



**USC** University of  
Southern California

# **Navigating USC's Updated Intellectual Property Policy**

Understanding Key Changes, Rationale, and  
Implications for the USC Community



# Experience



PhD



Postdoc



Licensing Officer

Technology transfer  
Bus Dev  
Patent Agent /  
passed patent bar  
IP contracts  
Pre-clinical translation



Sr Licensing Associate



Director of Licensing

Head of Ops + Corp Dev

Company financing  
Strategic alliances  
Pre-IND strategy  
Immune oncology



Executive Director

USC Stevens  
Center for Innovation

Rebuild USC Stevens  
Ecosystem Building  
Early-stage start-up portfolio creation and support

- 250+ early-stage technologies licensed with over **200 agreements signed**
- Licensed to **> 45 start-ups**, with over **\$500M in VC funding** collectively, 3 IPOs
- **>\$3M** in total upfront, immediate cash fees
- **>\$5M** in sponsored research back to the university

# Introduction and Context

## Historical Context

Previous IP policy established in 2001

Reflecting a different technological and legal landscape

## Need for Update

Evolving technology, legal changes, and commercialization practices

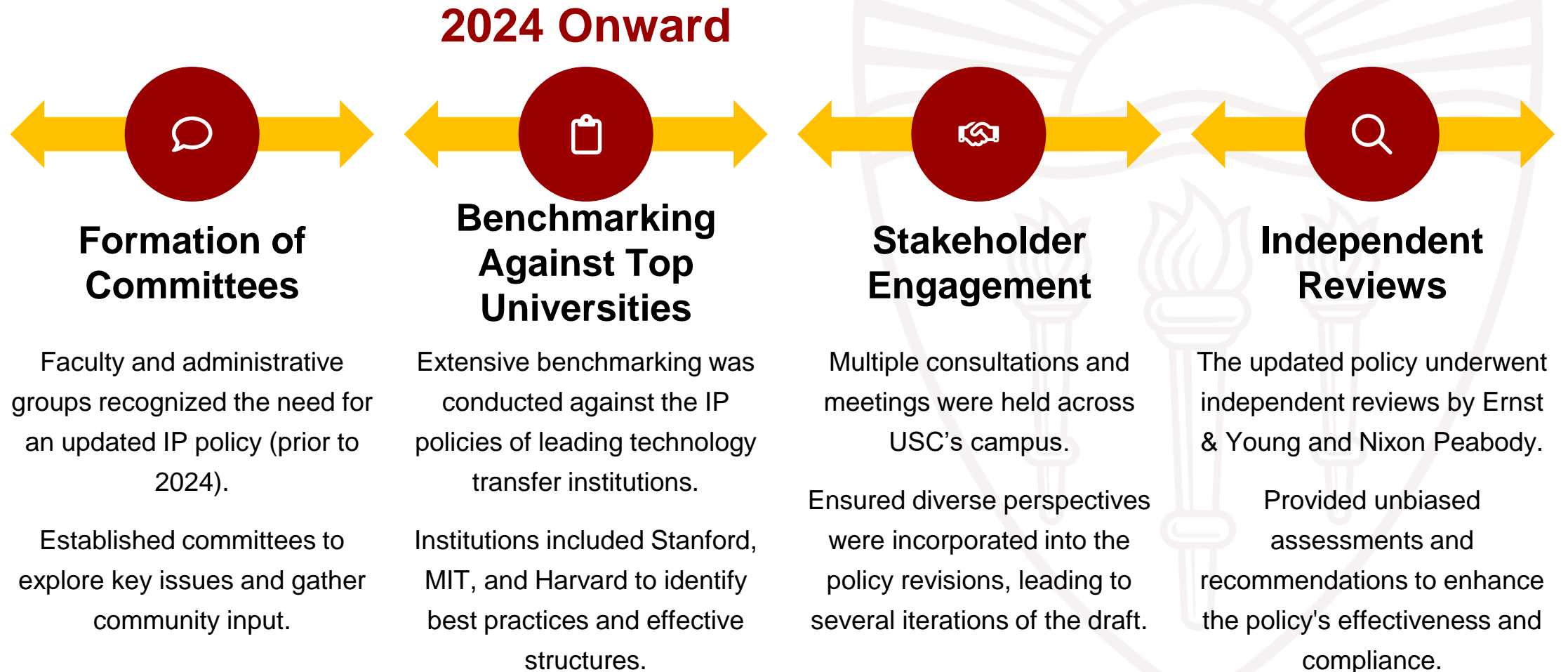
Enhance competitiveness in attracting faculty and fostering innovation

## Goals of the New Policy

Support for inventors and researchers through clear language, processes and equitable royalty distribution

Address contemporary issues such as evolving scholarly works, AI-generated works and collaborative projects

# Development Process



# Key Changes

## **Hard-wired and Increased Inventor Royalties**

Inventor share increased to 40% (up from 1/3) after 15% TAG fund fee is taken off top

Enhancing competitiveness with peer institutions

## **Updated Definitions**

Definitions now at the beginning

Key terms clarified and inaccuracies eliminated

Terms like 'Significant Use' and 'Incidental Use' defined to reduce ambiguity

## **New Provisions**

Sections added to address AI-generated works

Open-source guidance

New Scholarly Works categories

## **Dynamic Guidance Links**

Real-time online resources for updates

Policies related to creative works and student-generated IP

## **Clearer Ownership Pathways**

Transparent and clear language introduced to understand ownership in various scenarios

Mechanisms introduced to resolve ownership situations

## **Elimination of Red-Tape**

Ad-Hoc and Patent Committees eliminated

Dean's approvals for case closings eliminated

TAG program streamlined

# Conditions for USC Ownership of IP

## Laws

**California and Federal Laws** allow for employers to own IP as a result of the scope of employment and contractual obligations

**Bayh-Dole law** provides that Universities can own IP generated from federally funded research

## USC does not own:

**Background Intellectual Property**

**Developed outside course and scope of employment**

**with only **Incidental Use** of University resources**

## USC Owns when any apply:

**Employment-Related:** Created within the course and scope of USC employment (works made for hire).

**Funded Projects:** Developed through any USC-related gift, grant, or contract.

**Use of Resources:** Created with **Significant Use** of USC resources.

## Applies to:

### **Member of the USC Community:**

means all University employees as well as non-employees. This includes but is not limited to: **(a)** all USC Faculty and staff, and clinical staff (including physicians, nurses, and other healthcare providers), **(b)** all USC students, postdoctoral fellows, clinical fellows and residents, and **(c)** all Visitors.

# Significant Use

## Significant Use

means the use of University resources beyond Incidental Use and involves substantial University support. Some examples of Significant Use include but are not limited to:

- Use of **funding or grants** awarded through the university for project development
- Utilization of **specialized or restricted** laboratory equipment, research facilities, or infrastructure which are not generally available for student use
- **Substantial** staff or faculty **supervision** beyond typical course requirements
- Access to proprietary software, tools, or databases provided by the University that are not widely available
- Use of University-owned facilities equipment, materials, or support staff exceeding Incidental Use

# Incidental Use

## Incidental Use

means (i) **the occasional, minimal** use of University resources that are generally available to the public (such as library facilities) or to specific University departments or schools (such as standard office furnishings, supplies, computers, and communications equipment), and (ii) **the negligible, non-disruptive** use of University facilities, supplies, equipment, materials, and other resources, provided such use does not interfere with University operations, does not incur significant additional cost to the University, and is **not for personal commercial gain**



## Exceptions to USC Ownership

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# Traditional Academic Exceptions

## USC Does Not Claim Ownership in

Traditional Academic and Scholarly Works: refers to original content created primarily for the purpose of advancing knowledge, disseminating research findings, or contributing to academic discourse within a specific field. These works are typically produced as part of academic activities and are often intended for peer-reviewed publication, academic conferences, or educational use.

- Textbooks
- Scholarly Publications
- Artworks
- Musical Compositions
- Literary Works
- Certain software, digital works, and games (if qualified as scholarly works)

## New Procedure

**If a Work is not readily classified as a Traditional Academic Exception, it still may be categorized as such using a new procedure:**

**Consultation Required:** Creator (or School/Department) consults with USC Stevens to determine exemption eligibility.

**If Approved:** The Creator retains ownership and can freely use the work

## Appeals

We will include an Appeal process if inventors/creators do not agree with decisions by Stevens' ownership decisions

Appeals will be at the Provost level

# Student IP

## Students Own Their IP if all apply

- Enrolled for credit at USC
- Created with only **Incidental Use** of USC resources
- Developed through courses, designated student resources, or extracurricular activities

## Guidance for Students

USC Stevens will develop resources to help students understand their rights and navigate the updated policy.

## USC Owns Student IP If any apply

- Developed during compensated roles at USC
- Developed under a **work-for-hire** or assignment agreement
- Developed through funded projects (grants, contracts)
- Developed jointly with USC faculty required to assign IP to USC
- Developed using **Significant University Resources** (e.g., film equipment)

## Special Circumstances Provision

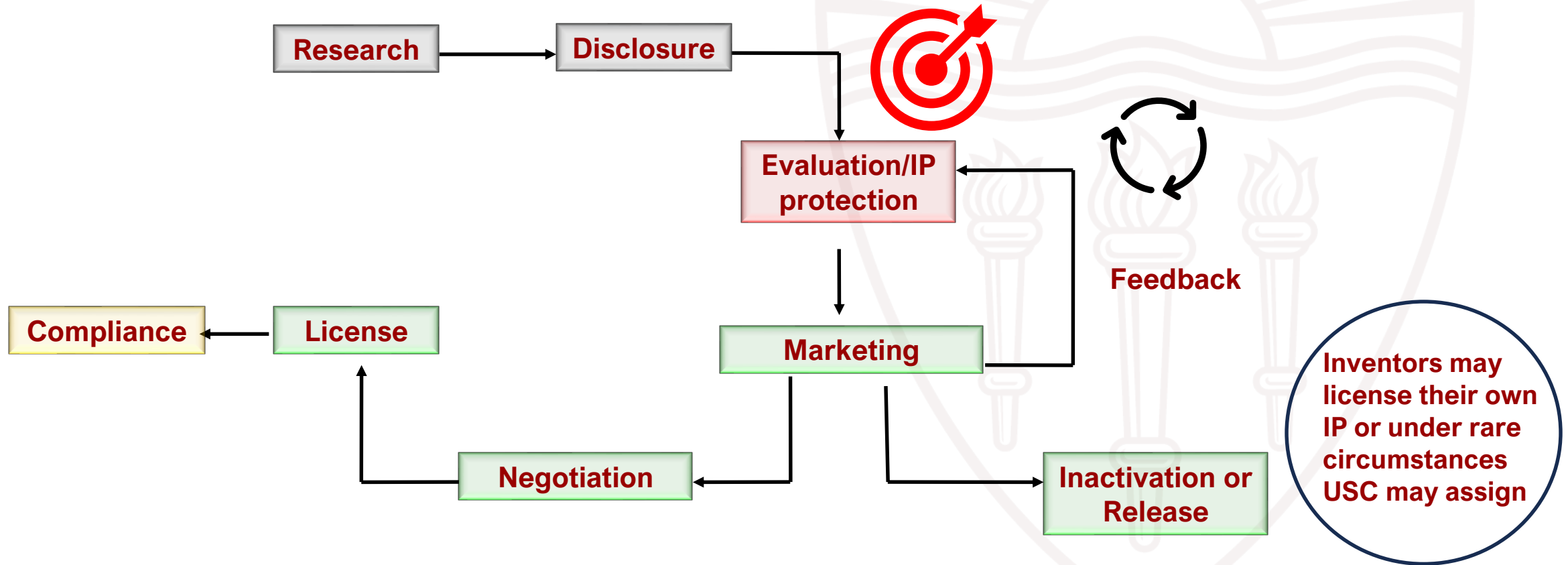
Allows for occasional deviations from standard ownership rules, requiring formal review and justifications for exceptions.

# Commercialization and Royalty Sharing

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# The IP Policy Describes the Process



# Royalty Sharing

## Updated Distribution Model

Inventors now receive 40% of net royalty income (after 15% of TAG fund taken off the top)

Hard-wires royalty share

Ad-hoc committees eliminated

Equitable distribution among inventors

Enhances competitiveness with peer institutions

## Institutional Works

Allows IP developed collaboratively to benefit departments/schools/Centers

Revenue typically allocated to the department instead of individual inventors

# Steps to Changing the Policy

<https://policy.usc.edu/resources/new-policy-submission/>



## Policy Assessment and Notification

Confirm need and benefit of policy with Subject Matter Experts (SMEs)  
Fill out Policy Assessment and Notification Form

## Policy Development and Stakeholder Engagement

Convene SMEs to draft



Consult Mandatory Stakeholders

## Policy Submittal and Policy Check

Use Policy Submittal Form

### Mandatory Stakeholders

Office for Equity, Equal Opportunity, and Title IX  
Human Resources  
Office of Culture, Ethics & Compliance  
Office of General Counsel  
Office of the Provost (if policy impacts faculty)  
Academic Senate (if policy impacts faculty)  
Student Affairs (if policy impacts students)  
Department VP or equivalent  
Senior Jurisdiction Owner (SVP)

## Policy Approval

OCEC will facilitate the approval process with the Policy Review Core Team and the Jurisdiction Owner.

## Policy Posted and Communicated

OCEC will post the policy to the external policy site. The Policy Owner and Responsible Office are responsible for communicating and training on new policy to impacted groups.

# Reviewers (post 2024)



## Feedback obtained by USC Stakeholders:

- Office for Equity, Equal Opportunity, and Title IX (by way of Linda Hoos)
- Human Resources (by way of Kelly Moy)
- Office of Culture, Ethics & Compliance (by way of Ben Bell and Dan Shapiro)
- Office of General Counsel (awaiting final feedback by way of Steve Yamaguchi and Beong Kim)
- Office of the Provost (by way of Marty Levine)
- Academic Senate (by way of Rima Jubran)
- Student Affairs (by way of Andy Stott)
- Department VP or equivalent (by way of Steve Moldin)
- Senior Jurisdiction Owner (by way of Ishwar Puri)
- Cinema School stakeholders
- Department of Contracts and Grants (by way of Katie Rountree)



- Sandeep Gupta (Viterbi and Provost)
- Ivan Bermejo-Moreno (Viterbi)
- Stephen Bradforth (Dornsife, forthcoming)
- Erin Overstreet and Ben Wild (from Stevens)
- Jerry Loeb (Viterbi)
- Vas Anest (Keck)
- Ellis Meng (Viterbi)
- Mark Humayun (Viterbi and Keck)
- Mark Thompson (Dornsife)
- Yang Chai (Dentistry and Keck)
- Clifford Neuman



- Seth Levy, Nixon Peabody (IP Law, consistency and legal language)
- Ernst and Young (Consulting firm, compared IP Policies in US to USC's updated version)
- Novus GC (IP Law Firm)



# Royalty Distribution Research

Research across the top 20 tech transfer universities indicated the adjusted inventor share of net income (above \$500K) after admin fees are taken off the top is 32%. USC's current rate is 28.33%, below the average, but the revised rate is set to increase to 34%, which places USC more competitively with peer institutions. Top-performing universities like UT Austin, University of Pittsburgh, and BYU offer the highest shares at 45%, while Columbia University offers the lowest at 20%.

Adjusted Inventor Share Of Net Income Above \$500K (After Admin Fee)

