

The House Committee on Higher Education offers the following substitute to HB 474:

A BILL TO BE ENTITLED
AN ACT

1 To amend Part 2 of Article 2 of Chapter 3 of Title 20 of the Official Code of Georgia
2 Annotated, relating to the University System of Georgia, so as to provide for the ownership
3 of intellectual properties developed at or by institutions of the University System of Georgia;
4 to provide for the assignment, transfer, license, or other authorization to use such intellectual
5 property; to create the State Intellectual Properties Board and provide for its membership;
6 to provide definitions; to provide for related matters; to repeal conflicting laws; and for other
7 purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Part 2 of Article 2 of Chapter 3 of Title 20 of the Official Code of Georgia Annotated,
11 relating to the University System of Georgia, is amended by adding a new Code section to
12 read as follows:

13 "20-3-88.

14 (a) As used in this Code section, the term:

15 (1) 'Board' means the State Intellectual Properties Board.

16 (2) 'Computer program' means a set of instructions, statements, or related data that, in
17 actual or modified form, is capable of causing a computer or computer system to perform
18 specified functions.

19 (3) 'Intellectual property' means patentable materials, software, and trade secrets,
20 whether or not formal protection is sought.

21 (4) 'Novel plant variety' means a novel variety of sexually reproduced plant.

22 (5) 'Patentable materials' means items other than software which reasonably appear to
23 qualify for protection under the patent laws of the United States or other protective
24 statutes, including novel plant varieties and patentable plants, whether or not patentable
25 thereunder.

26 (6) 'Patentable plant' means an asexually reproduced distinct and new variety of plant.

1 (7) 'Software' means one or more computer programs existing in any form, or any
2 associated operational procedures, manuals, or other documentation, whether or not
3 protectable or protected by patent or copyright.

4 (8) 'Trade Secrets' means information including, but not limited to, technical or
5 nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a
6 technique, a drawing, a process, financial data, financial plans, product plans, or a list of
7 actual or potential customers or suppliers which:

8 (A) Derives economic value, actual or potential, from not being generally known to,
9 and not being readily ascertainable by proper means by, other persons who can obtain
10 economic value from its disclosure or use; and

11 (B) Is the subject of efforts that are reasonable under the circumstances to maintain its
12 secrecy.

13 (b)(1) Intellectual property that is produced as a result of work performed pursuant to a
14 grant or contract between a sponsor and an institution of the University System of
15 Georgia may contain specific provisions with respect to disposition of rights to such
16 intellectual property. The sponsor may:

17 (A) Specify that the materials be placed in the public domain;

18 (B) Claim reproduction, license-free use, or other rights; or

19 (C) Assign all rights to the intellectual property to the State of Georgia.

20 In those cases where royalty income is realized by the State of Georgia, the inventor or
21 creator of the intellectual property may share in the royalty income. The nature and
22 extent of inventor or creator participation in royalty income, however, shall be subject to
23 the regulations or limitations of the sponsor and the State of Georgia.

24 (2) Intellectual property that is developed as a result of assigned efforts of an institution
25 of the University System of Georgia shall belong to the State of Georgia; however,
26 sharing of royalty income with the inventor or creator by the State of Georgia is
27 authorized as an incentive to encourage further development of intellectual properties.
28 The nature and extent of inventor or creator participation in royalty income, however,
29 shall be subject to the rules and regulations of the State of Georgia.

30 (3) Intellectual property that is developed by faculty, staff, or students of an institution
31 of the University System of Georgia where the institution provides support of the efforts
32 of such individuals or the use of institution resources in more than a purely incidental
33 way, unless such resources are available without charge to the public, shall be shared by
34 the inventor or creator and the State of Georgia. The nature and extent of inventor or
35 creator participation in royalty income, however, shall be subject to the rules and
36 regulations of the State of Georgia.

1 (4) Intellectual property that is developed by faculty, staff, or students of an institution
2 of the University System of Georgia shall belong to the inventor or creator of such
3 intellectual property provided that:

4 (A) There is no use, except in a purely incidental way, of institution resources in the
5 creation of such intellectual property, unless such resources are available without
6 charge to the public;

7 (B) The intellectual property is not prepared in accordance with the terms of an
8 institution contract or grant; and

9 (C) The intellectual property is not developed by faculty, staff, or students as a specific
10 institution assignment.

11 The general obligation to produce scholarly and creative works does not constitute a
12 specific assignment for this purpose. The nature and extent of the use of institution
13 resources shall be subject to the rules and regulations of the State of Georgia and the
14 board of regents and shall be determined by the State of Georgia and the board of regents.

15 (5) The ownership of intellectual property developed under any circumstances other than
16 those listed in paragraphs (1) through (4) shall be determined on an individual basis and
17 approved under policies or rules and regulations of the board of regents. The nature and
18 extent of inventor or creator participation in royalty income, however, shall be subject to
19 the rules and regulations of the board of regents.

20 (c) Intellectual property owned by the State of Georgia shall be managed and protected for
21 the benefit of the State of Georgia by the board of regents. The board of regents shall not
22 assign, transfer, license, or otherwise authorize the use of intellectual property owned by
23 the State of Georgia to any person or entity residing or based outside of the State of
24 Georgia as long as there are persons or entities residing within the State of Georgia who
25 can utilize or develop the intellectual property. Prior to any university or subsidiary
26 offering for sale or for licensing any intellectual property produced as a result of research
27 subsidized, wholly or in part, by funds appropriated by the State of Georgia, the
28 opportunity to purchase or license the intellectual property shall first be given to entities
29 within the boundaries of the State of Georgia. The board of regents may not utilize research
30 and other foundations associated with institutions of the University System of Georgia to
31 assist in the assignment, transfer, licensing, or other authorization of the use of intellectual
32 property unless first authorized by the State Intellectual Properties Board. In the event that
33 the State Intellectual Properties Board approves any such contractual arrangement, such
34 foundations shall also be subject to the provisions of this Code section regarding the
35 approval of all assignments, transfers, licenses, or other authorizations to use intellectual
36 properties.

1 (d) Prior to assigning, transferring, licensing, or otherwise authorizing the use of
2 intellectual property owned by the State of Georgia, such assignment, transfer, license, or
3 other authorization to use such intellectual property shall be approved by the State
4 Intellectual Properties Board. The State Intellectual Properties Board shall consist of five
5 members. Two of these members shall be appointed by the Governor, one member shall
6 be appointed by the Lieutenant Governor, and one member shall be appointed by the
7 Speaker of the House of Representatives. The Governor shall designate one of the
8 members as the chairperson of the board. The two members appointed by the Governor
9 shall serve initial terms of two years and until their successors are appointed and qualified
10 and the members appointed by the Lieutenant Governor and the Speaker of the House of
11 Representatives shall serve initial terms of four years and until their successors are
12 appointed and qualified. Thereafter, all successors shall be appointed to four-year terms
13 of office and until their successors are appointed and qualified. The appointed members
14 shall hold a degree from a four-year college or university or its equivalent and have some
15 experience in dealing with intellectual property matters. A vacancy in a position of a
16 member shall be filled by appointment of the original appointing authority for the
17 unexpired term. Appointed members shall serve without compensation but shall be
18 reimbursed for actual expenses incurred on the business of the board. The fifth member
19 of the board shall be the individual who developed the intellectual property that is the
20 subject of the proposed assignment, transfer, license, or other authorization to use such
21 intellectual property or, in the case of a collaborative effort among several individuals in
22 developing the intellectual property, a representative of such group.

23 (e) The State Intellectual Properties Board shall meet on the call of the chairperson at any
24 time that action of the board is necessary to fulfill the purposes of this Code section.

25 (f) In determining whether to approve a proposed assignment, transfer, license, or other
26 authorization to use intellectual property, the board shall determine if such proposed
27 assignment, transfer, license, or other authorization to use intellectual property is in the best
28 interests of the citizens of this state and whether such proposed assignment, transfer,
29 license, or other authorization to use such intellectual property is in compliance with
30 subsection (c) of this Code section."

31 SECTION 2.

32 All laws and parts of laws in conflict with this Act are repealed.