Are Intellectual Property Policies Subject to Collective Bargaining?
A Case Study of New Jersey and Kansas

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Are Intellectual Property Policies Subject to Collective Bargaining?
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Holcomb stands on the high wheat plains of western Kansas, a lonesome area that other Kansans call "out there."

—Truman Capote (1965, p. 3)

New Jersey is like a beer barrel, tapped at both ends, with all the live beer running into Philadelphia and New York.

—Benjamin Franklin (Ryan, 2004; Skemp, 2005, p. 288)
Abstract

Beginning in the mid-1960s, several states enacted laws that enabled public employees—including faculty and staff at public colleges and universities—to join unions and negotiate collective bargaining agreements. These agreements cover terms and conditions of employment, which typically include, among other items, salaries and benefits.

Through the 1980s and 1990s, changes in the Patent Act and developments in technology spurred colleges and universities to adopt campus policies that determine the ownership of the intellectual property created by faculty, staff, and students. These rights have become more important as the potential value of campus-based inventions and discoveries has increased. There is a legal question whether the ownership rights over patents and copyrights—including royalties and licenses—are terms and conditions of employment under state labor laws. In other words, are these ownership rights subject to collective bargaining?

A case study comparing court cases in New Jersey and Kansas indicates that some aspects of intellectual property policies must, in fact, be negotiated. These cases involve the patent policy at Rutgers University, which was challenged by the local chapter of the AAUP, and the intellectual property policy adopted by the Kansas Board of Regents, which was challenged by the NEA chapter at Pittsburg State University. The court rulings in New Jersey and Kansas have significant implications for public colleges and universities with unionized faculty. These institutions should consider negotiating certain provisions of their intellectual property policies before they face a legal challenge of their own. Moreover, a case study of New Jersey and Kansas provides the opportunity for future researchers to explore further the complicated interplay between intellectual property and labor law at colleges and universities.
Introduction

Although Kansas and New Jersey might be as unlike as any two states, their courts have recently grappled with the same issue related to higher education: whether a public university’s policy regarding the ownership of intellectual property is subject to collective bargaining. In Kansas, the question remains unresolved, with the Kansas Supreme Court recently directing the issue back toward the state’s Public Employee Relations Board in *Pittsburg State University/Kansas National Education Association v. Kansas Board of Regents* (280 Kan. 408, 429 (2005)). In New Jersey, the issue has been decided in a somewhat Solomonic way. In *Rutgers Council of AAUP Chapters v. Rutgers, The State University* (381 N.J. Super. 63 (2005)), the Appellate Division found some provisions of Rutgers’ patent policy to be managerial prerogatives not subject to bargaining,¹ but found other provisions to involve terms and conditions of employment that must be negotiated.²

Because of the potential revenue it can generate, ownership of intellectual property created at colleges and universities is becoming increasingly important, particularly as the value of public support for higher education has shrunk at public institutions. Increased enrollments help explain part of this decrease in the impact of public funding. Total state and local appropriations for higher education instruction increased about 20% between 1994-95 and 2004-05, from $48.7 billion to $58.8 billion in 2004 dollars (College Board, 2006, p. 24). But enrollment in public four-year colleges and universities increased by 22% over that time, resulting in inflation-adjusted appropriations per student being lower in 2004-05 than they had been since 1993-94 (College Board, 2006, p. 24). Moreover, in the five-year period between fiscal years 2001 and 2006, state and local support per FTE student fell 10.9% to $6,325, “which

¹ E.g., 381 N.J. Super. at 71-72 (laboratory notebooks are the property of the university).
² E.g., 381 N.J. Super. at 73-74 (university must negotiate the terms under which individuals subject to the policy assign their rights to inventions and discoveries).
is lower in constant dollar terms compared to most years since 1980” (State Higher Education Executive Officers, 2007, p. 21).

As a result of this decrease in the impact of public resources, colleges and universities are turning increasingly toward “academic capitalism,” defined by Sheila Slaughter and Gary Rhoades (2004) as “the pursuit of market and marketlike activities to generate external revenues” (p. 11). Copyrightable works and patented inventions hold great—if not always realistic\(^3\)—promise of providing streams of income. Between 1991 and 2002, respondents to the annual survey of the Association of University Technology Managers (AUTM) (2003) indicated an increase in new U.S. patent applications filed from 1,643 to 7,741.\(^4\) The number of U.S. patents issued to respondents to AUTM’s survey increased from 1,603 in FY1993 to 3,673 in FY2002 (p. 11). Net license income between FY1991 and FY2002 increased from $186 million to $1.267 billion at these institutions (AUTM, 2003, p. 18).

The cases in New Jersey and Kansas indicate that as colleges and universities enter the world of academic capitalism, their faculty will fight for their piece of the pie. As of 2006, collective bargaining agents represented a total of 318,504 faculty members, organized into 575 separate bargaining units across 491 systems or institutions higher education located on 1,125 campuses (National Center for the Study of Collective Bargaining in Higher Education and the Professions [NCSCBHEP], 2006). Organized faculty are located in 31 states and the District of Columbia, with a majority concentrated in three states: California, New York and New Jersey (NCSCBHEP, 2006).

\(^3\) For example, of 2,751 discoveries disclosed by University of Wisconsin faculty as of 1990, only 73 had produced incomes greater than expenses (Chew, 1992, p. 272). With regard to copyrights, only about 2% of all works protected by copyright produce continuing revenue for their owners (Harmon, 2002).

\(^4\) The number of respondents increased from 130 institutions in 1991 to 219 in 2002.
Taken together, the New Jersey and Kansas cases can help unionized institutions to consider whether to amend their campus intellectual property policies. Although the law on this subject appears more settled in New Jersey than in Kansas, the courts in both states have used similar tests to determine if a topic is within the scope of bargaining (In re Local 195, IFPTE, AFL-CIO and State of N.J., 88 N.J. 393, 404 (1982); Kansas Bd. of Regents v. Pittsburg State Univ. Chapter of Kansas Nat’l Educ. Assoc., 233 Kan. 801, 816 (1983)). These tests will help unionized institutions determine how best to draft—or redraft—campus policies over ownership and use of patents and copyrighted works.

To help explain the New Jersey and Kansas cases, this case study analyzes the current state of labor law and intellectual property law, specifically copyright law and patent law. It then summarizes the intellectual property policies adopted by Rutgers University and the Kansas Board of Regents, and explains the court cases involving those policies. Finally, the paper suggest areas of future research on the topic of collective bargaining and intellectual property rights.

Labor Law

Federal Labor Law

The National Labor Relations Act of 1935 (NLRA, or the Wagner Act, 29 U.S.C. 151 et seq.) governs collective bargaining between employers and employees. Enacted to address widespread strikes and the Great Depression in the 1930s (National Labor Relations Board, 1995), the law grants employees the right to form labor organizations and to deal collectively through these organizations with their employers. The Labor-Management Relations Act of 1947 (the Taft-Hartley Act, 29 U.S.C. § 141) amended the NLRA by, among other provisions, creating the NLRB general counsel position, making unions as well as employers subject to the
NLRB’s unfair labor-practice powers, and imposing on unions the same requirement to bargain in good faith that the Wagner Act placed on employers (National Labor Relations Board, 1995).

The National Labor Relations Act defines “employer” and “employee” in narrow terms. The definition of “employer” excludes “any state or political subdivision thereof” (29 U.S.C. § 152(2)), and thus does not apply to public colleges and universities. Not all private institutions are covered under the law, either. Under the current rules of the National Labor Relations Board, the NLRA applies only to institutions with gross annual unrestricted revenues of at least $1 million (29 C.F.R. § 103.1).

With regard to employees, the NLRA specifically excludes certain types of workers, including independent contractors and supervisors (29 U.S.C. § 152(3)). The U.S. Supreme Court further sharpened the definition of employee in two important cases. First, in National Labor Relations Board v. Bell Aerospace Co., the Court adopted language used by the National Labor Relations Board and excluded from the NLRA “managerial employees” who “formulate and effectuate management policies by expressing and making operative the decisions of their employer” (416 U.S. 267, 288, 272 (1974)).

Building on the Bell Aerospace decision six years later, the Court held that faculty at private colleges and universities are “managerial” personnel—and therefore ineligible to form unions under the NLRA—in National Labor Relations Board v. Yeshiva University (444 U.S. 672 (1980)). The Court based its ruling on faculty members’ authority over course offerings, teaching methods, grading policies, admission standards, and graduation decisions (444 U.S. at 686).

State Laws for Public Employees
State laws regulate bargaining at public institutions of higher education. Generally under state law, public employees have the right to organize and to select a representative to negotiate on their behalf with the employer over terms and conditions of employment. Once a representative is elected by a majority of the employees in a specific bargaining unit, the employer must bargain with the representative, and individual employees may not negotiate with the employer over issues that are mandatory subjects of bargaining (Kaplin & Lee, 2006, p. 278).


Kansas is considered one of 22 states that have “right-to-work” laws, which do not require employees to join a union or to pay dues or fees to the union. New Jersey, on the other hand, is one of several states that authorize public employers and labor unions to negotiate agreements that require all employees either to join the union or pay the equivalent of union dues as a condition of employment. “Unless legislation is enacted at the federal level (to amend the NLRA, for instance) or in the states (to repeal ‘right to work’ legislation), this issue [regarding the collective-bargaining rights of college faculty] will remain a major bone of contention between faculty and their institutions, both public and private” (Olivas, 2005, p. 582).

In chewing over this legal bone, the New Jersey and Kansas courts have used a similar approach in interpreting their respective labor laws. This approach is explained below.

Scope of Negotiation
State laws have language similar to the NLRA’s regarding the subjects that must be covered by collective bargaining. The NLRA requires employers and employee representatives to bargain in good faith regarding “wages, hours, and other terms and conditions of employment” (29 U.S.C. § 158(d)). In the states, parties must negotiate over “mandatory” subjects of bargaining, which in most states include wages, hours, and terms and conditions of employment (Kaplin & Lee, 2006, p. 294).

Beyond mandatory subjects of bargaining are “permissive” subjects of negotiations. These items are either not specifically excluded by the state’s collective bargaining statute or not preempted by another law (Kaplin & Lee, 2006, p. 293). The last category of subjects are nonnegotiable, either because the subjects are preempted by laws (such as affirmative action) or because they are managerial prerogatives, like the right to determine the institution’s mission.

It is difficult to draw the line between mandatory and permissive subjects of bargaining, particularly in a higher education setting, “where employees have traditionally participated in shaping their jobs to a much greater degree than have employees in industry” (Kaplin & Lee, 2006, p. 294). For example,

Faculty play major roles in the decisions to hire other faculty, to award them tenure or to separate them, and to promote them. Faculty design the curriculum and often sit on the committees that select presidents, vice presidents, and deans. Faculty exercise great control over their professional lives and their work schedules, and they go about their day-to-day tasks unsupervised in traditional personnel terms (Alderman, 1989, p. 41).

The laws in New Jersey and Kansas try to determine the boundaries among mandatory subjects of bargaining, permissive subjects, and managerial prerogatives. An explanation of those laws is below, followed by their application to campus-based intellectual property rights.
New Jersey

In New Jersey, the State Constitution and the state statutes governing public labor relations provide broad rights to public employees without specifically defining subjects that must be negotiated between public employees and public employers. Under the State Constitution, public employees “have a right to organize, present to and make known to the State, or any of its political subdivisions or agencies, their grievances and proposals through representatives of their own choosing” (N.J. CONST., art. 1, ¶ 19). The New Jersey Employer-Employee Relations Act establishes that representatives selected by the majority of the employees in a unit shall be the exclusive representatives for collective negotiation of “terms and conditions of employment,” “[p]roposed new rules or modifications of existing rules governing working conditions,” and “grievances, disciplinary disputes, and other terms and conditions of employment” (N.J.S.A. 34:13A-5.3).

Terms and conditions of employment. The Legislature did not enumerate negotiable “terms and conditions of employment” in the Employer-Employee Relations Act.⁵ The New Jersey Supreme Court, noting this deficiency, designated the Public Employment Relations Commission (PERC), and not the courts, as the proper entity to determine whether, in a public-sector labor dispute, a specific subject is negotiable.⁶ PERC is an administrative agency established under the Employer-Employee Relations Act to make policy and promulgate regulations designed to implement the provisions of the Act. It exercises authority over charges of unfair labor practices, representation issues, and impasse procedures.

⁵ “Thus far our Legislature has not chosen to set forth the individual subjects which are to be negotiable and has left the matter to the judiciary for case by case determination as to what are terms and conditions of employment within the meaning of N.J.S.A. 34:13A-5.3.” Dunellen Bd. of Educ. v. Dunellen Educ. Ass'n, 64 N.J. 17, 31 (1973).
⁶ Ridgefield Park Educ. Ass'n v. Ridgefield Park Bd. of Educ., 78 N.J. 144, 153-56 (1978). The year after this decision, the legislature amended the Public Employer-Employee Act to vest PERC with “the power and duty, upon request of any public employer or majority representative, to make a determination as to whether a matter in dispute is within the scope of collective negotiations.” N.J.S.A. 34:13A-5.4(d).
The New Jersey Supreme Court eventually ruled that, while public employees in New Jersey have the same interest as private employees in negotiating terms and conditions of employment, the scope of negotiations in the public sector should be more limited compared to the private sector. The Court, in In re Local 195, IFPTE, AFL-CIO and State of N.J., based its reasoning on the premise that “the employer in the public sector is government, which has special responsibilities to the public not shared by private employers” (88 N.J. at 401). The unique responsibility of the State is “to make and implement public policy” (88 N.J. at 402). Therefore, to determine if a particular subject is negotiable between public employers and public employees, “the Court must balance the competing interests by considering the extent to which collective negotiations will impair the determination of governmental policy” (88 N.J. at 402).

Three-part test. The New Jersey Supreme Court used a three-part test to determine whether a subject is within the scope of negotiations (88 N.J. at 404). Under the test, a “subject is negotiable between public employers and public employees when”:

(1) the item intimately and directly affects the work and welfare of public employees; (2) the subject has not been fully or partially preempted by statute or regulation; and (3) a negotiated agreement would not significantly interfere with the determination of governmental policy (88 N.J. at 404).

Under the first prong of the test, the Court has held that compensation is a fundamental term and condition (See Hunterdon Cty. Freeholder Bd. and CWA, 116 N. J. 322, 338 (1989); Englewood Bd. of Ed. v. Englewood Teachers Ass'n, 64 N.J. 1, 7 (1973)). The Court in In re Local 195 provided a balancing test for the third prong of the test. To determine whether a negotiated agreement would significantly interfere with the determination of governmental policy,
it is necessary to balance the interests of the public employees and the public employer. When the dominant concern is the government’s managerial prerogative to determine policy, a subject may not be included in collective negotiations even though it may intimately affect employees’ working conditions (88 N.J. at 405).

The New Jersey Supreme Court has also found that educational goals, like governmental policies, are managerial prerogatives. “When the dominant issue is an educational goal, there is no obligation to negotiate . . . even though [the matter] may affect or impact upon the employees’ terms and conditions of employment” (Board of Educ. of Woodstown-Pilesgrove Regional Sch. Dist. v. Woodstown-Pilesgrove Regional Educ. Ass'n, 81 N.J. 582, 591 (1980)).

Preemption. The Court later refined In re Local 195’s second prong—preemption. In Bethlehem Township Education Association v. Bethlehem Township Board of Education, the New Jersey Supreme Court held that for a statute or regulation to preempt negotiation, it must “expressly, specifically and comprehensively” regulate the issue over which negotiations are proposed (91 N.J. 38, 44, 46 (1982) (quoting Council of N.J. State College Locals v. State Bd. of Higher Educ., 91 N.J. 18, 30 (1982)).

Kansas

As in New Jersey, the constitution and statutes of the state of Kansas protect the rights of workers to belong to labor unions. The Kansas Constitution states, “No person shall be denied the opportunity to obtain or retain employment because of membership or nonmembership in any labor organization” (KAN. CONST. art. 15, § 12). The Kansas Public Employer-Employee Relations (“PEER”) Act provides public employees with “the right to form, join and participate in the activities of employee organizations of their own choosing, for the purpose of meeting and
conferring with public employers or their designated representatives with respect to grievances and conditions of employment” (KAN. STAT. ANN. § 75-43240).

“Conditions of employment.” Compared to New Jersey, however, the Kansas statutes regarding the subjects of bargaining for public employees are more detailed. The Kansas PEER Act delineates a list of “conditions of employment.” They are: “salaries, wages, hours of work, vacation allowances, sick and injury leave, number of holidays, retirement benefits, insurance benefits, prepaid legal service benefits, wearing apparel, premium pay for overtime, shift differential pay, jury duty and grievance procedures” (KAN. STAT. ANN. § 75-4322(t)).

Despite this seemingly definitive list, the Kansas Supreme Court—in an earlier case between the Kansas Board of Regents and the faculty union at Pittsburg State—concluded that the legislature did not intend “the laundry list of conditions of employment” to be viewed narrowly (Pittsburg State, 233 Kan. at 804-05). “To the contrary, the legislature targets all subjects relating to conditions of employment” (233 Kan. at 819 (emphasis in original)). The court examined several subjects that arose during negotiations to see if they were “significantly related to an express condition of employment” of Pittsburg State faculty (233 Kan. at 816 (emphasis in original)). The Court found the following items to be significantly related to one or more of the statutorily listed conditions of employment and, therefore, mandatorily negotiable: budget inputs for salary generation and allocation; out-of-state travel funds; the criteria, procedures, or methods by which candidates for promotion are identified; the criteria, procedures, or methods for screening candidates for summer employment; tenure; retrenchment procedures; and personnel files (233 Kan. at 826-28).

Preemption exception. Although the Kansas Supreme Court has expanded the list of the conditions of employment, the PEER Act has four specific restrictions—or preemptions—on the
subjects included in a collective bargaining agreement. They are: (1) any subject preempted by federal or state law; (2) statutorily defined public-employee rights; (3) statutorily defined public-employer rights; and (4) "the authority and power of any civil service commission [or] personnel board . . . to conduct and grade merit examinations" that determine appointments or promotions to "positions in the competitive division of the classified service of the public employer served by such civil service commission or personnel board" (Kan. Stat. Ann. § 75-4330).

The term "preempted" is not defined in the PEER Act. The third exception, regarding the rights of public employers, has been called "a managerial prerogative" by the Kansas Supreme Court (Pittsburg State, 233 Kan. at 816, 819). That term makes the Kansas exception similar to the exception in New Jersey under the third prong of the balancing test in In re Local 195 (88 N.J. at 405).

The courts in New Jersey and Kansas have had to apply their respective scope-of-negotiation tests to campus patent policies in recent years. Before analyzing those cases, a brief review of copyright and patent law will help frame the issues confronted by the courts.

Intellectual Property Law

Intellectual property includes patents, copyrights, trademarks, and trade secrets. This paper will focus on the two subjects most relevant to faculty activities: copyrights and patents. Ownership of intellectual property is a significant incentive. "Authors and inventors would not create intellectual property without the possibility of being rewarded through royalties and licenses derived from copyright and licensing, nor would businesses invest in new products unless they were able to reduce risk somewhat through purchase of copyrights and patents" (Slaughter & Leslie, 1997, p. 39). Institutions have a similar economic interest: they want to ensure they are compensated for the use of their resources in these works (Lape, 1992, p. 257).
In the United States, the concepts of protecting the property interests of authors and inventors, and providing useful information to the public, are embedded in the Constitution. The Constitution grants Congress the power “to promote the Progress of Science and useful Arts, by securing, for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries” (U.S. Const. art. I, §8, cl. 8).

Copyright

What Can Be Copyrighted

The Copyright Act of 1976 defines eight categories of works of authorship. They are literary works; musical works, including any accompanying words; dramatic works, including any accompanying music; pantomimes and choreographic works; pictorial, graphic, and sculptural works; motion pictures and other audiovisual works; sound recordings; and architectural works (17 U.S.C. § 102).

The Copyright Act protects a work from the time it is created. The Act provides copyright protection to “original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device” (17 U.S.C. § 102(a)). Stated more simply, “[A] work is protected at the very instant that, for example, a word is written on a page or encoded onto a computer disk” (VerSteeg, 1990, p. 386). An author is not required to register a copyright, or even affix a copyright notice to the work to secure copyright protections (17 U.S.C. § 408(a)).

Ownership

Copyright ownership “vests initially in the author or authors of the work” (17 U.S.C. § 201(a)). Copyright ownership lasts for the life of the author plus 70 years (17 U.S.C § 302(a)),
or in the case of a work made for hire (described below), 95 years from the first publication of
the work or 120 years from its creation, whichever comes first (17 U.S.C. § 302(c)).

Copyright owners enjoy exclusive rights to their works under the Copyright Act. This
bundle of rights includes: (1) reproducing the work in copies or phonorecords; 7 (2) preparing
derivative works; (3) distributing copies or phonorecords of the copyrighted work to the public
by sale or other transfer of ownership, or by rental, lease, or lending; (4) in the case of literary,
musical, dramatic, and choreographic works, pantomimes, and motion pictures and other
audiovisual works, performing the copyrighted work publicly; (5) in the case of literary, musical,
dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works,
including the individual images of a motion picture or other audiovisual work, displaying the
copyrighted work publicly; and (6) in the case of sound recordings, performing the copyrighted

Another stick in the bundle of rights constituting copyright ownership is the right of
transfer (17 U.S.C. § 201(d)). A “transfer of copyright ownership” is an assignment, exclusive
license, and any other conveyance other than a nonexclusive license (17 U.S.C. § 101). All
transfers, other than those by operation of law, must be through “an instrument of conveyance, or
a note or memorandum of the transfer” in writing and signed by the transferor (17 U.S.C. §
204(a)).

Works made for hire. The law allows an exception to the general rule that the creator of
the work is considered the author. Under the concept of “works made for hire,” the author—and
therefore the owner of the copyright—is often an employer or the person for whom the work was

7 Under the Copyright Act, phonorecords are defined as “material objects in which sounds, other than those
accompanying a motion picture or other audiovisual work, are fixed by any method now known or later developed,
and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid
of a machine or device. The term ‘phonorecords’ includes the material object in which the sounds are first fixed” (17
prepared (17 U.S.C. §§ 101, 201(b)). The Copyright Act establishes two situations under which a work is a “work made for hire”:

(1) a work prepared by employees within the scope of their employment; or (2) a work specially ordered or commissioned, provided “the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire” (17 U.S.C. § 101).

A healthy debate exists among legal scholars whether the copyrightable work of faculty members that is not specially ordered or commissioned is work made for hire (Klein, 2004, pp. 159-166). These legal arguments all stem from Community for Creative Non-Violence v. Reid, a U.S. Supreme Court case that considered whether a sculptor working for no fee for a nonprofit organization to create a statue to depict the plight of the homeless was an employee creating a work within the scope of his employment (490 U.S. 730 (1989)). The Court devised a 13-point test to define an employee under the Copyright Act’s definition of work made for hire (490 U.S. at 751-52, 17 U.S.C. § 101(1)). Analyzing this test, scholars who argue that faculty-authored works are not works made for hire include Dreyfuss (1987); Kilby (1994); Gorman (2000), and Kwall (2001). Scholars who find that faculty-authored works are works made for hire include Simon (1982-83); Wadley & Brown (1999); Laughlin (2000); and McSherry (2001).

Academic exception. An even healthier debate focuses on the “academic exception” from the Copyright Act (Klein, 2004, pp. 167-171). The academic exception—a time-honored tradition that allows teachers and college faculty to retain copyright ownership of their work—grew out of case law interpreting the Copyright Act of 1909, and it is unclear whether it survived the amendments to the Copyright Act in 1976. The influential Seventh Circuit Court of Appeals is split on this issue. Supporting the exception, the judge in one case wrote that

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“reasons for a presumption against finding academic writings to be work make for hire are as forceful today as they ever were” (Hays v. Sony Corp. of America, 847 F.2d 412, 416 (7th Cir. 1988)). The year before this decision, a judge in the same circuit wrote that the Copyright Act’s work-made-for-hire provisions “were general enough to make every academic article a ‘work for hire’ and therefore vest exclusive control in universities rather than in scholars” (Weinstein v. Univ. of Ill., 811 F.2d 1091, 1094-95 (7th Cir. 1987)).

Legal commentators who believe the academic exception still exits include VerSteeg (1990), Lape (1992), and Laughlin (2000). Legal scholars who conclude that the academic exception is no longer good law include Simon (1982-83), DuBoff (1985), Dreyfuss (1987), and Wadley & Brown (1999).

Given the current state of flux over the academic exception, including the split in the Seventh Circuit between Hays and Weinstein and the debate among legal scholars, “What is clear is that without an explicit statutory foundation [,] the exception can no longer simply be assumed” (McSherry, 2001, p. 107). “The best way to resolve the ambiguity,” according to Georgia Harper (2000), a national copyright expert and a university counsel at the University of Texas, is a university policy on copyright (p. 8).

Campus Policies

Between 1992 and 2002, an increasing number of leading research universities adopted copyright policies (Lape, 1992; Packard, 2002). These policies meet the transfer requirements under the Copyright Act when institutions expressly incorporate by reference their written copyright policy into a written employment contract signed by the faculty member and the university (Lape, 1992, pp. 248-249; see Weinstein, 811 F.2d at 1094). Faculty contracts often consist of several documents. They include “[a] university’s faculty handbook, a departmental
handbook, departmental policies, and various pamphlets on fringe benefits and personnel administration” (Weston, 1980-81, pp. 68-69).

Under their copyright policies, most institutions assert institutional ownership over expressly assigned works made for hire (Packard, 2002, p. 301). For works that are not expressly made for hire, “use of university resources” or “significant or substantial use of university resources” is the criterion for the institution to claim at least some ownership of the faculty member’s authored work (Lape, 1992, p. 257; Packard, 2002, pp. 295-297). Such resources usually will not include libraries, offices, classrooms, laboratories, and support staff (Lape, 1992, p. 257; Packard, 2002, pp. 295-297).

With regard to traditional scholarly works, most institutions “expressly disclaim university ownership of copyrights” (Lape, 1992, p. 262; Packard, 2002, p. 298). Such works are defined to include “traditional literary works,” such as books, articles, plays, and poetry; and “educational materials,” such as syllabi, lecture notes, and tests (Packard, 2002, pp. 298-299).

Patents

What Can Be Patented

Patents protect inventions and discoveries. The Patent Act states, “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor” (35 U.S.C. § 101). The Patent Act spells out four requirements for obtaining a patent: the invention must be novel, be nonobvious to someone skilled in the field related to the patent, have utility, and be within one of five classes of patentable subject matter: (1) processes; (2) machines; (3) manufactures; (4) compositions of matter; and (5) new and useful improvements of items within the first four categories (35 U.S.C. §§ 101, 102, 103). A patent confers to its owner exclusive rights to use the
invention for a period of 20 years from the date of application, which allows owners to prevent
imitations and to develop and sell their product (35 U.S.C. § 154(a)(2)).

The U.S. Supreme Court has ruled that by “choosing such expansive terms as
‘manufacture’ and ‘composition of matter,’ modified by the comprehensive ‘any,’ Congress
plainly contemplated that the patent laws would be given wide scope” (Diamond v. Chakrabarty,
447 U.S. 303, 309 (1980)). While the courts have held that the laws of nature, physical
phenomena, and abstract ideas cannot be patented (see Parker v. Flook, 437 U.S. 584 (1978)),
inventions such as genetically altered bacterium that breaks down components of crude oil have
been held to be patentable because they are a non-naturally occurring manufacture, not a
previously unknown natural phenomenon (Chakrabarty, 447 U.S. at 309).

Inventorship

Patent law, unlike the Copyright Act’s “work-made-for-hire” doctrine, has no “invention
for hire” doctrine (although the inverse of this concept, “hired to invent,” has appeared in case
law, as explained below). The “inventor” must be a natural person, not a corporation (Kulkarni,
1995, pp. 231-232).9

With a few exceptions, inventors must apply for the patent. The “inventor” is the person
who devises the original inventive concept and reduces it to practice (35 U.S.C. § 102).
“Reduction to practice” means “the conception is embodied in readily utilizable form,” which is
necessary to receive a patent (Goldstein, 1993, pp. 407-408).

Under the Patent Act, inventors have the authority to assign patent ownership rights. The
act provides that patent applications, patents, and any interests therein have the attributes of
personal property and may be transferred only by a written instrument (35 U.S.C. § 261).

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9 Some courts have recognized that the “true inventive entity” might not be a particular individual inventor, but an
institution like a corporation or a university. Haskell v. Colebourne, 671 F.2d 1362 (C.C.P.A. 1982).
Ownership

Because patents are considered private property, state laws regarding contracts, rather than federal laws, govern ownership of inventions and discoveries (Kaplin & Lee, 2006, p. 1359). Court cases provide important interpretations of employment relationships based on the presence of a contract. In 1933, the U.S. Supreme Court ruled on a case in which an associate physicist and a lab assistant in the Bureau of Standards in the U.S. Department of Commerce invented three products related to broadcast reception and power amplification in loudspeakers (U.S. v. Dubilier Condenser Corp., 289 U.S. 178,184, amended, 289 U.S. 706 (1933)). The researchers worked on these inventions voluntarily, but pursued their research while on the job, using Bureau resources and facilities, and with the knowledge and encouragement of their supervisors (289 U.S. at 185). The Court ruled that employees are generally considered the inventor of any patentable invention they develop in the course of their work, writing:

if the employment be general, albeit it cover a field of labor and effort in the performance of which the employee conceive the invention for which he obtained the patent, a contract is not so broadly construed as to require an assignment of the patent (289 U.S. at 187).

If employees use the resources and time of their employer to create their invention, the employer retains a “shop right” in the invention, which provides the employer with a nonexclusive and nontransferable use of the invention, even after the inventor is no longer an employee (Dubilier, 289 U.S. at 188-189; Bartlow, 1997, p. 686). The employees still retain ownership, which includes the rights to assign and sublicense interest in the invention (Dubilier, 289 U.S. at 189).
If, however, the employee is hired specifically to create an invention, the employee must assign the patent to the employer. The *Dubilier* Court wrote:

One employed to make an invention, who succeeds, during his term of service, in accomplishing that task, is bound to assign to his employer any patent obtained. The reason is that he has only produced that which he was employed to invent. His invention is the precise subject of the contract of employment (289 U.S. at 187).

This provision within *Dubilier* has become known as the “hired-to-invent” doctrine. “If an employee is hired to invent, the employee must assign his entire right, title, and interest in any patents arising from inventions conceptualized during employment and stemming from the tasks delegated to him by his employer” (Hershovitz, 1995, p. 194). If this relationship “is not specifically expressed in the employment contract, it is implicit that what the employee is hired to invent will become the sole property of the employer” (Hershovitz, 1995, pp. 194-195).

**Patent Ownership at Universities**

**Assignment.** As with copyrights, universities usually assert patent rights over faculty inventions through campus policies incorporated into faculty contracts. “[W]here there has been a knowing and voluntary waiver by the faculty inventor, such as signing an agreement to abide by institutional policies or an agreement to assign inventions,” the law is “quite settled that universities may claim ownership of patents” (Kaplin & Lee, 2006, p. 1359).\(^\text{10}\) Even without a signed agreement, universities may require employees to assign inventions to the institution. Generally, “the policy must clearly require assignment of all inventions by all persons likely to

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\(^{10}\) See Vitamin Technologist v. Wisconsin Alumni Research Found., 146 F.2d 941 (9th Cir. 1945) (dicta) (assignment of patent enforceable; the university recognizes need for express assignments); Regents of the Univ. of Colo. v. K.D.I. Precision Prod., 578 F.2d 1264, n.11 (10th Cir. 1973) (if restricted to actual employment and reasonable in duration).
be inventors, and the inventor must have known about the policy” (Kaplin & Lee, 2006, p. 1360).

Campus patent policies generally follow one of three models (Chew, 1992). They are: (1) the “resource-provider approach,” based on the faculty member’s use of institutional resources; (2) the “maximalist approach,” where the institution asserts ownership if the faculty member uses institutional resources, or develops inventions in the “course of employment”; and the “supra-maximalist approach,” where the institution claims any invention developed by the faculty member, regardless of the use of university resources or whether the invention was developed during the course of employment (Chew, 1992, p. 276).

Patent policies usually require faculty to assign creations and any accompanying rights to their institution in exchange for a specified percentage of any royalties the institution might receive. Many colleges and universities pay royalties to their faculty that are a fixed percentage of the total revenue received, ranging from 15% to 50% at major research universities (Kulkarni, 1995, p. 234). Other institutions pay royalties on a sliding scale based on the net income they receive. In many cases, the faculty member’s department receives a percentage of royalty revenue (Kulkarni, 1995, p. 234). The institution’s technology transfer office—rather than the faculty member—will handle the marketing and licensing of the creation (Kulkarni, 1995, p. 235).

*Federally funded projects: the Bayh-Dole Act.* After World War II, most of the funding for large-scale scientific research came from the federal government (Kirp, 2004, pp. 208-209). Although universities conducted much of the research, they did not have ownership rights over their work. The federal government determined that research resulting from federal funding should belong in the public domain, available to the public at no cost (Slaughter & Leslie, 2000).
Universities were able to secure patents on federally funded research only when the government, through a long and cumbersome application process, granted special approval (Slaughter & Rhoades, 2004).

The Bayh-Dole Act of 1980 changed that approach, in part to spur economic and scientific development. The law permits colleges and universities—and businesses as well—to obtain title to inventions made with the assistance of federal funding and to promote the commercial use of those inventions (35 U.S.C. § 202). There are five steps toward obtaining title under Bayh-Dole:

1. The inventor, usually the faculty member, reports any patentable invention to the university (35 U.S.C. § 201(c)(1));

2. The university must then disclose the existence of the patentable invention to the federal sponsoring agency “within a reasonable time” (35 U.S.C. § 201(c)(1));

3. The university has the opportunity to claim title to the invention provided it files a patent application in a timely fashion (35 U.S.C. § 201(c)(3));

4. If the university declines to claim title to the invention, then the federal government may claim title (35 U.S.C. § 201(c)(2)); and

5. If the government does not claim title (and it claims title infrequently), then the inventor can request rights in the invention (35 U.S.C. § 202(d); Kaplin & Lee, 2006, p. 1359).

If the university obtains title, the government funding agency receives a nonexclusive royalty-free license on behalf of the United States (35 U.S.C. § 202(c)(4)). The Bayh-Dole Act also reserves “march-in” rights to federal agencies to ensure adequate use of inventions, if the university does not fully exercise its right to use the invention (35 U.S.C. § 203).
There is no equivalent to the Bayh-Dole Act for federally funded copyrightable works. The enabling acts of certain federal programs, however, have provisions regarding the ownership of copyrightable works produced in part through federal money. For example, the Regional Centers for the Transfer of Manufacturing Technology allow faculty members to claim copyright in works, such as computer software, created at the centers (15 C.F.R. 290.9). The faculty member must acknowledges government sponsorship in the work, and provide a permanent shop right in the work to the government.

The Bayh-Dole Act applies only to government-sponsored research. When research is privately funded, the funding agreement usually determines ownership and licensing rights. Under most of these agreements, institutions must file patent applications before disclosing the results of the research, and they must permit research sponsors to review research results (Kaplin & Lee, 2006, p. 1359).

Although the Bayh-Dole Act applies only to government-sponsored research, it has created a presumption that all faculty research is owned by the employer university. One legal scholar (Chew, 1992) questions this assumption and argues that faculty have an inherent right of ownership that is abrogated only under a written agreement. Building on this assertion, another commentator (Kulkarni, 1995) argues that faculty should own all the intellectual property rights—copyrights and patents—to their works, no matter the medium in which they appear.

Intellectual Property Policies at Rutgers and Pittsburg State: Within the Scope of Bargaining?

Rutgers University

Rutgers’ Intellectual Property Policies
Rutgers University has separate policies for copyrights and patents. The AAUP challenged only the patent policy, perhaps because the copyright policy at the time did not assert many university rights over faculty-authored work, focusing mainly on works made for hire.\textsuperscript{11}

The Rutgers' copyright policy in effect at the time of the AAUP suit stated that the university did not intend to “infringe upon the traditional rights of faculty, staff, and students to write or otherwise generate, on their own initiative, copyrightable materials to which they have sole rights of ownership and disposition” (2005, p. 1). The university did not claim copyrightable materials on the basis that “it provides the libraries, offices and laboratories where the materials are generated or because it pays salaries to those who generate the materials” (2005, p. 1).

Rutgers did, however, assert an interest in copyrightable works “when it provides facilities, salaries, or other support for the express purpose of creating such materials” (2005, p. 1). In those cases, the departmental chairman, dean, or university officer who directed the production of the work decided whether to copyright the work. Ordinarily, the university would not copyright faculty-produced materials (2005, p. 1). “But if the cost of producing the materials must be recovered from sales, or if there is other good reason, the materials shall be copyrighted in the name of Rutgers University, or in the name of a publisher with whom the University will enter into a contract” (2005, p. 1). If materials were copyrighted, then the author and possibly the publisher entered a copyright agreement with the university, and property rights to the materials were “divided between the University, the author or authors, and the publisher in an equitable way, reflecting the contribution made by each party to the finished materials” (2005, p. 2).

\textsuperscript{11} Rutgers adopted a new copyright policy on January 18, 2007.
The copyright policy adopted in 2007 expands the ownership rights of the university. While reaffirming "the faculty's rights to retain copyright ownership to the scholarly and artistic works they create . . . without regard to the extend [sic] of university resources involved in the creation of these works" (p. 3), Rutgers asserted ownership over four specific works: (1) works created at the university's direction; (2) works created by staff within the scope of their employment; (3) works created by students in their capacity as employees of the university; and (4) works created with external funding where the terms of the funding require copyright in the name of the university (p. 3). Moreover, "With the exception of traditional scholarly and artistic works . . ., the university also may elect to own the copyright to works created using substantial university resources," defined as "the use of university funds, facilities, equipment or other resources not ordinarily available to all or most faculty members" (2007, pp. 3, 4).

Under its patent policy, Rutgers requires those individuals covered under the policy—which include faculty, staff, and students—to "promptly" disclose inventions or discoveries to the director of the Office of Corporate Liaison and Technology Transfer before the inventor "discloses the same to the public and soon enough to permit timely filing of a patent application in the United States and in foreign countries" (1996, § B). Persons covered under the policy are also required "to assign their individual rights to inventions, discoveries, improvements, and reductions to practice to the University, including, without limitation, United States and foreign patent rights and the right to claim priority under the terms of any international patent agreement" (1996, § B).

Rutgers shares with inventors "revenue which it receives on patents according to a schedule of distribution designed to recognize the inventor's creativity, the academic unit as an innovative environment, and the administrative leadership necessary for inventions to be
commercialized successfully” (1996, § F(1)). The schedule for distributing licensing income has three steps:

a. the first $5,000 in gross licensing income are paid to the inventor, “in recognition of individual creativity and inventorship”; then

b. expenses—including patent filing, prosecution and maintenance fees, and marketing and litigation costs—are deducted to determine net income; then

c. net income is distributed as follows:

<table>
<thead>
<tr>
<th>Recipient</th>
<th>First $100,000</th>
<th>Above $100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventor</td>
<td>25%</td>
<td>28%</td>
</tr>
<tr>
<td>University/ Office of Corporate Liaison and Technology Transfer</td>
<td>25%</td>
<td>32%</td>
</tr>
<tr>
<td>Research Unit</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>Department</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Dean/Director</td>
<td>—</td>
<td>5%</td>
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</tbody>
</table>

Also under the policy, Rutgers asserts ownership over “laboratory notebooks and all other documents pertaining to research activities” (1996, § B). The policy states, “These records are necessary for the University to document an invention or discovery and to support a related patent application” (1996, § B).

Rutgers’ patent policy also contains a provision that returns rights to the inventor. Under Section C, if Rutgers elects not to patent or commercialize an invention that has been disclosed to it, it shall notify the inventor, who may request permission to file a patent or have the rights to the invention assigned back to him or her. The policy further states that Rutgers has sole discretion to grant such requests, after considering “the public interest; the interests of sponsors . . .; [and] the interests of the inventor and the University” (1996, § C).

Rutgers amended its patent policy in 1996, the fourth revision of the policy originally adopted in 1962. The amended policy addressed some issues for the first time, such as equity
holdings, and it significantly revised the methodology for distributing income resulting from a patent on an invention subject to the policy (Rutgers, 381 N.J. Super. at 69).

*Adjudication of Rutgers' Patent Policy*

**PERC.** In April 2003, the Rutgers Council of AAUP Chapters filed a petition with PERC to determine whether certain aspects of Rutgers’ patent policy were subject to mandatory negotiation and could not be unilaterally adopted by the university (381 N.J. Super. at 66). The AAUP was principally concerned with assignment of patents, the restrictions on royalties they could receive for assignments, and the timing over disclosing inventions and discoveries to the university (Rutgers University and Rutgers Council of AAUP Chapters, 30 N.J. Pub. Employee Rep. 44, 113, 114, 115 (2004)).

PERC found that four subjects covered by the 1996 policy were mandatorily negotiable: (1) the distribution of royalty income to inventors; (2) the timing of disclosure of inventions and discoveries; (3) the ownership of laboratory notebooks; and (4) the terms under which inventions and discoveries are assigned to Rutgers (381 N.J. Super. at 69). The Appellate Division affirmed in part and reversed in part (381 N.J. Super. at 69).

PERC ruled that both the requirement to assign patents and the terms of these assignments are negotiable. Rutgers asserted that it owned faculty members’ inventions as a matter of law, but PERC stated that the university “has not offered any particularized facts on this point and has not shown that all faculty members are ‘hired to invent’” (30 N.J. Pub. Employee Rep. at 112).

With regard to non-federally funded research, PERC ruled that “the terms of patent rights and other terms that may be arrived at through individual agreements may in theory be collectively negotiated” (30 N.J. Pub. Employee Rep. at 112). This ruling was largely based on Dubilier’s
holding that employees’ patent rights are established by their contract (289 U.S. at 187), causing PERC to conclude that “the extent of an employer’s rights to an employee’s invention may be, and generally is, determined by agreement between the employer and employee” (30 N.J. Pub. Employee Rep. at 112).

PERC limited this finding to non-federally funded research. It recognized that under the “comprehensive federal scheme” of Bayh-Dole, “the scope of collective negotiations is more restricted for federally-funded inventions than for those that are not so financed (30 N.J. Pub. Employee Rep. at 112).

Moreover, PERC found that the percentage of royalties to be received by faculty member/inventors is a mandatorily negotiable subject with respect to federally-funded and other research (30 N.J. Pub. Employee Rep. at 113). PERC agreed with the AAUP’s argument “that royalty income constitutes compensation received by unit members in exchange for their assigning Rutgers patent rights to their inventions” (30 N.J. Pub. Employee Rep. at 113).

PERC also declared that the policy provision regarding laboratory notebook was subject to bargaining. PERC agreed that the university needed to have access to notebooks to support patent applications and prosecutions, but beyond that, “we find that the employees’ interest in owning research materials unrelated to patent applications so that they can pursue publication outweighs any demonstrated managerial interest in owning that material” (30 N.J. Pub. Employee Rep. at 115).

Appellate Division. Addressing the least controversial issue first, the Appellate Division reversed PERC’s decision and sided with Rutgers regarding ownership of laboratory notebooks. In reversing PERC’s ruling on this matter, the Appellate Division found that the university’s
"assertion of ownership of these tangible, physical items" will not "in any way impede the ability of [the AAUP's] members to publish the results of their research" (381 N.J. Super. at 71-72).

The Appellate Division also reversed PERC's decision regarding the timing of an inventor's duty to disclose their inventions and discoveries to the university. Rutgers' policy requires inventors to "promptly . . . disclose [an] invention, discovery, improvement, or reduction to practice to the Director of the Office of Corporate Liaison and Technology Transfer" (1996, § B). The Appellate Division found it was difficult to "specify more precisely when an individual is required to disclose to the University an invention or discovery" and that it was "persuaded by Rutgers' assertion that the subject does not permit a more precise formulation"(381 N.J. Super. at 73).

"Mandatorily negotiable." The court did not get the chance to rule whether the requirement to assign patents is mandatorily negotiable, but did get to address the negotiability of the terms of such assignments. Rutgers had appealed PERC's ruling "that the issue whether individuals subject to the Patent Policy had to assign to the University their rights in inventions and discoveries was mandatorily negotiable" (381 N.J. Super. at 73). But both the AAUP and PERC, in their responding briefs, agreed that individuals subject to Rutgers' patent policy were obligated to make such an assignment, so the Appellate Division found that issue "is no longer an issue on appeal" (381 N.J. Super. at 73).

Regarding the terms of such assignments, however, the Appellate Division upheld PERC. Citing precedent going back to In re Local 195, the court wrote:

It is clear from the record that the terms of such an assignment have the potential for a significant impact upon the overall financial compensation an individual may receive as a result of his or her efforts at Rutgers. Such issues of compensation, which "intimately and
directly affect[] the work and welfare” of the employee, are mandatorily negotiable (381 N.J. Super. at 73-74, citing City of Jersey City v. Jersey City Police Officers Benevolent Ass'n, 154 N.J. 555, 568 (1998) (quoting In re Local 195, 88 N.J. at 404 (1982))).

Concluding its review of terms of assigning a patent, the Appellate Division stated emphatically, “The University cannot act by its own fiat in such a sphere” (381 N.J. Super. at 74).

Despite such strong language, the Appellate Division did not directly address the licensing-income distribution schedule in the Rutgers patent policy. Presumably, if the terms of a patent assignment are negotiable, the income received for such an assignment—termed a form of “compensation” by the AAUP, which Rutgers did not dispute (30 N.J. Pub. Employee Rep. at 113)—is also negotiable as a term and condition of employment.

Neither Rutgers nor the AAUP appealed this case to the New Jersey Supreme Court. The AAUP has requested that Rutgers begin negotiations on this matter.

*Pittsburg State University*

*Intellectual Property Policy*

In 1997, the Kansas Board of Regents proposed an intellectual property policy under which the board would retain ownership and control of any intellectual property created by faculty at Pittsburg State University (Pittsburg State, 280 Kan. at 410). The faculty union opposed the policy, proposed its own version, and demanded that the board and the union negotiate the issue. The board refused to negotiate, claiming “the subject of intellectual property rights was not a condition of employment, was preempted by federal and state law, and was a management prerogative” (280 Kan. at 410).

In the meantime, the board adopted a different intellectual property policy, which provided some intellectual property rights to institutional employees and is still in effect. The
purpose of the policy is “to provide certainty in individual and institutional rights associated with ownership and with the distribution of benefits that may be derived from the creation of intellectual property.” The policy applies to “all full or part-time employees, including students, creating intellectual property related to the scope of their employment while under contract with a Regents institution” (2002, § 8), which encompasses six state universities. The policy covers copyrights, patents, and trademarks.

The copyright section of the policy provides the institutions with ownership of “all rights associated with works produced as ‘work-for-hire’ or other works that make ‘substantial use’ of institutional resources” (2002, § 8.A). “Substantial use” means that the author “receives more than normal support for the project or receives time and/or resources specifically dedicated to the project” (2002, § 8.A.) Faculty members retain ownership of “scholarly and artistic works,” including textbooks, scholarly monographs, and artistic works (2002, §§8.A(2)).

Under the patent section of the policy, patents obtained on inventions “with an actual or projected market value in excess of $10,000 annually resulting from institutionally sponsored research” are retained by the institution or assigned to an organization created to promote research and develop intellectual property at the institution (2002, §8.B). If the institution receives any revenue “from the development or assignment of any patent or from royalties, license fees or other charges based on any patent,” the faculty-inventor receives at least 25% of the revenues (2002, §8.B(1)).

Adjudication of Kansas’ Intellectual Property Policy

PERB and lower courts. In light of the new policy, the faculty union amended its complaint to allege that the board’s unilateral adoption of this policy was also a prohibited

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12 They are the University of Kansas, Kansas State University, Emporia State University, Fort Hays State University, Pittsburg State University, and Wichita State University.
practice (280 Kan. at 410). The Kansas Public Employee Relations Board (PERB) determined there was no obligation to meet and confer on intellectual property policies because federal and state law preempted the subject (280 Kan. at 409). The district court reversed this conclusion, but the Court of Appeals agreed with PERB and reversed the district court (280 Kan. at 409). The Court of Appeals wrote that “requiring mandatory negotiations concerning intellectual property is preempted by federal copyright law” (280 Kan. at 415). The case next went to the Supreme Court of Kansas.

*Supreme Court of Kansas: no preemption.* The Supreme Court of Kansas framed the case as “a narrow question of first impression: whether ownership of intellectual property rights is a subject preempted by state or federal law and, therefore, not mandatorily negotiable” (280 Kan. at 409). In a lengthy review of federal copyright and patent law, the Court concluded that federal law does not preempt negotiations over intellectual property rights (280 Kan. at 418-425). Focusing on whether “federal law prevents the parties from negotiating regarding ownership of intellectual property rights and entering into a memorandum of agreement which includes that subject” (280 Kan. at 417), the Court analyzed both copyright and patent law. The Court found that “parties could negotiate ownership of a copyright” under the Copyright Act’s work-for-hire provision (280 Kan. at 419, citing 17 U.S.C. § 201 (b)). Similarly, the Court found that the Patent Act “specifically provides that the parties may assign patent ownership rights” (280 Kan. at 425, citing 35 U.S.C. § 261). Therefore, “federal law does not preempt any kind of intellectual property rights from becoming the subject of a memorandum of agreement under PEERA” (280 Kan. at 425).

"Mandatorily negotiable." After its preemption analysis, the Kansas Supreme Court noted that the PERB hearing officer “did not reach the step of employing the balancing test” (280
Kan. at 429) to determine whether a particular item is mandatorily negotiable: “If an item is
significantly related to an express condition of employment, and if negotiating the item will not
unduly interfere with management rights reserved to the employer by law, then the item is
mandatorily negotiable” (280 Kan. at 429, quoting *Pittsburg State*, 233 Kan. at 816 (emphasis in
original)). The Court ruled that the district court should have remanded the case to PERB to
determine whether “ownership of intellectual property is a condition of employment and whether
the exception of K.S.A. 75-4330(a)(3) (public employer rights as defined in K.S.A. 75-4326)
applies” (280 Kan. at 429).

The case remains before PERB, which ordered briefs from the parties on April 25, 2007
and reply briefs on May 10, 2007. Oral arguments were scheduled for May 16, 2007 (J. L.
Miller, personal communication, April 9, 2007).

Conclusion

*New Jersey and Kansas on Parallel Tracks*

As the cases involving Pittsburg State and Rutgers indicate, the legal analysis required to
determine if a university’s intellectual property policy is subject to collective bargaining is
complicated, and can take several years to resolve in the courts. The Supreme Court of Kansas,
at the start of its most recent opinion of the Board of Regents’ intellectual property policy,
prominently noted that its decision “does not determine the overarching question raised in this
case of whether a public employer must meet and confer with a recognized public employee
organization regarding ownership of intellectual property rights” (280 Kan. at 409). By
remanding the case to the district court and ultimately to the Kansas Public Employee Relations
Board, the Court sought an answer to this question.
New Jersey has already provided an answer under its state law. The New Jersey Appellate Division was willing to delve into each provision of Rutgers’ intellectual-property policy to determine whether it must be negotiated or whether the subject covered is a managerial prerogative (Rutgers, 381 N.J. Super. at 70-74), ultimately holding that the terms of assigning patents to the university are negotiable (381 N.J. Super. at 73-74).

The Kansas judicial system has put the Board of Regents’ intellectual property policy on a parallel, if slower, analytical track to Rutgers University’s patent policy. Although Kansas’ PEER Act is not a standard collective-bargaining statute like New Jersey’s Employer-Employee Relations Act, it would not be surprising if Kansas reached the same conclusion as New Jersey, particularly because, as noted earlier, their tests for negotiability are similar in significant respects (see Pittsburg State, 233 Kan. at 816, 819; In re Local 195, 88 N.J. at 405). Therefore, it appears likely that terms of assigning ownership of intellectual property will be found to be a condition of employment under Kansas law, but some of the Board of Regents’ policy’s provisions will be exempt from negotiability as a managerial prerogative.

Because each state determines the scope of bargaining under its own laws, faculty would need to bring suits in each state to determine whether intellectual property policies on their campuses are subject to collective bargaining. The cases in New Jersey and Kansas indicate that some unions are willing to undertake this effort. Administrators of unionized public institutions should be aware of this trend and determine whether it is more prudent to negotiate with their faculty over intellectual property policies rather than waiting for a law suit of their own.

**Future Research: The Broader Context of Collective Bargaining**

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The law suits in New Jersey and Kansas should be seen in a larger context of organized labor’s efforts to secure greater rights over the intellectual property created by faculty members. Of all organized faculty, 89% are represented, in whole or part, by one of the three national unions that have historically represented educators: the American Association of University Professors (AAUP), the American Federation of Teachers (AFT), and the National Education Association (NEA) (NCSCBHEP, 2006). Each of these unions has counseled its members on securing intellectual property rights, either at the bargaining table or in the courts.

*AAUP, AFT, and NEA Strategies*

The AAUP has adopted a *Statement on Copyright* (1999), but “it has not formally addressed the questions of patents” (AAUP, n.d.). In its copyright statement, the AAUP argued that the ownership of online courses should be no different from tradition courses. It wrote, “It has been the prevailing academic practice to treat the faculty member as the copyright owner of works that are created independently and at the faculty member’s own initiative for traditional academic purposes,” such as class notes, syllabi, books, and articles. This academic practice has not depended on “the physical medium in which these ‘traditional academic works’ appear, that is, whether on paper or in audiovisual or electronic form” (1999). The AAUP concludes, “this practice should therefore ordinarily apply to the development of courseware for use in programs of distance education” (1999).14

The AFT has provided a primer on intellectual property for its members (Strom, 2002). In it, the union argues, “Ownership of intellectual property should be the right of all academic employees and is key to controlling the quality and duplication of their work. Therefore, academic employees must be vigilant in protecting intellectual property rights” (2002, p. 11).

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14 The AAUP (1999) recognizes, however, that the employer university may fairly claim ownership of faculty-created work that falls into three categories: special works created in circumstances that may properly be regarded as “made for hire,” negotiated contractual transfers, and “joint works” as described in the Copyright Act.
The NEA takes the strongest position on behalf of its members. It “believes that education employees should own the copyright to materials that they create in the course of their employment,” and it advocates amending the work-made-for-hire doctrine in the Copyright Act “to expressly recognize an appropriate ‘teacher’s exception’” (NEA, 2002). Short of that goal, copyright ownership of faculty-created works should be determined by “negotiated agreements . . . [that] provide that copyright ownership vests in the education employee who creates the materials and that he or she has all of the legal rights that come with such ownership” (NEA, 2002).

Comparison of Unionized vs. Nonunionized Faculty

Given these strategies on behalf of unionized faculty, future research might investigate whether unionized faculty have secured, through collective bargaining or other means, greater ownership rights over their intellectual property than have nonunionized faculty. Gary Rhoades (1998) conducted such a study nearly a decade ago, and it might be time for a new comparison. Rhoades (1998) analyzed 252 collective bargaining agreements in the NEA’s Higher Education Contract Analysis System, which included contracts negotiated by all three major faculty unions as well as independent bargaining agents. Rhoades (2001) found:

Academics at unionized institutions tend to fare better than their nonunionized peers. Many collective bargaining contracts accord faculty members ownership of, and the profits from, any intellectual property they create. Moreover, when the institution owns the property, unionized faculty members often receive a larger share of the profits (for example, 60 to 80 percent) than their nonunionized counterparts. Some even get a share even when their work is produced “for hire.”
A comparison of unionized vs. nonunionized faculty could naturally lead to a comparison between public and private institutions and their approach to intellectual property ownership. Ninety-four percent of organized faculty are employed in public institutions (NCSCBHEP, 2006). Slaughter and Rhoades (2004) found that although unionized faculty at a number of institutions had “bargained intellectual property clauses that provide for faculty ownership, most [institutions] have not. Increasingly, institutional policies, on which nonunionized faculty offer advice and consent, claim ownership of faculty’s intellectual property, especially when substantial institutional resources, usually information technology, are used” (p. 173).

Comparison by Type of Institution

Future researchers could also compare intellectual property rights among different types of institutions. Slaughter and Rhoades (2004) found a “limited pattern of more aggressive institutional claims” to faculty-authored work in more elite institutions than less prestigious ones (p. 145). This finding was consistent with Rhoades’ (1998) conclusion that two-year institutions were more likely to grant faculty ownership of copyrights and patents than four-year institutions. Rhoades (1998) wrote, “Two-year college contracts are overrepresented among those provisions that accord faculty ownership rights and claims to profits” (p. 252). Therefore, “pursuing the differences in copyright policies by type [of institution, elite vs. less prestigious] may repay investigation” (Slaughter & Rhoades, 2004, p. 145).

Reasons Behind the Trend in Asserting Ownership Rights

Lastly, researchers could try to explain the recent trend of institutions and their faculty seeking greater protection of intellectual property, particularly copyrights and patents. As mentioned in the introduction, decreases in state funding and changes in patent law under Bayh-Dole are two sparks the helped ignite the development in intellectual property rights. Other
possible factors include the political and administrative structure of states' higher education system, and the new global economy. Slaughter and Rhoades (2004) have written that “[i]n the new economy, knowledge is the critical raw material to be mined and extracted from any unprotected site; patented, copyrighted, trademarked, or held as a trade secret; then sold in the marketplace for a profit” (p. 4). The digital technology driving this economy, including the expansion of the Internet, is another factor behind the efforts to protect intellectual property rights in higher education. As Tom Friedman (2005) wrote in *The World is Flat*:

> Once the PC-Windows revolution demonstrated to everyone the value of being able to digitize information and manipulate it on computers and word processors, and once the browser brought the Internet alive and made Web pages sing and dance and display, everyone wanted everything digitized as much as possible so they could send it to someone else down the Internet pipes. Thus began the digitization revolution (p. 64).

One well-grounded theoretical framework from which to analyze the convergence of intellectual property and labor law in higher education is the model developed by the Alliance for International Higher Education Policy Studies (AIHEPS) (Richardson, 2004). The key concept is the “rules of the game,” or the “rules in use” (Richardson, 2004, p. 2). Rules in use include “formal and informal norms and values” that determine how actors make decisions in situations such as planning, program review, and resource allocation within a discrete action arena, such as federal (e.g., a national government), state (e.g., a state system of higher education), and institutional (e.g., an institutional governing board) (Richardson, 2004, p. 9; see also Ostrom, 1999).

Under the AIHEPS model, there are three categories of rules in use: (1) constitutional rules, which include constitutional provisions and statutes; (2) collective choice rules, which
include system design, planning, and fiscal policy made through the “interface” between
government and higher education; and (3) operational rules, which implement decisions as
influenced by constitutional or collective choice decisions (Richardson, 2004, p. 9). These three
sets of nested rules—constitutional, collective choice, and operational—can be observed in three
different arenas: the federal, state, and institutional. (Richardson, 2004, p. 11).

The works of Slaughter and Rhoades (1998, 2004) indicate that the AIHEPS framework
would be a sharp lens through which to analyze the confluence of collective bargaining and
intellectual property. National, state, and campus rules are interacting influences in both of these
areas of policy. While patents and copyrights “are the province of the federal government,”
states “have authority for shaping institutional policy for public universities and colleges,” and
“that authority is sometimes delegated to state systems of higher education, sometimes to the
institutions themselves” (Slaughter & Rhoades, 2004, p. 81). Moreover, “State and institutional
policy sometimes preceded and always interpret and implement federal policies and statutes”
(Slaughter & Rhoades, 2004, p. 81). With regard to labor laws, state legislatures have “a
tremendous impact” on the legality and scope of collective bargaining in higher education

And, as this case study of New Jersey and Kansas reveals, the state courts are a key
player, too.
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