertion of power. Not a contract. Not enforceable with regard to subsequent revisions. See the *Shaw* court ruling against the University of California.

At best, the IP Agreement here implies: "we can fire you if you don't do what we say, whatever it is that we choose to say, so long as the Board of Trustees authorizes it." Fine--but why try to put it into the form of an "agreement" that everyone has to "complete"?

There is a second thing going on. This opening statement of part A asserts that the four "responsibilities" to follow are in the IP policy and procedures of the university. As we will see, that's a stretch. We might put things differently: the IP Agreement requires employees--"condition of *employment*"--to agree only to those responsibilities present in IP policy and procedures. And we might wonder why procedures are included--given that the IP policy does not include them or make any reference to them--other than the procedure for getting the IP Agreement signed and disclosing inventions.

There are three ways to construe the IP Agreement's play to include unspecified procedures along with IP policy.

1) This is a clever way for administrators to expand their power by writing a blank check for themselves in the IP Agreement. Personnel as a condition of employment agree up front to whatever administrators require, so long as they put their requirements in the form of a procedure. The IP Agreement itself is evidence of this approach--the IP Agreement should create a contract between the university and each employee with regard to the disclosure requirement stated in the IP policy. Instead, the IP Agreement makes assertions about requirements that aren't in the IP policy.

2) This is an extra clever way for administrators to create an exception to IP policy by means of agreement with each employee. The IP Agreement is, in fact, an agreement to amend the IP policy to include whatever the IP Agreement includes. Once an individual has signed the IP Agreement, anything in the IP Agreement comes into effect, regardless of what the IP policy says.

3) Nothing in the IP Agreement, other than committing individuals to disclose their inventions to the university, is authorized by IP policy and therefore has no effect, even though the form makes it appear that individuals have agreed to things that aren't in the IP policy. The truth is, individuals agree to the IP policy and the IP policy stipulates disclosure of some inventions. That's the end of it.

Now, which of these interpretations do you expect university administrators to demand? Certainly not 3). It's just that it costs $100K or more to have an attorney chase down administrators and pin them to the written words of policy--as Doug Shaw had to do at the University of California--and university administrators appear to have a nearly unlimited legal budget to use university attorneys to defend whatever rogue interpretation of policy they want.

Now let's look at the four "responsibilities" in the IP Agreement. First, an obligation to assign inventions--a requirement not in IP policy:

> (1) to assign to the University (or its designee) all rights which I have or may acquire in inventions, discoveries, or rights of patent therein which are conceived or first actually reduced-to-practice by me;
>
> (a) with the significant use of University facilities or resources as defined by policy (and revisions thereof), or
>
> (b) in the field of expertise and/or within the scope of responsibilities covered by my employment with the University;

To read this requirement, we must interpret the semi-colon at the end of (1) as a colon--what follows as (a) and (b) are restrictions on the scope of what is to be assigned.

As for (a), the restriction differs in the IP Agreement from that of IP policy. In IP policy, the requirement is for disclosure, not assignment. The scope of disclosure may be drafted broadly so that for areas of doubt, both inventor and university administrator may consider the circumstances and negotiate whether an invention meets the requirements of scope for assignment. But here, the IP Agreement attempts to make the scope of disclosure also the scope of assignment. Of course, it bungles even this.

Here's the IP policy (disclosure obligation):

> **developed** with University resources (facilities, funds, or equipment)

Here's the IP Agreement (assignment obligation):

> **conceived or first reduced to practice** with the **significant use of** University **facilities or resources** as defined by policy

How difficult is it to keep a simple policy straight? For "developed" we find substituted "conceived or first reduced to practice"; for "with" we get "with the significant use of"; for "resources" (expanded to "facilities, funds, or equipment") we get "facilities or resources," as if these are coordinate terms rather than that resources is the general term and facilities is an instance. Again, this is incompetent drafting, whatever else is going on. At the least, the IP Agreement binds individuals to assign only those inventions involving significant use of university resources, even if all inventions are required to be disclosed. As usual with incompetent drafting, we again find an ambiguous terminal constituent. Does "as defined by policy" modify "significant use"? or "facilities or resources"? Or perhaps both or anything at all? Given that the only gestures in IP policy are "develop" and an expansion of "resources" to mean "facilities, funds, or equipment," we might then read the assignment scope here in (a), making the appropriate substitution, as "significant use of University facilities or facilities, funds, or equipment." Silly garble, but that's what university administrators decided met their standard for clear, reasonable, authoritative prose.

It is clear, however, that the IP Agreement's gesture is to claim nothing more than IP policy claims--even as the IP Agreement claims assignment--something that's not in the IP policy at all. Quite the nerve.

We might dwell a moment on "conceived or first reduced to practice." These are terms derived from federal patent law as components of what is required to "make" a patentable invention--the invention must be conceived in the mind of the inventor and reduced to practice--and recognized as an invention (along with the other requirements--new, useful, and non-obvious, taught so as to be practiced without undue experimentation by one with ordinary skill in the art, and the like). But since the IP policy does not restrict "invention" to inventions that are or may be patentable, here "conceived" could be read to mean "thought of" (as an idea or concept). The IP Agreement then would claim to be a thought-ownership agreement: "if you think of anything with commercial value, then you agree to assign that anything to the university--if you were using significant University facilities or facilities, funds, or equipment." But this reading is nonsense. The IP policy of course does not endorse it, for starters.

The deeper nonsense is that it's clear that the IP Agreement is referring to patent law--and especially to that part of patent law called Bayh-Dole. Bayh-Dole defines the scope of a subject invention to include patentable inventions that are "conceived or first **actually** reduced to practice" under a federal funding agreement (35 USC 201(e)):

> any invention of the contractor conceived or first actually reduced to practice in the performance of work under a funding agreement

Work this scope in reverse. First, the work of the invention must be specified in a funding agreement--written into the statement of work ("we will build a prototype," e.g.) and/or the budget ("materials for prototype," e.g.). Either conception or first actual reduction to practice. Conceiving the invention in each of its parts or functions; building the invention so that it demonstrates the function of each part of the invention as conceived. The implementing regulations to Bayh-Dole are clear that an invention may be "closely related" and not be within scope of the funding agreement if the funding agreement fails to anticipate the invention (37 CFR 401.1):

> To the extent that a non-government sponsor established a project which, although closely related, falls outside the planned and committed activities of a government-funded project and does not diminish or distract from the performance of such activities, inventions made in performance of the non-government sponsored project would not be subject to the conditions of these regulations.

In the context of the IP Agreement, the missing element in the construction of scope is the IP policy's use of "project." It is illegitimate for the IP Agreement to claim ownership of any invention, but if we were to manage its illegitimacy for consistency, we would require that the scope of any university claim of ownership must be restricted to projects (expressly commissioned activities; expressly retained activities). Anything conceived or first actually reduced to practice in these commissioned or retained activities might come within the scope of a university (or sponsor) claim to ownership. You might see how this revision actually implements what Bayh-Dole's standard patent rights clause requires the university to do--to require individuals to make a written agreement as part of each funding agreement to protect the federal government's interest by disclosing inventions and establishing the federal government's rights in these inventions (by assignment or license). But of course, the Penn State administrators are not up for this and instead state a general claim that's outlandish, not authorized by IP policy, and garbled with regard to IP policy.

The distinction between first reduced to practice and first actually reduced to practice is significant. An invention may be reduced to practice by filing a patent application. It is difficult to

see how filing a patent application can involve the significant use of university resources unless the university is itself preparing (or paying for the preparation) of the patent application. Otherwise, the arrangement must be that the inventor uses "significant" university resources to build or practice the invention for the first time. What is meant by "significant" isn't explained either here or in the IP policy. Since ambiguous elements of adhesion contracts (such as this IP Agreement) are interpreted against the drafting party, we might find that "significant" must mean "whatever an inventor reasonably believes to be significant." Using a lab that the inventor has open access to anyway would not be "significant." Using $100K specially allocated by the university administration to develop an invention may well be significant. Given the ambiguity of the term, the IP Agreement at this point asserts (by implication) that "the inventor decides what reasonably constitutes 'significant' in complying with the obligations created by this IP Agreement." But pity the poor inventor or even university administrator who proposes following this reading. "Damn! That would be a consionable interpretation--we can't have that! We are university administrators here, with no obligation to be decent! We are *morally obligated* to be incompetent jerks."

Part (A) Section (b)

Part (A) of the 1992 IP Agreement sets out what appears on the surface to be a broad scope for inventions (and other stuff) to be assigned to the university, in two areas. The first area, (a), concerns the use of university resources. The second area, (b), is even more iffy and has to do with "field of expertise":

> I especially note the responsibilities set forth below. [no introductory element to the following sentence]
>
> (1) to assign to the University (or its designee) all rights which I have or may acquire in inventions, discoveries, or rights of patent therein which are conceived or first actually reduced-to-practice by me . . .
>
> (b) in the field of expertise and/or within the scope of responsibilities **covered by my employment** with the University;

Compare with IP policy to see the botch job. In the IP policy, this text pertains to the scope of what must be disclosed, not what must be assigned. But even then, folks can't get the text the same. Is it that difficult?

> within the fields of expertise and/or within the scope of employment for which **they are retained** by the University.

"Fields" becomes "field"; "scope of employment" becomes "scope of responsibilities covered by my employment"; and the terminal restriction "retained by the university" is simply dropped. The upshot is that the IP Agreement claims university ownership for a much broader scope of invention than the IP policy authorizes (and of course, the IP policy authorizes the scope only for disclosure, not assignment). By introducing "responsibilities," the IP Agreement changes "scope of employment" [scope of what the university may direct me to do and control what I do] into something more like "whatever activities I may take on of my own choosing and continue to be compensated by the university." Lost altogether is the idea of "retaining" personnel for specific projects for which the university has a legitimate interest in ownership of resulting inventions.

Thus, the IP Agreement asserts an ownership claim that's not authorized by IP policy, uses the scope of disclosure to be the scope of the university's ownership claim, bungles the scope of assignment to be inconsistent with that of the IP policy's scope of disclosure, and abandons the IP policy's reliance on projects and "retaining" or "commissioning" work in which the university might expect to have a special interest in the results.

The second responsibility pertains to disclosure, and because of poor choice of sequence and definition, is forced to repeat the same bombastic scope:

> to submit invention disclosures to the University following the completion of conception or the first reduction-to-practice of any invention or discovery which;
>
> (a) made significant use of University facilities or resources, or
>
> (b) is in the field of expertise and/or within the scope of responsibilities covered by my employment with the University;

The IP Agreement adds one new twist--the disclosure is to be "submitted" to the university only after an invention's conception or reduction to practice has been "completed." Since it is the inventor that decides when an invention's conception or reduction to practice has been "completed," disclosure is at the discretion of the inventor, provided that the inventor does not prepare and file a patent application (which would make it clear that the invention had been made--both conceived and reduced to practice).

If we consider the 1940 Penn State patent policy, we see that the roots of the IP policy are in the distinction between commissioning a project with a special employee contract (that is, the forerunner of the IP Agreement) and otherwise. If there's no IP Agreement, even if the university sponsors the work, then the university has no ownership interest in any resulting invention. The 1940 policy's "engaged or assigned" becomes the "retained" and "commissioned" in the 1992 IP policy. It's just that administrators lusting after all the inventions they can get observe that the

only way they can establish an institutional ownership claim is to support a project and require a special contract. In the flawed mind of the university administrator, this becomes the realization that any use of "resources" can be construed as university "financing" and therefore every employee must sign a special contract.

"Submit" in its way is disingenuous. "Submit" carries with it the idea of "submission of a manuscript for publication" or "submission of an invention for consideration by an invention management agent." Submit, then, carries the idea of a voluntary professional action. But the IP Agreement itself has already gone rogue and asserted a general claim of university ownership to all inventions (patentable or not), so "submit" is the wrong word. "Report" or "disclose" is the proper term, as there is nothing to "submit," nothing voluntary about the reporting, no question as to the claim of ownership made by university administrators (unauthorized as it is).

The third responsibility repeats the complexities bungled into the first two responsibilities, and adds its own:

> to do whatever is required to enable the University (or its designee), at its expense, to obtain a patent upon any invention or discovery conceived or first reduced-to-practice by me;
>
> (a) with the utilization of time, money or facilities charged to said contracts or grants or
>
> (b) resulting from the significant use of University facilities or resources or
>
> (c) in the field of expertise and/or within the scope of responsibilities covered by my employment with the University;

This is an "assistance" provision and is often found in invention assignment documents as part of the agreement that permits patent applications to be filed. Here's the version from Bayh-Dole's standard patent rights clause (37 CFR 401.14(a)(f)(2)):

The contractor agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to ... **execute all papers necessary** to file patent applications on subject inventions and to establish the government's rights in the subject inventions.

The IP Agreement, however, cannot be bothered with specificity and instead obligates inventors to do "whatever is required." That is, presumptively, whatever university administrators might demand--again, an agreement to agree. While an inventor is also an employee of the university, we might consider why the university cannot simply declare that assisting with patent applications is part of the scope of employment for all personnel assigned, directed,

commissioned, or retained for research projects. What more is added by making assistance part of an IP agreement that is bounded by *employment*?

In a conventional assistance clause, where an inventor submits an invention for consideration to an agent, the inventor is not an employee. The assistance clause functions in these circumstances to ensure that the inventor will sign documents necessary to file patent applications (such as an inventor's declaration and oath). That is, where the new owner of the invention would otherwise have no control over the inventor, an assistance clause ensures that the inventor will not frustrate the purpose of an assignment of invention before a patent has issued.

In a university case, an assistance clause has three roles. First, it covers the case in which the university does not have the power to require an inventor to assist. One such situation involves students, volunteers, and visitors--these folks are not employees. Since the IP Agreement makes an ownership claim based on use of resources (rather than as a condition of employment), it ends up having to deal with non-employees using an assistance clause. But of course, non-employees are not the subject to the IP Agreement here, since the premise of the IP Agreement is that completing it is a condition of employment, not a condition of using significant university resources. A second situation involves faculty. According to university policy on academic freedom, faculty have the freedom to publish. Since a patent is a publication, a university that asserts ownership of inventions for the purpose of obtaining patents is in fact demanding that it control faculty publication--university administrators may demand that the faculty inventor publish an invention in the patent literature, under that faculty member's name.

If we were dealing with a special project, in which the faculty member had agreed to these requirements as a condition of receiving special funding or using special resources, then it would make sense to include a requirement that the faculty inventor publish in the patent literature. It does not make sense, however, in the general case unless university administrators repudiate their policy on academic freedom and the independence of faculty in choosing their research and how and when they publish the results of their research--you know, the stuff that the IP policy "encourages."

The third role for an assistance clause is to deal with situations in which an employee who otherwise can be directed to assist leaves employment. We see this in the IP Agreement in the next to last paragraph:

> and that the responsibility set forth in Section (A),(3), will continue after termination of my employment with the University.

The "whatever" in (a)(3) is, needless to say, ambiguous and should be up to the inventor to reasonably decide. Imagine a situation in which an inventor objects to the ownership claims

university administrators make outside the authority of the IP policy, gets fired for objecting, and then is told he (or she) must do "whatever" the university demands to support the university getting a patent on the disputed invention. Given that there is no such "responsibility" to assist in Penn State's IP policy, a reasonable interpretation of "whatever is required" is "whatever is required by IP policy at the time the IP Agreement was signed"--and that would be exactly nothing, nothing at all.

This third responsibility then states three classes of conditions under which assistance must be provided--and these are different from the IP policy and from even the other "responsibilities." First, extramural contracts:

> with the utilization of time, money or facilities charged to said contracts or grants

The contracts or grants here are part of the "projects" in the IP policy, but the "utilization of time, money, or facilities" has nothing whatsoever to do with ownership or patenting of inventions that might arise. The controlling element is the extramural contract itself. Even for federal funding, use of facilities is not a controlling element in determining whether an invention meets the definition of a "subject invention." We will get to sponsors in the second part of the IP Agreement--here it is enough to notice that this first category is irrelevant here, since this part of the IP Agreement is not about extramural contracts, and that the category itself is constructed entirely wrong--it should focus on the requirements of any given extramural contract (and for that, policy should limit what university administrators can introduce into an extramural contract that runs outside of IP policy and agreement with investigators).

Then we get a repeat of significant university facilities or resources and field of expertise claims, with their lack of policy authorization and bungledness, despite the repetition.

The fourth and final "responsibility" has to do with copyright:

> to assign all rights to copyrightable software and other instructional materials developed as a result of my employment and/or with significant use of University facilities or resources, or made in the field of expertise and/or within the scope of responsibilities covered by my employment, unless otherwise agreed to by the University.

"Copyrightable" still gets used, though it has no particular meaning since the U.S. joined the Berne Convention. Copyright happens. Copyright vests in works. Works are not "copyrightable." They are subject to copyright or they aren't. But amateur university administrators are clueless about such things and repeat whatever they see.

The copyright bit is bungled even further. There is no need to assign "all rights" in copyright in work for hire situations--work prepared within the scope of employment is as a matter of copyright law owned by the employer, as the author of the work. That leaves the use of resources prong and the expertise prong--neither of which involve work made for hire. For these prongs, the strategy here is to offer to assign all conforming works, pending a university decision to accept assignment or not. That is one interpretation of "unless otherwise agreed to by the University." Another is that the university's policy on academic freedom controls and represents a broad statement of what the university has "otherwise agreed to"--that the only areas in which the university's copyright ownership claim applies is that of commissioned or retained work.

We leave it for the reader to sort out the stupidity of having a broad definition of invention in the IP policy, so that works of authorship are implicated throughout the IP Agreement's use of invention, but at the last we hit a responsibility specific to copyright, as if the IP policy definition does not operate.

Perhaps the overall strategy behind the Penn State IP policy and IP Agreement is to create such a jumbled mess that only an administrator is authorized to sort it out in any given situation for whatever it is that the administrator wants. Or perhaps the strategy is simply not to care what the words say, formally, with careful interpretation appropriate to formal documents such as policy statements and contractual agreements--expecting that what the policy really does is authorize university administrators to demand most anything they want, being discrete not to piss off the Trustees and so misleading the Trustees with fake-o-graphic reports that make it appear that policy and law assert whatever it is that the administrators want.

Brief Quiz on Penn State's IP Agreement, Part A

1. Is Part A drafted within the authority of the IP policy?
   a) yes b) no
2. Is Part A drafted
   a) incompetently b) corruptly c) both

The 1992 IP Agreement, Part B

Now we can look at Part B of Penn State's 1992 IP Agreement. Part B concerns extramural contracts and starts with another general statement:

I also understand that, whenever I am **associated** with activities which are financially supported by contracts and grants of certain Sponsors, the invention and patent provisions of the sponsor agreements and/or applicable institutional patent and copyright agreements **may create** additional responsibilities with respect to:

In simple words--I agree to comply with any additional responsibilities with regard to inventions and intellectual property set forth in extramural contracts entered into by the University. But here, things aren't so simple. The general statement refers only to "certain" sponsors--which ones? And refers to "copyright agreements" of the university--what the heck is that, given that this, uh, *thing*, is the IP Agreement. What's not stated, and should be, is that whatever these additional responsibilities are, they are required by the sponsor, not by the university. Otherwise, the university can change its policy simply by demanding provisions in an extramural research agreement that are contrary to its policy, and when the sponsor agrees to these provisions, gosh, the IP Agreement turns them into as good as policy, but without the bother of involving the Trustees.

In any event, the general statement puts what follows as a conditional--a contract might not create responsibilities. But there is a clever word trick here, since the IP Agreement is set up to trigger on the fact of an extramural contract, not the requirements of any given contract. Thus, the aim of the IP Agreement is to rationalize the university's ownership claims to inventions made with extramural funding *even when the extramural funding does not require university ownership and university IP policy does not require university funding unless the extramural contract does.* For instance, Bayh-Dole does not require university ownership of inventions (yet), so a requirement in the IP Agreement that inventors assign inventions in compliance with extramural research contracts would not require the assignment of any inventions made with federal support. But this clever bit of wording makes it appear that the university takes ownership of such inventions anyway, merely because there is an extramural contract. Clever, but corrupt.

For grants, in this part B, there are three matters, and then another terminal constituent that is typically ambiguous but apparently applies to all three of the matters, not just the last one. The three matters are documenting and disclosing inventions, assigning inventions (and copyrights!), and "execution of papers." It is fine to put folks on notice that these things might come up in extramural contracts. It would help to explain what "execution of papers" means. We might expect that this is an amateurish way of saying "assist with the patenting process." We also might recognize a vestige of Bayh-Dole's standard patent rights clause:

> **execute all papers** necessary to file patent applications on subject inventions and to establish the government's rights in the subject inventions

But in that case, the assistance requirement is spelled out. Not here, in part B of the IP Agreement. We look briefly at the four elements then of the terminal constituent, which expands on the three matters. Again, these four "responsibilities" are embedded in a sentence that's conditional--these may be required, if an extramural contract requires them or the university's IP

policy requires them. It's just that nothing in this part B is required otherwise. Taking the first element, it may be required:

> documentation, including laboratory notebooks, where appropriate, must be maintained to adequately demonstrate that inventions or discoveries were conceived or first reduced-to-practice by me with the utilization of time, money or facilities charged to said contracts or grants, and copyrightable works vested thereunder must be submitted to the University.

Suddenly, rank amateur legaleze! "Said contracts" indeed--what *said* contracts? The imperative mood here is at odds with the subjunctive mood of the sentence that contains it--"must be maintained," "must be submitted"--as if these are requirements of the IP Agreement and not possibilities based on new responsibilities created by an extramural contract. And for each thing, goofy walkbacks--"where appropriate"; "to adequately demonstrate." We may demand, but only at one's discretion, whatever. Again, whether time, money, or facilities are "charged" is immaterial in general to an extramural research contract. What matters is the statement of work, the statement of deliverables. This is true, especially, for federal funding agreements. Here's the Bayh-Dole implementing regulations on the matter:

> Notwithstanding the right of research organizations to accept supplemental funding from other sources for the purpose of expediting or more comprehensively accomplishing the research objectives of the government sponsored project, it is clear that the ownership provisions of these regulations would remain applicable in any invention "conceived or first actually reduced to practice in performance" of the project. **Separate accounting for the two funds used to support the project in this case is not a determining factor.**

It does not matter where work is "charged." That's just accounting, or accounting fraud. What matters is what work has been "planned and committed."

What "vested thereunder" means with regard to "copyrightable" works is beyond me. Extramural contracts engage universities as independent contractors. No copyright can "vest" with an extramural sponsor. But "vested thereunder" must have sounded good to incompetent ears, perhaps an instance of the Dunning-Kruger effect, and so we have "vested thereunder" awaiting its day in court to be sorted out.

There's an argument that IP policies this messed up result in voluntary invention practices--faculty assign though they could walk away--it's just that few faculty have the desire or funds to fight bozo administrators with unlimited legal budgets.

The second element has to do with assignments:

> inventions conceived or first reduced-to-practice by me in carrying out work under said contracts and grants, and copyrightable works created thereunder, must be assigned or licensed to Sponsors, if the University or Sponsors so request;

This requirement (again, it may show up in an extramural contract) is directed at assignment or licensing to a sponsor, not to the university. How can it matter that an invention "must be assigned" to a sponsor if the inventor has already agreed (against IP policy) to assign the invention to the university? Oh, consistency, that's for small minds. It takes a truly incompetent one to write an IP Agreement for Penn State. Is this becoming a refrain? Shall I end each paragraph with this refrain? Is it so painful that paragraph after paragraph is just garbage--lofty, legalistic, demanding, fake-precise incompetent garbage?

What's odd is that the university reserves the right to request that an inventor assign an invention to the sponsor, even if the sponsor does not request assignment. What is with that? What basis in IP policy is there for the university to have such a right? Why would anyone in their right mind agree to such a thing?

Third element, more goofiness:

> inventions and computer software which utilized time, money, or facilities charged to said contracts or grants must be promptly reported to the University following:
> (i) the completion of conception, or
> (ii) the first actual reduction -to-practice, or
> (iii) creation of software; and

Again, only if a "said contract" requires such things, but here's the logical hole. Inventions must be "promptly reported" after any one of the three conditions. Thus, one might conceive of an invention and not report until "actual" reduction to practice--and that could be long after "constructive" reduction to practice by filing a patent application. See, that bit about the difference between "reduction to practice" and "actual reduction to practice" turns out to matter, if only to show again the amateurish nature of the 1998 IP Agreement. And look at software--I used to write code. When is software "created"? Is that with the first line of code? Or when some decides to stop coding? For all the goofy imperative, there's nothing here that provides any guidance. A sponsor, anticipating how incompetent university IP folks might be, will simply require that investigators report everything that they do within scope, as they do it, say weekly or monthly, as a condition of getting the next quarter of funding. Even NASA does this with its "New Technology Report" requirements.

And one last potential requirement:

> prior to completion of my association with work contracted pursuant to said contracts or grants, a complete disclosure of all software, instructional materials, inventions or discoveries conceived or first reduced-to-practice by me with the utilization of time, money or facilities charged to said contracts or grants, and copyrightable works vested thereunder, must be submitted to the University.

Whew--"pursuant" and "said" plus another "vested thereunder" all in one bombastic sentence. What is a "complete" disclosure? Does this mean, all such stuff, or a complete technical description of each one, such as, say, a complete software manual? Isn't enough that reportable items are reported, and if someone wants more information, they then can ask for it? Ah, but that would be decidedly non-bozo. Of course, it's nonsense to require reporting of instructional materials conceived or reduced to practice. Doesn't happen. A rewrite: "you may be required to provide to the university a final list of all deliverables prepared under an extramural contract, including inventions and software." Of course, sponsors tend to want the reports sent directly to them, rather than requiring the reports to go to the university to be forwarded by administrators.

Thus, we have the meat of the IP Agreement--a set of demands that are outside of IP policy, plus a garbled mess of the tiny bits that are in IP policy, plus a long notice of what might be required by an extramural contract, but stated in the imperative, and without IP policy backing.

Then there is this:

> I understand that this agreement is part of the terms of my employment; that any contract of employment or other legally binding agreement entered into by me with the University after this agreement shall be considered to include this agreement unless a provision of that contract of employment specifically modifies this agreement; and that the responsibility set forth in Section (A),(3), will continue after termination of my employment with the University.

This provision is given as a fact--nothing here for the "I" to agree to. The IP Agreement is part of the "terms of employment." We might ask just what those "terms of employment" otherwise are--for faculty, there's an appointment letter giving rank, salary, and start date, with an annotation that the appointment is subject to compliance with policy and perhaps approval by the regents or trustees. The rest of this provision is just bizarre. The IP Agreement is part of one's terms of employment. What is the fixation with subsequent university employment? Wouldn't IP policy require a new IP Agreement? What is this "shall be considered" as distinct from "shall incorporate"? Who is doing the considering? Ah, heck. Who cares? It's just a mess created by amateurs. Here, an IP Agreement claims that it inserts itself into any other agreement with the university unless that agreement "specifically modifies this agreement." Huh? Why not simply

exclude the agreement? And on what basis can the university exclude the IP Agreement, given that IP policy demands it? And if at this point the individual is asked only to acknowledge an understanding, how is it that the A.3 requirement continues after employment when the whole agreement is conditioned on employment? What is the mechanism that allows the assistance provision to survive termination of employment? Where is the consideration for that promise? I don't see it, but then after working through this IP Agreement, there's much not to see.

And finally, one last obligation:

> If I am now or hereafter become a principal investigator or director of a University research, development, or other type of project, **I will determine whether each person** who performs any part of the research or development work on the project for which I am responsible (exclusive of clerical or manual labor personnel) has signed an appropriate Intellectual Property Agreement; and if not, will obtain such additional Intellectual Property Agreements as are necessary, and forward them to the Intellectual Property Office.

Well, here's the IP policy requirement:

> It shall be **the responsibility of the appropriate budget executive or budget administrator** to ensure that the University Intellectual Property Agreement is presented to, and signed by, persons appointed to or transferred to positions covered by this policy.

Not the PI or director of a project, but the budget executive or administrator. But the IP Agreement simply ignores policy. That's par for this course.

Commercial Potential

We have looked at legacy Penn State IP policy--from 1940 and from 1991. And we have worked through an especially bad piece of drafting in the Penn State IP Agreement, which ignores IP policy, conflates patents and copyrights, garbles Bayh-Dole compliance, and generally evidences the work of amateurs and incompetents. Oh, for any Penn State legal counsel involved--malpractice.

But perhaps things have gotten better. One doesn't have to stay a newt just because a witch has cursed you into one. Let's have a look at current Penn State IP policy. We'll also have a look at Penn State's guidance on various IP issues, such as federal contracting. WARNING: Not for the faint of heart. Penn State has changed its policy labels, so current IP policy is IP01 "Ownership and Management of Intellectual Property." There are other IP-related policies as well--adding a separate layer of conflict of interest claims to reign in entrepreneurship--but let's stick to IP. The

complications don't show sophistication but rather compound the muddle that ends with the proposition that administrators can make anyone at the university do what they say the policy requires. That simple proposition runs behind the muddle, behind the garble of inconsistent and ambiguous drafting, the misrepresentation of Bayh-Dole, the absurd definitions, the fake legal precision.

But let's work through the formal IP policy anyway, treating it as a document in which words should mean something and not just stand as emblems for bureaucratic control of research discoveries and inventions, for the purpose of making money from patent positions while passing it all off as being in the public interest that such a thing happen.

IP01 starts with a new heading--Research Intellectual Property. The 1991 IP (called RA11 in 1998) policy starts with a treatment of the IP Agreement. We will look at how the preamble has been altered and then at the strangely ironic new definition of "RIP." Here's a text compare in Word markup for the two versions of the preamble:

> The·protection·of·~~concepts~~research·intellectual·property·with·commercial·potential·~~(inventions·or·creations)·via·patents·and·copyrights~~·is·an·essential·aspect·of·the·technology·transfer·process.·~~Therefore·an~~Rights·to·research·intellectual·property·conceived,·reduced-to-practice·or·created·by·University·employees·with·the·use·of·University·facilities·or·resources,·or·in·the·field·of·expertise·and/or·within·the·scope·of·responsibilities·covered·by·employees'·employment/appointment/association·with·the·University·are·governed·by·the·Penn·State·"*Intellectual·Property·Agreement*"~~(page·4.04·in·the·General·Forms·Usage·Guide)·is·required·to·be·completed·by·individuals·first·appointed·or·transferred·to·classification·categories·as·follows:~~that·assigns·such·rights·to·the·University.¶

The silly claim that protection is essential to technology transfer remains, but has been edited ("protection" is essential to dealing in patent monopolies for financial return, not for the transfer of technology). "Concepts" has been replaced by RIP, still restricted to "with commercial potential" and the stuff to be protected has been removed. Gone as well is the logical connection ("Therefore") between the claim that protection is essential and the need for everyone to

complete the IP Agreement form. In its place we have an assertion that rights in RIP are "governed" by the IP Agreement and that this agreement "assigns such rights to the University."

Poke almost anything here and you can see the puffy cheeks of bureaucratic foolishness. Let's start with the definition of RIP:

> Research intellectual property
>
> is the term used to describe the discoveries, inventions and creations with **potential commercial value** that result from research **activities**.
>
> Most research intellectual property developed at the University can be protected by patents, but some University research intellectual property (i.e. software) is more appropriately protected by copyright.
>
> Although some research intellectual property may be protected by trademark or trade secret, it is rare for the University to utilize these methods of protection.

What a strange definition, conflating statutory intellectual property with the subject matter addressed by intellectual property, combining popular usage (anything intangible that might be claimed can be called, loosely, intellectual property) with terms of art for the forms of ownership for such subject matter.

It is nonsense that most "things with potential commercial value" can be "protected by patents." Or that copyrights in software are a matter of "appropriate" protection--good grief, copyright happens when a work of authorship meets the definition of the law. And for all that, there is way, way, way more stuff that might be commercially published on a university campus than might be commercially developed into products via monopoly patent positions. The statement here is simply clueless.

As for software "protection"--it's also clueless to treat "software" as a generic category. Some code implements patentable processes. Some code doesn't. Some code might be "protected" by being kept a secret; some code might be "protected" by patenting; some code might be "protected" by copyright, or by a license that invokes copyright to prevent others from invoking copyright in derivative works, except to prevent still others from invoking copyright... So the statement is clueless garbage with regard to software "protection"--if software needs "protection."

If we want to rescue the point, we would have to argue that the definition of RIP is so narrow that only a very few things actually meet the requirements for a university claim. But for that, we

would have to navigate such a bozo complexity that we would have to write a book on just this little bit. Good gawd, it's already nearly a book as it is.

We may observe that the "discoveries, inventions and creations" that are the concern of the policy are restricted to those "with commercial *potential*" and further restricted to those "that result from research *activities*." If an invention does not have "commercial potential" or "result from research activities," then it is not within the scope of the definition of RIP. Of course, even here we have problems--the policy preamble uses "commercial potential" but the definition of RIP uses "potential commercial value." Which is it? These are not the same thing. "Commercial potential" refers to the possibility of sale in commerce. "Potential commercial value" refers to a financial return on the sale. Or perhaps not anything like this. Perhaps the policy's use of "commercial potential" and "potential commercial value" simply means "anything we can make money on" or "anything that someone is willing to pay us for" or perhaps "potential" means "anything that no one can prove will never be worth anything."

We might then ask what inventions (or discoveries, or, um, creations) "have potential commercial value" and how commercial value differs from any other sort of value. Commercial value need not be financial value--that is, an invention may be financially valuable and not have any value as a product offered for sale, if "commercial" here means "to be introduced into commerce" rather than, say, "used by companies otherwise engaged in commerce" or "used for research purposes." We might say "commercial value" is ambiguous. "Potential [ambiguous] value." We don't even know who it is who determines whether some new thing has this "commercial potential" or when. At the time that something is invented, it may not have "commercial value" or even "potential," but after years of development, research uses, DIY use in companies, there might be opportunities for that something to be included in product that is sold. Does that bring the invention within the definition of RIP?

Does "potential commercial value" then mean "anything that an administrator might imagine could in the future have commercial value"? Or, more specifically, "anything that an administrator might imagine could be dealt for money to a speculator (or investor, or company) on the premise that the something could have in the future commercial value, or if not commercial value then financial value in demanding royalties from users (and sellers) of that something. Push this: does suing companies for infringement of a patent right on the something constitute "commercial value"? Does imagining suing companies for infringement establish "potential commercial value"? We might argue no. Commercial value lies in the value of placing the something into commerce--that is, selling the something as part of product. The *potential* for doing this is not merely the "possibility" that someway, somehow something might one day be sold. There could be tractors built for squirrels. That's possible. But a squirrel tractor is nothing with "potential." We might observe, then, that "potential" is also hopelessly ambiguous.

Value from licensing a patent right is not "commercial value" unless the something enters commerce. Thus, trading on the monopoly value of a patent on the something is not "commercial value"--the "commercial value" would derive from a royalty on sales--and nothing else. Equity positions, for instance, because they are disconnected from income from sales of licensed product, do not in general reflect "commercial value" but rather "value realized by increase in the expected future value of a company that also happens to hold a license to patent in an invented something that may never be used or sold."

What a bother, I know, to examine "potential commercial value." But it's Penn State administrators that have come up with this definition of RIP, put it in formal policy, and made it a basis for establishing a claim of ownership by the university, and put that claim of ownership into what the university expects to be a binding contract with employees, in the form of the revised IP Agreement. If words mean things, then "commercial value" ought to mean something--not any value (no need for "commercial"), and not merely financial value derived from exploiting an IP position. Given that Penn State sets up an adhesion contract that employees must sign and cannot (apparently) negotiate, ambiguities should be interpreted against the drafting party--the university. In this case, a reasonable interpretation is that inventors are obligated to assign *only that which they choose to assign. Inventors decide what has commercial potential; inventors decide what has potential commercial value; inventors decide what makes something have "potential" in this way--the inventor decides to pursue product development, or decides that someone should pursue product development, or agrees that someone should pursue product development. That decision establishes "commercial potential."*

I expect that Penn State administrators might argue that "commercial value" means something like "any value an administrator asserts an invention has" or "anything that might be of value to a company or investor in a company or entrepreneur aiming to create a company." If so, then the argument actually is that "commercial value" doesn't mean what the words suggest, but rather is merely *an emblem* for administrators to point to as a reason to own the work of faculty, students, and staff. It is, actually, a fantasy statement, a statement of administrative intent--*that anything the university claims to own might be made into something of "commercial value."* But such a fantasy, should it come to that, makes nonsense of the policy statement itself.

We might ask why a university would focus on "commercial" value of inventions and discoveries, rather than, say, social value or public interest. Why should the focus of university IP policy--and therefore the focus of the university's research programs--be the production of things with "commercial" value? When did the university accept a mandate to divert its efforts to a fixation in formal policy with giving preference to helping people who want to sell things to sell new things--provided they cut the university in on the action? One could imagine a university IP policy that was built the other way entirely, to protect public interest activities from immediate claims to

institutional profit-seeking or from giving preference to commercial speculative interests in those cases in which an invention might be used for research purposes or for DIY application or might be involved in commercial sales without the need for any monopoly position. In such an IP policy, "commercial value" would be of interest *only when "commercial value" was the only way to realize "any value whatsoever."* That is, only in the special special case, the new class of compounds whose only use is as a therapeutic. And even there, it takes a deep breath and a looking away to argue that universities should exploit these special special cases to ensure that there will be a speculative market in exploiting monopolies on things that might reduce acute human suffering, so that these speculative markets remain lucrative. Why should universities commit their public purposes to such a thing? Well, they shouldn't. That they do is awful. That they claim their doing so is the height of social virtue is corruption. But hey, let's not just call things by their proper names.

The effect of such an IP policy would be to prevent the very kind of krakken program that has settled in at Penn State (and at many other universities) to steal IP from individuals, to bury inventions and discoveries behind institutional bureaucracies and paywalls and threats of legal action, and to still have such disregard for the truth to claim that krakken programs are somehow in the public interest.

Problems with the RIP Loop

We are comparing Penn State's 1991 and current IP policies to see what has been changed. When we are done, we will then do the same thing with the 1992 and current IP Agreements. Current Penn State IP policy refers to "research activities" and introduces a new definition, "Research Intellectual Property." The 1991 policy had no references to research--instead mentioning "subject to a sponsor's agreement." For all the problems with the 1991 policy, it was relatively direct and unmuddied by ambiguous distinctions about the purpose of an activity. When is an activity "research" and when is it "scholarship" and when is it "instruction" and when is it "professional development" and when is it "messing around with stuff"?

The IP policy appears to recognize the problem, but rather than address it with better drafting, it instead adds an apparatus:

> Intellectual property that spans one of the boundaries between research, scholarly, and instructional as defined in this policy should be considered on a case-by-case basis by the cognizant University administrator. Faculty members who dispute the cognizant University administrator's decision may seek a review by the Faculty Rights and Responsibilities Committee of the University Faculty Senate in cooperation with the Vice

> Provost for Academic Affairs. In cases that involve research intellectual property, final authority rests with the Vice President for Research.

University administrators will have to sort it out, faculty can object (others, apparently, cannot), and things can escalate to a university committee but in the end an administrator decides. And this apparatus is specific to what category some invention falls into, not to anything else about the policy. How strange? Why not just keep the drafting of the earlier policy, which did not require categories at all?

It's clear that the definition here insists on "research activities" and not just anything. The idea of "activities" suggests something that can be distinguished from other things, even from research generally, such as "formalized projects involving research." We cannot argue--one would hope--that "if it has been invented, discovered, or created, then it must have been done in research" or "research activity is any activity that invents, discovers, or creates." This sort of argument would make nonsense of the policy's words. There would be no purpose to the qualifiers. The policy could just state that "the university requires assignment of anything that administrators want the university to own." Perhaps that is want administrators want the policy to mean--but don't have the guts to lay it out this way. Or perhaps they cannot think clearly enough to see it.

In past Penn State IP policy, the emphasis was on projects, on commissioned work, on work specially "retained" by the university, on things "charged to a budget." These, we might see, are specific instances for which "activity" is the bureaucratic abstraction, made so general that bureaucrats might then happily make the leap from "a general term for specially demarcated projects, distinct from the professional work that is otherwise encouraged and also distinct from that work for which the university has the right to control and direct (that is, employs faculty, staff, and students)" to "anything that someone does, all such actions collectively." Such bozo-leaping (as it might be called) is one outcome of bureaucratic abstracting. And bureaucratic abstracting comes about by conflating terms of art and lumping things together that should not be lumped. Thus, bureaucrats conflate patent and copyright, conflate employment and scholarship, conflate commercial and community, and turn special special cases into general ones, introducing categories that have no objective demarcation.

The act of clueless drafting leads to later bozo-leaping in interpretation, and once an interpretation has been bozo-leaped, a new effort begins to revise policy to "clarify" this new interpretation.

Such a thing has happened with Bayh-Dole. The law passed, and bureaucrats immediately began misreading the law and misrepresenting it--that it gave universities ownership of federally supported inventions, that universities had a mandate to "commercialize" inventions, that it was

virtuous to trade in patent monopolies that exploited acute human suffering even when there were alternatives to doing so and opportunities to decline to participate in the financial returns even where no alternatives were present. Then these same bureaucrats argued that universities had to revise their policies to comply with the law (they didn't), and thus the revised policies imposed obligations on faculty, staff, and students that simply aren't in Bayh-Dole or in the standard patent rights clause required by Bayh-Dole. That is, when policies were revised to comply with Bayh-Dole, in general they did just the opposite and required (or permitted) the breach of the standard patent rights clause and Bayh-Dole's changes in federal patent law pertaining to subject inventions. Now these same bureaucrats are working to revise Bayh-Dole to conform to university patent policies (with the claim--lacking evidence--that these policies are wildly successful). And thus march the bozo-leapers toward their honey pot--control of the inventions of others, supported by public money, presented as virtuous and successful and full of hope but in reality theft, bunglingness, and fraud.

This same process appears to have happened with "activities" replacing "projects" and "commissioned" and "retained" and then "activities" appearing not as a generalization for designated special work but as a generalization for any actions at all. Clever, if you lack integrity or competence.

We reach, then, this rather amazing policy assertion:

> Rights to research intellectual property
>
> conceived, reduced-to-practice or created
>
> by University employees
>
> with the use of University facilities or resources, or
>
> in the field of expertise and/or within the scope of responsibilities covered by employees' employment/appointment/association with the University
>
> are governed by the Penn State *Intellectual Property Agreement*
>
> **that assigns such rights to the University.**

I've broken things up for easier gasping. First, some matters of interpretation. "Rights" in RIP are restricted by all sorts of things: the RIP has to be conceived or reduced to practice (terms pertaining to patentable inventions) or created (a nonsense general term); the RIP has to be made by "employees"--that would mean, people acting under the control of the university, not merely

those "employed" by the university (to do things in the public interest, at their individual discretion, such as commit scholarly acts); and this RIP must be made using university "facilities or resources" (as if facilities are not already a form of resource) OR [a discussion follows]. We might wonder, why not define RIP to be, narrowly, just what the university has an interest in--put all the limitations there, in the definition of RIP, rather than out here, in a statement of an obligation? Ah, ah, oh, never mind.

To review, here is how this bit was presented in the 1991 Penn State IP policy, with regard to the scope of required *disclosure* of inventive work:

> inventions developed,
>
> a) with University resources (facilities, funds, or equipment), or
>
> b) within the fields of expertise and/or within the scope of **employment for which they are retained by the University**.
>
> Compare again with the current statement:
>
> in the field of expertise and/or within the scope of **responsibilities covered by employees' employment/appointment/association with the University**

"scope of employment" becomes "scope of responsibilities" -- suggesting a claim broader than employment but perhaps is actually narrower than employment (and thus, ambiguous).

"for which they are retained" becomes "covered by employees' employment/appointment/association."

What does it mean to "cover" a "scope of responsibility" with an "association"? What does "cover" mean here, at all, other than as a token verb to make the construction appear grammatical? Ah, garble. What, furthermore, does "employment/appointment/association" mean when these terms are used in the context of *employees*? How does a policy statement reach to non-employees (appointees, associates)? How does a field of expertise cover an appointment? No, really, this is deeply garbled bombast.

But it turns out that nothing here by way of restrictions on RIP actually matters, since the whole point of the sentence ends up being that IP policy stipulates that the university's ownership claim is not in policy at all, but in the IP Agreement:

> Rights to research intellectual property

> [meaningless garble]
>
> are governed by the Penn State *Intellectual Property Agreement*
>
> **that** assigns such rights to the University.

And here we get to the offensive "bureaucratic *that*." The IP Agreement is an adhesion contract under which, apparently, individuals sign over their personal rights in IP to the university. But, to put a point on it, the *IP Agreement does not assign rights*. The individuals who sign the agreement assign rights. The IP Agreement is the instrument that memorializes that assignment.

To think clearly about this statement is to hurt, and no one wants to hurt. We can simplify:

> The Penn State Intellectual Property Agreement assigns certain research intellectual property to the University.

We have replaced the garbled restrictions on RIP with "certain" (reflecting the lack of specificity inherent in the garble). The question is what RIP is subject to a requirement to assign. Contemplate the policy claim. The IP policy asserts that the IP Agreement assigns RIP with a set of restrictions to the university, but can't bring itself to be clear about exactly what RIP--not all RIP, clearly, because the effort of the garble is to somehow restrict the scope within RIP.

But that's the core of the policy statement. People who invent or create have been eliminated, but for signing the document, which they must do. No matter that the definition of RIP is bungled. No matter that the restrictions on scope are bungled. No matter that employment is bungled. We might say that the Penn State IP policy has ceased to exist, or rather, serves as an administrative rationalization for the IP Agreement. The policy is written as if no one cares about the words--or at least no one with any competence is there.

When we get to the IP Agreement, we will see that it adds a huge additional restriction to what is assigned--the assignment is only as broad as "to the extent specified in University policy." Well, shit. The IP policy says that the IP Agreement requires assignment, but the IP Agreement limits that requirement to what the IP policy "specifies." Someone can't pour the soup into the bowl here.

Expanding Categories

Let's move to the second paragraph of the Penn State's current IP policy, which continues the university's fixation with categories of personnel who must "complete and sign" an IP Agreement:

> As a condition of employment, the *Intellectual Property Agreement* is required to be completed and signed by individuals first appointed or transferred to the following classification categories:
>
> (1a) executive, administrator, academic administrator, and academic throughout the University; (b) **faculty**, staff exempt, staff nonexempt, and technical service in academic or academic service units throughout the University;
>
> (2) for any existing employee in the above classification categories who has not previously signed this IPA;
>
> (3) **graduate assistants/fellows/trainees** at the time of their first appointment; and
>
> (4) undergraduate/graduate students, postdoctoral trainees/research associates, wage payroll employees, visiting scholars/scientists/students, emeritus/retired faculty **and others** who may be in a position to make, conceive or reduce to practice inventions **or otherwise develop technology**.

Here's the 1991 version:

> Therefore an *Intellectual Property Agreement* (page 4.04 in the General Forms Usage Guide) is required to be completed by individuals first appointed or transferred to classification categories as follows:
>
> 1. For Executive, Administrator, Academic Administrator, and Academic throughout the University.
> 2. For Staff Exempt, Staff Nonexempt, and Technical-Service in academic or academic service units at University Park and the Hershey Medical Center.
>
> For these individuals, the execution of the University Intellectual Property Agreement is a condition of employment.

Things that are the same: signing the IP agreement is a condition of employment; a list of categories of employment for which the requirement applies. Let's look at the things that are different. First, we see that "faculty" have been added to new category 1b, previously part of category 2--staff and technical service personnel. Thus, we might observe that the "Academic" category in the 1991 policy did not include "faculty"--or it still would in 2017 and there would be no need to add "faculty" as a separate item, and not even connected to "academic."

Penn State's appeals process policy (HR 76) for situations in which faculty believe their academic freedom (or other rights) has been violated has this to say about "academic" employees:

> a University academic employee is a person whose duties include instructional, research or creative responsibilities

By contrast, "faculty member" is defined as

> members of the University faculty as defined in the University Faculty Senate Constitution (Article II, Section 1) plus any other University employees in academic positions which lead to permanent tenure.

The policy then distinguishes faculty from academic employees and graduate students:

> The Committee on Faculty Rights and Responsibilities will normally consider only petitions which involve, as a direct party, faculty members as defined above. Exceptions to this restriction apply to University academic employees (a University academic employee is a person whose duties include instructional, research or creative responsibilities) as follows:
>
> **NOTE: This definition of academic employee excludes graduate assistants.**

It is clear, then, that academic "category" employees are not faculty. In the 1991 IP policy, faculty are not subject to the requirement that they complete the IP Agreement, but here in the current policy, perhaps dating from 2002, they are. Interesting.

Three new categories are added to the new IP Agreement. First, everyone who signed a prior IP Agreement is made to sign a new agreement. That's interesting, especially in light of the *Shaw* decision. In the Shaw case, the University of California attempted to change its royalty distribution formula and in doing so take a greater share of revenue from the licensing of strawberry varieties created by Doug Shaw's strawberry development program. Shaw objected, arguing that the university's IP Agreement formed a binding contract. The court agreed:

> We find no merit in the University's suggestion that, as a public employee who is employed pursuant to statute, not contract, Shaw has no vested contractual right in his terms of employment, such terms being subject to change by the University.
>
> When a public employer chooses instead to enter into a written contract with its employee (assuming the contract is not contrary to public policy), it cannot later deny the employee the means to enforce that agreement.

> We also reject the University's argument that the Patent Policy is a mere personnel policy which it may modify unilaterally. Although the University is entitled to revise its Patent Policy, it cannot do so with respect to Shaw because of its written agreement with him.

We might find that while Penn State may change its IP policy and even create a new IP Agreement, it cannot impose either on those employees who have previously entered into an IP agreement with the university. An employee who objects to signing a new IP Agreement is not even acting outside of university policy. But it is possible that university administrators insisting that an employee give up a prior agreement or be fired are acting outside of policy--and they should be the ones being fired. Even in those cases in which an employer imposes new conditions on employees, for the agreement to be binding, there must be consideration. If that consideration is, say, continued employment, then we have to consider whether refusal to accept unilateral changes in IP policy form sufficient grounds for termination. In the case of tenured faculty, that would be not appear to be the case.

Here, in the Penn State IP policy, we find a requirement that employees have to agree to a new IP Agreement as a condition of continued employment. The university can find a reason to fire anyone, apparently, simply by creating an abhorrent new agreement and terminating anyone who refuses to let go of any prior agreement. We might say, the IP Agreement is not an enforceable contract if the university can revise it at whim. Nor is such a contract any more enforceable if the university claims that employees have agreed to any future policy revisions or future IP agreement. An agreement to agree isn't enforceable, either. It sure looks like proper policy here, doesn't it? But it is garble.

The next two categories stray from employee altogether. In some circumstances, graduate assistants may be considered employees. Universities resisted unionization of graduate assistants with the argument that they weren't employees. Universities lost that argument and the upshot is that the IP bureaucrats have exploited the decision to argue that if graduate students are employees, then they must be subject to the same IP conditions as other employees. Again, much depends on an unclear, happily garbled treatment of the difference between being an employee for purposes of liability or labor law and employment in a university for IP law.

However, for "fellows" and "trainees" we move away from employment. Fellows--those receiving fellowships--are provided with financial support. At Penn State, fellowships are used to recruit graduate students who might otherwise attend a different school. Think scholarship or subsidy in the form of award rather than "new hire." Fellowships are also used to support visiting scholars. The Center for Humanities and Information, for instance, uses fellowships that encourage the use of university resources:

> Each year CHI offers up to six visiting fellowships to scholars from outside Penn State, as well as internal faculty fellowships and predoctoral fellowships for Penn State graduate students. Fellows **pursue their own research and writing**, while helping to create a vibrant intellectual community.
>
> All Fellows meet, during their initial weeks at the Center, with librarians and colleagues in their field of expertise, whose goal it is to help them establish a productive research program, and to take advantage of the resources of the Penn State University Libraries . . . .

Perhaps no one tells them that the university intends to own everything they create under the iffy policy theory of "potential commercial value."

Even Bayh-Dole, that law horrible, exempts "educational awards" from its invention management requirements (35 USC 212):

> No scholarship, fellowship, training grant, or other funding agreement made by a Federal agency primarily to an awardee for educational purposes will contain any provision giving the Federal agency any rights to inventions made by the awardee.

Penn State, however, has a policy that all fellows must sign the IP Agreement. If Penn State receives federal money for fellowships, then perhaps the university is not in compliance with the law--or it must waive its own policy to remain in compliance. A similar observation may be made with regard to "trainees"--these are individuals receiving training (with or without financial support) and clearly do not become "employees" as a result of any stipend they might receive.

Perhaps the "use of facilities or resources" triggers the demand for assignment. In the 1991 IP policy, the use of resources (facilities, funds, or equipment) was not just any resources, but resources connected with a special allocation. Otherwise, the university ends up with a claim that any use of resources results in a claim to own inventions (there, defined goofily broadly). Reading articles in the library, sitting in an office, talking in a university cafeteria, writing on a university dry erase board--any such thing might be a basis for a claim to ownership, but all such claims had nothing to do with the premises of the 1991 IP policy. But in the current IP policy, apparently the university makes none of its resources available for use but for a claim to own any RIP that might result.

We might consider, for just moment, the delicious irony of the premise of Bayh-Dole, that the federal government should make resources available and have no ownership interest in anything that results, if universities wish to prevent that ownership. But universities themselves do not treat their own personnel with the same respect--even with federal money. Instead, they do just

the opposite of what they say was brilliant about Bayh-Dole and make an institutional ownership grab for anything they can get, regardless of how well they manage their IP (and most manage it awfully).

And then the catch-all category of mostly non-employees:

> undergraduate/graduate students, postdoctoral trainees/research associates, wage payroll employees, visiting scholars/scientists/students, emeritus/retired faculty and others who may be in a position to make, conceive or reduce to practice inventions **or otherwise develop technology**.

Students, trainees (again--it wasn't enough to include them in the previous category), visitors, retired folk, and "others." In a show of consistently bad drafting, we encounter yet another ambiguous terminal modifier--"who may be in a position to . . . develop technology." Does this modify "others" or does it restrict who is required to sign the IP Agreement among all the rest? Who could possibly know, from a reading of the policy itself. No, someone would have to tell you what the words are to mean, because reading the words would not be sufficient.

These folks, other than the "wage payroll employees," appear not to be employees at all. Thus, "as a condition of employment" they have no obligation to sign any IP Agreement. Again, even Bayh-Dole's standard patent rights clause excludes from a written agreement to protect the government's interest" (37 CFR 401.14(a)(f)(2):

> The contractor agrees to require, by written agreement, its employees, **other than clerical and nontechnical employees**, to disclose promptly in writing

We might read this provision to be: the contractor may not require clerical and nontechnical employees to make such an agreement. Again, Penn State's policy would appear to breach Bayh-Dole's standard patent rights clause (but do they care?).

The terminal constituent has many attributes worth noticing. It is placed in the subjunctive--any others ("all those we can't be bothered with trying to recognize") *may be in a position.* What position? An employment position--then they will show up in a prior category. If "in a position" just means "have the potential to" or "could perhaps develop something," then the claim here is based on an administrator determining that someone is capable of inventing or developing technology. That's a broad, unbounded delegation of authority.

Adding "make" to the mix appears superfluous. We already have "develop" in the list of verbs. It would appear that to "make" technology or an invention must be distinct from "developing" an invention or technology. Indeed, we argued as much with regard to the 1991 IP policy's use of

"develop." Further, to make an invention is to both conceive it and reduce it to practice. Thus, if that is the meaning of "make," the policy reads to "make an invention or to conceive of an invention but not make it or to reduce to practice an invention conceived of outside of employment or the IP Agreement or conceived by someone else." The use of "conceive or reduce to practice" with respect to "technology" borders on nonsense. Again, curiously broad language. It its utterly unclear how, as a condition of employment, any of those listed in this fourth category should have to sign the IP Agreement or how that agreement could be given any effect, given the IP policy and its own premise with regard to employment. "Even though we don't employ you, you must the sign the IP Agreement in case at some later time we do employee you and don't have you sign the IP Agreement then" or "Even though we don't employee you, we use 'condition of employment' to mean "condition of using any resources of the University" and thus you must sign the IP Agreement with the understanding that "employment" means "use of resources." That is some fine drafting there.

If everyone must sign the IP Agreement, what is the point of enumerating categories of employment and non-employment? In the 1991 policy, there was still an air that employment meant those individuals that the university controlled and directed--not faculty acting as faculty, for instance, and not students acting as students. Not now, though.

This entire bit of listing and non-listing comes down to something simple and ugly:

> The *Intellectual Property Agreement* is required to be completed and signed by individuals who are in a position to develop technology.

It doesn't matter whether the technology is inventive or not, patentable or not--the university makes a claim to it--or, as we will see, actually makes bombast to it.

Disclosure

We are working through Penn State's current IP policy. We have noted that the IP policy asserts that the IP Agreement, which many categories of people must sign, requires assignment of IP to the university, but the IP Agreement itself qualifies any such assignment by whatever it is that the IP policy "specifies," and of course, look as we might, we don't see that the IP policy specifies anything. An RIP loop, as it were.

After listing various offices that have various responsibilities for research and IP, we get this:

> University personnel have an obligation to disclose promptly to the Office of Technology Management, through the cognizant University administrators, research intellectual

> property developed either with University Resources or within the fields of expertise and/or within the scope of employment for which the University retains them.

Now we deal with "University personnel"--why again was that big long hairy random list with all the categories included and then not used? What makes personnel "university" personnel? Gosh, who cares! It's bombast style. The policy asserts that people have an obligation, but how does that obligation arise? No matter here. People must "disclose research intellectual property" to the Office of Technology Management--but not just any RIP, but only RIP "developed with University Resources" [for which there's another definition, here marked by capitalization, unlike RIP, which is not capitalized in the policy] or "within fields of expertise" or "scope of employment" "for which the University retains them."

We might note that the claim to reporting here expressly reaches beyond the scope of employment. The use of resources may have nothing to do with employment. (In which case, Penn State has a conflict of interest policy ready--for another time.) And "field of expertise" is hopelessly broader than one's scope of employment--and hopelessly ambiguous. And what does it mean to "retain" someone but not "employ" them? What does "retain" mean here? Bombast. In any event, all this bombast is directed at an obligation to "disclose" stuff. There is no claim in the policy to ownership of anything.

And here's "University Resources"

> University Resources
>
> is the term used to define any support administered by or through the University, including but not limited to funds, facilities, equipment or personnel. The term also includes funds, facilities, equipment, or personnel that are provided through funding from governmental, commercial, industrial, or other public or private sources and administered by the University.

So university resources is "any support administered by or through the University." So support is both University support and non-University support. All the university has to do is "administer through" the support--the university does not have to "own" the support or even "administrate" the support. What does it mean for support to be "administrated through" a university? Then we have a statement of an incomplete list (including but not limited to) that illustrates some forms of support. How might personnel be "administrated through" the university? So strange. Then there's a second list that repeats the first list--

> funds, facilities, equipment, or personnel administered by or through the university

> funds, facilities, equipment, or personnel provided through funding from other sources and administered by the university

So whatever "through the university" means, it doesn't have to do with "funding from other sources." And what does it mean to use "support"--it's not just that resources are used, but rather that the resources are "support" and for what? for research? for inventing and creating? for holding up office furniture? This is all marvelously bombastic. It must be how administrators think when they have no clue about thinking--phrases just swirl in their heads.

By contrast, here's the treatment of "university resources" in the 1991 IP policy:

> inventions developed, a) with University resources (facilities, funds, or equipment)

That's it. resources are "facilities, funds, or equipment." This list is limitative, not illustrative. It's not, "for example facilities, funds, or equipment" or "including but necessarily restricted to" or "by way of illustration" or any such thing. And even there we are still concerned with whether those resources have been expressly provided as part of a project or commissioned work or retained element of employment. But in the current IP policy, university resources has been given its own definition, and like other definitions is expanded to the point of such abstraction that most anything is a university resource.

Here is the policy revision scheme:

- Generalize a cluster of specific elements using a term that can be applied more broadly than those elements (so, "university resources" for "specially allocated facilities, funds, or equipment").
- Remove the specific elements (so, now "University Resources").
- Invoke the broader meaning of the generalized term in a new definition.
- Introduce new elements to represent the expanded category.
- Do these steps over a period of years, and with each revision make changes that expand the authority of administrators and diminish the role of faculty and student investigators and inventors in the management of the results of their work.

The revision history for IP01 has this to say about this passage, which was added in 2002:

> Under the Intellectual Property Agreement section, added provision # 2 requiring other individuals who may be in a position to make, conceive or reduce to practice inventions or otherwise develop technology under sponsored research or University-funded projects to complete and sign an Agreement.

Except, of course, as you can see, the requirement in policy is not restricted to sponsored research or University-funded projects. And even the gestures in policy are not so restricted--so, not merely sponsored research but anything with a "memorandum of agreement"; not merely "University-funded" projects but anything using "University Resources." Even the revision history note, then, is bombast!

This, in fact, is the entirety of Penn State's intellectual property policy with regard to anything but "instructional and scholarly intellectual property" (for which there is another pot of bombast):

> People who could develop technology must complete and sign the IP Agreement.

And

> People have an obligation to disclose some discoveries, inventions, and creations.

That's it. Sign an IP agreement and disclose stuff. No authorization to make a claim of institutional ownership.

Rationalizations

Penn State's new IP policy adds a "Note" that attempts to rationalize the requirements of the policy. The 1991 policy also had a "Note" in the same location, but that note was directed to an entirely different purpose, having to do with reporting requirements of the various listed "units" involved in the categories of personnel who must sign an IP Agreement. In the new IP policy, it's an entirely different "Note," discussing why anyone has to sign the IP Agreement. We will take it slow, bit by bit (the note is in italics in the policy, but that gets changed to regular font when I hit the WordPress quote function):

> ***Please Note:*** *The requirement to have individuals identified in item 2., above, sign an intellectual property agreement arises from: (1) the University's obligations under the Federal Bayh-Dole Act to patent and effectively transfer inventions arising from Federally sponsored research results to industry for the public benefit and to grant the government a license to use such inventions for government purposes;*

Item 2 concerns all those folk who signed the previous IP Agreement, which was created well after Bayh-Dole went into effect. It's just that the university does not have any obligations under Bayh-Dole (which applies to federal agencies) that require the university to own inventions, nor under the standard patent rights clause. The standard patent rights clause does not require universities to own invention, does not require universities to patent inventions, does not require

"effective technology transfer," and does not require transfer to be to "industry." Only if the university acquires an invention is it obligated to file a patent application, and even then there is no obligation for technology transfer--a university could develop the invention itself and be fully in compliance with the standard patent rights clause.

While there are provisions in Bayh-Dole that address "the public benefit" to make it clear that subject inventions are not ordinary inventions and the patent property rights in subject inventions are also not ordinary patent property rights, there's nothing in Bayh-Dole that makes university ownership an obligation. Only when a university acquires ownership does Bayh-Dole kick in. One might say that under Bayh-Dole, the public interest *must be protected because a university has acquired rights*. In Bayh-Dole, uiversity ownership of inventions made with federal support is *a threat to the public that must be mitigated by legislation.* That many university administrators turn this into a virtue shows just how clueless they are.

> *(2) the University's compliance with contract terms under industry-sponsored research; and*

There's almost never a case that an extramural sponsor of research insists that the university own all "technology" made or developed in sponsored research--a sponsor might require a non-exclusive license or assignment of the technology or an option to negotiate an exclusive license--but none of these transactions has to involve the university as an intermediary owner. Whatever the situation, it's not a matter of compliance with "contract terms." The university can negotiate whatever terms it pleases. It is a gross distortion of the role of IP policy if university administrators require IP terms in industry research contracts that then "require" the university to "comply" with these IP terms.

In the ancient history of university patent policies, there often was a research exception--that whatever the patent policy, if a university agreed to a contract otherwise, then the contract terms controlled. In those ancient days, however, most university patent policies permitted faculty to own their inventions, and the research exception was used for cases in which an investigator agreed to contract terms that required other than individual ownership. You can see how corrupt the idea has gotten--now the research exception is, in essence, a bureaucratic back door to circumvent anything in policy that might allow inventors to own whatever they invent. All an administrator has to do is insert institutionally desired IP requirements into a sponsored research agreement and then demand that individuals comply with these requirements.

> *(3) the University's responsibility to protect the intellectual property of our faculty and students. It is not intended to restrict the free exchange of scholarly information or prohibit free and open collaborations between scholars or scientists.*

This rationalization is pure stupid. Where does the university come to have this "responsibility" to "protect" private IP? Does the university protect employee's cars or houses? And what evil use of "protect" starts with "take away" rather than "subsidize"? What does "it" refer to in "it is not intended"? The IP Agreement? The assignment of all rights in RIP to the university? And what does it mean to have an "intention" in policy as distinct from what the policy does? We might note that what is not intended doesn't have anything to do IP--people can exchange information and collaborate regardless of IP positions. What matters, rather, is the exchange of inventions and works of authorship, and collaboration in developing these things--and these things are exactly what a university ownership claim necessarily must restrict and prohibit. For it to be otherwise, the university would have to delegate IP management to the makers, conceivers, reducers, and developers of RIP. Har-har-har.

In the new IP policy, we then encounter a set of provisions largely unchanged from 1991--who is responsible for getting IP Agreements signed and the like. There is one interesting bit--the old disclosure language:

> University personnel have an obligation to disclose promptly to the Office of Technology Management, through the cognizant University administrators, **research intellectual property** developed either with University Resources or within the fields of expertise and/or within the scope of employment for which the University **retains them**.

Here's the 1991 version:

> University personnel have an obligation to disclose promptly to the Intellectual Property Office, through the cognizant University administrators, **inventions** developed, a) with University resources (facilities, funds, or equipment), or b) within the fields of expertise and/or within the scope of employment for which **they are retained by** the University.

In the 1991 version, "invention" has a broad definition, to include non-inventions. In the current version, RIP plays this same role, but now with a range of restrictions to research activities and the like. The "retains" language is, ahem, retained, but turned active, apparently to improve a sense without actually doing so. In either case, the "retain" language indicates a special relationship that is not employment generally nor any field of expertise generally. What's strange is that the requirement to assign is broader than the obligation to disclose. Strangeness!

Copyright

The new Penn State IP policy preserves the start of the 1991 policy paragraph that takes up copyright, but adds additional garbleness. No longer are authors "urged" to use university management services. Instead:

University-directed works are those created at the specific direction of a University unit for the University's ownership and use. Instructional Intellectual Property will be deemed a University-directed work if it is created pursuant to a written agreement between the faculty member or staff member and the University unit or if the work is considered University-directed by the standing policy of the unit.

This sounds nice, but it isn't nice at all. The "University-directed" part is entirely usual in university copyright policies. Authors own what they do unless they enter into an agreement--voluntarily--that provides otherwise. That makes sense, especially in light of policies on academic freedom. But the second part means that any university "unit" can simply declare some works "directed" and thus comes to own those works by declaration. The policy here gives administrators the authority to expand the definition of "Instructional Intellectual Property" however they wish. Nasty.

For all that, Instructional Intellectual Property is given a clueless definition. Here, look:

> Instructional intellectual property
>
> is the term used to describe **materials produced for instruction** in any format, including (but not restricted to) print materials, video recordings, audio recordings, and digital materials.

I had to deal with this sort of clueless drafting for years in university settings. "Produced for instruction" states an intention. Materials might be produced for other reasons and repurposed for instruction. Instruction might be formal instruction for credit--but instruction could also be most anything else that informs, trains, and the like. The terminology gets in the way, too. The definition should be "Instructional materials"--still with the problem that the definition depends on intended use rather than on the circumstances of development. The intellectual property that may attach to instructional materials--patent, copyright, trademark--is what needs to be addressed. But all the policy can do here is fuss about when work "is considered" "University-directed."

More nonsense, with regard to works that aren't "University-directed":

> The University **is granted** the non-exclusive, royalty-free right and license to use any instructional intellectual property created while the **creator** was **a member of the University community**, if that work **could be reasonably construed** to be **related** to the **scope of the University employment**.

As if the university can, by policy, grant itself an interest in work that it doesn't own. Further, the right to "use" is not a right under copyright. There's no guidance in copyright law with regard to "use" as an exclusive right of a copyright owner to grant. In copyright law, "use" shows up as a limitation on the exclusive rights of a copyright owner--as in "fair use." The remainder is bizarre. What are creators as distinct from authors? When is someone a "member" of the "University community"? Who is it who "could" "reasonably construe" a work to be "related" to a "scope of University employment"? This is bureaucratic wish-lust to gain a broad license to personal IP. There's nothing here about "potential commercial value" and nothing here about requirements of extramural sponsors. It's just a grab based on hopelessly vague conditions--membership in a university "community" rather than "employed"; a needed construal of a relationship rather than that the work was made within the scope of employment (in which case, there is no need for the university to grant itself a license--it would be the author under copyright law and the burden of policy would be to grant rights to the individuals who prepared the work, if that's what university administrators choose to do).

As for "University-directed" work:

> In cases of University-directed works, the creators of instructional intellectual property **will be granted** a non-exclusive, royalty-free right to use the materials **for their own limited purposes** outside of the University. Rights of members of the University community to create and use scholarly and instructional intellectual property are **subject to University policies on consulting activity** and other activities external to the University, as well as to any unique contractual obligations related to the production of scholarly or instructional materials.

Since "University-directed" IIP works are subject to a written agreement, one would think that the written agreement, also, would set up how rights are managed--not just rights in produced work but also licenses and permissions for work used in preparing the new work. While the university grants itself a broad license to use works that it has not "directed," the policy specifies that "creators" of university-directed works "will be granted" a license for "their own limited purposes" (whatever that means). It's not clear at all why in any work for hire situation the university should be granting licenses to the creators of the work as a matter of policy, but there it is--and not much of a license, either.

The reference to consulting policies adds another layer of complication that isn't necessary, but let's leave that for another time. The policy then worries publication contracts--presumably because the university has granted itself a non-exclusive license in all works by members of the university community, and thus an administrator somewhere grinds that personal publication

contracts might not carve out the university's claimed license. It's interesting that the policy here appears to grant administrators the right to waive the policy at their discretion:

> . . . should obtain an explicit written exemption from the cognizant University administrator if the publishing contract might conflict . . .

This sort of exception is a typical strategy in badly drafted university IP policies--claim everything and then let administrators waive the claim when they feel like it. The effect is an assertion of total control (which may lack legal standing) and then administrators can permit whatever they feel like permitting. One might recognize this as a basic method of a police state, where everyone is guilty but for the grace of those in charge. One wonders why Penn State tolerates such a thing in the little hell-hole called IP01. Maybe police state tactics are not considered a problem there. Dunno.

The next paragraph, also new from the 1991 policy, contains a strange "assistance" requirement regarding instructional materials. "University personnel" are "expected" to "share" IIP. But why is this statement necessary if the university has already, by policy, granted itself a license in everything that university personnel create? The deeper--and nasty--problem is that the policy here essentially forces authors to license others to appropriate their work, change it, and there we are. What's lost is the curatorial role of the author of teaching materials. If the university wants general access to such materials, and to play the role of institutional curator, then it should direct the production of the materials.

If one wanted to map a meaningful IP policy using categories, one might start with (i) work inappropriate to the university--exclude such stuff and its IP management from university activities; (ii) IP in work appropriate to university activity; (iii) work specially commissioned by the university for its benefit; (iv) work commissioned by extramural sponsors. It doesn't matter whether the work is putatively for research, instruction, or scholarship as far as IP is concerned. What matters is the nature of any contract under which the work is performed. If there's no special arrangement in place, then IP in work appropriate to the university should vest where federal copyright and patent law vests it. One might then focus policy on what authority university officials have to create special arrangements, imposing IP requirements on others working at the university. If the basis for imposing university claims of ownership in IP is merely so that some administrators can attempt to make money from monopoly positions, then we consider just booting the those administrators off campus, simplify the IP policy, and restore freedom of inquiry and publication to the university environment.

Comparing the 1992 and Current IP Agreements

We have been through a lot of Penn State policy now. We have looked at the 1940 IP policy, the 1991 IP policy, and the current IP policy. We have also looked at the 1992 IP Agreement and compared it with the 1991 IP policy, and the current IP Agreement in the context of current IP policy. Now we can look at how the IP Agreement has changed. We have touched on some of these changes already, but here we will work through the changes in detail.

Oh, I know, it likely doesn't matter. No one at Penn State (I expect) will give a rat's ass what the words say in their policy documents. It's what administrators assert that matters, not what someone finds by carefully reading policy. Perhaps Penn State should have a policy requirement that personnel, if they read and understand policy, must not read carefully and must wait to have their understanding confirmed by administrators, who are expert in not reading carefully and so may guide others to an understanding that administrators will approve of.

In 1991 Penn State had an IP policy that required university personnel to sign an IP Agreement and stipulated that personnel had a "personal obligation" to disclose inventions (defined broadly and strangely to include non-inventions). The IP Agreement, in turn, required personnel to "abide by the terms" of the IP policy. Sort of stupid, but mostly harmless in its way. The part that wasn't harmless, though, was that the IP Agreement produced the next year, in 1992, required personnel to assign all inventions to the university that were within the scope of what the IP policy required to be disclosed.

There are two scopes at work in an IP policy. One is the scope of disclosure--what should be reported; the other, the scope of assignment--what the university can properly claim. In practice, these scopes will be different, especially if there is room for administrative discretion in what the university may claim or ambiguity in what constitutes the formal scope of claim.

The scope of assignment concerns those specific inventions for which a university has contracted to obtain. Everything that is not so contracted is unclaimed by the university, as a matter of policy. A scope of disclosure may be drawn more broadly than the scope of assignment to cover cases where there might be some doubt as to whether an invention is subject to the university's policy claim or where the university may decline to own an invention that has been reported. In those cases, the circumstances of development and the nature of the invention may be reviewed against the conditions stated in university policy to arrive at a determination of the university's policy interest in a given invention. If an invention isn't properly "commercial" or would not benefit from a patent monopoly, then the university would be wise not to accept the invention for patent management. Or, if the circumstances of development indicate that the university did not contribute expressly to the inventive work or did not specifically commission the inventive work,

then again it would be equitable for the university to confirm that it has no ownership claim in the invention.

Of course, if the university′s policy conditions are a heap of parrot droppings, then it will be difficult for anyone to arrive at any objective interpretation of circumstances matched to policy. If university administrators anticipate this problem, then they might make the university′s claim to ownership as broad as possible (so that administrators may waive whatever they find they don′t want, rather than accept only what clearly meets the policy′s stated scope of ownership claim). In a grasping IP policy written by incompetents worried that they don′t know how to distinguish what they should legitimately have rights to from everything else, we often find a claim to most everything, with the ownership claims expanded to whatever is disclosed, as if there is no difference. Such policies run into significant problems. However, since the problems are buried in complexities of law and practice, it is not easy (or inexpensive) for any given inventor to identify the problems and resist overbroad administrative claims. Indeed, inventors risk not only huge legal expenses but also having their reputations damaged, if not their academic careers put at risk as administrators escalate charges from failure to comply with policy to unethical behavior in refusing to assign inventions to the university.

In early university patent policies, a standard practice was that patentable inventions were to be disclosed and reviewed for the circumstances of development, and based on those circumstances a faculty committee (sometimes with administrators) would recommend whatever (if any) equitable interest the university might have in any patent obtained. There was no outright claim by the university to own any invention prior to a review of circumstances. A number of policies stipulated that if someone was hired to invent ("official duties" and the like)--especially in the emerging research institutes focused on contract research--then that circumstance would create a university ownership claim. Over time, the review procedure became cumbersome and administrators did not like to have to produce evidence of university involvement, and so written agreements were dropped from patent policy, as were reviews for university interest. In their place were placed broad statements of university interest, often leaving intact earlier statements of limited university interest.

One can have disclosure and assignment scopes be the same in open IP policies--where when someone discloses an invention to the university, it is with a request that the university consider acquiring ownership of the invention. In this practice, an inventor decides that what is to be disclosed is also to be assigned. Even then, a university might decline to take ownership, and thus even in a voluntary disclosure/assignment patent practice, the disclosure scope can be expected to be broader than the assignment scope. The Penn State 1992 Patent Agreement, however, equates the IP policy obligation to disclose with an obligation to assign, even though there is nothing in the IP policy that authorizes such an obligation to assign.

By the time we get to the current Penn State IP policy and IP Agreement, things have gotten much worse for inventors, research enterprise, and innovation. Let's work through the changes to form an idea of what has happened. The 1992 IP Agreement is here [see pages 57-58 of the linked report]. The current IP Agreement is here.

Here are the opening line of the current Penn State IP Agreement:

> **In consideration** of my **employment/appointment/ association**, I agree to abide by the terms of the University Intellectual Property Policies and Procedures currently in effect, **as well as any subsequent revisions thereto**.

Compare the 1992 IP Agreement:

> I agree, as **a condition of my employment**, to abide by the terms of the University's Intellectual Property Policies and Procedures currently in effect, **as well as any subsequent revisions thereto as approved by the Board of Trustees of the University**.

This is sophisticated bombast. First, the IP agreement points back to the IP policy. So we have a loop. The IP policy opens with a requirement that as a condition of employment, people must sign the IP agreement and follows with a requirement that people disclose certain inventions and other new "creations." The IP agreement in turn stipulates that people must "abide by" the IP policy. Big wow, given that faculty are already required to "abide by" university regulations elsewhere in policy.

The Effect of Making a Policy a Private Contract

What is added by creating a formal agreement on the matter? It turns out that the use of private contracts does not somehow strengthen the university's control over the situation. Instead, the use of a private contract creates mutuality. Where a policy may be controlled entirely by the institution, both parties to a contract have an interest in the promises that have been made.

> 1) The university, by entering into a contract with each employee, gives up its ability to change unilaterally the requirements it places on those employees. The contract binds the university to its policy promises.
>
> 2) The university gives up its ability to waive the requirements of policy with respect to any other individual under a similar agreement--to do so would be to misrepresent the policy requirement that authorizes the signing of the IP Agreement;

3) The university cannot require anything of an individual having signed the IP Agreement that is not already in IP policy--so no rogue administrative demands, no making things up on the fly.

But these are all constraints on the university. What's odd is that the IP policy and IP Agreement make it appear that their purpose is to place constraints on individuals--and in some ways, these documents do do that, but they do so by using an instrument that also places substantial restraints on the university itself.

The aim of the IP Agreement (not necessarily or expressly the IP policy) is to cause inventors to surrender their inventions (including non-inventions) to the university for its money-seeking technology transfer efforts. To do this, administrators had to get at inventors' personal property--their inventions and works of authorship (the policy conflates inventors and authors). They had to find a way to force inventors as university employees to give over personal property that federal common law on inventions and federal copyright law vested in individuals, not in the institution. The IP policy (were it to require assignment of inventions) amounts to a demand that individuals acting in their "official" state capacities must also act privately to assign their personal property to the university. Most university IP policies that aim to be grasping have to navigate this problem--and usually do so by trying to obscure the situation.

Companies for the most part do not use this approach. Companies contract at employment for rights to inventions within the scope of the company's business, present and future, and within the scope of the employee's scope of employment. They handle works of authorship with work made for hire provisions. They combine control of inventions and works of authorship and information with trade secret and (in states that permit it) non-compete covenants. Company employees work at the direction and for the benefit of the company. These conditions create the basis for the company's claim to employee work product and the IP that attaches to that work product. Continued employment is typically the primary consideration for compliance.

Universities differ substantially from the company circumstances. Faculty are not employed in the usual sense by a university for their research or scholarship. Even most sponsored research does not involve employment, though in folk usage we would insist that faculty working on a grant are employed. It's just that the university does not assign or control the work and the work is not done for the benefit of the university, and the IP generally falls outside the scope of "business" for the university--except of course for the IP management program, which aims to assert that the "business" of the university is actually to make money from anything sellable ("that might be made available for commercial development in the public interest") that anyone at the university might create. Thus, nothing can fall outside the scope of the university's claim on IP, even as the university has, for almost all inventive work, no right to assign or control work.

Part of the failure has to do with a misguided effort to impose company-style IP management on universities.

Part of the failure, though, has to do with a fundamental failure of competence to see that a university as social structure is not a for-profit company. Gosh, who'd have thought? Many (not all) university IP administrators have happily adopted the idea that they represent the vanguard of "culture change" within universities, that universities will be better if "run like companies" and if that is to be the case, then faculty are properly treated as mere "employees" who owe their work to their employer, to the IP administrators. Lost in all this is the fundamental reason for a federal subvention in support of faculty-proposed scientific research. But then who needs reasons once something like federal support for university research has become established as a given, as an entitlement, as so obviously necessary that reasons aren't needed anymore, just the occasional reminder of how truly excellent it is to have university research?

An IP policy might authorize university administrators to enter into contracts with university personnel to manage ownership of future IP those employees create. The IP policy might also establish a scope for when the university should negotiate an ownership interest in that IP (such as, when an extramural contract requires university ownership or when the university expressly commissions work anticipating inventive results). An agreement, then, would state a clear scope and purpose and involve its own offer, acceptance, and consideration, independent of any employment agreement. It would be clear that the university was paying not only for the work performed but also for the resulting IP. The scope of such an agreement would never be "anything in one's field of expertise" but rather only "these things specific to the purpose of the sponsored or commissioned work--that is, deliverables."

By turning an IP policy into a private contract, a university gives up its unilateral right to interpret the policy or to change the contract by changing the policy. The contract requires interpretation of policy to follow the rules of contract interpretation--and where policy is concerned, the contract that binds that policy will take the form of an adhesion contract, since the individual has no right to negotiate the terms. Thus, for ambiguous provisions, the contract will be interpreted against the drafting party--the effect of making policy into an adhesion contract is to transfer the interpretation from the university to the contracted individual.

If IP policy controls, then a university official can control both its form and its interpretation, but cannot force inventors to assign rights, even if the policy insists that the university must obtain rights. (If a policy requires the university to obtain rights, that in itself is not a mandate to obtain rights by force or threat--it may mean simply that the university is authorized to offer whatever generous terms induce most inventors to willingly assign their inventions to the university.) If the university official then contracts to obtain rights, the official gives up control of IP policy and

must rely on the contract that the university has entered into with each individual. The *Shaw* court found the University of California IP Agreement incorporated the university's IP policy, that as a result, Shaw was equally entitled to the benefit of the contract that the university had formed with him, and thus (my emphasis):

> The University prepared, and Shaw signed, a patent agreement whose references to the Patent Policy are so direct as to indicate the parties' intent to incorporate the policy's then-existing terms into the patent agreement, including the University's promise to pay Shaw 50 percent of the net royalties of any patentable invention. Whether, absent the incorporation, the Patent Policy would constitute a mere statement of personnel policy is immaterial. **Having made the Patent Policy a part of its written agreement with Shaw, the University may not unilaterally revise it as to him.**

The Penn State IP policy/IP Agreement approach is remarkably similar to the University of California's. Penn State's IP Agreement expressly references the IP policy as the instrument that controls an inventor's responsibilities.

Policy and Contract

Policy in a university distributes authority, identifies purposes, and establishes procedures. Policy, for instance, establishes the conditions for faculty appointments. But the actual appointment of a given faculty member requires an act by an administrator on behalf of the university. The policy does not replace the executive action--someone still must act on behalf of the university. The policy identifies who may act and in what ways. No one is appointed by rule, only by an executive action.

Similarly, IP policy may establish the authority of administrators to require assignment of patentable inventions, but the policy itself cannot simply take ownership of patentable inventions by rule. Administrators, if authorized to contract with individuals with regard to rights in patentable inventions in certain situations, must then negotiate such contracts to establish the university's rights (or any other party's rights). Absent such a contract, rights vest as provided by law (common law generally; some states have laws that appear to disrupt common law).

We might say, university IP policy then establishes a basis for changing by contract the defaults of patent and copyright laws. The reasons for doing so, apparently, rest in arguments that public policy of patent and copyright law defaults is not acceptable, without modification, to the operation of the university, and that required changes to those defaults creates IP management more favorable to the public interest (or to the university, at least, as a stand-in for public interest). In this argument we see the outline for a claim to a public covenant that runs with patents and copyrights attached to work produced at a university. It's just that the public

covenant arises on the university policy side rather than on the federal patent law or federal copyright law side.

Of all the things that we could discuss that might be wrong with federal patent law, it's rather quite amazing that the things that university administrators assert are that ownership of inventions should be institutional rather than personal (despite the Constitution) and that the purpose of patents should be to generate money for institutional use (despite the claim of developing inventions in the public interest) through the creation and sale of monopoly positions for commercialization of inventions (despite insisting on open publication of research), regardless of whether such monopoly positions are in fact necessary for commercialization. What a strange world. One might think that the primary issue might be whether to charge a royalty in non-exclusive licensing or whether patents are all that effective in improving the contributions university research makes to industry.

Instead of any of this, university patent policy is drafted as if it is private law--the assertion of the private law is sufficient to bind all who come within its scope--employees, appointees, associatees, students, visitors, collaborators, whomever. "Ignorance of the policy is no excuse." And yet there's not much that makes such private lawing valid--one can assert that by using a university's library, the university owns any inventions one might make while there, but that's not the law of the land. Just the law of a nasty little hell hole in which university administrators write stuff that backs up their urge to appropriate what federal law provides should be the property of inventors and authors.

For state universities, this private law might be construed to be "mandamus"--an administrative declaration in the form of a command. Here's a brief statement of mandamus (there is all sorts of complexity, too):

> Simply, it is a writ issued to a public official to do a thing which is a part of his official duty, but, which, he has failed to do, so far.

The University of California asserts that university policy has "the force of law"--here's an instance regarding conflict of interest (which increasingly is used in IP settings):

> The University's approved Code has the force of law and any violation of the Code by a designated employee is deemed a violation of the Political Reform Act.

That simply by stating a requirement in policy, the university creates private law. In *Shaw*, the court acknowledged that mandamus was indeed an appropriate way for a public university to

manage the duties of faculty, but that mandamus did not apply when the university entered into private contracts with faculty (citations removed):

> While it is true the University's administrative decisions regarding its faculty are properly reviewed by writ of mandate, Shaw does not challenge an administrative decision of the University. He seeks an interpretation of his existing written contract with the University.

As a general proposition, mandamus is not an appropriate remedy for enforcing a contractual obligation against a public entity.

The strange gist of an mandamus IP policy strategy is that if university policy has the force of law, and university faculty are public officials, then the university administration can go to court to get a writ of mandate to force faculty to do their legal duty as public officials--which would mean, according to this clever scheme, having to sign over their private inventive property to the state. The claim is--apparently--that the IP policy requires public officials to "take" their own personal property for state uses. It's an odd sort of eminent domain "taking" in which policy is drafted to require people to turn over for public uses their private property, simply by being appointed faculty members at a public university. No "fair consideration" is required because turning inventions over to the state has been set out as an official duty for faculty, so it must be included in whatever value faculty might get from being appointed--salary, reputation, freedom to mess around with stuff in labs.

The *Shaw* court acknowledged one might have such clever schemes, but set all that aside--once there's a contract between the state and an employee, common law rules of contracting apply, not mandamus. That is, the state cannot use mandamus to require employees to perform under a contract, nor to require employees to accept an altered contract, nor require employees to accept the state's interpretation of the contract.

Thus, when Penn State implements the IP Agreement to bolster its IP policy, it also stumbles into this problem of having contracted with employees, the university is not a liberty to manipulate policy with regard to those employees, nor use policy demands as a basis for enforcing actions by faculty as public officials who must follow policy--they must follow the common law of contracting. The question then becomes, what is in the contract? What have faculty agreed to? For that, the university is not free to dictate what the contract must mean, nor even what the policy must mean. Nor is an appeals process the final say in any dispute. It is merely a form of alternative dispute resolution before moving to litigation. Runs up costs, delays outcomes--the sort of thing that might work in the favor of university administrators, since they have all the time in the world and robust budgets compared to faculty inventors--especially if the dispute is at the start of an appointment rather than after some potentially lucrative invention has been made.

There's another confusion going on between acknowledgement and agreement. The University of California produced this confusion in its failed arguments in the Shaw case. In Shaw, lawyers for the Regents argued that the "Patent Agreement" everyone was required to sign (even I signed it) was an administrative action. When the Shaw court ruled against the university's scheme, asserting that the "Patent Agreement" created a contract, the university changed the name of the form to "Patent Acknowledgment"--as if changing the label on a written instrument changes what the instrument does.

If a written instrument merely "acknowledges" duties, its role is that of "putting someone on notice" so that they could not later argue "I didn't know." But that's different from requiring someone to sign over their personal property (patentable inventions, works of authorship), or having that someone agree that they already have assigned what they haven't yet made. The Penn State strategy was put in place in 1991 and 1992, before the *Shaw* decision in 1997. We might then expect that Penn State never got the memo about IP Agreements displacing administrative prerogatives.

Put it another way. If to get the upper hand to assert a demand to own inventions made by faculty, faculty have to be depicted as "employees," then those "employees" cease to be, for IP purposes, public officials. If, however, faculty are public officials, then there is nothing in their official duties that requires them to turn over their personal property to the state for public uses. For decades, the reason for any assignment of inventions by faculty was that they voluntary agreed to do so as a condition of receiving external funding or agreeing to do special work for the university entirely unrelated to the conditions of their "employment/appointment/association."

Bayh-Dole--in its faux, misrepresented form--gave university patent managers a rationale to insist that assignment of inventions should be a condition of employment. Faux Bayh-Dole insists that a better patent law is for nonprofit institutions to own the work of inventors working with federal funds. That's strange enough. That the nonprofit institutions are then given a (faux) mandate to commercialize inventions is stranger yet. That the means to commercialization is for nonprofits to deal in patent monopolies in cahoots with speculators is beyond strange. Perhaps if such strangeness was wildly successful, people might tolerate it. But there's no evidence for such wildness. It appears, rather, that this approach is 80x less effective than the approach it destroyed. Faux Bayh-Dole persists only because universities refuse to report honestly what they are actually doing, and federal agencies go along with them in order to preserve the public impression that federal research is producing great results.

The bigger picture is that the agreement takes the form of an acknowledgment of responsibilities. That means the agreement documents an acknowledgment rather than creates an obligation, other than to "abide by" the IP policy. The IP policy, as we have noted, requires the IP

Agreement and disclosure of inventions--and in its current form also asserts that the IP Agreement requires assignment of inventions, but only after the IP policy has created restrictions on what inventions might be assigned--those having "potential commercial value" that result "from research activities" (from the definition of Research Intellectual Property) and conceived or reduced to practice (patent terminology) or created (random terminology--no, it is not copyright terminology) "with University facilities or resources (where "resources" already includes "facilities") or not using any University facilities or resources but in that bit of expertise or responsibilities "covered" by "employment/appointment/association." For something to be "covered," we would expect a written statement of scope. Absent that statement of scope, nothing is "covered." Thus, whatever one's "responsibility" under the IP policy to assign inventions, the IP policy has already made restrictions. The text that follows (1) and (a) and (b) is expressly limited to "to the extent specified in University policy"--and in the IP policy we find that *there is no such extent specified*. The extent specified in policy pertains to what the policy "governs" and what must be *disclosed,* not what must be *assigned*.

Thus, all there is in IP policy is a statement that the IP Agreement requires inventions to be assigned, but the IP Agreement requires only those inventions to be assigned that IP policy requires. Somewhere in this circular logic, someone was unable to state directly in policy what inventions must be assigned. Perhaps no one was willing to lay it out directly for the Trustees. Or perhaps no one was competent to draft. Or--my secret hope, here revealed--is someone was competent and chose to thwart the folks who wanted to appropriate the personal property of inventors and authors to try to make a buck by feeding monopoly positions to speculators on the premise that only speculators might make commercial product and only by means of commercial product so developed might the public realize any benefit from federally supported research.

Thus, there's really no point to adding the IP Agreement to the IP policy apparatus. The IP Agreement by creating a private contract undoes mandamus, restricts the university in interpreting policy, limits the effect of changes in policy, and for all that all it does is add a double helping of the requirement that inventors disclose their work to the university. No doubt administrators insist that the IP Agreement does more, but that's the case only if one doesn't read it or thinks that words should not mean what they say but instead stand as emblems for whatever it is administrators want the words to mean. "Glory," as Humpty Dumpty puts it.

It is clear that the IP Agreement attempts to do more than IP policy authorizes--more the drafting to include requirements that appear expansive and firm, only to be voided by the requirement "to the extent specified in University policy." Consider:

> abide by the terms of the University's Intellectual Property Policies **and Procedures** currently in effect.

Penn State's IP policy does not provide any authority to include "procedures" that aren't in policy. Procedures don't take Trustee action; procedures can be most anything administrators want. The IP Agreement itself does not "abide by" the IP policy! At best it represents a private contracting to circumvent the IP policy.

If we want to pound home how clueless the IP Agreement is, we might observe that the one thing an IP agreement ought to do is to provide for the assignment of patentable inventions that the university has an ownership interest in. IP policy does not specify any such inventions. The issue comes up when the university commissions inventive work or a sponsor supports inventive work. Nothing in IP policy precludes such arrangements, and when those arrangements arise, the university may expect to obtain an interest in patentable inventions. The IP Agreement might reasonably then be directed to those situations:

> I agree that if I participate in a research activity commissioned expressly by the University or supported by a sponsor under an extramural funding agreement, I will disclose each patentable invention that I make in such activity and if required by the commissioning or sponsoring agreement, assign the invention as provided by that agreement.

Or something like that. With such language, the IP Agreement attaches itself to each special project that carries IP requirements other than those provided by federal defaults of patent law and copyright law and provides the necessary contractual connection between the university's agreement with a sponsor (in the case of extramural work) and the university's agreement with a principal investigator (in the case of a commissioned project). No need to make the IP Agreement a condition of employment/appointment/ association. The deal is--"if I choose to participate in a project that has as a condition of participation that inventions I make will be assigned or licensed to someone other than me, then I promise to comply with that condition and assign or license to that someone." Essentially, this what the (f)(2) written agreement in Bayh-Dole's standard patent rights clause requires (along with disclosure and assistance).

Of course, a university could simply implement a patent agreement for every such project and not bother with trying to make something general and catch-all. It would not be that much of a bother--whenever there is a funding agreement, the principal investigator agrees to the IP requirements and anyone joining the project signs an IP agreement reflecting the requirements of the funding agreement. In such practice, everything is as clear as the funding agreement requirements--likely much clearer than generic, overbroad claims created by administrators trying to avoid being diligent but having no clue how to go about it.

Condition or Consideration?

The Penn State IP policy makes signing the current IP Agreement a "condition of employment." But the IP Agreement itself asserts that the agreement is "in consideration" of "employment/ appointment/association." Somehow things are reversed. In a normal employment relationship, payment is consideration for work. That's the fundamental deal--if you work, I will pay you. The pay is consideration that makes a contract, so that if you do work, then I will be required to pay you. But here, rather than making clear that work includes delivery of IP rights in work products, instead we are told that the agreement to "abide by" the IP policy is "in consideration" of "employment": "we pay you to work for us, and *you pay us to work for us*, too." Deeply strange.

Perhaps "in consideration" does not mean "as compensation offered to my employer for employing me." Maybe it merely means "Taking into account my employment" or "In thinking about my employment" or something oddly contemplative, considering thing like that. But such a reading makes little sense. One may as well write "I agree to the IP policy." That would be direct, though not a drafting style preferred by university administrators, especially ones that have adopted a clueless bombast style.

Even "I agree to the IP policy" is strange. The university does not require people to sign off on each and every section of university policy. The policy, generally, establishes university structure, delegates authority, and specifies practices to be followed. Whether an employee expressly agrees to the university's policies is beside the point. If the employee acting for the university does not follow a policy, then the university can take action within its authority against the employee--discipline or termination or a writ of mandamus or whatever.

The relationship between the employer and employee is shaped by the employment agreement, not by the university's policies about employment. That is, the particular interpretation of policy combined with waivers or exceptions or special circumstances shape the actual agreement with any individual employee. What have the employer and this employee agreed to? That's what matters.

The Penn State IP Agreement expands the relationship beyond employment--without explanation--"employment/appointment/association." The IP policy authorizes requiring the IP agreement only for employment. The 1992 IP Agreement repeats the policy requirement. But the current IP agreement asserts "appointment/association" as well. The current IP agreement makes claims outside the authority of the IP policy. One might think that such claims are unenforceable, though no doubt administrators might try. Consider then the drafting strategy: include any number of requirements that are unenforceable, but which one may induce an employee (or appointee, or associatee) to agree to anyway and later, the burden will be on the

employee to explain how it comes about that he (or she) has agreed to something and now wants to break that promise, given that the university has come to rely on that promise, even though it isn't in policy. You see how it works--put in terms that can't be enforced, and then make it expensive for the employee to show that an unenforceable term is not enforceable once it has been agreed to. One might think a good provision of university policy would be to prohibit such drafting strategy as an administrative abuse. Of course, the worser thing is that a university hires people who lack the competence or integrity to avoid using such strategies in the first place. A university that needs to forbid such nastiness in policy is already doomed.

There are many things wrong with the current Penn State IP Agreement. I can't address them all, any more than a pest inspector can give a personal name to each cockroach in an infestation ("And that one there, that's Ralph"). If you get it that the Penn State policy is hopelessly infested, then skip on. It's instructive, however, to see how the policy comes to have its infestation and what might be done about it.

In consideration -- ambiguous as to meaning and backasswards in the relationship. Legal weaseling to make it appear that there's something binding. In employment contracts where an employer makes a change, the consideration in the new offer and acceptance of the change may be continued employment. That is, if I change the employment deal with you--say I demand a non-compete clause--then what makes that non-compete clause binding is that you don't quit--you continue to receive pay, continue to be employed. Continued employment then is the consideration. In the context of university faculty, this ploy amounts to the claim that any change in IP policy can break the obligations of tenure. If you don't like our changes to the IP policy, then we can fire you.

employment/appointment/association -- inappropriate expansion and ambiguous. What does the "/" mean? Any or all of these? Can one be both employed and appointed? Appointed and associated? What does it mean to be "associated"? Associated with what exactly? The university? Research activities? And how does "association" come into effect? Is there a formal "association" agreement? If employment and association are mutually exclusive, and faculty members are appointed, then they cannot be employed as part of their appointment--employment would take a separate arrangement, entirely outside the conditions of appointment. But any such thing would require, say, mental discipline and respect for words. Administrative bombast style does not require either discipline or respect.

abide by -- strange language. To "abide" means "to accept" or "to act in accordance with" or "to tolerate." It is one thing to accept a policy and another thing to agree to assign one's inventions within an agreed upon scope to the university. Here, "abide by" has some of the stink of a loyalty oath, but here the oath is to the IP policy (and by extension, the technology licensing program).

the terms -- as if a policy is a contract. In what sense is a policy a contract, with "terms and conditions"? Ooh--but here it's only "terms"--"any provision forming part of a contract." Except we are dealing with "terms of a policy"--any provision forming part of a policy." Twisted stuff. In a non-bombastic policy setting, an institution establishes policies to set standards for employees--folks the institution directs to carry out the actions of the institution. Anyone else relies on those policies to receive proper services and benefits. It would be the institution that would assert that it must follow its own policies. But here, the institution asserts that anyone--not even employees but also appointees and associatees--must agree to follow the policy.

the University's Intellectual Property Policies and Procedures -- Penn State has Policy IP01 - Ownership and Management of Intellectual Property. So what does "Policies" in the plural refer to? The authority for the IP agreement is IP01. There are other IP policies--IP02 through IP And what does it mean to require agreement as well with procedures? Do procedures have the same standing as policies? What if a procedure is rogue and does not follow policy? Say, an IP agreement that inserts requirements that university policy does not authorize? Should one have to agree to such rogue procedures, too? Administrative bombast style demands *complete submission*, not mere agreement. A *beating* of minds rather than a *meeting* of minds.

currently in effect -- a time marker. Good as far as it goes, but it also sets up what comes next, which is pure bombast.

as well as any subsequent revisions thereto -- that is, once you sign this IP agreement, you have agreed to whatever whim that university administrators have with regard to either policy or procedure. "You will wear these clown shoes and refer to yourself 'Mary'". Here we have a basic unconscionable requirement in what is set up to appear to be "legally binding"--an agreement to agree. The university proposes a contract in which it dictates the terms (policy and procedure), controls the interpretation of policy and procedure (see the appeals process--"final authority rests with the Vice President for Research"), and can unilaterally change policy or procedure. The IP agreement here says, basically, "if you don't abide by any change we make in IP policy or procedure, we can fire you."

If this threat is true for especially this IP policy (and any procedure), then the university would do well to make that clear, especially in light of policy on academic freedom. Penn State's policy on academic freedom has this to say about policy and procedure:

The faculty member agrees, therefore, to abide by the regulations of the University, and to perform to the best of his/her ability such reasonable duties as are assigned by authorized University officials.

As for faculty members, then, they already have an obligation to "abide by the regulations of the University." There's no need to sign anything extra. Further, it is clear that the scope of obligation is that of "such reasonable duties as are assigned." It is only within the context of assigned duties--"research activities" that are commissioned or sponsored, say--that the regulations of the university with regard to IP apply. If a faculty member does not "abide" by the regulations, then there's a matter of discipline--or in reviewing the regulations to determine whether they are proper and properly interpreted or practiced.

The policy on academic freedom has this to say about research:

> Faculty members are free to engage in research or scholarship of their own undertaking, and in the publication of the results, subject to the adequate performance of other academic duties.

The condition for being free to engage in research is that faculty do an "adequate" job with "other academic duties." That research is "of their own undertaking"--it is not assigned by the university. For research, faculty aren't employees. Research also must follow this stipulation:

Research conducted **for** this University shall be **in harmony** with the provisions set forth in the official research policies of the institution, or in memoranda of agreement entered into between the University and industries or other agencies.

It's all ambiguous, but one sense here goes, "Even though the research is your own undertaking, your research conduct will be "in harmony with" official policies and any extramural research contracts." Is "in harmony" the same as "comply"?

Is the IP policy an "official research policy" of the university? If the IP policy repudiates faculty freedom to publish the results of their research, are faculty bound to their agreement to the IP agreement? Does the IP agreement amount to a demand by university administrators that IP policy take precedence over policy on academic freedom? "You are free only when we decide you are free, you silly fools." Note, as well, that the university apparently can contract its way out of academic freedom by "entering into" "memoranda of agreement" with "industries" or "other agencies"--pretty non-descript stuff. What does a memorandum of agreement with an industry look like? Dunno. Bombast.

We can see then the administrative strategy at work. Create a policy. Make everyone agree to follow the policy. Make them agree to follow any changes to the policy and procedures. Change the policy or procedures at will. Make them accept the changes. Or fire them.

Assignment and Present Assignment

Here's Penn State's current IP Agreement's sort-of assignment clause:

> In so agreeing, I **especially** acknowledge my responsibilities:
>
> (1) to assign **and do hereby assign** to the University (**or its designee**) all rights which I have **or may acquire** in inventions, discoveries, rights of patent therein, software or courseware which are conceived, reduced-to-practice [sic], or **authored** by me **to the extent specified in University policy:**
>
> (a) with the use of University **facilities or resources**, or
>
> (b) in the field of expertise and/or within the scope of responsibilities covered by my employment/appointment/ association with the University (**hereafter PSU IP**)

Especially. Where to start with this nasty mess? "Especially" is funny. Apparently though all responsibilities are required, some are "especial." What is the difference?

Present assignment. The words "do hereby assign" are an effort to implement a "present assignment"--that is, an assignment now of a yet-to-be-created future asset, here represented as "all rights." There are myriad problems, but university administrators don't know them or don't care so long as they create a claim to ownership that is expensive for anyone to object to. If a university by policy agreed to pay the attorneys' fees of anyone challenging a university policy or practice on the basis that it was unauthorized or an abuse of authority, there'd be a lot less of this kind of bombast drafting.

One problem with this implementation of present assignment is that it is ambiguous--it covers "all rights" in a host of things, but then only those things "to the extent specified in University policy" and then reciting restrictions placed on the disclosure of stuff rather than the assignment of stuff. University policy specifies the assignment of exactly nothing, so the present assignment here doesn't operate.

A second problem with this implementation is that because there subject matter of the present assignment is ambiguous, there is no way of knowing what exactly has been presently assigned. There will have to be a review to determine whether any given "rights" are within the scope of the assignment before it can operate. For original works of authorship and copyright, that review will have to look at the scope of employment (no assignment necessary--work for hire) and then at work not prepared within the scope of employment and for which there is no written agreement that the work will be prepared as a work for hire (again, no assignment necessary), and

thus we are left with work prepared outside the scope of employment and for which there is no written agreement that the work will be a work for hire anyway. What works might these be, that the university here claims employees (and appointees and associatees) must assign the rights to upfront, before the works are even made or the rights acquired?

For inventions that are or may be patentable, the review will have to work through the horrifically ambiguous scope and claims of IP policy and the IP Agreement. IP policy claims nothing. The IP Agreement appears to intend to claim most everything, except formally it doesn't. The present assignment cannot possibly give the university any more rights in an invention than would a promise to assign, since the essence of any assignment of property is that the property is clearly defined. "I hereby assign all those things that are not in existence that were they to come into existence would be mine, but only to the extent required by a horrifically ambiguous policy that read slowly and carefully does not require anything to be assigned." We might add that the university is not a liberty to change the definition of what has been "hereby assigned" after the fact--not to "clarify" the wording or to reveal the university's "true intent" or even to push the interpretation of the definition through an appeals process that it entirely controls and asserts the final word on. Either the assignment operates with the use of "hereby" or it fails for lack of specificity or lack of agreement with the assignor with regard to the subject of the assignment.

A third problem with the present assignment is that it won't hold up in this form for any filing with the USPTO. An assignment specific to a given invention will have be executed, preferably after a patent application with claims has been prepared, laying exactly what rights are to be conveyed by assignment. Thus, the assignment does not take place when the IP Agreement is signed, nor even when any particular invention is conceived or actually reduced to practice--but rather only after a review of the invention with regard to the IP Agreement's stipulation of what must be assigned--nothing, actually, but otherwise only if the invention meets the rest of the ambiguities put forward as limitations on the scope of assignment. So, the present assignment is wasted and does no more than offer the prospect of equitable ownership of such inventions.

If the present assignment operates immediately, then there's another problem--that of timely recording the assignment with the PTO. If an assignment is not timely recorded, then an inventor is free to make an assignment to another party, and if that other party does not have notice of the prior assignment, and provides valuable consideration, then the first assignment is void (see 35 USC 261):

An interest that constitutes an assignment, grant, or conveyance shall be void as against any subsequent purchaser or mortgagee for valuable consideration, without notice, unless it is recorded in the Patent and Trademark Office within three months from its date or prior to the date of such subsequent purchase or mortgage.

Thus, universities still have a problem. They fail to record the present assignment. The inventor assigns to a company, say, that has no notice (say, from the university or by means of recording the assignment with the PTO) with regard to the present assignment. The present assignment is void. A big apparatus that does nothing or next to nothing, readily circumvented. A best, the university might claim it has an equitable interest in the invention the inventor has assigned, but that ends up being a cause of action against the inventor for breach of promise, and does not get back ownership of the invention--the assignment that the university demanded to itself is void as a matter of federal law.

Present assignments became the vogue in university patent policies after the *Stanford v Roche* decision. The Supreme Court ruled that the Bayh-Dole Act did not vest ownership of inventions made with federal support in the universities that hosted the research leading to these inventions. A minority opinion worried the issue of whether the Supreme Court should let stand a lower court ruling that a present assignment ("hereby assigns") should have an effect different from a promise to assign ("I agree to assign"). There's merit in the worry, but the worry had nothing to do with the circumstances in the Stanford case, once the Supreme Court had ruled on Bayh-Dole. The lower court analysis would have changed and there would have been no need to differentiate present assignment from promise to assign. But that did not stop university administrators and complicit lawyers from using the minority opinion to argue that universities must implement present assignments to prevent the problem that Stanford faced. It is all bogusness, but try to explain that to university attorneys. For them, any complication in policy or practice is yet another barrier to anyone understanding the policy or practice in the first place or successfully objecting to the policy or practice once it is revealed for what it is.

To the extent specified. There's a way to read the colon in this construction that makes what follows appear to be a restatement of what is in university policy. "I acknowledge my responsibility to assign all rights in inventions to the extent specified by University policy: [namely,] (a) with University resources and/or (b) within field of expertise or scope of employment." But this is not a restatement of university policy, because in policy this statement of scope *pertains to disclosure, not to assignment*. There is no requirement in university policy to assign anything. The "extent specified" must refer to something specified in policy, not something extracted out of context from policy and used to specify. Perhaps the administrative intent behind the IP Agreement is to induce all employees to agree to this twisted interpretation of IP policy. But even that is not an express intent, and is irrelevant to an objective interpretation of the IP Agreement. If the IP Agreement did not have the "to the extent specified" language, one might interpret the assignment language here as an outright assignment. It would be easier for an administrator then to recite the IP Agreement out of context and simply claim that the employee agreed to this deal, no matter what the IP policy states. The contract controls. But with the "to

the extent specified" in the IP Agreement, it is much harder to claim that the stated scope actually operates for assignment rather than for disclosure.

The Moloch Administrator

The current Penn State IP Agreement preserves many of the problems of the 1992 version, which we have previously discussed. Let's look at the new, modern problems that the current IP Agreement adds to the mess.

PSU IP--The IP policy concerns with regard to disclosure and an IP agreement are specific to research intellectual property, for which it provides a definition. But the new IP Agreement conflates all forms of IP--research, instructional, and scholarly--and bundles these as "PSU IP," for which the IP Agreement states an expansive claim of institutional ownership, even though this claim is itself outside of the IP policy's authority. The substitution of PSU IP for RIP is particularly nasty, expanding the institutional claim of ownership far beyond what previous policy concerned itself with, namely, compliance with extramural research contracts.

In fact, the entire section of the 1992 IP Agreement pertaining to research contract compliance has been removed. For the 1992 IP Agreement, there were two drivers for institutional ownership. The first is whatever has been commissioned or otherwise expressly contracted for the by university. That part has no need of a generic IP Agreement. All that's needed is for the policy to authorize the creation of a standard IP Agreement to be used in all such situations involving special commissioning of research work that might lead to inventions, where the inventions to be assigned are those that are deliverables of the commissioned project ("find a way to improve the air conditioning in the big lecture hall"). Rather than draft a generic IP Agreement with nebulous definitions and requirements, draft a base IP Agreement and supply the specifics at the time of commissioning, reducing the ambiguities, uncertainties, guesswork, and opportunities for administrative bombast and abuse of authority.

The second driver was sponsored research contracts with special IP requirements. For industry, those requirements often involved assignment of patentable inventions, or a non-exclusive, royalty-free license to patentable inventions (and any other specified deliverables), or a first right to negotiate an exclusive license, or a license on terms no less favorable than the most favorable terms offered. None of these industry requirements force the university to take ownership of research deliverables. What the university does have to do is ensure that inventors and authors--those who would have the initial rights in deliverables, promise to comply with the requirements on those deliverables. For this, an IP Agreement may run in parallel with each contract that has special IP requirements, again tailored to be specific to the contract for which it is needed. No one participates in the sponsored project without agreeing to comply with its IP requirements.

These are personal obligations, arising because initial rights in deliverables in university research that is not assigned and controlled by the university are personal rights.

"As a condition of participating in research activities with special IP requirements, you agree to comply with those special IP requirements [list of IP requirements, list of deliverables]; "as a condition of receiving payment for participating in research activities with special IP requirements, you agree to comply with those special IP requirements [list of IP requirements, list of deliverables]."

Such an IP Agreement may then be approved in advance by the sponsor as meeting its requirements for deliverables, further reducing any uncertainties with regard to contractual compliance.

If a university intends to operate an open research environment, and is willing to permit its research personnel to receive sponsorship for the research activities they choose to take on, then it is impossible for the university to accept research contracts that demand the university expand its claim to ownership (and control) for contributions to that research made by collaborators or volunteers. Even the standard patent rights clause authorized by Bayh-Dole extends only to employees "other than clerical and nontechnical workers" and is silent with regard to non-contracted collaborators, students, visitors, volunteers, and the like. If a sponsor demands that supported investigators do not disclose their findings or involve anyone else in their work--that is, operate a secret research program--then the research ceases to be "fundamental" research as defined by export control law and foreign nationals are subject to export license requirements (and other forms of discrimination) if they are to participate in the research. A university administration may set up closed laboratory areas for such work, but it comes at substantial expense and need for diligence in who is allowed access to the research prior to publication.

It appears the driver logic works like this in an administrator's brain: "sponsors of research require IP deliverables; therefore, the university must take ownership of all IP to assure that the university does not breach its contracts with sponsors." Or, in the case of federal funding: "the federal government requires universities to take ownership of IP made with federal support [utterly untrue, but we are considering the logic in administrators' brains, not reality]; therefore, the university should take ownership of all IP to assure that the university does not violate federal law AND since the federal government has endorsed institutional ownership of IP as a good thing, to be fair to all inventors and authors, the university should take ownership of all IP, not just federally supported IP." More pragmatically, the logic goes something like this: "if we are going to have jobs in IP management, then we must get all the valuable IP we can, and thus we cannot let any IP escape; therefore, the university must claim all IP" or "if we are going to make money from IP to support expansion of administration, then we must own all IP and pick it over

for possible money-making positions; therefore, the university must claim all IP." No matter that the premises are largely false and the reasoning is largely fallacious. These are the administrative thoughts that bounce around in administrators' brains, when there are thoughts at all, and when any given argument is presented with a firm belief rather than as whatever is necessary to keep doing whatever it is that's being done.

The cultural change in universities has largely been led by the inclusion of administrators representing Moloch IP culture. Originally administrators supported open research and innovation (before the terms were trendy). Research policies and patent policies identified the limited situations in which the university commissioned work (such as hiring people assigned to specific research projects) or an investigator negotiated special IP terms with a sponsor. Where money was made from patent licensing, it was made by agents outside the university. Money might be returned to support more research nationally, as was the case initially with Research Corporation.

The Wisconsin Alumni Research Foundation created an alternative approach in which a particular university, the University of Wisconsin, was the target of an annual donation, for which, in return, the university recommended that all inventors use the Foundation. WARF invested licensing income in the stock market, the stocks made money, and WARF donated a share of its earnings to the university each year, with the requirement none of the money was to go to the humanities or social sciences (and hence, Bayh-Dole's later restriction on the use of royalties to "scientific research or education").

Once Moloch administrators saw that money could be made from IP and used to expand research that might lead to more IP and thence more money, they started to take IP licensing in house--first the University of California and MIT, then Stanford, and then with Bayh-Dole university after university broke with Research Corporation, and then with their own foundations, and started their own licensing operations. Once they were in the business of IP licensing, it was easy for university administrators to demand institutional ownership of all IP. How else to make internal licensing operations successful? How else to demonstrate that institutional ownership of IP is a wise administrative decision? Of course, in practice, institutional management of IP to make money for universities has been largely a dismal failure. But you wouldn't know it from the glossy brochures, the success stories presented as if chosen from innumerable examples (rather than being mostly all there are, and even then many of the stories are fake news).

PSU IP represents Penn State's effort to claim all IP, with whatever rationalization anyone will accept--to comply with research contracts, to comply with federal regulations, to work in the public interest. Except it is all a crock and the institutional claim happens because administrators can manipulate policy to create the claim, even when the policy formally does not authorize the

claim. There's no justification other than administrative urge combined with misinformation and spin. The effect is, however, clear: dismantling the university research enterprise as an open activity. That's the essence of Moloch administration, to control as much as possible to ensure that if there is to be any benefit, it come first to the administration.

Expansion of assistance. The new IP Agreement

> To do whatever is required to enable the University (or its designee), at its expense, **to protect PSU IP** whether by patent, **copyright or otherwise**; including:

Compare with the 1992 IP Agreement:

> To do whatever is required to enable the University (or its designee), at its expense, **to obtain a patent** upon any invention or discovery conceived or first reduced-to-practice by me

In 1992, the purpose was clear--obtain a patent. But now the assistance is generalized to any sort of "protection"--including by the use of "otherwise," the most powerful form of protection available, so powerful that university administrators cannot conceive of what it might be, or if they do, they cannot bring themselves to provide the true name for "otherwise." By the time one has designated "otherwise" protection in addition to patent and copyright, one is far afield from an intellectual property agreement. Consider: if "otherwise" includes "trade secret," then the IP Agreement here purports to require faculty inventors not to publish or disclose their inventions or scholarly works until the university says they may. If that's the case, then Penn State by policy formally invokes export control law on its operations, since it is then outside the exception for fundamental research provided in the export control regulations. No doubt no administrator at Penn State gives a rodent's posterior about such a thing. The law only matters if someone is ready to enforce it.

In the new IP Agreement, there's a list following the colon that itemizes some forms of assistance. In the old IP Agreement, there's a list following the semi-colon that addresses the scope of the inventions and discoveries for which assistance is required. Again, very different treatments.

> (a) making myself available for meetings and providing necessary documentation, data and research results to support the filing or prosecution of patent applications covering PSU IP,
>
> (b) reviewing and signing documents from PSU or from patent attorneys retained by PSU (or its designee) to seek protection of PSU IP, and

(c) assisting the University (or its designee) in seeking licensees to commercialize PSU inventions;

Item (b) is roughly the assistance provision that one would include in a patent assignment. It is also roughly what is required by the (f)(2) written agreement in the patent rights clause authorized by Bayh-Dole. Item (a) compels the disclosure of "necessary documentation, data and research results"--even though there is nothing in IP policy that expands disclosure beyond that of the invention that has been made. Notice as well that while the definition of PSU IP is broad, what is actually addressed here is patenting. The broad definition does nothing at all to improve clarity.

Item (c) is the stinker. Why should any inventor be required to "assist" anyone in "seeking licensees to commercialize PSU inventions? The requirement isn't even restricted to the inventions that the inventor has made. Any inventions, all inventions. That's nasty. Further, what if the inventor professionally disagrees with the use of a patent to "commercialize" an invention? Why should the inventor be bound to "assist" in an activity that he (or she) fundamentally disagrees with? Here, the IP Agreement essentially demands that inventors do the job of administrators. If Penn State administrators are so hot and lustful to appropriate all faculty inventions, then why do they then have to insist that the faculty help them "seek" licensees?

In a voluntary IP practice, in which inventors offer invention rights to an agent, all of these matters are subject to negotiation and would be memorialized in an agreement. In some cases, a licensing agent might not want the assistance of inventors in seeking licensees. In others, the inventor's involvement is essential.

There's one more consequence to this (c) stinker. It not only obligates the inventor to assist but also obligates the university to allow the inventor to assist. There's nothing here about "assist as requested by the University"--it's a general statement that the inventor will assist, and not just with the inventor's invention but with "PSU inventions" generally.

Full access to PSU IP policies. The new IP Agreement inserts a statement regarding access to IP policies and the employee's obligation to "read, understand and abide" by them. This is bizarre. It is one thing to agree to abide by a policy, but it is another to agree to "understand" the policy. What does that mean? Given the drafting condition of the policy, one might take "understand" to be next to impossible. Here's an IP policy that requires an IP Agreement to be signed that demands that people "abide" the IP policy, which other than making handwaving gestures toward precision only requires that people disclose certain inventions. Everything else that matters is continent, ambiguous, overclaimed, or unauthorized. It would take someone special to

understand the policy. Heck, it's clear Penn State administrators don't understand their own policy. How could anyone else?

The purpose of such "read and understand" declarations is to set up a court claim that the employee knew the requirements. In liability situations, the purpose is to transfer blame (and responsibility) from the corporation to the individual: "She acted outside policy, knew the policy, understood the policy, and therefore was acting personally, rogue--so sue her." Here in the IP Agreement, the "read and understand" declaration would appear to set up a claim of corruption, that the inventor who fails to disclose, assign, or assist is not merely ignorant but, because of this declaration, also violating ethics rules. "If you do not cooperate, we can destroy your reputation, your employment, your career, your finances--this is how determined we are to get your inventions and works of authorship." That's what someone should understand about the purpose of this provision.

Given, however, that the IP Agreement is an adhesion contract to be interpreted where ambiguous against the university, it is entirely possible that "understand" here expressly gives control of "understanding" the policy to the employee. It is up to the employee, as a condition of employment, as a contractual obligation to form a reasonable understanding of the policy. In that case, "understand" means, objectively and reasonably: "the policy requires me to disclose Research Intellectual Property and nothing more." That, then, becomes the meeting of the minds in an adhesion contract, the basis for offer, acceptance, and consideration, the scope of the enforceable promise.

Legally bound. The new IP Agreement adds as a final line:

> I intend to be legally bound by this IPA.

The 1992 IP Agreement lacks this line. Does this mean that those signing the 1992 IP Agreement did not need to intend to be "legally bound"? That is, is adding this declaration a material change to the IP Agreement? In both versions of the IP Agreement, the fundamental commitment is to "abide by" the IP policy. That requirement is already present elsewhere in university policy. Thus, to what extent does the IP Agreement even operate, if it requires what is already required by policy? For instance, if I happen to owe you $100, I cannot then contract with you to do some work for me and use payment of that same $100 as consideration for the contract. I already owe you the $100, so it cannot be consideration to make the new contract binding. Same here. If you already owe the university your agreement to follow the "regulations" of the university, then you can't here in the IP Agreement offer as "consideration" for your employment anything that you already owe. You have to come up with something *that you don't already owe.* And if assignment of IP isn't owed by policy, then it isn't owed as a condition of employment either, and thus if

assignment is going to be owed, there has to be consideration other than employment for the promise to assign to make that assignment contractual and "legally binding."

Entrepreneurial Activity

We worked through Penn State IP policies past (1940, 1991) and current, looked as well at the weirdness that is the IP Agreement (from 1992 and current), and discovered that for all that apparatus--poorly conceived and drafted--the only formal requirements are that inventors disclose an ambiguously broad set of things they make and that they sign an IP Agreement that purports to assign all these things to the university outright, before they are made, except only "to the extent specified" by policy, and that is, exactly nothing because policy *does not specify anything to be assigned*.

The IP Agreement turns a policy requirement into a private contract and, as an adhesion contract, favors the non-drafting party in any ambiguities. Where there are ambiguities, it is what an inventor reasonably determines that she or he has agreed to that makes a "meeting of the minds" that in turn makes an agreement "legally binding." That's where the *Shaw* court went, at least.

If all the IP Agreement does is claim that each potential inventor has agreed to whatever administrators say they have agreed to, then the IP Agreement is not a contract. If the IP Agreement claims that potential inventors have agreed to whatever the university subsequently puts in policy (or procedures), again, that's an agreement to agree and not generally enforceable (though the *Fenn* court decided otherwise). For all that, university policy already provides that faculty will follow "university regulations." So what does an IP Agreement (thus drafted) do beyond what's already in policy? *Nothing but add ambiguity and limit the university's ability to manage policy as a means of distributing administrative responsibilities.*

If Penn State administrators had their way, the IP policy and IP Agreement would be read to mean that the administrative responsibility of anyone who makes anything is to assign personal rights in that anything to the university, even when the university has not hired that anyone to make that anything. Put this way, it sounds like bombast. Perhaps the thing that is happening here is that university administrators hide what they are doing in legal-sounding complexity, argue then that only specialists can understand what they are doing, and then offer their services to explain the difficulties of their policy text in the moment, using whatever words come pleasantly to their mind to reflect what they want. To enter the complexity and show that it is bombast, or nonsense, or an incompetent mess is not what administrators (and their lawyer friends) want. We can expect, then, that despite showing that Penn State's IP policy is just such a mess, Penn State administrators won't go, "Yes, you are right, the ruse is up, we will have to start afresh with

competent folk drafting policy that reflects the realities of IP, of faculty appointments, of what works well for innovation and for research and for industry and community." But wouldn't that be a refreshing change, if it did happen?

The driver for the argument that the institution should own anything that someone might pay money to license comes from the misguided, inept (if not corrupt) technology licensing operation. But it also comes from people reasoning about this same technology licensing operation.

Administrators believing that technology licensing turns university assets into discretionary money to fund their projects and pay their salaries and expand their empires then aim to make sure that university resources must be used only to feed the technology licensing operation. Anything else is corrupt. Some faculty, thinking that most research results might be licensed for huge value, become determined that faculty inventors must assign all such inventions to the university, so that everyone shares in the largesse--not imagining for a moment that many research assets, patentable or not, simply will not and cannot have an economic life as a monopoly commercial asset. These faculty, it appears, believe the misguided claim from the technology licensing operation that it is virtuous and successful to establish IP monopolies on research (and any creative) assets and then offer these monopolies to anyone willing to pay to take them.

In some cases, university administrators outside the licensing operation have greater expectations for the profit-making capacity of a licensing program and figure that making the university's IP ownership claims expansive and compulsory is just the thing to increase the profits derived from IP licensing. It turns out that the dual monopoly approach--compulsory ownership and licensing via assignment masked as exclusive license--is about the worst possible licensing program a university can have. And yet it presents as the best possible approach by administrators who are otherwise clueless with regard to IP or licensing or technology transfer or research dynamics or economic development dynamics.

Thus, an ideal gets established in policy that is attractive to inexperienced, thoughtless university administrators as well as to some faculty who believe the inexperienced, thoughtless university administrators that the IP program will generate huge profits for the university. Once that ideal is pitched as in the public interest, mandated by federal law, and wildly successful, it is next to impossible to displace--even though the pitch is merely aspirational and there's no evidence that the pitch is true generally: monopolies on research findings don't turn out, generally, to be in the public interest; federal law does not mandate university ownership or commercialization of anything; and while there are indeed success stories involving university IP licenses, there's little to show either that the successes were the result of university monopoly policies rather than

despite these policies or that the successes that are reported stand for many successes that aren't reported rather than that these successes are the only successes at all and what isn't reported is the 99.5% failure rate for all the other research findings that have been withheld from public use behind an administrative paywall.

It's not enough that the university offers a service (like a library, or a university press) that inventors and authors might choose to use when they had material that matched the expertise and market for the university's services. The licensing operation has to demand to see all materials created and then has the audacity to demand that all the materials it has a right to see should be assigned to the university before they are even made. It is a corruption of the university as an open environment for research, teaching, and public service.

In the old days, faculty were appointed to teach, to conduct research, to serve the public. The institution's role was to assemble and manage the resources put at the service of the faculty to do their work. Faculty decided what to teach and taught. Faculty decided what to study, and conducted research. Faculty decided what to publish, and how, and who to work with in the broader community. In the reptilian brain of the technology licensing office, however, it is the institution that does these things, with faculty merely being the hired workers who supply the labor to produce the university's work product, for which administrators then are responsible. That's a grand vision, in it's way. No wonder university administrators are fond of it.

To see how administrators have turned this idea that the institution does the research and the "public service," we need to look at Penn State's conflict of interest policy regarding technology transfer, IP06, "Technology Transfer and Entrepreneurial Activity (Faculty Research)." The stated purpose of the policy is:

> To establish appropriate policies for technology transfer activities, including the establishment of faculty companies and consulting; and identifying and reducing the potential for conflicts of interest.

The policy's purpose is to establish policies. Sigh. Can no one draft anything lucid about IP at Penn State? And let's be sure the policies established by policy are "appropriate" policies and not inappropriate policies. What makes a policy "appropriate"? Well, at Penn State, they don't care, because they let clueless folks draft WTF they want.

The purpose statement practices a typical ploy--rather than stating what it does cover, such as faculty companies and faculty consulting, it claims "technology transfer activities" and makes the startups and consulting merely instances that motivated the policy but are not its scope. This ploy itself is inappropriately general.

The purpose statement then adds "identifying and reducing the potential for conflicts of interest." We will see that it is a narrow idea of conflict of interest that drives the entire policy statement, though conflict of interest appears to be tacked on to the end of a purpose statement that is all about "appropriate" policies for "technology transfer activities."

Let's turn to the argument of the policy. Opening premise:

> Technology transfer must be effected within the framework of an individual's obligations to the University.

This is a strange argument. First, people are stripped of their institutional roles. Faculty members, for instance, are assured of their freedom to conduct research and publish as they please--academic freedom in its more modern formulation. Students, too, have special standing--the classrooms, laboratories, libraries, computer systems, and rows and rows of administrators in their office cages are assembled so that students may have expeditious access to faculty instruction. We might say that a university is an organized subvention, a donation of resources to enable a desired activity. We might think of it as a public square, made available so that a farmer's market might assemble.

The university, if you will, exists to bring faculty and students together. Research and public service arise because faculty engage students. Research might spin off and become a largely independent activity, but there's still a residual argument that faculty active in research translate that experience into better instruction, if not for students then for industry or the community.

Academic Freedom

Here's the opening of Penn State's policy on academic freedom (HR 64):

> Academic freedom refers to the environment provided by the University that permits faculty members to engage in their scholarly pursuits of teaching, research, and related activities at institutions of higher education.

This, then, is the "framework" that matters. The university provides an environment for faculty to do their work--including research and "related activities."

Academic freedom thus embodies the conditions necessary for the University to fulfill its mission of creating new knowledge and of effectively communicating accumulated knowledge and understanding to students and to the community at large.

The university fulfills its mission when it provides academic freedom to its faculty. The university's mission is fulfilled by faculty pursuing their teaching, research, and related activities.

With academic freedom comes "academic responsibility":

> Academic responsibility refers to the duty and obligation of all faculty to **pursue their academic pursuits with forthrightness**, recognizing that while all members of the University have the right to express their own views and to hear the views of others expressed, as well as the responsibility for according the same rights to others, they also have a duty to make it clear when they are not speaking for the institution in matters of public interest.

That is, the duty faculty have to the university is to pursue their work "with forthrightness." That might well be the basis for disclosing their work and not keeping it secret, but there's nothing, absolutely nothing here that would indicate that the university should own and control all such work, whenever administrators get it into their heads that they might sell off that work (and especially sell that work off as monopolies, and especially rather sell off the monopoly who gives a rat's ass about the work that created the opportunity for the monopoly). Along with this responsibility is to make it clear that one does not speak for the institution when pursuing one's academic work. That makes sense. But the point of academic freedom is simply that faculty should speak for themselves and not claim that any one of them speaks for the institution "in matters of public interest." And there's nothing here at all that suggests that faculty cannot speak (or act) if an administrator purports to speak on a matter of public interest. An administrator, for instance, might create a university statement on catastrophic, CO2-driven climate change , but that does not mean all faculty in atmospheric sciences must then tow the line and conduct research only if it supports the administrator's statement (and thus an "official" university position).

Academic freedom thus embodies the conditions necessary for the University to fulfill its mission of creating new knowledge and of effectively communicating accumulated knowledge and understanding to students and to the community at large. Academic responsibility refers to the duty and obligation of all faculty to pursue their academic pursuits with forthrightness, recognizing that while all members of the University have the right to express their own views and to hear the views of others expressed, as well as the responsibility for according the same rights to others, they also have a duty to make it clear when they are not speaking for the institution in matters of public interest. The University should be an institution whose members may express themselves, while protecting and respecting the rights of others to learn, to do research, and to carry out the essential functions of the University free from interference or obstruction.

We might then ask, in a university that promises academic freedom, what obligations does a faculty member or student have to the university? How do these obligations arise? To strip faculty and students of their place in the university, and consider them only as "individuals" is already to pack into the premise a repudiation of the relationship that faculty and students have with the university. There's a reason to do this, of course, and we will get to it. But the ploy is evident in stripping faculty and students of their standing in order to announce a policy on conflict of interest.

Here's Penn State's policy on academic freedom "related to the University":

> The efficient operation of any institution requires cooperation among its personnel. **The faculty member agrees, therefore, to abide by the regulations of the University**, and to perform to the best of his/her ability **such reasonable duties as are assigned by authorized University officials**. Faculty members are free to speak and write on governance issues of their respective departments, colleges, units, libraries, and of the University as a whole, and are **free to speak and write on all matters related to their professional duties without institutional discipline or restraint.** Similarly, faculty members recognize that they are expected to exercise professional responsibility in their service roles. Faculty members are responsible for respecting confidentiality and the privacy rights of others.

Duties are those that "are assigned by authorized University officials." Do faculty have an assigned duty to "transfer technology"? To turn over their personal property to administrators for licensing fun for profit? Not here. We will ask whether "the regulations of the University" may properly include assignment of one's personal rights in inventions to the university, as a condition of "employment/appointment/association." We will answer, no, they cannot. And Penn State administrators no doubt will go WTF, we can do whatever we want. And perhaps they can, these days.

The academic freedom policy then considers, as a separate matter, research. Clearly, research is not something "assigned by authorized University officials." Research is not a matter "related to the University."

Faculty members are free to engage in research or scholarship of their own undertaking, and in the publication of the results, subject to the adequate performance of other academic duties.

A patent application is a publication. That's the very heart and soul of a patent--that the inventor publishes her invention in exchange for a limited monopoly on the practice of the invention. If the academic freedom policy is followed, then Penn State cannot demand, outright, ownership of any and all inventions. But here's the rub:

Research conducted for this University shall be in harmony with the provisions set forth in the official research policies of the institution, or in memoranda of agreement entered into between the University and industries or other agencies.

We might note that research is not considered in the provision regarding the regulations of the university--and here, in the provision specific to research, we get a different citation, to the "official research policies of the institution" not to university regulations generally.

Research must be "in harmony with" "official research policies." Not unofficial stuff, like the material posted at Penn State's sponsored projects office web site, full of silliness and misrepresentation. Official stuff. Official research policies. We might ask whether an IP policy is an official research policy, especially when it has been removed from a "research" series of policies and given its own, distinct identification system. "In harmony," too is not "shall comply with," though the two phrases share some sense. The expectation, however, is that of "running parallel with" rather than "submitting to administrative requirements."

We might ask whether an "official research policy" is compliant with academic freedom that declares that all research results that might be sold for profit ("potential commercial value") are owned and controlled by the university, and that any effort by the inventor to resist such ownership or to influence for personal reasons any subsequent IP management by the university is a personal conflict of interest. We might answer that the academic freedom policy clearly takes precedence, and an assurance that faculty are free to publish means that no other university policy can take away that freedom merely because something to be published might have value as a patent monopoly.

The second part is somewhat easy--if the university contracts with sponsors, then faculty must follow the terms of those contracts. Nothing there, however, gives university administrators the right to impose restrictions on faculty and then contract with a sponsor to lock in those restrictions. Things go the other way--a sponsor requires provisions, and a faculty investigator accepts those provisions, and a university administrator has no reason to object to those provisions, and so a contract is drawn up. Of course, in a corrupt or inept university, things don't work this way, but we ought to be allowed to aspire to competence and integrity, no?

In a public institution, conflict of interest does not have to do with a conflict between an individual's interests and the institution's interest, but with a conflict between the individual's interests and the individual's institutional duties. That is, the institution defines duties for an individual, and the question of conflict has to do with whether the individual can properly do those duties in the context of a personal "economic" interest that runs in conflict with those duties, or gives the appearance of running in conflict. The focus is the duties that one has, not

what the institution generally wants for itself. A university might want to buy up real estate surrounding its campus so it can expand, but it is not a conflict of interest for faculty members to own property where the university wishes to expand, nor does such ownership conflict with their duties as faculty members. If an administrator leading the effort to purchase such real estate also owns property in an area targeted for purchase, then there is a conflict of interest that must be managed. The difference has to do with the duties an individual has, not whether an individual's property stands in the way of a university objective.

We might then observe that the university has no business creating a policy that requires faculty to turn over their real estate to the university simply because administrators have decided the campus should expand. Policy or no policy, it's nonsense. Even if a university used eminent domain to take faculty property, it would still owe those affected "just" compensation. It would not be a "duty" of a faculty member simply to turn over the property, nor would it be an "obligation" to the university for the faculty member to sell low or abandon the property.

University Interests

Penn State's policy on entrepreneurial activities opens with this claim:

> Technology transfer must be effected within the framework of an individual's obligations to the University.

Given what we have learned about Penn State's policies on academic freedom, we might revise the opening argument of IP06 to provide a sense of what is in play. Consider, instead, this opening:

> Technology transfer must be effected within the framework of the university's obligations to its faculty, students, and community.

That is, technology transfer works within what the university has already committed to; technology transfer does not provide a justification to suspend all privileges granted by the university so that administrators can take personal property (inventions, works of authorship) that they hope to sell off. To cover their crappy management, they cannot tolerate anyone else selling that property off or worse, giving it away, so they write a policy to forbid alternatives and beat down objections.

This revised opening statement of IP06, were Penn State to adopt it, would insist that anything involving university-managed IP must conform to the rest of university policy. The administrative desire for IP cannot create exceptions to policies on academic freedom, public benefit, and the like. Technology transfer is not so very important that attempting to trade in

monopolies for commercialization must take precedence over any other activities that a university has set out to encourage.

Here is the rest of the argument in the opening of unrevised IP06:

> Actions which serve personal interests to the detriment of University interests must be avoided.

Again, note that "University interests" is generalized. We are not talking about actions performed in official duties on behalf of the university, that these official actions must not serve personal interests that would be perceived as being in conflict with those official duties. No, not that. In IP06, things are reversed. Somehow faculty and students can have no personal interests in any area in which administrators assert a university interest--"University interests" writ generally. Are Penn State administrators totalitarians yet? Almost! This statement reads, essentially, that no one may criticize or oppose any university administrator's desires pertaining to one's personal interests. To do so would be to take an action that serves a personal interest "to the detriment of University interests." If the university wants to build a by-pass through a faculty member's property, well, any action to oppose the by-pass would serve a personal interest to the detriment of a university interest.

Instance. A faculty inventor publishes a discovery without reporting it first to the university licensing office. The publication advances the faculty member's academic career, but the licensing office loses out on a potential license and potential income, and therefore such publication is to the detriment of "University interests" and "must be avoided."

Instance. A faculty inventor dutifully assigns an invention to the university. She then advocates that the university should grant non-exclusive licenses to a companies that might then hire her graduate students. But the "University interest" is to grant an exclusive license. Therefore this advocacy is detrimental to the "University interest" and smacks of personal interests--those of graduate students, and indirectly of the faculty advocate, who gains some personal status by placing her students in industry positions.

Instance. A faculty author creates software and distributes it open source. As a result, the faculty member is invited to various conferences to present papers on the software, advancing his career and personal reputation. The university licensing office insists that it could have licensed the software to a company for profitable distribution. The faculty author has taken an action to detrimental to the "University interest."

Each of these instances presents a typical technology transfer activity. The effect of the argument in IP06 is to forbid such actions unless taken by an administrator. The inventor or author is

forbidden from taking actions (including, it would appear, advocacy) that would be intended to influence administrative decisions. We might think, then, that faculty and others would also be prohibited, based on this same claim, from being overly enthusiastic about their inventions, discoveries, and software, as that enthusiasm also might be detrimental to "University interest" by inducing administrators to invest time and money in things that turn out be nothingburger--at least nothingburger in their administrative hands.

We might also observe that the premise of academic freedom, as it pertains to teaching and research, is that *personal interests are the essence of the university*. Actions which serve personal interests include choice of what to study and what to publish--these might advance one's career or result in a discovery that has far-reaching consequences, all to one's own benefit. We might think, then, that to be a faculty member means to exhibit a self-interest. The question, then, is what sort of self-interest, and for what purposes. The moment we demand that the self-interest "serve the public" or "answer to every demand made by administrators" we are hopelessly lost. But who has the moral vision to peer into every faculty member's soul and discover the nature of that person's self-interest? I'm betting that university policy writers are not among those that might have a chance to do so.

This IP06 statement functions as a non-compete with the university's patent licensing effort. One cannot give away inventions that the licensing office wants to sell. One cannot consult if doing so might create inventions owed to a consulting partner that could have been made in sponsored research where the licensing office could have coerced an assignment to the university. One cannot attempt to "transfer" anything--invention or otherwise--independent of the licensing office that the licensing office otherwise traffics in. Unlike other conflict of interest statements, there is no minimum threshold of activity--any action that serves a personal interest to the detriment of the licensing office operation "must be avoided."

Having made these various outlandish generalizations, the policy now considers "outside" activities:

> Outside activities should be pursued in a manner consistent with the primary obligations of University personnel to teaching, research, and service to the public.

The distinction between "outside" and "not outside" is not explained. Other Penn State policies also use "outside" or "external" and there the meaning is, "for another organization," or "receiving payment from other than the university." But here the usage is ambiguous, as this is an IP series policy. Outside of what? The university? the field of one's expertise? the scope of one's "assigned" duties? done without reference to the university? done through another organization?

Then let's deal with "university personnel." These are the "individuals" previously referred to, made generic so they can be filled with obligations as if no other university policies exist. But the "personnel" that have the freedom to teach, conduct research, and serve the public are specifically *the faculty*. Not administrators, not staff, not students, not visitors, not volunteers. Rather, faculty. At best "outside activities" is administrative jargon; at worst it is whatever university administrators decide it means. Is editing a scholarly journal outside or not-outside? Is organizing a conference for a professional society outside or not-outside? Is consulting on a grant administered by another university outside or not-outside? Does it matter if the consulting on the grant is direct or moves through a subcontract with Penn State? It is the same activity, regardless.

Is "outside" restricted to activities in which one receives payment from other than Penn State? Is publishing a textbook then "outside"? One might receive royalty checks. But isn't publishing a textbook a "service to the public"? Is giving a talk at another institution "outside"--there could be an "honorarium" involved. How about a talk at a company (with an honorarium)?

Go at it another way. Are the "primary obligations" to "teaching, research, and service to the public" restricted to those that are unpaid or university supported? That is, if a faculty member has an "obligation" to conduct research, can the faculty member conduct that research at the University of Pennsylvania or at, say, PPG? Let's say there's no money involved--a faculty member just collaborates with research at another institution. Is that "outside" or not-outside? Now if there is money involved, but paid to the faculty member directly, is the same work suddenly "outside" where before it wasn't? If so, then aren't we talking about following the money, not a general obligation to conduct research? That is, the implication in policy is that faculty are not free to do research anywhere they choose if there's money involved. Perhaps there's a good reason for such a restriction, but is it a matter of obligation to the university? or even of research integrity?

Where might there be a problem with research integrity? Perhaps payments by a company to influence research that's sponsored by the federal government. Or perhaps research to validate a product where the faculty members conducting the research have an economic interest in the success of the product or the company. But if that's the case, then why should it matter whether the economic interest arises from a direct relationship (owning stock, having a board seat, getting paid for services) or from an indirect relationship (getting a share of patent royalties or realized equity from the university for a deal in which the university serves as broker)?

And this analysis changes when a researcher is sponsored by a company and also is in line to receive additional income based on the results of the research. Is the researcher getting paid to get a result advantageous to the company? Or is the researcher on professional notice that only the most solid research will do, because anything less will mislead and damage the company--and

thus the researcher has an incentive not to cause such damage and thus benefit. If one wants to control others with arguments drawn from morality, it is all too easy to construct arguments that justify control, even when control isn't justified.

We turn then to "consistent": outside activities must be consistent with obligations to do research, teach, and serve the public. Okay. That says, basically, that outside activities may include research, teaching, and serving the public, and anything else that's not inconsistent with these activities. That's pretty uneventful, but it's not, I'm sure, how the policy is used.

The potential for conflict of interest and/or commitment exists when University personnel exercise preferential access to knowledge, and/or University resources, for personal gain.

Now the policy statement expands to include conflict of commitment, even thought that's not in the statement of purpose for IP06 and is handled already by another university policy, AD77. Conflict of interest and conflict of commitment are related but distinct. Conflict of interest has to do with a conflict between one's official duties and one's personal advantage. Conflict of commitment has to do with the time and focus one devotes to a thing done for the university relative to the time and focus one devotes to other things. A conflict of commitment might not involve a conflict of interest--one does one's official job just fine, it's just that one is doing something else with much more attention and verve and time. I teach without incident, but spend most of my time running a microbrewery. There's no conflict of interest--I teach mechanical engineering--but perhaps there's a conflict of commitment because I devote most of my time and energy to my business, not my teaching.

But even here, imagine the situation in which a university appoints the CEO of a microbrewery to teach a course in making beer. Is there a conflict of commitment because the CEO spends most of her time with her company? Ah, perhaps not, because the CEO is not paid to teach "full time" for the university. And we are back to the question of whether the obligation to do research, teach, and serve the public is all-consuming or whether it's a 40-hour work week for nine months, or something else. Why should faculty work be treated as "all consuming"--so that anything one might do or think has to be "for the university" or "a university responsibility"? That faculty might be thinking or doing in an area of their training does not mean that they are obligated to do all such thinking for the university. If the "preferential access to knowledge" means that faculty have an advantage in considering their own ideas before anyone else considers their ideas, then IP06 basically claims that whatever a faculty member thinks creates a conflict of interest with the university's licensing program unless that thinking, in the form of anything made that could be sold, is signed over to the university.

There is, of course, another way to read IP06--as mostly nonsense to be ignored. That would be the way to read it if it is intended to be a contractual obligation, which is the upshot of the claim in the IP Agreement. If a contract, then it is another adhesion contract, and the interpretation that should control in ambiguous parts is whatever reasonable meaning the non-drafting party might give it. In that reading, the "knowledge" would have to be controlled by the university, akin to a trade secret, from some other source than the faculty member, and be subject therefore to reasonable controls to prevent its disclosure, including marking and sequestering with an access control protocol (such as "need to know" plus signing an NDA specific to the information). Such a practice might reasonably constitute "preferential access." The NDA would spell out the acceptable use of the controlled "knowledge." And that would be that. No NDA supplied by the university, nothing here to be concerned with.

Conflict of Commitment

Even with this critique we have not got to the bottom of Penn State's policy treatment of conflict of interest/commitment as a covert IP policy. Conflicts of interest and/or commitment "exist" when someone has "preferential access" to knowledge or university resources "for personal gain." This is getting very silly. What knowledge? Whose knowledge? Who gives preference? If anyone can walk into a research laboratory, is preferential access to that lab impossible? If a faculty member uses a database subscribed to by the university's library "for university use only," to write a textbook, is it a conflict of interest that the publication of the textbook might result in personal gain? Are we far enough along this line of reasoning that any use of the university's "resources" for "personal gain" is *verboten*?

The University of Washington administration has already gone that route--arguing that any sort of research might increase a person's knowledge and that in turn is a personal gain that's not allowed unless the knowledge ("know how") is owned by the university and any personal gain comes as a share of whatever university administrators can make from selling the knowledge behind a licensing paywall. Thus, any research using university resources creates a private gain that must be managed or the gaining person is corrupt and can be taken down, reputation destroyed, career destroyed--all for thinking to benefit from improving oneself through research. See the history of the University of Washington's approval process for personal consulting. Have a paper bag on your knee.

But this is all reasoning based on an understanding of text. With university policy, such reasoning is to be displaced by administrative assertions taken as formal truths in whatever form university administrators may utter them. If we look at Penn State policy on conflict of commitment, AD77, we'll see the shape of the conflict of commitment argument:

University employees are encouraged to engage in outside activities when such activities enhance the mission of the University and do not compete with the University.

First, conflict of commitment is actually a non-compete covenant, broadly drawn. Whatever it is the "University" does, an employee cannot compete with it. Thus, obviously, if the "University" determines that it wishes to make a profit by attempting to sell IP positions obtained on the personal property of faculty and students, then anything that faculty and students might do with their personal property--inventions, works of authorship--must compete with the "University." That's one heck of a powerful tool, there in the conflict of commitment policy. "You must be so committed to the University that when it declares it wants to profit from your personal property, you must hand that property over or stand in violation of University policy."

Outside activities shall not adversely affect the University's interests or mission, or require a significant commitment an [sic] excessive amount of time, that interferes with an employee's primary University responsibilities, or competes with coursework or services provided by the University.

I guess that employees fluent in Russian can't tutor anyone in Russian as that might compete with Russian coursework offered by the university. But all this with this provisio:

> This policy shall not be interpreted to interfere with any faculty member's academic freedom (as defined in HR64, Academic Freedom), including his or her freedom to criticize University policies and decisions.

So faculty might tutor in Russian, but not graduate students or "academic employees." That's interesting. The drafting strategy here is to control "everything but academic freedom." Encroaching on (or ignoring) academic freedom takes a separate step, done later.

The policy statement itself in AD77 starts with an argument about the use of resources rather than time commitment to "outside" work:

> University resources shall be used only for their intended University purpose (see Penn State Policy FN14 – Use of University Tangible Assets, Equipment, Supplies, and Services). Use of University resources beyond incidental use requires advance permission and the University shall be appropriately reimbursed.

Who intends a purpose for a "resource"? Sigh. The "University" becomes a sentient being that intends for each resource a purpose. Except, of course, faculty have academic freedom and so perhaps they may be the ones that intend any particular resource in the first place. And, given that a university operates as a massive subvention in support of faculty and students, any

university resource is granted to faculty and students for their use unless an administrator has authority to hold it back.

The University reserves the right to determine whether outside activities adversely affect the University mission. This provision applies throughout the calendar year, irrespective of the actual appointment period and subject to the discretion of the University.

The meaning here is that administrators will decide whether something bothers them. Apparently faculty are not by policy permitted to decide such things, even if they have academic freedom. But the policy is not to be interpreted to interfere with academic freedom, so for faculty how is it possible that university administrators can reserve any right to decide--and how is it that the university can reach beyond an "actual appointment period"? What sort of assertion is that? Totalitarian, somewhat, don't you think?

The rest of AD77 is taken up with units implementing their own guidelines, restrictions on teaching at other institutions and complying with university policies or regulations (there must be a distinction somewhere):

Employees must comply with all applicable University policies or regulations including, but not limited to, policies or regulations **related to intellectual property**, conflict of interest, private consulting, use of University's name or its resources, etc.; related to their employment when participating in outside activities.

The repeated theme of Penn State policies is that each policy insists that it's an obligation for every employee to follow every policy. One would think that Penn State somewhere in policy might make following policy a requirement for everyone just once, and button it up after that for all the little policy things that get spawned later. All the better, it might help if that master policy statement included specifically that administrators must follow policy in interpreting policy and drafting new policy, and for all that, only administrators that know how to write should be permitted to draft new policy.

Given that it's next to impossible to make sense of Penn State's policy claim here--that somehow preferential access to knowledge for personal gain creates a conflict of interest or commitment--I will propose that the wording here is administrative garble-speak for the following:

Administrators are authorized to stop anyone who attempts to exploit his or her own inventions or works of authorship or anything else that may be sold or may create the opportunity to obtain a monopoly that may be sold without cutting the university in on the deal. Administrators may use the terms "conflict of interest" and "conflict of commitment" indifferently to make the actions of

anyone who crosses them appear to be immoral, corrupt, unethical, or otherwise detrimental to University interests.

Put simply,

> It is a conflict of interest to do anything that competes with the University's licensing office or denies the University's licensing office an opportunity to make money.

Take that as a hypothetical translation. One might expect the following if one actually cared about research conflict of interest:

- A requirement to disclose activities that involve personal payments other than those made through the university--"be forthright."
- A limitation on personal payments that would be perceived to influence research funded and reported using one's university title and affiliation.
- A requirement that one recuse oneself from certain decisions in which there is the prospect of personal payments that might influence the decision.

Nothing to do with preferential access to knowledge or resources for personal gain--just whether payment is disclosed and whether that payment has the prospect for adversely affecting work that one does using one's university affiliation. It would appear that IP06 was written by technology transfer zealots, not anyone working with conflict of interest issues. It suggests that technology transfer has misappropriated conflict of interest policy to serve an administrative goal. One might say IP06 represents an institutional conflict of interest.

The appropriate framework for faculty involvement in either commercial or not-for-profit enterprises, including "faculty companies," has to be evaluated on a case-by-case basis in concert with cognizant University administrators.

We are back now to something "appropriate" but now it is a "framework" and not a "policy." Suddenly, we see "faculty" appear and not "individual" or "personnel." What happened to staff? to administrators? Why even have a policy statement if the whole point of it is to say everything is "case-by-case" involving evaluation "in concert with" "cognizant University administrators." Who is doing the evaluation?--clearly not the cognizant University administrators, as they are involved only by concert. Is it the faculty members themselves? The IP office? Who can say, but who is not telling.

This much is clear: there must be a management plan for any faculty involvement in any "enterprise":

> Mechanisms whereby potential conflicts will be managed must be set forth in a Management Plan approved by the University's Conflict of Interest Committee and/or the University Conflict of Interest Official per policy RP06, *Disclosure and Management of Significant Financial Interests*.

But that's already the subject of RP06, so all that IP06 is doing is pointing to RP06 and saying that when faculty are "involved" in an enterprise, they have to follow RP06. Why not just modify RP06? Oh, wait. Perhaps it's because RP06 already deals with enterprises and "significant financial interest."

I suppose we have to review RP06 to get anywhere. RP06 is a creature of PHS grant requirements, with a bit of NSF and FDA thrown in as well. The gist is that if one has a "significant financial interest" and that interest "reasonably appears to be related" to one's "Institutional Responsibilities," then the interest must be disclosed, conflict of interest folk must review it, and if there's a problem, then there must be a management plan. RP06 creates its own definitions, however, for significant financial interest and institutional responsibilities. These are, in their way, bespoke.

There are four categories of Significant Financial Interest, more than $5,000 received annually:

- From publicly traded "entities" (payment plus equity value)
- From any other "entity" or any equity interest in any other "entity"
- For intellectual property
- As travel reimbursements from any entity except a government agency, university, teaching hospital, medical center, or research institute affiliated with a university.

"Entity" is defined as any "business, organization, or association" except governmental agencies (but the policy definition gets long-winded about it--"entity" is used in PHS regulations, but not given a definition; obviously there it is what used to be "person," that is any individual or incorporated organization). Why the policy can't just be, "report payments and equity value from each non-governmental source that exceeds $5,000 per year, and report intellectual property for which you receive more than $5,000 per year." I guess that would be too simple, readable, and crisp. Oh, and it would require reporting of private university and teaching hospital income. Couldn't have that, so hey, define "entity."

It's funny that whatever is paid through the university is excluded as a "Significant Financial Interest." So you get $100,000 a year as a share of royalties in some lucrative patent licensing scheme. That apparently has no effect on your research, but $5,0001 from a company directly might? At least the university ought to know that it has paid out $100,000--so one would not need to disclose that payment, but it still ought to be a "Significant Financial Interest" and there

should be a management plan pertaining to any related research. It's by this sort of thing that we tease out just how superficial these sorts of policies are.

The upshot of all this mostly worthless policy mongering is that IPo6 is wrong about the framework for conflict of interest in RP06. Involvement in enterprises does not have to be reviewed unless it exceeds an annual personal value of $5,000. There's no need for "case-by-case evaluation" of such involvement unless there's a significant financial interest. And when there is, RP06 controls. So what again is the point of IP06 other than as another exercise in badly executed policy drafting?

Consulting

Penn State's policy on entrepreneurial activity, IP06, continues by reciting badly the university policy on consulting, at HR80. Yes, I suppose we have to look, having read the book. HR80 begins with an assertion about faculty duties:

> A faculty member is expected to perform his or her University duties in the most effective manner of which he or she is capable.

It's not clear who is doing the expecting here, but the expectation is utterly ambiguous: "most effective manner of which he or she is capable." Short of some strange communist worker heroism, how could one possibly know what a faculty member is capable of, and what makes a given duty "effective"? What, for that matter, are "University duties"? We might think that, why, these are the reasonable duties that are assigned, per HR64:

> The faculty member agrees, therefore, to abide by the regulations of the University, and to perform to the best of his/her ability such reasonable duties as are assigned by authorized University officials.

Reasonable, assigned duties--not anything a faculty member chooses to do. A faculty member might do any number of things that reflect professional activities, all tolerated if not encouraged by university administrators, that are not assigned duties. This distinction must be kept in mind whenever a policy brings up a claim, such as IP01's use of "field of expertise"--the employment claim has to be restricted to those reasonable duties "as are assigned by authorized University officials." Participating in research is, generally, not assigned and thus fails to come within the scope of any university claims to control resulting IP. There may be a sponsored research agreement that establishes control, but then the basis is policy actions that connect the sponsored research agreement terms with the participants in the sponsored project, not an assignment of duties by university officials.

HR80′s opening statement, however, also contains a loyalty demand:

> The faculty member′s first duty and first responsibility is to the University.

This statement is something of a duty with regard to duties. Except, ignoring HR64, this duty is not assigned by an authorized university official--it is a general statement made by a faceless policy. Furthermore, this assignment of duty is unreasonable. Where does the university have the authority to demand that a faculty member′s ″first duty″ is ″to the University″? We do not find such a demand in HR64, on academic freedom. We might argue that a faculty member′s ″duties″ are only those that are assigned, and reasonable. Anything else is of the form of administrative hope or personal choice. Being all Mertonish about it, we might think a faculty member′s most important principle is getting at the truth of things, or teaching worthy stuff to those worthy of knowing, or being unwilling to be bought out by government or corporate or pressure group interests in the conduct of scholarship. But here, apparently, the university asserts that it has already bought out faculty, so that when they conduct research, say, that research should support, say, whatever it is the technology licensing office is trying to peddle for big bucks. That′s the first duty and responsibility, see?

HR80 also distinguishes duties and responsibilities, without any guidance. HR64 discusses only ″duties,″ which must be assigned to exist. What then is a ″responsibility″? Perhaps that′s to follow university policies and regulations and procedures and whatever else is demanded by administrators. But I don′t know. Frankly, I think ″responsibilities″ is just fantasy assertion made up by the posterior cortex of some low-status totalitarian-minded administrative hack who got to dabble in drafting HR80. But even if true that doesn′t much help us deal with the policy itself, any more than musing on the moral attributes of the low life pointing a gun at us helps us deal with the gun.

A better way of reading this loyalty demand is that it applies only where a faculty member has been assigned a reasonable duty. For anything else, whether consulting or otherwise, a faculty member owes no ″duty″ to the university; any further commitment the faculty member makes is not assigned, is not a matter of employment, is not work for an administrative master. Again, being Mertonish about it, we might assert as a university ″value″ that faculty through their actions create a university capable of educating and conducting research and helping the general public, and we might fussily add that if faculty don′t choose well, then the university will be shut down.

The rest of HR80, then, follows from the loyalty assertion:

> Outside professional services, or private consulting, should be viewed as a privilege and thus should not be undertaken, with or without pay, if such services or consulting

> interferes with the discharge of a faculty's member duties and responsibilities to the University.

"Should be" is weasily. Either consulting is forbidden unless administrators approve or it's not forbidden. Here's HR64:

> When the faculty member speaks or writes as a citizen, the faculty member shall be **free from institutional censorship or discipline**, but the special position in the community held by the faculty member imposes special obligations. As a person of learning and an educator, the faculty member is expected to remember that the public may judge the profession and institution by his/her utterances. Hence, the faculty member agrees at all times to be accurate, to exercise appropriate restraint, to show respect for the opinions of others, and to make every effort to indicate that he/she is not an institutional spokesperson.

What is required? Make an effort to indicate that one doesn't speak for the institution. Otherwise, the faculty member "shall be free from institutional censorship or discipline." Try to square this with HR80, which aims to prevent "consulting without pay." What is consulting without pay but a form of "speaking or writing as a citizen"? We might restate HR80, then, on this point to mean:

> A faculty member should not speak or write as a citizen if doing so interferes with the discharge of his or her reasonable, assigned duties or prevents him or her from abiding by the regulations of the University.

Aside from whether immoral regulations should be followed, we might think that this restatement is obvious--but only because per HR64, no regulation of the university can prevent a faculty member from speaking or writing as a citizen: "free of institutional censorship or discipline."

HR80 then makes express the non-compete concern:

> University faculty are encouraged to engage in outside activities, as defined below, when such activities enhance the mission of the University, are related to the employees' field of expertise, do not violate any University policies or regulations, and do not compete with the University.

Notice the strange slip from "faculty" to "the employees'"--where the expected term would be "faculty member's" and the construction should all be singular: "Each faculty member is encouraged." Oh, the drafting, the drafting. This sentence uses another typical drafting strategy--

make a list and bury the important stuff somewhere in the list, such as, say, a demand that nothing "compete" with the university.

If we consider the grammar, we can see that the statement here is not one of policy but rather of encouragement. Faculty are *encouraged* to engage for the things in the list. There is not statement to the effect that faculty are forbidden to engage in outside activities not meeting the list of encouraged things. Thus, though participating in a school bake sale might not be related to a faculty member's field of expertise, but it is not forbidden. And teaching a sunday school class might compete with the university's own Bible as Literature course (ENGL 104), but that too is not forbidden, we would think.

Perhaps administrators drafting HR80 intended to forbid all faculty engagement in any "outside" activities (to engage is to escape, sort of like military leave, you have to request it from us administrators, who fancy ourselves to be the officers of the institution, and then we will lay out general guidelines when we might approve your leave). But whatever their intention, they didn't express that intention in their drafting. Instead they drafted an encouragement clause. Sort of like tossing a hand grenade and wanting only to get close enough to cause damage without having to be precise.

We might linger on what it means to "enhance the mission of the University," but I fear it is just administrative bullsquawk here that can't have any much meaning. Perhaps "mission" is used for "reputation" or "position with the legislature" or "to help development land a big donation." Does "enhance" mean "make bigger" (as with some surgeries), or "improve" (since the mission might be stated badly) or "extend" (as in broadening the mission to include more things), or "polish up" or "be consistent with" (which isn't really enhancing anything). Dunno. Neither do you, I expect.

HR80 gives some "clear" examples of enhancement:

> There are a number of outside activities that clearly enhance the University's mission, such as serving on a peer review boards, serving as a referee for a scholarly journal, attending or presenting at a professional meeting, visiting other sites in connection with accreditation/audits, **etc.**

Ho-hum, "etc." And yet, here, "attending a professional meeting" is listed as an "outside activity." That's radical. The policy purports to control, as a privilege, whether faculty can attend professional meetings. That's more than radical, it's bonker nuts and in violation of HR64.

Of course, university policy is set up for faculty as a "call your own fouls" on administration--see HR76, Faculty Rights and Responsibilities. A faculty member may take to a committee:

> 1. Any situation in which a faculty member asserts that he or she has suffered a substantial injustice resulting from a violation of: a) academic freedom; b) procedural fairness; or c) professional ethics.

And of course, administrators can use the same committee to stick it to faculty members:

> 2. Any situation in which an administrator seeks a Committee judgment as to appropriate action toward a faculty member who, in his or her judgment, may be failing to meet his or her responsibilities.

Only faculty get this treatment, with exceptions made for some situations involving "academic employees." We can see "responsibilities" show up in paragraph 2, but not, oddly, "duties." What a mystery these "responsibilities" are. Perhaps faculty agreeing in HR64 to speak accurately and with restraint, showing respect for others is a "responsibility" since it is clearly not an assigned duty. Yeah, let's go with that.

HR80 then defines "consulting, private consulting, or outside consulting" as (briefly, omitting the verbage) "a professional service intended to further the interests of an outside party," except not teaching which is the subject of AD77 on conflicts of commitment. And except not any "outside activities outside the faculty's field of expertise." And we find out that an administrator gets to determine formally a faculty member's "field of expertise":

> A faculty member's field of expertise shall be as defined by his/her department head or unit head and/or Dean or cognizant Administrative Officer.

I wonder if the heads have done this defining for each faculty member. Perhaps they get to do this in the moment, when someone asks. In any event, it makes nonsense of IP01's bit about the scope of disclosure as broad as one's "field of expertise"--if a head hasn't defined the field, then there can be no obligation to disclose on that basis. Same for the IP Agreement's outlandish (but non-functioning) demand for assignment of any invention within that same "field of expertise."

Outside Activities

We are into Penn State's policy on "Private Consulting Practice," HR80. We arrive at, finally, a definition of "outside activity"--since one can be involved in outside consulting or merely go AWOL:

> Outside consulting or other professional activity or service, paid or unpaid, that is beyond the scope of the individual's University employment responsibilities.

We can re-write to eliminate the obtuse style:

> Any professional activity beyond the scope of employment.

The only qualifier that remains is "professional." We should reasonably interpret "scope of the individual's University employment responsibilities" as those "reasonable" assigned duties referred to in the policy on academic freedom. What's assigned is that for which one has been employed. But for faculty, it's nuts that anything that's not assigned is somehow properly regarded as "outside."

There are then at least three meanings of "outside" at work. In one (here in HR80), "outside" means accepting payment from other than the university. In another, "outside" means anything beyond assigned duties. In a third, "outside" means something that isn't obviously connected with one's faculty activities, assigned or otherwise. Here, of course, the policy claims to control *everything that isn't subject to the university's control as employment*. That means, this is beyond a non-compete covenant--it purports to control even activities that cannot possibly compete.

> Such consulting or other professional activity or service is in the general area of expertise for which the faculty member is employed by the University.

Now we get the positioning--"in the general area of expertise"--which isn't the to-be-defined-by-a-head "field of expertise" but rather something more "general," an "area." And there's included as an added bonus an entirely different definition, for "outside commitment":

> Outside commitment involves the use of the employee's expertise, the practice of his or her profession, or any activity that contributes to the employee's professional competence and development.

We return to "employee" rather than "faculty member," and now an outside commitment is "any activity that contributes to the employee's professional competence and development" (as if contributing to professional competence is not somehow development). What a horror ride it is to read this stuff and realize it is policy at a major public university. It can only be a source of nastiness. I can't imagine any faculty member reading this stuff and going--whew, I'm sure glad to work at Penn State now!

The nuts of HR80 is that faculty can consult for about 4 days a month, with approval, with conditions--won't interfere with "University duties or other contractual obligations to the University"; enhances "professional stature or academic proficiency"; and

> Shall not adversely affect the University's interests or mission or violate University policies or regulations including, but not limited to, policies or regulations related to intellectual property, conflict of interest, private consulting, use of University's name or its resources, **etc**.

I love it when some clueless drafter uses "including but not limited to etc." Gosh, that's so encompassing one might just not draft at all. As for policies "related to intellectual property" perhaps it would be better to reference policies that "concern" intellectual property--or how about just IP01. And there, we find, an assertion to disclose inventions (and non-inventions) within a field of expertise (to be defined, apparently, by a head) or developed with "University facilities or resources." Embedded, then, in HR80 is a prohibition against developing inventions (of whatever sort) and not disclosing them to the university--even when the university has no ownership interest in those inventions. Perhaps there's an argument for "just in case," such as "just in case the inventor also has an obligation to assign the invention to a company that has sponsored research." But then, why would any head approve an "outside activity" if it was related at all to a current sponsored project in which the faculty member also participated? Yeah, dunno, policy is not remedy for negligence, but folks still try.

HR80 ends with a walkback for activities that are "expected" "as part of normal scholarly activities" but which are "not regulated by this Policy." The list starts with "these include but are not limited to:"

- Presentations at professional meetings and other similar gatherings
- Peer review of articles and grant proposals
- Leadership positions in professional societies
- Preparation of scholarly publications
- Editorial services for educational or professional organizations
- Service on advisory committees or evaluation panels for governmental funding agencies, nonprofit foundations, or educational organizations
- Service with accreditation agencies (e.g., AAALAC, AAHRPP, etc.)
- Conducting workshops for professional societies
- Musical and other creative performances and exhibitions, if there is an expectation in the faculty member's discipline that he/she will engage in such performances or exhibitions

Again, the drafting strategy is to define outrageously broadly, stipulate something narrow, and then walk back ambiguously on the outrageous broadness. That way, everything is captured, something important is addressed, and nothing is released except expressly. Thus, the moloch administrator slouches forward.

There's a bunch of details then in HR80 that we will pass over to get to things still juicy--namely a bit at the end in "Appendix A" regarding intellectual property "issues," presented as a series of bullet points.

> All faculty are required to sign the Penn State Intellectual Property Agreement which states that all faculty agree as a condition of employment by the University to abide by the University's Intellectual Property Policies and Procedures.

This much is true. And that's about all that the IP Agreement does. The IP policy requires disclosure of certain inventions and non-inventions, and completion of the IP Agreement. The RIP Loop, as I have called it. Bureaucratic stupidness, as it shifts interpretation of policy from administrative prerogative to common law contracting.

Faculty may, within the scope of a consulting agreement, assign rights to intellectual property developed under consulting agreements to organizations engaging their services where the organization **has a legitimate prior claim to the technology being developed.** Examples include consulting activity leading to the refinement of an organization's existing product or process or to a development for which the organization has background patents or prior art claims.

Bizarre. Nothing about this in the IP policy. The university has no claim whatsoever by policy to any faculty-developed IP, so how can HR80 limit faculty disposition of personal property to "legitimate prior claims"? The university has no claim; there can be no claim "prior" to the university's claim. And as for inventions already assigned, the university has three months or before any other assignment to record the assignment in the PTO, otherwise, that assignment is void against a later assignment without notice for valuable consideration (see 35 USC 261). Those are the rules of the game--that is, federal law. Penn State should play by the law rather than trying to handwave policy to circumvent the law.

> It is inappropriate for faculty consultants to assign Penn State intellectual property to organizations engaging their services.

Catch me here. If "Penn State intellectual property" means patents and copyrights owned by Penn State, then it is really not possible for faculty to assign that stuff unless they are authorized to act on behalf of Penn State. If the term means "inventions and non-inventions" owed to Penn State but not assigned, then yes, that's a decent statement, though "inappropriate" is the wrong word. Perhaps "it is a breach of contract." But consider, if the IP Agreement's "hereby assign" operates, then there is nothing owed to Penn State that is not already assigned to Penn State. And if the hereby assign doesn't operate, it is because it fails for lack of definiteness or because the IP Agreement itself fails for lack of policy authority to assert any obligation to assign, and nothing is

owed or assigned to Penn State as a result of the operation of either IP policy or IP Agreement. So the statement here is just more stupidness.

> Consulting agreements should be examined to ensure that the assignment of rights to intellectual property evolving from consulting activities does not conflict with the Penn State Intellectual Property Agreement.

"Should be examined" by whom? If the university, then is the university providing legal advice to faculty? If the university examines a consulting agreement and does not object, isn't that equivalent to a waiver of any future claim within the scope of any assignment of rights in that agreement? Given that the IP Agreement does little more than require people to abide by the IP policy (and the zombie procedures, too), and the IP policy requires disclosure but not assignment, this examination clause ought to be focused on disclosure, not assignment. A faculty inventor may indeed have an obligation to disclose (such as under the standard patent rights clause authorized by Bayh-Dole), but then any consulting agreement would have to have a scope that overlapped with the sponsored project: the thing that most needs to be examined is the scope of work of the consulting agreement, compared to the scope of work of any other projects that the faculty consultant is also involved with. It is the scope of work that matters, not the assignment of rights.

The problem is that of an investigator that sees where contracted research is heading and decides to pull out and do the inventive stuff "outside" or "later" or even "before." NASA handled it this way:

> Sec. 305. (a) Whenever any invention is made in the performance of any work under any contract of the Administration, and the Administrator determines that--
>
> (1) **the person who made the invention was employed or assigned** to perform research, development, or exploration work and the invention is related to the work he was employed or assigned to perform, or that it was **within the scope of his employment duties**, whether or not it was made during working hours, or **with a contribution by the Government** of the use of Government facilities, equipment, materials, allocated funds, information proprietary to the Government, or services of Government employees during working hours; or
>
> (2) the person who made the invention **was not employed or assigned** to perform research, development, or exploration work, but the invention is **nevertheless related to the contract, or to the work or duties** he was employed or assigned to perform, **and was made during working hours, or with a contribution from the Government** of the sort referred to in clause (1),

> such invention shall be the exclusive property of the United States, and if such invention is patentable a patent therefor shall be issued to the United States upon application made by the Administrator, unless the Administrator waives all or any part of the rights of the United States to such invention in conformity with the provisions of subsection (f) of this section

If contracted, then the sponsor's. If not contracted but related to the contract and made during working hours or with the sponsor's contribution, then it is still the sponsor's. Penn State might try flowing through something like that in its research contracts. Industry sponsors might like the gesture.

> Faculty consultants must avoid entering into consulting agreements that are in violation of the terms of their employment by the University.

And now, more nonsense. Why? Well, first it states the obvious--"must avoid." But if the university reviews all consulting agreements and doesn't object, then whatever is allowed operates as a waiver to "terms of employment." Notice that "terms of employment" does not have to do with policy--that's already been covered. "Terms of employment" also does not encompass "terms of appointment" or "terms of association"--clearly the IP Agreement makes these other terms distinct. Finally, "employment" appears, for faculty, to refer to those reasonable, "assigned duties." One cannot contract to consult so as to violate an obligation for an assigned duty. Makes sense, but is this really an IP issue independent of what has been already addressed in this list of issues? Or is it something that farted out of an administrator wanting to contribute to the list, since that was what was happening? Who can say--but it's nonsense. Even "must avoid" is euphemistic. How about "shall not enter into"? Oh, but that would be direct. "Must avoid" is mildly threatening, but also mildly permissive. Strange nonsense.

> Faculty members should be cautious that by assigning intellectual property rights to organizations engaging their services faculty consultants may: 1) be prohibited from further activities in that field, 2) limit opportunities to profit from commercial applications or their work, 3) limit opportunities to obtain funding from industry and 4) restrict freedom to publish.

A note of caution, that faculty members (not here "employees" as elsewhere) should not be stupid. As a note of caution, decent advice. There's more, of course--not assigning future rights and not assigning background rights and not using IP that one does not control and not making representations with regard to fitness for a particular purpose.

Appendix A then makes recommendations for consulting contracts, again as a bulleted list.

> Consulting agreements should recognize that all faculty members have signed the Penn State Intellectual Property Agreement and that Penn State intellectual property cannot be transferred to a company via a consulting agreement.

Here "Penn State intellectual property" must mean "intellectual property owned by Penn State." The point is, faculty must make it clear they are not acting as representatives of the university. That would be clear in the nature of the consulting agreement--the contracted party is the individual, not the university. The IP Agreement is a non-issue, as it doesn't do anything not already in IP policy, and IP policy requires disclosure. Again, disclosure would be the thing to address in a consulting agreement. As for assignment, a consulting agreement should not obligate IP that has already been obligated, regardless of how the obligation arises--IP policy, terms of employment, sponsored project contract, donor's conditions, license, material transfer agreement, commissioned work.

> Consulting agreements should also recognize that a faculty member's first duty and first responsibility is to Penn State.

HR80 comes back around to its claim about first duty and first responsibility. These are demands that repudiate HR64 and don't make sense in the context of the role faculty have at a university. While faculty may be expected to have a commitment to be faculty and do what faculty do and behave as members of a faculty, their *first* duty is the one that is *first* assigned to them, and their *first* responsibility is whatever comes *first* in university regulations. If what's meant is a "duty" that takes precedence over all other duties, then I'd suggest the duty found in the statement of academic freedom is the one to look to, not loyalty to the university-as-an-administration. What the wording repeated here under "intellectual property issues" purports to mean is that assigning any IP to anyone other than the university somehow violates a faculty member's foremost duty or responsibility. Bogus in light of HR64, but there it is.

> The University recommends including the following language:
>
> > "Company agrees and understands that Consultant is an employee of The Pennsylvania State University. Consultant's primary responsibility is to the University. In connection with such employment, Consultant has entered into certain agreements with the University relating to ownership of intellectual property rights, conflicts of interest and other matters, and is subject to certain policy statements of the University (collectively the "Institutional Agreement"). If any provision of this Agreement is hereinafter determined to be in conflict with the Institutional Agreement, then the Institutional Agreement will govern to the

extent of such conflict, and the conflicting provisions of this Agreement will not apply. Consultant is not aware of any such conflict."

This is more nonsense, as it advises faculty to materially misrepresent university policy.

Consultant is a faculty member. As a faculty member, consultant's employment obligations extend to assigned duties. If the consulting does not interfere with assigned duties and there's no non-compete covenant and no trade secret agreement, then employment is a non-issue. It's not at all clear what agreements faculty "enter into" with regard to conflict of interest. Is this a reference to a management plan? If so, it should be spelled out and not treated in the generic. And if there is no such agreement on conflict of interest, then the recommended language here is simply untrue. The reference to "other matters" is stupid unless there are other matters, in which case those other matters should be revealed. All this general nonsense is wrapped up then in "Institutional Agreement." The aim is to create a rule of precedence, making the consulting subordinate to university policy and any agreements the faculty member has with the university.

I can't get into all the strangeness of making a rule of precedence part of one agreement to manage conflicts with other agreements. We might talk yes of the pitfalls of obligating the same IP to multiple parties. We might talk about the problems of setting up situations in which to comply with one contract, one has to breach another. These are real problems. But here, with consulting, the university recommends a definition that is unnecessarily broad ("Institutional Agreement") and then expects to have control of the interpretation of that IA in dealing with any other obligation a faculty member may accept. It's not that statements of work and obligation should not overlap without agreement of all parties as to deliverables--that's clear--but rather that the faculty member should give up control over the interpretation of what has been contracted to either the university or the organization requesting consulting services. The exposure is that the university may then claim more rights than it is entitled to (for which see the last month of articles) and screw over the faculty member and the consulting relationship. That is, the "is determined" could mean "by a court of law with competent jurisdiction" but could also mean "by a sponsor of research who is royally pissed off," or "by university administrators on whatever whim or misreading of their own authority they assert."

While the university might give the general advice that a faculty member should be prudent and not agree to terms that would create a contractual conflict with the university, university administrators would do well not to play legal counsel and propose bogus language that makes them feel snug at night but does not necessarily do anything beneficial for faculty consultants.

HR80 continues with advice about documenting work and handling of confidential information--stuff loosely associated with intellectual property, but not particularly relevant other than as

generic advice. Yes, there may be non-disclosure issues, non-compete issues, liability issues, PR issues, payment issues, and the like. Perhaps a guidebook for consulting would be the place to address these things, rather than an Appendix to a policy on consulting that amounts to permitting faculty a day a week to consult, with prior approval.

Agency

For all the talk about conflict of interest in Penn State policies, Penn State does have a policy, HR91, that directly addresses conflict of interest. It's odd that administrators can't seem to focus their conflict of interest worries there and instead spread it all around in whatever policy of the moment happens to strike them. The statement of purpose in HR91 is straightforward, if unrealistic:

> To avoid the possibility of any misunderstandings concerning the appropriate conduct of faculty and staff members in regard to all transactions touching upon their University duties and the property of the University.

It's strange that a policy on conflict of interest can't have as its purpose to identify conflicts of interest and manage or eliminate them. Instead, HR91 is worried about misunderstandings and appropriate conduct--as if the problem is confusion about actions (by anyone, even those given over to confusion about many things) or conflicting moral values, as if Socrates is just confused about Callicles, and gosh it would sure have helped if the both of them just had a university policy on the matter and didn't have to try to reason things out using dialectic.

It's unrealistic--no, just foolish--to think that a policy can "avoid the possibility" of misunderstandings--or even avoid the *possibility* of differences in understandings. Possibilities are just those--things that might happen. Is it realistic to think that one can eliminate differing understandings of conduct by an administrative policy? Hardly.

HR91 restricts the concern for "appropriate conduct" to "transactions"--namely, ones "touching upon ... Universities duties and the property of the University." As typical for hack drafting, we don't know if "touching upon" controls both "university duties" and "property"--that would mean transactions involving duties and property--or whether the controlling phrase is "appropriate conduct" and the two elements are transactions and property. Who can say? Who cares? I feel like a growly voice in a vast administrative wasteland of drafting and empty feelings about life.

For all the problems with the purpose statement, HR91 is remarkably short. Call it a compact statement of administrative moralization. Here's the first of four sentences:

> Faculty and staff members of the University shall exercise the utmost good faith in all transactions touching upon their duties to the University and its property.

Clearly, here, "transactions" governs both duties and property--that is, the purpose here has to do with "transactions"--one would think, decisions and contracts, perhaps, as instances of "transactions." But there's no guidance in policy.

In the state of Washington, a legislative effort undertook to create a conflict of interest policy for purchasing agents, and at some point someone liked it so much that they decided to make it apply to all state employees and call it "ethics in public service." Because the law was originally drafted to be specific to purchasing agents (cannot receive gifts of flowers--open question whether a gift of a card with flowers on it is included, or whether a gift of paper flowers is the same as cut flowers, or whether a potted plant that might eventually flower is also suspect), it required a bunch of exceptions for everyone else. The upshot is that student workers at University of Washington coffee carts cannot receive tips, as these are determined by the law to be a source of potential corruption. Sigh. Morality is somewhat good until administrative hacks try to make it law.

Anyway, HR91's key concept is "utmost good faith" (because good faith itself admits of degrees and ordinary good faith just won't do in the fantasy land called administrators speaking on morality). It's not at all clear what "touching on" is intended to mean. It would appear to be more general than "involving," but who can say? "Duties" for faculty would appear to be, again, those reasonable, assigned duties. Here, these are "duties to the University." I understand how one can carry out duties for another. I understand how one can be assigned duties. I don't know what "duties to" means. It has the ring of "obligations" or "responsibilities." But the "to" is strange. It's one thing to have a legal obligation--a duty under contract. It's another to have an obligation formed by the nature of a relationship, such as a fiduciary duty (in the case of a corporate director or a guardian) or a duty of confidentiality (as between an attorney and her client).

We might ask, then, whether HR91 is asserting that faculty and staff are fiduciaries in their relationship to the university. That might be the gesture, for instance, in using "utmost goodwill." HR91 all but asserts that faculty and staff--all employees of a university, apparently--are held to the highest standard of care possible; that is, to the standard of care of a fiduciary. It's interesting to note that no distinction is made between senior executive officials and the most junior janitor or teaching assistant. Nor are directors or trustees mentioned--perhaps they have their own policy, since they are not employees. But then, faculty for much of their scholarship, including research, also are not employees, even though faculty are also "employed."

There are many things that are dissonant with the idea that everyone employed is also held to the highest standard of care, simply by the assertion of a policy statement. One would think that there is only one acceptable standard of care, and anything else is disloyal corruption.

Agency is fundamental to the formation of a fiduciary relationship. Here is the definition of agency from The Restatement (Third) of Agency (1.01):

> Agency is the fiduciary relationship that arises when one person (a "principal") manifests assent to another person (an "agent") that the agent shall act on the principal's behalf and subject to the principal's control, and the agent manifests assent or otherwise consents so to act.

And:

> An agency relationship arises only when the elements stated in § 1.01 are present. Whether a relationship is characterized as agency in an agreement between parties or in the context of industry or popular usage is not controlling.

That is, there has to be manifested mutual acceptance of the role before there is an agency relationship. A mere assertion in policy is not sufficient to "manifest" assent (and more Restatement):

> A person manifests assent or intention through written or spoken words or other conduct.

It's interesting, then, to ask just how a university can assert that faculty are not agents (as for research agreements or in their consulting) and yet also assert that somehow faculty are agents of the university (for most anything they might create or invent). It's a crazy, mixed-up world, I know, and administrators just want to have fun. But really--the policy logic doesn't work.

We might then ask whether faculty members are agents of the university. Or, perhaps the better question is, Under what circumstances might faculty members be considered to be agents of the university? Universities routinely disclaim the idea that faculty members have authority to sign research contracts or licensing agreements on behalf of the university.

I once worked with a university attorney who was diligent about this sort of thing. Only authorized personnel could sign contracts for the university, he insisted. One day he called me with a problem: the software he had downloaded on his computer (I think it was an update) required someone to press ("I accept") to agree to the end-user license, and, well, he wasn't formally authorized to form a contract of this sort for the university. You can see where this goes. Someone for the university would have to hop from computer to computer pressing "I accept"

buttons on downloads so that all end user agreements would be properly executed. Or, the university might have to allow that many individuals in the university might act as agents for the university in such matters. Or, the university might have to accept that many individuals act for themselves in installing software on university-owned computers, and this, too, is not a problem, except for administrators with a mania for control who write crazy-ass policy statements.

When the CAFC reviewed on appeal *Stanford v Roche*, the court determined that the faculty supervisor of the inventor in question acted as an agent of the university--that the faculty supervisor knew the terms that the inventor had agreed to was sufficient to establish that the university knew of these terms and that the silly fiction that the university did not know anything until the technology licensing office heard of it was just that, silly. In the *Fenn* case, however, the court agreed with Yale's contention that an invention was not even "made" until it had been reported to Yale's IP office, and thus the policy that controls an invention is the one in place when Yale's IP office gets acceptable paperwork, not the policy in place when someone is hired (as the *Shaw* court ruled, based on the patent agreement) and not the policy in place when the invention is made according to federal patent law--which would make much more sense than what the *Fenn* court decided.

For liability purposes, too, a faculty member might be considered an agent of the university, though the university might be motivated to disclaim it. That's *Respondeat Superior*:

> An employer is subject to liability for torts committed by employees while acting within the scope of their employment.

Thus, if a university's IP policy claims that most anything a faculty member might create is within the "scope of employment," then it follows that the university is liable for most any action a faculty member might take that damages another. According to the Restatement (7.07):

> An employee acts within the scope of employment when performing work assigned by the employer or engaging in a course of conduct subject to the employer's control.

Thus, we can see that unless a faculty member's scholarly work (such as research or doing creative things) is assigned by the university as employer, or is subject to administrative control, then that work is not within the scope of employment. It does not matter that administrators might claim they have assigned faculty to do such "scholarly work" or "use their expertise." There's more. Employment requires intention, too:

> An employee's act is not within the scope of employment when it occurs within an independent course of conduct not intended by the employee to serve any purpose of the employer.

An employee, to act within the scope of employment, must also have the intent to serve a purpose of the employer. Thus, it's not sufficient to claim that anything involving electrical engineering a faculty member with a degree in electrical engineering might do is within the scope of employment (or scope of an IP policy's claim on inventions)--one has to ask whether that faculty member pursued an independent course or whether the work was assigned, and if an independent course, whether the faculty member intended the work to serve a purpose of the university. Here we get to a fundamental condition of faculty "employment." Faculty are not assigned scholarly work by university administrators without their express consent. They pursue an independent course. Faculty then choose when it is that they take an action to serve a purpose of the university, and when otherwise--to serve their own purpose, or the purpose of a member of the general public, or a purpose of a student, or a purpose of some company or open source community or scholarly journal.

We might postulate, then, that any university IP policy worth anything must start with a requirement that university faculty assign to the university only that IP that they have intended to assign to the university--that they have been expressly commissioned to create for the university, for instance, or that they have promised to assign to the university as a condition of a funding agreement that they wish to gain the benefit of. That is, in any decent, non-Moloch university IP policy, faculty assign IP to the university when they agree to do so. That is the nature of being a member of a university faculty. Policy statements on academic freedom are just one part of it.

Conflict of Interest

Penn State's conflict of interest policy, HR91, discusses requirements on "faculty and staff members":

> In their dealings with and on behalf of the University, they shall be held to a strict rule of honest and fair dealings between themselves and the University.

In one way, this is a very strange "strict rule." Stylistically, methinks it repeats itself:

> in their dealings they shall be held to a strict rule of dealings

What makes this rule "strict"? Is it that policy elsewhere is "non-strict" but here it is "strict"? That would suggest must other bits of policy, unless they also declare themselves to be strict, are more like guidelines. And what is this about "honest" and "fair"? Why not also "utmost good faith," if not also "candid" and "committed to the benefit of the University above personal interests"? What dealings are there that are dishonest or unfair that would otherwise be contemplated by the university? Is there an expectation that the university routinely gets into

deals that are dishonest or unfair and by toosh the university won't tolerate such deals from faculty and staff members?

Removing the passive voice we get something like this:

> The University shall hold faculty and staff members to a strict rule of honest and fair dealings with and on behalf of the University.

Removing the "strict rule" nonsense we arrive at:

> Faculty and staff members must be honest and fair in their dealings with and on behalf of the University.

But even this is strange. If the "dealings" rise to the level of contracts, then it would appear that the policy statement here contemplates faculty and staff acting as agents--dealings on behalf of the university--or doing business with the university--dealings with the university. That's interesting enough, given that faculty don't get delegated responsibilities for research contracting or IP licensing. If the dealings are contractual, then the contract establishes the mutual understandings and carries with it an implied duty of good faith.

More strange: it's one thing to require faculty and staff not to have unmanaged personal conflicts of interest in performing any official duty "on behalf of the University." That makes sense. But what is this demand with regard to dealings with the university? What does conflict of interest have to do with that? In representing myself in a negotiation with the university (say, over a salary increase), I am forbidden to have a personal interest in the outcome of the negotiation? If the strict rule is just that fraudulent deals won't bind the university, what is the point of the policy statement, especially here under "Conflict of Interest"? There's something grasping here about this "strict rule" that reaches too far--thoughtlessly, needlessly. What the policy might meaningfully state is:

> Agents of the university shall disclose conflicts of interest and recuse themselves from decisions or actions on behalf of the University unless those conflicts of interest are eliminated or managed to the University's satisfaction.

If folks aren't agents of the university, then they cannot act on behalf of the university and so cannot have a conflict of interest on the matter. If they are agents, then boom we have a policy on that. The matter then turns on when someone is an agent of the university. Employees, say, acting within the scope of their employment--which means, then, what they have been assigned to do, that the university has a right to control, and that if otherwise on an independent course, was intended to be for the university. And also agents who have manifested asset to act as agents

in response to the university's manifest assent that they should so act. Yeah, like that. But perhaps such a statement would be just too difficult for Penn State to swallow.

We might add that this policy statement also applies to staff members (administrators) dealing with faculty on behalf of the university. It would appear, then, that the university must hold administrators to this same "strict rule" of "honest and fair dealings" when it comes to the IP policy. Any honest reading of Penn State's IP policy arrives at the conclusion that faculty have an obligation to disclose a range of things, and an obligation to sign an IP agreement, and that IP agreement locks in the formal fact that Penn State's policy requires disclosure and signing of an IP agreement, and that's it. That's the honest truth. But that doesn't appear to be what Penn State administrators do.

And if the dealings aren't contractual, then just what are they? Press releases? Disclosing inventions that don't otherwise have to be reported (since, if they did have to be reported, there's an IP Agreement for that--contractual)? Dunno. Perhaps it is better to give up and say that there's so much water down this rabbit hole, no rabbit could possibly live down there. But let's hold our breath and consider just what this statement of "utmost good faith" and "strict rule of honest and fair dealing" are up to.

Wording such as "utmost good faith" suggests the standard of care of a trustee or fiduciary--someone who acts on behalf of another, in whom that other has placed reliance or trust beyond that of a simple contract. Here's a law case from Pennsylvania (Ginley v Mahoney) that discusses fiduciary duty, "the highest standard of any duty implied by law." Is that what "utmost good faith" implies? And if not, then just what?

In the *Ginley* case, a hotel owner contracts for construction services that don't work out, and brings an action claiming not only breach but that the contractor had a fiduciary duty given the owner's dependence of the contractor to manage the construction. The court declines to find that the relationship is fiduciary since the "gist of the action" has to do with the contract and not with some special other relationship:

> A fiduciary relationship arises under Pennsylvania law where "one person has reposed a special confidence in another to the extent that the parties do not deal with each other on equal terms, either because of an overmastering dominance on one side or weakness, dependence or justifiable trust, on the other."

The court then reasons regarding contracts (quoting from another decision):

> "Most commercial contracts for professional services involve one party relying on the other party's superior skill or expertise in providing that particular service. Indeed, if a

> party did not believe that the professional possessed specialized expertise worthy of trust, the contract would most likely never take place."

Thus,

> Only if the relationship goes beyond "mere reliance on superior skill" and into one characterized by overmastering influence on one side or justifiable weakness on the other will a fiduciary relationship be established.

To decide whether an issue involves breach of contract or tort (and hence an implied fiduciary duty), one looks at the "gist of the action":

> To determine where the gist of the action lies, a court must ascertain whether the parties' obligations have been defined by mutual consensus, or rather by larger social policies embodied in the law of torts, with the contract being merely collateral or incidental.

The court then considers a standard for when to invoke fiduciary duty:

> Typically, a breach of fiduciary duty claim will survive the gist of the action doctrine only where the fiduciary relationship in question is well-established and clearly defined by Pennsylvania law or policy, such as (for example) the social policy which defines relationships among majority and minority shareholders. . . .
>
> In other words, the obligations owed by a building and remodeling company to its clients are generally defined by the terms of their contract rather than by grander social policies embodied in the law of torts.

Penn State IP policy goes out of its way to insist that the obligation to assign IP is established by the IP Agreement. It defines the obligations of employees by the terms of the agreement, not by "grander social policies" that might create a claim that regardless of the IP policy or the IP agreement, faculty owe the university assignment of their inventions (this was, basically, Yale's argument, lacking as they did an IP agreement, they substituted the claim that Bayh-Dole required that they report and they would violate federal law if they didn't report--all untrue, based on the circumstances--but the appearance of a university obligation was sufficient to persuade a court that faculty at Yale had a fiduciary duty, not merely a contractual one).

We might think, then, that once Penn State has an employee sign the IP Agreement, that agreement controls the relationship, not some grander social policy statement--not even a policy statement in Penn State policy on conflict of interest.

So what do we do with fiduciary duties? Do Penn State faculty have an "overmastering dominance" brought about by a weakness of administration? Or does the administration depend on faculty, even though the administration insists it employs faculty? Or is it a matter of "justifiable trust"? Here's the *Ginley* court again:

> This Court has held that there is a "crucial distinction" between surrendering control of one's affairs to a fiduciary in a position to exercise undue influence and entering into an arm's-length commercial agreement, however important its performance may be.

Thus, unless Pennsylvania law provides that employees owe a fiduciary duty to employers, then the "gist of the action" will be in contract law, not in breach of fiduciary duty. Can a university policy establish a fiduciary duty anyway, but just not call it out as such?

There's Pennsylvania law regarding directors and officers of nonprofit corporations (15 Pa Cons St Ann 5712)--they must act in "good faith"--not "utmost good faith." The standard is "in a manner he reasonably believes to be in the best interests of the corporation," "with such care . . . as a person of ordinary prudence would use in similar circumstances."

There's a court decision (*PTSI v Haley*) that argues that employees do not have a fiduciary duty of loyalty to an employer with regard to setting up a competing business (citing a Pennsylvania Supreme Court decision):"The rule is quite clear that the solicitation of customers and use of customers lists is permissible unless there is a breach of an express contract or violation of some confidence. There must be some element of fraud or trade secrecy involved." The same case addressed fiduciary duties established in a confidential relationship:

> [T]he party in whom the trust and confidence are reposed must act with **scrupulous fairness and good faith** in his **dealings** with the other and refrain from **using his position** to the other's **detriment and his own advantage**.

This language sounds a great deal like HR91 and IP06. Compare:

> Faculty and staff members of the University shall exercise the **utmost good faith** in all transactions touching upon their duties to the University and its property. In their **dealings** with and on behalf of the University, they shall be held to a strict rule of **honest and fair dealings** between themselves and the University.

and

> Actions which **serve personal interests to the detriment of University** interests must be avoided.

It appears that the policy writers were working with the same palette, aiming to assert a fiduciary relationship without expressly calling it by name. The *PTSI* court cites a previous decision in the case that does not find employment, even of a senior manager, creates a fiduciary duty:

> [T]his Court has found no published case law which holds that [an] employee owes fiduciary duty to his or her employer simply by virtue of being employed as a manager without showing that employee has committed some fraudulent, unfair or wrongful act in the course of employment.

Might this finding be changed simply by having an employer put in a policy statement that all employees do owe a fiduciary duty to the employer, simply by virtue of being employed and required to agree to the policy statement? It would make silliness of the law, of course. The *PTSI* court runs through a check list:

> Were the parties unequal? No.
>
> Was there an overmastering influence? No.
>
> Weakness, dependence or trust, justifiably reposed? No.
>
> Did the employee breach an express contract or violate some confidence? No.
>
> Was the employee subject to a restrictive covenant (non-compete, non-disclosure, non-solicitation agreement)? No.
>
> Was there an element of fraud or trade secrecy? No.
>
> Was the employee a director or officer? No.

Sort of didn't work out for PTSI on appeal. We can use this checklist as a guide to thinking about faculty at a university. Despite the claims in policy that suggest that university employees must have what amounts to a fiduciary duty to the university, it appears that other than performing the duties assigned to them without committing fraud or using confidential information, employees have no such fiduciary duty. What's all the more interesting is that Penn State policy floats the idea of fiduciary duty (without saying it) at "faculty and staff members" when Pennsylvania law requires such a duty of directors and officers. And even then, the standard is "good faith" and "reasonable" and "prudent," not "utmost" and "strict rule" stuff.

Under Penn State policy (see HR64), faculty "duties" are assigned by authorized university officials. There is then a broad scope of other faculty activities which are not assigned, but for

which the university's resources are made available. Service to the public, for instance, such as answering questions or providing background to news reporters or peer reviewing articles for scholarly journals, preparing talks for conferences or other events. Any of this might be called "consulting"--without having to be for compensation. But even if for compensation--honorarium, reimbursement for travel or other expenses, hourly pay--what of it, so long as the pay is for the service provided and not in the form of a bribe?

University offices and other basic services are expressly permitted to be used, even for compensated consulting. As for research, Penn State has no policy (at least that I can find) that stipulates that administrators assign or control research. When the university enters into sponsored research agreements, it may require faculty who participate in those funded projects to comply with the terms of those projects. For federally funded projects, the vehicle for doing so is the (f)(2) written agreement. If the university does not comply with the (f)(2) written agreement requirement, it is difficult to see how it has a claim to inventions made with federal support through any other means, short of assigning faculty to the duty to conduct research supported by federal funds. In actual practice, however, universities release faculty from assigned duties to participate in federally supported research.

While it is possible that faculty members can have a duty of loyalty or a fiduciary duty to the university, it takes more than using suggestive language in an conflict of interest policy statement to get there. What's clever here is how university administrators use a conflict of interest policy statement that makes a big deal about honest and fair dealings to do something that's apparently intended to be covert--lay a mine field of wording and then make faculty and staff who argue for a different meaning overcome that wording. Not utmost good will, to be sure, and not really either honest or fair. But, then, why would we expect Penn State policies to do also what they demand of others?

Fiduciary Duty

Penn State's policy on conflict of interest, HR91, uses language that might be used to describe fiduciary duties. Penn State "faculty and staff members," as a matter of policy, must use "utmost good faith" in their "duties to the University and its property." By policy, faculty and staff "shall be held to a strict rule of honest and fair dealings between themselves and the University." Further, "they shall not use their positions, or knowledge gained therefrom, in such a way that a conflict of interest might arise between the interest of the University and that of the individual."

These assertions of policy put a great deal of pressure on what it means to have a conflict of interest. It would appear that "faculty and staff members" are reduced to that of the abstract

"individual" that can have no personal interests but those that advance the interests of the University, writ large with a capital U.

All this is darkly odd. Typically, conflict of interest policies recognize that conflicts of interest do happen and the purpose of policy is to disclose those conflicts of interest that matter, and see that these conflicts are managed. Only in certain boundary cases are conflicts of interest not allowed--perhaps involving purchasing agents or senior executives involved in contracting, where even appearances might create problems. But here, conflicts of interest are simply forbidden.

We might say, this is an impossible demand. What is the "interest of the University"? Is that merely whatever any university administrator declares as an "interest of the University"? Or is it an interest expressed by a University policy? For instance, administrators might place in policy the desire to sell inventions to raise money for the university, and define invention broadly to be anything administrators desire to sell. Once that policy is established, any faculty member creating something, call it an "invention, broadly" that administrators desire to sell has a conflict of interest with the University if the faculty member does not want administrators to sell this "invention, broadly." Perhaps the faculty member wants to give away the "invention, broadly"--or perhaps the faculty member does not want to release any information regarding the "invention, broadly" for some time, for instance, so that it may be verified or proofread or reconsidered before being released.

But any such personal interest is, by policy definition, a forbidden conflict of interest, and policy demands that the faculty member confess their crime: "Faculty and staff members shall disclose . . . every potential conflict of interest of which they are aware before a contract or transaction is consummated." It's not just actual conflicts of interest, but also *potential* conflicts of interest.

And one last bit:

> University tangible assets, equipment, supplies and services may not be used by employees for personal gain, or for purposes outside the scope of their employment.

Now it would appear that "tangible assets" covers equipment and supplies, and so one wonders why a list that appears to distinguish tangible assets from equipment and supplies. "Personal gain" is so general that it's not clear that the use of university cafeteria services might create a conflict of interest, since the food ingested might supply energy to the brain to think thoughts unrelated to the benefit of the university.

The second list is even stranger--"personal gain" or "purposes outside the scope of their employment." It would appear, from the logic here, that the policy imagines that there might be

some uses of University equipment within the scope of employment for personal gain, and these uses must be forbidden, even though within the scope of employment.

Notice, as well, we have switched from "faculty and staff members" to "employees." Is that a meaningful change? Faculty and staff are ambiguous with regard to employment. For faculty, university "employment" is narrow--what the university assigns and has the right to control. For faculty scholarship--including research and professional development and even choice of content in the classroom--university employment is narrow, bounded by statements of academic freedom and security of employment. Faculty are free to choose to do research, and what research to do, how to do it, and when and where to disclose or publish their findings.

For "staff" there is also an ambiguity in employment. If staff are assigned to assist faculty, even though those staff members are employed by the university, they are "seconded" to the faculty. So if a faculty member shows up at a university service center created to help faculty build on-line course materials, the faculty member is authoring those materials and the staff contributions are subordinate to the faculty member's authorship--even if the staff members are otherwise "working within the scope of employment." The work product is the faculty member's, not the staff employee's nor the university's (see *Lindsay v. The Wreck of the Titanic*).

But the policy here makes it appear that no one can assist a faculty member to prepare anything "outside the scope of employment" or "for personal gain." Thus, a faculty member could not use a photocopy center to make a copy of a journal article for use in a book project. The book might be published and the author receive royalties, thus personal gain, and the book project is not within the scope of the faculty member's employment, having not been assigned by the university, not subject to its control. Thus, to write a book is a conflict of interest, to write a piece of software is a conflict of interest--forbidden, unless, of course, one avoids penalties by deciding that the book or software is within the "scope of employment." The every-expanding scope of employment, to avoid conflict of interests by having any personal interest in anything that university administrators might wish to sell.

Even the "knowledge gained" from "their positions" cannot be used for any other purpose than the benefit of the university--certainly not for "personal gain" and not for public gain, apparently, unless doing so is within the scope of one's employment.

What are we to make of this policy statement? It's outrageous, yes, and it's full of logical ambiguities, but in outline it makes some claims:

- faculty and staff may have no private interests in anything the university might sell
- any use of university tangible assets and services is only for the gain of the university
- no conflicts of interest are allowed

These are the conditions of a police state. Rules that cannot possibly be followed. Rules that claim all resources for the government and none left for anyone to have a personal interest. "Gain" is not merely "making money from commercial enterprise" but any "gain." "Knowledge" is not proprietary information controlled by the university and not made available to the public generally, but rather any "knowledge." "Services" is not specialized services made available with an express bargain regarding any resulting work product--any "services" are claimed.

"You owe us all you do." "Nothing you do can be for yourself or for others--it must be for us." "You must report to us any time you or anyone else other than the university might gain from knowledge you obtained from your position."

In the *Fenn* case, the court agreed with Yale's contention that Professor Fenn owed the university a "duty of loyalty." The upshot was that any inventing ought to be done for the university, so the university licensing office could make money by selling the invention (or a license to the invention, or a patent on the invention). Professor Fenn could not use his knowledge to invent for himself, or for others--he must invent for the university. Furthermore, he had an obligation to explain to the university how any invention he made might be valuable, to give administrators all the more encouragement to own the invention and attempt to sell it off. Of course, Fenn was decided in the context of a now abolished interpretation of Bayh-Dole:

Fenn had no obligation to disclose his invention to Yale under his NIH grant because Yale breached the standard patent rights clause and did not implement the (f)(2) written agreement.

Yale furthermore breached the standard patent rights clause by not disclosing Fenn's invention to the NIH prior to sixty days before a statutory bar to file a patent application.

Yale had absolutely no ownership interest in Fenn's invention as a consequence of receiving NIH funding for Fenn's research.

Yet the court assumed--following Yale's line of attack--that Fenn owed Yale his invention as a result of federal funding--that somehow the NIH funding agreement (especially the Bayh-Dole part) created a contract that Yale relied on Fenn to fulfill on Yale's behalf. That poor, helpless Yale depended on strong, powerful Fenn to properly manage Yale's assets. That is, the court found there was a fiduciary relationship between Fenn and Yale (citations removed):

Under Connecticut law, "[a] fiduciary or confidential relationship is characterized by a unique degree of trust and confidence between the parties, one of whom has superior knowledge, skill or expertise and is under a duty to represent the interests of the other." It follows that a fiduciary "`must act in scrupulous good faith and candor ... and with the finest and undivided loyalty to the trust.'"

Dr. Fenn and Yale had a special relationship of trust and confidence that was different from the usual employer-employee relationship. Yale supported Dr. Fenn′s research in the form of facilities, funding, and staff and entrusted Dr. Fenn with the proper management of its NIH grants in the reasonable expectation that Dr. Fenn would use his superior knowledge, skill and expertise to act in good faith and with complete candor and undivided loyalty in connection with the University′s research funds and intellectual property, including the ′538 invention and related NIH grants.

If Yale′s goofball account of Bayh-Dole is set aside--as the Supreme Court did in *Stanford v Roche*, then the *Fenn* court got things entirely bass-ackwards. It would remain true that Fenn and Yale had a "special" relationship, not the "usual employer-employee" relationship. But the dependency goes now the other way. It is Fenn who relied upon Yale to be competent and look out for Fenn′s scholarly interests, including compliance with NIH grant requirements on which Yale was required to act. But Yale breached those requirements, and won′t admit it even now. Why ruin a good beatdown of a Nobel-prize winning faculty member by admission that doing so was wrong, when the beatdown serves as a lesson to all faculty nationally that showing up administrators as incompetent is not to be tolerated. The *Fenn* court again:

By virtue of Dr. Fenn′s special relationship with Yale and the trust Yale necessarily had to place in Dr. Fenn, Dr. Fenn owed Yale the duties of a fiduciary, including the duties to make full disclosures and maintain an undivided loyalty.

Yale breached the (f)(2) agreement requirement in the standard patent rights clause by which Fenn would have promised to disclose subject inventions and by which all inventions Fenn made with NIH funding would have been subject inventions when he made them, not when Yale acquired them. The Fenn court then ridiculously asserts that Yale relied on Fenn because Yale breached its federal funding obligation. And this was Fenn′s point--that Yale′s licensing office was incompetent (which it appears *they were*). So because Yale breaches its obligation to the federal government, it must rely on Fenn to undertake that obligation anyway, on behalf of Yale. If Yale had implemented the (f)(2) agreement, Fenn would have had a contractual obligation to disclose his inventions made with NIH funding. The *Fenn* court, however, makes it appear that no (f)(2) written agreement is actually required, because the mere statement of university desire to own is enough to create a fiduciary duty to disclose, even if, had Yale complied with its federal funding obligations, the (f)(2) written agreement would have *not* created for Yale any ownership interest whatsoever in any inventions Fenn might make with federal funding. Under the (f)(2) agreement, which states the entire obligation of any inventor with regard to inventions made with federal support, Fenn did not owe anyone any account of the value of an invention, its potential commercial uses, possible licensees--none of that. It′s just not there.

The Supreme Court in *Stanford v Roche* made it clear that employee inventors have no implied duty to assign inventions to their employers:

> We have rejected the idea that mere employment is sufficient to vest title to an employee's invention in the employer. . . .
>
> With an effective assignment, those inventions—if federally funded—become "subject inventions" under the Act, and the statute as a practical matter works pretty much the way Stanford says it should. The only significant difference is that it does so without violence to the basic principle of patent law that
> inventors own their inventions.

For "vest title" include "right to assert title" and "right to demand the assignment of title." The employer must have an agreement with the employee with regard to inventions, and within the scope of that agreement obtain an assignment. This is basic stuff. If all employees had a fiduciary duty to their employer with regard to inventions they made, then we would be right back to what the Supreme Court has rejected, that mere employment creates an obligation that inventors hand over their inventions to their employers.

Here's another discussion of the matter, from a law firm's discussion of the implied "duty of loyalty":

> Under Illinois law, the duty of loyalty requires that an employee act solely for the benefit of the employer in all matters connected with his or her employment.
>
> This duty does not prohibit an employee from planning, forming, and outfitting a competing corporation while still working for the employer, or even informing a client of the employee's intention to leave the employer, so long as the employee does not engage in competition with the employer.

We might ask whether university faculty have such a duty of loyalty to the university with regard to their scholarship--whether in the form of books, software, inventions, data, or knowledge. That is, although faculty are also "employees" of the university for the tasks they are assigned, they are not employees otherwise, and certainly not for their scholarship. Or, in the twisted version of a university administrator who defines inventions to include non-inventions, faculty are "employees without the obligations to an employer that employees otherwise might have." That is, faculty are employees for their scholarship if employee is defined to include non-employees. And, of course, this is just what many university IP policies do--define employee to include non-employees. How convenient. What wonderful uses for clever incompetence.

In this web discussion of the duty of loyalty, loyalty is linked to competition. We might ask what a university's competitive interests are--is it winning grant funding against the efforts of other universities? Is it recruiting football players against the efforts of other universities? Without a patent licensing program, would we expect that a faculty member owed a duty of loyalty with regard to patentable inventions other than in those instances in which the university expressly contracted with the faculty member to do inventive work for the university? No.

Should things change if a university creates a patent licensing office and then declares that its business is managing anything that faculty members might make? Does this declaration then create an implied duty of loyalty, that faculty now must decide that anything that they do that might possibly result in something inventive must be done for the university, because anything else would compete with the university's stated desire to manage everything that faculty might invent--relating to their field of expertise, or to their appointment, or to their discipline, or arising from knowledge gained in their position, or from the use of any university resource (other than perhaps one's office--but the University of Washington once held that it was a violation of the state's ethics law to plug in a personal laptop and use it to view web sites not directly related to work duties--one was stealing electricity from the state for purely personal purposes; with that reasoning, one could not recharge a cell phone and use it for personal calls--meanwhile, out in the parking garages, university administrators make electricity freely available for plug-in hybrid cars--what a world, that has such people in it).

The question is whether an employment relationship is so fluid that any administrator of an organization can announce a new policy and so change the conditions of employment, merely by assertion, regardless of any previous conditions and regardless of any conflicting policies or agreements. Which is to control, an IP policy or the other policies and understandings? A conflict of interest policy or the other policies and understandings? At least the *Shaw* court ruled that where there was a contract between a university employer and an employee, the employee had an equal right to the benefit of the contract.

We might find, then, that with regard to their scholarship--including inventions--faculty have no fiduciary duty to the university, nor do they have any duty of loyalty not to "compete" with the university in what they choose to do "outside" the university, nor in what they they do "within the university" but for which they are not assigned. Their fiduciary duty extends only to the scope of work they are assigned as university employees; their duty of loyalty also extends only to assigned work. For everything else, policies on academic freedom control. Even policies on conflict of interest depend on faculty acting as agents of the university. For research, many universities expressly disclaim that faculty may act as agents of the university with regard to signing research contracts or licensing agreements. Not agents, not representing the interests of the university, not performing executive actions that bind the university. Such a disclaimer makes

sense if faculty, for their scholarship, have no fiduciary duties to the university, do not owe the university an implied duty of loyalty.

These same things hold for intellectual property: faculty have no fiduciary duty or implied duty of loyalty with regard to intellectual property in their scholarly or professional work, other than in those tasks they are assigned by the university or which they expressly agree to perform under a separate written agreement. Faculty have no obligation to assign any such intellectual property to the university; it is not work made for hire, it is not the university's as a condition of employment--because it is not even a matter of employment.

One would then construe an IP policy to claim "as a condition of employment, you owe us a bunch of things that you do beyond the scope of your employment, and in fact if you choose to do any of those bunch of things for anyone but the university, you have to agree that they are within the scope of your employment, even though they aren't--or we will beat you down." It may well be that this is the shape of many universities' IP policies and the state of administrative mind behind them. We might call it a manifestation of the Moloch administrative state, ready to eat everything that it might give birth to--and also everything that anyone close to the university might give birth to.

If we were to simplify all this, we would argue that university IP policies, in general, must be read narrowly with regard to faculty and students. These policies are a mess of ambiguities, outrageous assertions, illogic, misrepresented law, and mind-numbing practices. Their intent is obvious--take everything, create pain for anyone who resists, avoid accountability, claim doing these things is desired by the public.

What is not at all obvious is that such taking is good for technology transfer, for making money, for university's role in supporting research, for the progress of research, for industry, for economic development, for the independent maker community, for free competition and enterprise, for the public good. It may be good for the Moloch administration--for the convenience of administrators and the satisfaction of the university lawyers who love them, but not for most anyone else. That's what's consternating--that any Moloch thing can appear to be a virtue simply by claiming it's in the public interest and that there are success stories.

By contrast, I argue that effective university technology transfer starts by leaving faculty and students alone with their intellectual property, taking nothing by policy or employment agreement or use of university resources except where those involved voluntarily agree, on terms acceptable to them, and for which the university is then accountable. I haven't seen any other approach work, except as the random output of a bureaucracy, where success is the thing important enough that survived the suppression of opportunity. Yet no U.S. university

administration I know is openly willing to give up its worship of the Moloch state of IP management.

A Precarious Position on IP

Had enough of Penn State? I sure have, but we are not done. Penn State is not an outlier in its problems with IP policy and otherwise. It's just more of the same. At Penn State's Office of Sponsored Programs web site, there is a statement titled "Penn State's Position on Intellectual Property."

Here is the sprightly opening line:

> Penn State's basic position regarding Intellectual Property (IP) is determined by the source of funding.

As we have seen working through Penn State's IP policy, this assertion is simply untrue. Or, ignores IP policy. Or operates as an amendment to IP policy. Or creates an utter mess of an already utter mess. Would that be an utterer mess?

Penn State's "basic position" as set out in IP policy is that (at best) that the university requires disclosure of a wide range of IP. Otherwise (at worst), the position simply claims all IP based on use of resources and field of expertise or scope of employment. Absolutely nothing in either case having to do with source of funding. Even if the university's IP position was based on source of funding, it would be something powful stupid. Source of funding is meaningless for IP. What matters is whatever legal obligations run with the funding.

With such a smart opening, here's what the Position has to say about federal funding, as a source:

> ## Federal
>
> Almost all federal grants and contracts are subject to the terms and conditions of the Bayh-Dole Act (37 CFR 401).

Well, federal grants, contracts, and cooperative agreements for performance of experimental, developmental, or research work. Educational awards are expressly excluded (35 USC 212). So all federal grants in the form of fellowships and scholarships or for training are excluded from Bayh-Dole. Thus "almost all" is mostly untrue.

And while we are at it, Bayh-Dole is at 35 USC 200-212. The implementing regulations are at 37 CFR Part 401. But while federal agencies are required by Bayh-Dole to use a standard patent

rights clause, it is the patent rights clause that is actually included in a given funding agreement that controls the university's disposition of patentable inventions made with federal support. Whatever the university does with patentable inventions, the controlling instrument is the patent rights clause, not Bayh-Dole.

> Under these terms, Penn State retains title to all inventions conceived or reduced to practice in the performance of the project (37 CFR 401.14(B)).

This is nonsense. Under the standard patent rights clause, the university has no special privilege with regard to ownership of patentable inventions. The Supreme Court was clear on the matter in *Stanford v Roche*. Penn State has to obtain ownership of inventions the old-fashioned way, by obtaining an assignment. Only then does an invention become a "subject invention" subject to the standard patent rights clause.

Thus, it is untrue that "under these terms" Penn State has any right to title in any inventions made with federal support. This is a gross misrepresentation. It may be that once Penn State acquires title, it is its policy to "retain" that title. But if that's the case, there is nothing (that I have found) in policy that so states this position on retention of title.

Given that Penn State's IP policy defines "invention" to be sufficiently broad to include non-patentable inventions and non-inventions, the statement here is also inaccurate. Bayh-Dole is specific to inventions made with federal support that "are or may be patentable" (or subject to plant variety protection), and only then only after those inventions come to be owned by a contractor.

The Position makes it appear that federal law provides for Penn State to own inventions made with federal support. This is simple deception. One might say it puts the Commonwealth of Pennsylvania in contempt of the Supreme Court.

Finally, the standard patent rights clause (which may be modified by federal agencies) is at 37 CFR 401.14(a), not at 37 CFR 401.14(B). Perhaps it is too much to get the citations right. Maybe, implicitly, that is Penn State's position on IP--a sloppy, negligent, deceptive mess.

> The Federal government receives a non-exclusive license to use the invention for government purposes.

Well, Penn State is required to grant to the federal government a non-exclusive license. The scope is not "use" but "practice and have practiced for or on behalf of the United States throughout the world." The meaning of "practiced" in long-standing executive branch patent policy is "to make, use, and sell"; "have practiced" is "to have made, have used, have sold."

The Position here is correct, however, in identifying "government purposes" rather than "federal government purposes." The required license extends to state and (arguably) to municipal governments, just as it did under the prior executive branch policy from which Bayh-Dole is loosely derived.

> Penn State reserves the right to negotiate additional licenses to commercial partners.

Whatever Penn State might choose to do, there's nothing in Bayh-Dole that indicates anything about needing to "reserve" rights for any other purpose. That Penn State chooses to exclude licenses for research or licenses for industrial use in favor of licenses "to commercial partners" is entirely a Penn State thing. Of course, here, that reservation is made to appear to be a consequence of Bayh-Dole. But it is the consequence of an administrative urge, nothing more.

Next we get "Federal Flow-through":

> The Bayh-Dole Act applies to all federal funds, even when such funds are flowed through a third party.

Sloppy nonsense. See above. Bayh-Dole applies to federal agencies and to a new class of inventions in federal patent law called "subject inventions." The patent rights clause controls the IP requirements for subcontracts. *Those requirements are not in Bayh-Dole.* They are only in the standard patent rights clause, which was authorized by Bayh-Dole.

> If a company or state agency is flowing federal funds to Penn State, the company or state agency "will not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractor's subject inventions" (37 CFR 401.14(G)(1)).

The correct citation is 37 CFR 401.14(a)(g)(1), for what it's worth. I doubt Penn State folks care much about citations, though I'm trying to be helpful. The angle in this statement of "flow-through" is that contractors subcontracting federal funds to Penn State cannot claim rights in Penn State's subject inventions. That much is true--hey, Penn State has to get a few things right, so as not to be consistently wrong on this stuff. But what Penn State leaves out here is that if Penn State does not acquire ownership of a given invention, then it is not a subject invention, and a prime contractor could stipulate an obligation to assign such inventions to the contractor. As well, Penn State is obligated to the same limitation on any subcontracts that it offers on work supported by federal funds.

There is a further complication, not one that most any university administrator cares about, and that involves our old friend, the (f)(2) written agreement, another requirement not in Bayh-Dole but in the standard patent rights clause. NIST is presently working to make (f)(2) an assignment

clause and turn Bayh-Dole into a vesting statute, even though the Supreme Court ruled that Bayh-Dole was not a vesting statute, so that would be one thing that NIST would not have authorization to do--but again, WTF. The standard patent rights clause requires university contractors to require research personnel to make a written agreement to protect the federal government's interests--including to sign papers to establish the government's rights--by license or assignment. No university that I know of complies with the (f)(2) requirement. But (f)(2) is also a "flow-through" requirement, just as is the subcontracting requirement. Under (f)(2), a university must delegate authority to its research personnel to disclose inventions, sign papers to allow patent applications to be filed, and to sign papers to establish the government's rights. This last delegation runs the opposite to the university at the same time, as a condition of the federal funding (or use of resources paid for by federal funding), demanding to own inventions made with federal support.

In short, (f)(2) is a subcontract of inventor rights and responsibilities, flowed through from the university to each of its research personnel ("its employees, other than clerical and non-technical employees"). But Penn State ignores this flow through, while making a big thing of flow through to Penn State from prime contractors.

We now move in the Position to industry "sources" of funding that don't involve federal money, goofily called "internal industry funds." Who would make sense of that, reading casually?

> Penn State may permit assignment of patent rights to industry sponsors as long as all project personnel are willing to do so. Click here for an in-depth overview of how Penn State will engage with industry. Please consult the Industry Agreement Decision Tree for identifying the appropriate industrial terms and conditions.

We have written about Penn State's industry initiative back in 2012 ("Penn State gets innovative") with a second look last year ("Penn State's Psychomagnotheric IP Policy"). This is an interesting program, but it raises some questions. Why should all "project personnel" be involved in the decision? Why not just those personnel who are not clerical or nontechnical employees? And if project personnel have this right to decide where to assign their inventions, why not also allow project personnel to have this right with regard to, say, federally supported research--if all the project personnel are willing to assign to the federal government, why not let them? And why not let inventors assign their inventions to industry (with agreement from all collaborators) even when there is no sponsored project?

Why should inventors be forced to assign to the university, if the most direct way to move the rights to an invention from lab to company is by inventor assignment? After all, according to Penn State, "75% of university license agreements result from contacts provided by the

inventors." If inventors are already doing most of the work, why bother with (i) disclosing inventions to the university; (ii) assigning inventions to the university; (iii) dealing with university administrative red tape ("two-part invention disclosure number," etc); (iv) dealing with the overhead of licensing, and from a state institution. Why not just assign the invention, if it is going to be an assignment labeled as an exclusive license anyway?

Ah, there are no good answers anymore. It is just what it is, because it is the way it is.

There's a fun workaround to this policy. Project personnel start a company. The company then funds research. The project personnel all agree to assign inventions to the company. Inventions are made. Nice. They could even do this jointly with other industry funding, with companies preferring to get their licenses from the startup rather than from the university. I expect administrators would shut this sort of thing down, but there it is.

Then there is this bit with regard to contracts with the state:

> Most state contracts are issued in accordance with the Commonwealth Master Agreement. Under these terms, Penn State retains title to all inventions conceived or reduced to practice in the performance of the project (Exhibit A, Article 11(C)). The state government, however, reserves the right to identify copyrightable works (including data, reports, and computer programs) as works made for hire (Exhibit A, Article 11(B)). This determination should be made in each individual purchase order.

The link in the Position statement points to a generic page. The Commonwealth Master Agreement is here. It makes for typically painful reading. Is the Master Agreement an actual contract--given it is the Commonwealth contracting with itself? Or is it just something akin to a memorandum of understanding within government? It's hard to say. There's something off about the treatment of federal money flowing through the Commonwealth:

> D. FEDERAL GOVERNMENT INTERESTS: It is understood that certain funding under this Agreement may be provided by the Federal government. Accordingly, the rights **to Works** or Patentable Items of UNIVERSITY or its subcontractors hereunder will be further subject to government rights as set forth in 37 C.F.R. Section 401, and other applicable statutes. Notwithstanding the foregoing, the COMMONWEALTH retains the right to share information relating to Works or Patentable Items developed under the scope of work for a wholly state-funded contract with the federal government in accordance with the terms of this Agreement in general and this paragraph relating to ownership rights in particular.

37 CFR 401.14(a) has nothing to do with "Works"--just patentable inventions, once owned by a contractor. If the Master Agreement is an actual funding agreement, then the Commonwealth has to follow the subcontracting requirements at 37 CFR 401.14(a)(g), as we have discussed above. Worse, for the Commonwealth, if the university subcontracts work further, then the Commonwealth can have no interest (as a condition of the subcontracting) in any patentable inventions made by a subcontractor (and acquired by that subcontractor). If the Commonwealth wanted the benefit of deliverables, it would stipulate that the university cannot subcontract any work. Then it is just a matter of whether the Commonwealth can have an interest in what the university-as-Commonwealth acquires.

The "notwithstanding" clause is utterly strange. The standard patent rights clause concerns inventions. When it is flowed through in a subcontract, the obligation to "share information" pertaining to any subject invention also flows through to the subcontractor. There is no need for the Commonwealth to retain such a right in the context of patentable inventions. Given that rights to "Works" and "Patentable Items" are subject to federal interest, at least according to the Master Agreement, then there's really no need for the Commonwealth to have any need of additional rights, or to disclaim those rights, in order to "share information relating to Works or Patentable Items" with the federal government.

There is this nuance, of course, that the "notwithstanding" clause has to do with a state-funded contract with the federal government, not a federally funded contract with the federal government. But this nuance fuzzes my brain. Why should there be any need to break out a state-funded contract with the federal government in an agreement pertaining to state funds. What rights might the federal government have in such a deal? When does such a thing ever happen, for all that?

In the End

Well, that has been quite the trip through Penn State's IP apparatus. I worked through it briefly a few years ago, and then again last year, but never did the deep dive to see all the strange creatures that pass for policy.

The short form is that the policy creates a rather useless loop--policy insisting that the IP Agreement assigns inventions and whatnot to the university, and the IP Agreement insisting that any assignment is limited "to the extent specified in policy"--which is, nothing. Other than that, the apparatus is a convoluted exercise in trying to force people to agree to the policy by contract, all the while creating goofball definitions, making unfounded assertions and wildly expansive claims, misrepresenting federal law, and operating outside of formal policy. Okay, so typical for a university IP policy drafted by the clueless, the negligent, and/or the corrupt. What a needless

mess to sort out. And this, this is what it means to be "expert" in university intellectual property management?

Let's discuss, now, the role of "protection" in Penn State's policy apparatus. Here's a bit from Penn State's "An Inventor's Guide to Technology Transfer":

Protect Your Invention

Filing an invention disclosure with the Office of Technology Management is the first step in protecting your intellectual property:

The Office of Technology Management promotes Penn State technology by protecting, marketing, and licensing University inventions to companies for further development and commercialization. The OTM reviews the information for patentability and, based on the novelty and utility of your invention, will decide whether or not to file a patent application. **To file an invention disclosure,** faculty, graduate students, and staff should use the Invention Disclosure Form and Instructions

(If completing electronically, test that you are able to save the document. Adobe Acrobat 7.0 required.)

Look at what's communicated. "Protect **Your** *Invention*." "Filing an invention disclosure with the Office of Technology Management is the first step in protecting **your** *intellectual property*." "Your" is silly, because the whole point of Penn State's patent policy is to ensure that no inventor ever owns any invention made in or around the university.

In two sentences we go from invention to intellectual property, as if these are somehow the same thing. And in the next clause (why the colon?--geez, slop), things change again. Now it's "Penn State technology," not "your" *anything*. But there we have, again, "protecting" as the first item of business. By the next sentence, an office "reviews the information for patentability." What information? Information is not patentable. One might review a reported invention for patentability. Why is it so difficult for someone to be direct? And finally, this office will decide whether to file a patent application (inventors don't have any say in the matter), "based on the novelty and utility of **your** invention." This, too, is garble. One might determine whether an invention is patentable based on a review of "novelty and utility" (as well as "non-obviousness")--but the decision to file a patent application does not depend only on whether an invention may be patentable.

The decision to file an application depends predominately on what one expects to do with a patent on the invention. That is, filing a patent application based on an assessment that an invention may be patentable is about the stupidest organizational practice one can devise. About here in the guide would be the spot to indicate just how university administrators decide why to file a patent application. Perhaps it is "marketing...inventions to companies for development and commercialization." The implication is that all inventions will be subjected to this effort--marketed, and for development and commercialization (and not for, say, use, or to form a standard). The further implication is that inventions must be "developed"--without any structure to what it means, in general, to "develop" an invention beyond being invented. Is that, like, getting the invention to work in a reliable way, or in a way that isn't so complicated, or can be produced for a profit? Perhaps--but again, the idea put out there is that "development" is a general property of every invention made at the university. If that isn't the case--and it almost never is--then you would think that the university might note that here--"for those inventions that to be used at all require substantial development into the form of a commercial product at private expense with only one investor possible, the OTM considers whether patenting...." But no, not here.

The use of "your" in this guide is a strange one, even disingenuous. In what sense is a patentable invention made at Penn State one's personal invention, a "your" invention?

We have been through Penn State's policy history and two of its IP Agreements. We found that the IP policy requires two things--disclosure of certain inventions and signing an IP Agreement. The IP Agreement, in turn, demands that employees acknowledge their responsibilities, including "abide by" University policy and procedures and to assign inventions (and whatever else) to the university, but only "to the extent specified by University policy." All this apparatus only to formally require assignment of nothing, nothing, nothing at all. But the impression is that by acknowledging the responsibility to assign, combined with an expansive statement of potential scope (the scope for disclosure, and even that expanded), somehow there's an obligation that there is also an obligation to assign this stuff, regardless of the limitation "to the extent specified by University policy"--not by, say, university "procedures." Just policy. Remember, this is a formal assignment clause. Words ought to mean something in such clauses.

There's the strange idea, too, in the IP Agreement that handing over inventions is "consideration" for getting employed by or appointed to (or even associated with) the university. There's the petty legal maneuvering of "agreeing" to the "terms of the Intellectual Property Polices and Procedures currently in effect." That is, agreeing to agree to any "subsequent revisions" in the terms of the university's policies. And expanding the agreement from the policies to include any procedures as well, even though those procedures may not have any standing under policy. In essence, these expansions make whatever contract that might be

formed involve an "agreement to agree"--that is, submit to the whims of university administrators. Not a contract. It's nonsense, but expensive nonsense.

Look at the Intellectual Property Policy, then.

> The protection of research intellectual property with commercial potential is an essential aspect of the technology transfer process.

Utter freakin' garble. Intellectual property is the means to "protect" inventions, discoveries, works of authorship, and the like from exploitation by others, if one believes that use by others might damage the inventions (and the like) or damage the inventor. If we want to be careful with our use of words, one does not "protect" intellectual property; one uses intellectual property to "protect" research assets. And it's only "protection" if there's something that needs to be "protected." In a university, where publication and public use of research findings appears to be the default, it would take some special reasoning to show that research findings need "protection." But Penn State's policy does not appear to mean "protection" in any of these senses. There's a special sense. I'll help you discover it.

Notice, too, that in Penn State's assertion this "research intellectual property" is restricted to that having "commercial potential": "research intellectual property with commercial potential." Before we jump to the possibility of understanding this restriction, we must note that "research intellectual property" is a defined term and so doesn't mean what the words might suggest. Here's the policy definition:

> Research intellectual property is the term used to describe the discoveries, inventions and creations with potential commercial value that result from research activities.

So the definition is actually a description: "the term used to describe"--but by whom? It's not a general term. Who would limit "research intellectual property" only to things with "commercial potential." Nor would one formally define RIP in generic terms of subject matter in which intellectual property might vest. The intellectual property is the patents and copyrights in certain work products of research--patentable inventions and original works of authorship. There's no need for the use of "intellectual property" in any specially defined way if one uses, simply, patents and copyrights, and defines an invention as one that "is or may be patentable" and a work as an "original work of authorship fixed in any tangible medium of expression." And these are standard definitions and would work to limit an IP policy to, hey--imagine this--statutory IP. The purpose of a standard definition would be to exclude inventions that can't be patented and works of authorship that aren't original, and to exclude trade secret claims and any other strangeness.

But here, the definition shows up as bespoke, but made to appear to be common usage: "used [by somebody, no doubt official] to describe."

It's the term that Penn State administrators have adopted to confuse most everyone. But in what sense does RIP describe "discoveries, inventions and creations with potential commercial value"? And what the heck is a "creation"? And what is a "potential commercial value"? And how is "potential commercial value" different from "commercial potential"? It's like people writing (and approving) this policy don't really care what they write. "Commercial potential" is directed at the possibility of use in commerce or development as a commercial product; "potential commercial value" is directed, by contrast, at the financial prospects of an invention--that is, people might make money exploiting the invention.

In either case, the rhetoric of the policy is directed, apparently, to how "intellectual property" can be used to prevent research use or DIY use or collaborative development if someone (a university administrator, apparently) decides that speculative investors might derive a benefit from monopoly "intellectual property" positions that "protected" against research, DIY, or collaborative use.

The policy is directed to the bespoke definition of "research intellectual property"--if an invention lacks "commercial potential" or "potential commercial value," then it's not within the policy. But there's no indication who determines "potential." And what about an invention that lacks "potential" when it is first disclosed but later develops "potential"? Is the potential to later develop potential also potential? What about an invention that an administrator asserts has potential, but without any justification? Can the invention later come to lack that potential, and so fall back outside the university's claims? Who could show that potential is now lacking, given that potential means, basically, a hope or expectation for the future. One might say that an invention has potential for as long as an administrator hopes, which could be a long time. Like I said, it's freakin' nonsense. Almost anything then could have "potential" if an administrator hopes it will. And we still don't have any clue about whether "commercial potential" means "likelihood that the university could make money dealing in the patent rights on an invention" or "that commercial concerns might find an invention useful in their operations" or "that a company might consider a product based on the invention worth making" or "that investors might be willing to speculate on the value of the patent rights, provided they get a monopoly interest."

Even "that result from research activities" is ambiguous. This is not so much a definition as it is an explanation of a naming convention. "*Research* intellectual property... results from *research* activities." Research inventions are inventions resulting from research activities. Big whoop. But what is a "research activity"? Surely not any activity that produces an invention (or discovery, or creation). We don't know, of course, because the text is garbage, to be interpreted by

administrators at their whim. We might argue that a research "activity" must be an organized research project--something with a funding agreement and a budget. But who is to say?

Given that the Penn State policy attempts to create an adhesion contract, and such contracts are commonly interpreted against the drafting party, it would appear that it is up to each inventor to determine what the policy means here, where there is such ambiguity.

> Most research intellectual property developed at the University **can be protected** by patents, but some University research intellectual property (i.e. software) is more appropriately **protected** by copyright. Although some research intellectual property may be **protected** by trademark or trade secret, it is rare for the University to utilize these methods of protection.

This bit was written by a monkey working at a typewriter, one of the outtakes in trying to write *Hamlet*. Patents "protect" only those inventions and discoveries that are new, useful, and non-obvious and directed to patentable subject matter, and contemporaneously recognized by their inventors as inventions. So patents cannot protect "most research intellectual property" because patents don't protect creations and won't "protect" most university research discoveries or inventions. "Software" shows up as "protected" by copyright "more appropriately." But this, too, is nonsense. Copyright vests in software code as it meets the definition of copyright law--original work of authorship fixed in any tangible medium of expression. "More appropriately" is meaningless. Copyright happens. Perhaps what is meant is that "patent protection" is not available for some software, but the university will claim it anyway, as if it were an invention--or, er, a "creation."

By the time we are at "protecting" "research intellectual property" by "trademark" we have stretched the idea of "protection" to goofy levels. How could a trademark possibly "protect" an invention? No, a trademark does not protect an invention or a work of authorship, though it might be associated with an invention or work of authorship. A trademark connects a mark owner with goodwill in the marketplace associated with a good or service or membership or certification. It protects a mark owner from business practices that would create a likelihood of confusion in the market place with regard to the owner or controller of quality of a given good or service (or membership or certification). Or, we might say, the trademark is used by the mark's owner to protect the public from such likelihood of confusion. It's just goofy to think that a trademark might "protect" Penn State's RIP.

What, then, is Penn State's fixation on protection of "PSU IP" (as the current IP Agreement has it, disregarding IP policy definitions) all about? It would appear that "protection" means *to protect inventions and works of authorship from their inventors and authors.* The idea is that, contrary to the

public purpose of intellectual property laws, university administrators assert that institutional ownership is better than what public policy provides (in the case of patent law, the U.S. Constitution and common law; in the case of copyright law, the Berne Convention and federal copyright law that implements the U.S. treaty obligations). It is better, so the Penn State IP policy and IP Agreement assert, that institutions own such works than that inventors and authors do so.

Institutional ownership serves the public interest, and so inventions and works of authorship must be protected from inventors and authors. Perhaps. At least it is a proposition that can be examined, even if it lacks any standing in federal law. The assertion, however, is not so general. The public interest, so it is claimed, is served by "commercialization," by realizing "commercial potential" and "commercial value." For this, so the claim goes, there must be IP "protection"--that is, research assets must be owned, and owned by the institution that hosts the work leading to their creation. We are not even talking about employment, but only that bureaucrats should manage creative work simply because they manage the resources (paid for by sponsors) that support independently chosen and specified research.

Thus, we see the full extent of the Penn State protection racket:

- IP protects inventions from inventors.
- IP protects inventions from research use, DIY use, and collaborative use.
- IP protects inventions from non-exclusive access, from commons, from standards.
- IP protects inventions from competitive development.
- IP protects inventions from competitive licensing approaches.

It's not even a "bureaucrat's thumb in every innovation pie" as a model of publicly spirited innovation. It's rather, "no innovation but for a bureaucrat's thumb in the bite" or "no innovation but that produced after speculative monopolists trade on IP rights for future value."

What a wretched protection racket operating at Penn State.