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2011-2012 Regular Sessions

I N S E N A T E

(PREFILED)

January 5, 2011

Introduced by Sen. KLEIN -- read twice and ordered printed, and when printed to be committed to the Committee on Finance

AN ACT to amend the executive law and the public officers law, in relation to establishing principles governing the management of state-owned intellectual property

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Legislative intent. The legislature finds and declares that
2 it is in the interest of the state to ensure that the results of state-
3 funded research are promptly developed and protected and, where appro-
4 priate, made available in the public domain. It is further found that
5 the people of the state should derive a substantial benefit from state
6 investments in research and development, including: the dissemination of
7 scientific discoveries; improvements in the public health and welfare;
8 the introduction of new technologies, and the commercialization of the
9 product of state-funded research that will lead to job creation and
10 enhanced state revenues.

11 The legislature further finds that the state needs to manage its
12 intellectual property effectively so that it is best utilized for the
13 benefit of the state and its citizens. It is further found that the
14 intellectual property policies of individual state agencies and authori-
15 ties should be appropriately formed and upheld in practice to ensure all
16 participants in state-funded research and in commercialization of
17 research discoveries understand their obligations and responsibilities.
18 Therefore, the legislature finds it necessary to enact policies govern-
19 ing the management of intellectual property resulting from research
20 conducted in state facilities or with state funds.

21 S 2. The executive law is amended by adding a new section 33 to read
22 as follows:

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 S 33. PRINCIPLES GOVERNING THE MANAGEMENT OF STATE-OWNED INTELLECTUAL
2 PROPERTY. 1. FOR THE PURPOSES OF THIS SECTION, THE FOLLOWING WORDS SHALL
3 HAVE THE FOLLOWING MEANINGS:

4 A. "STATE AGENCY" SHALL MEAN ANY STATE DEPARTMENT, BOARD, BUREAU,
5 DIVISION, COMMISSION, COMMITTEE, PUBLIC AUTHORITY, PUBLIC BENEFIT CORPO-
6 RATION, COUNCIL, OFFICE, UNIVERSITY, COLLEGE, OR OTHER GOVERNMENTAL
7 ENTITY PERFORMING A GOVERNMENTAL OR PROPRIETARY FUNCTION FOR THE STATE.

8 B. "INTELLECTUAL PROPERTY" SHALL MEAN INTANGIBLE ASSETS THAT ARE
9 SUBJECT TO STATUTORY PROTECTION UNDER APPLICABLE PATENT, COPYRIGHT AND
10 TRADEMARK LAW, INCLUDING PATENTABLE INVENTIONS.

11 2. ANY STATE AGENCY POLICY GOVERNING THE MANAGEMENT OF INTELLECTUAL
12 PROPERTY RESULTING FROM RESEARCH CONDUCTED IN STATE FACILITIES, BY STATE
13 EMPLOYEES OR WITH STATE FUNDS SHALL CONFORM TO THE FOLLOWING PRINCIPLES:

14 A. THE STATE SHALL RETAIN A NON-EXCLUSIVE, ROYALTY-FREE LICENSE TO USE
15 THE INTELLECTUAL PROPERTY FOR NONCOMMERCIAL PURPOSES;

16 B. IF A STATE AGENCY DOES NOT PURSUE COMMERCIALIZATION OR PATENT
17 RIGHTS WITHIN REASONABLE TIME LIMITS, THE STATE MUST BE ABLE TO TAKE
18 TITLE TO THE INVENTION;

19 C. WHEN INTELLECTUAL PROPERTY IS NOT DEDICATED TO THE PUBLIC DOMAIN,
20 GOOD FAITH EFFORTS IN DEMONSTRABLE OUTREACH, SUCH AS ACTIVE TECHNOLOGY
21 TRANSFER OFFICES AND OUTREACH TO BUSINESS ASSOCIATIONS AND VENTURE CAPI-
22 TAL AND ANGEL NETWORKS SHOULD BE MADE TO COMMERCIALIZE THE TECHNOLOGY IN
23 THE STATE;

24 D. IF INTELLECTUAL PROPERTY IS SOLD OR LICENSED TO PRIVATE BUSINESSES,
25 AND A SUFFICIENT REVENUE STREAM IS GENERATED, THE STATE SHALL RECEIVE A
26 RETURN ON ITS INVESTMENT AND, WHEN INTELLECTUAL PROPERTY IS SOLD OR
27 LICENSED TO PRIVATE BUSINESSES NOT RESIDENT IN THE STATE, THE STATE
28 SHALL OBTAIN A HIGHER RETURN ON ITS INVESTMENT THAN IT WOULD IF THE
29 PRODUCT RESULTING FROM THE INTELLECTUAL PROPERTY WERE COMMERCIALIZED
30 WITHIN THE STATE; AND

31 E. WHEN RESEARCH IS CONDUCTED DIRECTLY BY A STATE AGENCY, THE INDIVID-
32 UAL WHOSE RESEARCH LEADS TO THE DISCOVERY OF A PATENTABLE INVENTION
33 SHOULD SHARE IN ANY PROCEEDS RESULTING FROM THE SALE OR LICENSE OF THE
34 INVENTION.

35 S 3. Subdivisions 2 and 3 of section 64-a of the public officers law,
36 as added by chapter 453 of the laws of 1989, are amended to read as
37 follows:

38 2. The department and agency patent policies in effect on the effec-
39 tive date of this section shall be continued, PROVIDED THAT THEY CONFORM
40 TO THE PRINCIPLES SET FORTH IN SECTION THIRTY-THREE OF THE EXECUTIVE
41 LAW. Such existing policies, unless promulgated pursuant to article
42 eight of the education law, shall be subject to the approval of the
43 director of the budget and the state comptroller.

44 3. A state department or agency may, after the effective date of this
45 section, adopt a patent policy, or amend a patent policy previously
46 approved by the director of the budget for such agency, subject to the
47 approval of the director of the budget, the state comptroller and the
48 director of the office of employee relations, PROVIDED THAT SUCH POLICY
49 CONFORMS TO THE PRINCIPLES SET FORTH IN SECTION THIRTY-THREE OF THE
50 EXECUTIVE LAW. Where such policy or amendment affects a term or condi-
51 tion of employment, such policy or amendment shall be adopted in accord-
52 ance with the provisions of article fourteen of the civil service law.

53 S 4. This act shall take effect immediately.