



INTELLECTUAL PROPERTY PM-62-26

Section: 62-00, MISCELLANEOUS PERSONNEL POLICIES

I. PURPOSE AND SCOPE

It is the policy of the City of Memphis to: (1) encourage inventions and the production of copyrightable works by officials, employees and agents of the City; (2) facilitate the utilization of such inventions and works to the benefit of the public and the City; and (3) provide for the equitable distribution of any proceeds derived from the commercialization of inventions and copyrightable works in which the City of Memphis is determined to have an interest. This policy is intended to protect the interests of all concerned parties: the City of Memphis and its divisions, the inventor, external sponsors of research, and the public. In order to establish the respective rights and obligations of the City and its employees in Intellectual Property of all kinds now and hereafter existing, the City has established the following Intellectual Property Policy.

II. DEFINITIONS

"Affiliate Agency" means any board, commission, authority, committee or other instrumentality appointed or created by the City that, directly or indirectly, is controlled by or is under common control with the City. The term "control" (including the terms "controlled by" and "under common control with") as used in the preceding sentence means having authority or power, directly or indirectly, to direct or cause the direction of management and policies of an agency, whether through ownership, by contract or otherwise.

"Author" means the person or persons responsible for creation of a copyrightable work.

"City" means the City of Memphis, its divisions and affiliate agencies.

"Copyrighted Materials" mean 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 and include the following: (1) literary works; (2) musical works, including any accompanying words; (3) dramatic works, including any accompanying music; (4) pantomimes and choreographic works; (5) pictorial, graphic, and sculptural works; (6) motion pictures and other audiovisual works; (7) sound recordings; (8) architectural works and other materials or works which qualify for protection under the copyright laws of the United States (see 17 U.S.C.



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101 et seq.) or other protective statutes, whether or not actually registered thereunder.

"Gross Income" means proceeds from the sale, lease, or licensing of intellectual property by the City of Memphis or dividends derived from equity received in consideration for the sale, lease, or licensing of intellectual property by the City of Memphis.

"Intellectual Property" means inventions and works, including patentable materials, copyrighted materials, trademarks, software, and trade secrets, whether or not formal protection is sought.

"Invention" means any new and useful idea, discovery, concept, invention, new use or application, process, composition of matter, article of manufacture, know-how, design, model, scientific or technological development, or biological material which reasonably appear to qualify for protection under the patent laws of the United States (see 35 U.S.C. 101 et seq.) or other protective statutes, whether or not actually patentable thereunder.

"Inventor" means the person or persons responsible for conception of an idea or ideas leading to an invention. An individual or individuals who has (have) made a contribution to the conception and/or reduction to practice of an invention, discovery or development and who is (are) identified as such on the licensed patent, patent application or unpatented technology. In the case of a patent or patent application, this contribution must be applicable to at least one claim. In cases of joint inventorship, it is not necessary that each inventor make the same type or amount of contribution to the invention and it is not necessary that each inventor make some contribution of each claim.

"Patentable Materials" means inventions or any new and useful improvement thereof, which reasonably appear to qualify for protection under the patent laws of the United States (see 35 U.S.C. 101 et seq.) or other protective statutes, whether or not actually patentable thereunder. To be patentable, the item must embody some new idea or principle not before known, and it must be a discovery as distinguished from mere mechanical skill or knowledge.

"Proprietary Information" means commercially valuable information that the City has developed or obtained and taken reasonable measures to



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keep confidential. Proprietary information does not include general knowledge, skills and experience acquired during employment.

"Net Income" means gross income minus out-of-pocket costs associated with patent prosecution, copyright registration, commercialization, defense, maintenance, and administration of Intellectual Property.

"Scope of employment" refers to activities that have been assigned to an employee by his or her supervisor, are performed during normal working hours, or fall within the employee's job description.

"Software" means one or more computer programs existing in any form, or any associated operational procedures, manuals or other documentation, whether or not protectable or protected by patent or copyright. The term "computer program" shall mean a set of instructions, statements or related data that, in actual or modified form, is capable of causing a computer or computer system to perform specified functions.

"Significant use" means utilization of City funds, personnel, facilities, equipment, materials or other resources. Significant use does not involve the use of City resources beyond the customary use of assigned office space; libraries; library collections or subscriptions; computer time or equipment; or standard office equipment and supplies.

"Trademark" means any word, name, symbol, or device, or any combination thereof used in accordance with the trademark law (see 17 U.S.C. § 1127) to identify and distinguish a seller's product from those manufactured or sold by others and to indicate the source of the product, even if that source is unknown.

"Trade Secret" means all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing which (i) the owner thereof has taken reasonable measures to keep such information secret; and (ii) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, the public. (see 18 U.S.C. § 1839).



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"Work" includes any proprietary product; software or databases; research data and notes; reports; drawings; technology and other copyrighted material.

III. APPLICABILITY

This policy applies to all employees of the City (regardless of classification and whether employed on a part-time or full-time basis), volunteers and other persons or entities, directly or indirectly compensated by the City or significantly using City facilities and resources. The City, by and through its Human Resources Division, shall (1) make employees, officials and volunteers aware of this Policy; and (2) require as a condition of employment that all City officials and employees agree in writing to recognize and adhere to this Policy. All contracts between the City and volunteers or independent contractors should define the respective rights and responsibilities of the parties with respect to ownership of any Intellectual Property developed as a result of the volunteer efforts or contract.

The provisions of this Policy shall be to the benefit of and binding upon the heirs and assigns of all persons to whom this Policy applies.

IV. OWNERSHIP OF INTELLECTUAL PROPERTY

Absent written agreement to the contrary, all rights, title and interest in and to Intellectual Property in existence or hereafter developed by persons to whom this policy applies shall be the sole and exclusive property of the City of Memphis if the Intellectual Property is:

- 4.1. *Developed during the course of sponsor-supported efforts.* Intellectual property developed as a result of work performed by or under the direction of the City, the cost of which was partially or wholly paid for with City funds or from an external source pursuant to a contract with the City, shall be considered works made for hire. In the event a sponsored project agreement contains specific provisions with respect to ownership of Intellectual Property developed during the course of such work, the terms of the sponsored project agreement will establish ownership. When the sponsored project agreement is silent on the matter, the City owns all rights, title and interest in and to the Intellectual Property developed in the course of or under the sponsored-project agreement. Income, if any, from



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Intellectual Property developed pursuant to this subsection shall be shared in accordance with Section 8 below;

- 4.2. *Developed as a result of the individual's employment responsibility with the City.* Intellectual Property created by City personnel within the scope of his/her employment or within two (2) years after termination of his/her employment relationship with the City is considered to be works made for hire. The City owns all rights, title and interest in and to the Intellectual Property. Income, if any, from Intellectual Property developed pursuant to this subsection shall be shared, subject to sponsor's requirements, in accordance with Section 8 below; or
- 4.3. *Developed with significant use of City resources or information.* Rights, title and interest in and to Intellectual Property developed by City personnel through an effort that makes significant use of City resources or information acquired because of his/her employment relationship with the City shall vest with the City. Income, if any, from Intellectual Property developed pursuant to this subsection shall be shared in accordance with Section 8 below.

In the event any one of the three factors stated above exists, the Intellectual Property shall be the sole and exclusive property of the City. City personnel shall cooperate with the City and sign all papers deemed necessary to protect the City's interest and commercialize any Intellectual Property covered by this Policy.

In the event of a dispute regarding ownership of Intellectual Property, it shall be the Employee's responsibility to prove that the Intellectual Property was not developed through either of the above-referenced efforts.

V. USE OR DISCLOSURE OF INTELLECTUAL PROPERTY

Within five (5) calendar days of completion of the invention/work, City personnel shall complete and submit to the Chief Administrative Officer an Intellectual Property Disclosure Form disclosing their inventions and works conceived or first reduced to practice, in whole or in part, in accordance with Subsection 4.1, 4.2, or 4.3 above during and within two (2) years after termination of his/her employment relationship with the City. More particularly, the Intellectual Property Disclosure Form shall be submitted before providing any information about the Intellectual Property for publication or making any disclosure, verbal or written, regarding the



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Intellectual Property to another person or entity. Forms may be requested from the Human Resources Division.

City personnel shall not copy, download, distribute, disclose, publish or otherwise use Intellectual Property without the express prior written consent of the Chief Administrative Officer and the City Attorney..

VI. COLLABORATION

Collaboration between City personnel and persons not employed or associated with the City, including researchers or employees of other companies, can result in the development of Intellectual Property jointly owned by the City and other persons or their employers. Protection and commercialization of such joint Intellectual Property can be difficult without extensive cooperation and agreement among the owners. Accordingly, City personnel involved in or contemplating collaborative activities that may result in the development of Intellectual Property shall advise the City of such activities and obtain prior written approval from the Chief Administrative Officer.

VII. CONFIDENTIALITY

Unless previously authorized or instructed in writing by the Chief Administrative Officer, City personnel shall keep the following items, whether in tangible or intangible form, confidential:

1. All information or material designated confidential in a City contract, grant or the like;
2. All information or material designated or required to be maintained as confidential under any applicable governmental statutes or regulations;
3. All non-public, confidential or proprietary information received from or owned by third parties. Non-public, confidential or proprietary information should be broadly construed to include all information which has or could have commercial value or other utility in the City's business or the employee's profession and all information which could be detrimental to the interests of the City if disclosed without authorization; and
4. All information or material relating to Intellectual Property developed by City personnel in accordance with this Policy.



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City personnel shall not disclose to third parties or use confidential information learned in the course of or by reason of his/her employment with the City, directly or indirectly, for the employee's own business purposes or for any other purpose except and solely to the extent necessary to perform his/her official duties and responsibilities for the City or as required by law.

These restrictions will not apply to the extent the information:

1. Was published by the City or is readily available to the public;
2. Has become publicly known through no wrongful act of the employee; or
3. Is required to be disclosed by court order or as otherwise required by law if the City has been given a reasonable opportunity to contest or limit the scope of such required disclosure.

This confidentiality requirement shall continue after termination of the employment relationship and until such time as the City no longer considers such information confidential. In addition, this confidentiality requirement shall be stated in all contracts between the City and volunteers or independent contractors.

VIII. DISTRIBUTION OF REVENUE

The City will pay the Employee a percentage of any net income derived by the City from royalties or the sale of rights in any Intellectual Property developed pursuant to Subsections 4.1, 4.2, or 4.3 herein on a sliding scale as follows:

City's Net Income	Employee's Percentage
first \$100,000.00 or part thereof	50%
following \$100,000.00 or part thereof	30%
Sums in excess of \$200,000	20%

The Employee's share of net income will be divided equally among joint Inventors of jointly- developed Intellectual Property, unless a written statement signed by all joint Inventors that provides for a different distribution is filed with the Chief Administrative Office prior to the first distribution of shared net income.



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IX. CONFLICT OF INTEREST AND COMPLIANCE WITH LAWS

City personnel's relationship with the City and fulfillment of his or her employment responsibilities shall not breach or be in conflict with any contracts or agreements with or duties to a third party, including a former employer. The City does not expect or desire for any employee or official to reveal third parties' confidential information, and City personnel shall not use on the City's behalf or disclose to the City any confidential information belonging to third parties without the prior written consent of the owner.

In fulfilling their employment obligations with the City, including producing or developing inventions and/or work, City personnel shall not infringe upon intellectual property rights of any third party or include confidential or proprietary material of any third party without the third party's written consent.

City personnel shall not compete for, sell, or offer for sale, any goods or equipment to the City during his or her employment with the City and for a period of one (1) year after termination of said employment, or have any interest in the selling of the same to the City.

City personnel shall comply with all federal, state and local laws, regulations and ordinances prohibiting conflicts of interest, including but not limited to City of Memphis Charter § 2-42, City of Memphis Ordinance § 2-10-1 et seq. (effective July 1, 2007), Wharton Executive Order 2-2009 (effective Dec. 7, 2009), T.C.A. § 6-54-107 - 108, and T.C.A. § 12-4-101 - 102.

X. COVENANT NOT TO COMPETE

The provisions of this Section 10 shall apply only to City personnel who have been entrusted with confidential information of or received by the City by virtue of his/her position or relationship with the City. Such personnel shall not be or become a competitor of the City. During his/her employment with the City and for a period of one (1) year after termination of said employment, such personnel shall not, directly or indirectly, without the express written consent of the Chief Administrative Officer:

- A. Own or have a proprietary interest of any kind or engage in any business activity within a 200 mile radius of the City of Memphis, including other consulting or contractor



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arrangements, which may be in direct competition with the business of the City;

- B. Engage in any business activity which might use or take advantage of any non-public, confidential or proprietary information described in Section 7 of this Policy; or
- C. Employ, solicit for employment, or recommend for employment any person employed by the City or any of its affiliate agencies who were (1) provided specialized training, skill or knowledge; or (2) privy to secrets and confidential or proprietary information received or owned by the City.

This provision does not prohibit City personnel from using general knowledge, skills and experience acquired during employment.

A breach of this covenant will result in irreparable and continuing damage to the City for which there is no adequate remedy at law. In the event of a breach of this Agreement, the City shall be entitled to injunctive and such other and further relief, including damages, as may be proper.

XI. DISCIPLINE

For failure to comply with the terms of this Policy, City personnel may be subjected to disciplinary actions, up to and including termination of employment.

XII. EFFECTIVE DATE

This Policy shall become effective on April 13, 2011. Questions regarding this Policy should be directed to the Law Division.