



House of Representatives

File No. 686

General Assembly

February Session, 2010

(Reprint of File No. 571)

Substitute House Bill No. 5543
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 1, 2010

**AN ACT CONCERNING PATENTS, TRADEMARKS OR LICENSING
AGREEMENTS FOR INVENTIONS AND DISCOVERIES OF
EMPLOYEES OF THE CONNECTICUT AGRICULTURAL EXPERIMENT
STATION.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 4-61a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2010*):

3 As used in this section, "invention" shall mean any invention or
4 discovery and shall be divided into the following categories: (1) Any
5 invention conceived by one state employee solely, or by state
6 employees jointly; (2) any invention conceived by one or more state
7 employees jointly with one or more other persons; (3) any invention
8 conceived by one or more persons not state employees. The state shall
9 be entitled to own, or to participate in the ownership of, and to place in
10 the custody of the state to the extent of such ownership, any invention
11 on the following conditions: (a) The state shall be entitled to own the
12 entire right, title and interest in and to any invention in category (1), in
13 any instance in which such invention is conceived in the course of

14 performance of customary or assigned duties of the employee inventor
15 or inventors, or in which the invention emerges from any research,
16 development or other program of the state, or is conceived or
17 developed wholly or partly at the expense of the state, or with the aid
18 of its equipment, facilities or personnel. In each such instance, the
19 employee inventor shall be deemed to be obligated, by reason of his
20 employment by the state, to disclose his invention fully and promptly
21 to an authorized executive of the state; to assign to the state the entire
22 right, title and interest in and to each invention in category (1); to
23 execute instruments of assignment to that effect; to execute such
24 proper patent applications on such invention as may be requested by
25 an authorized executive of the state, and to give all reasonable aid in
26 the prosecution of such patent applications and the procurement of
27 patents thereon; (b) the state shall have the rights defined in subsection
28 (a) of this section with respect to inventions in category (2), to the
29 extent to which an employee has or employees have disposable
30 interest therein; and to the same extent the employee or employees
31 shall be obligated as defined in said subsection (a); (c) the state shall
32 have no right to inventions in category (3), except as may be otherwise
33 provided in contracts, express or implied, between the state and those
34 entitled to the control of inventions in category (3). This section shall
35 not apply to employees or inventions covered by sections 10a-110 to
36 10a-110g, inclusive, or sections 3 to 8, inclusive, of this act.

37 Sec. 2. Subsection (a) of section 22-81 of the general statutes is
38 repealed and the following is substituted in lieu thereof (*Effective*
39 *October 1, 2010*):

40 (a) Said board shall have the general management of the institution
41 and shall appoint a director, who shall have the general management
42 and oversight of experiments and investigations. It may own such real
43 and personal estate as may be necessary for carrying on its work and
44 may receive title to the same by deed, devise or bequest. It shall
45 expend all money appropriated by the state in the prosecution of the
46 work for which said institution is established, shall use for the same
47 purpose the income from all funds and endowments which it may

48 receive from other sources and may sue and be sued by the name of
49 the Connecticut Agricultural Experiment Station. It may seek and
50 obtain patents, trademarks and licensing agreements relating to
51 inventions and discoveries of any employee of the Connecticut
52 Agricultural Experiment Station. It may pursue any opportunity to
53 receive funds for research available from the federal government or
54 from private sources. It shall make an annual report to the joint
55 standing committee of the General Assembly having cognizance of
56 matters relating to the Department of Agriculture and the Department
57 of Environmental Protection, including a statement of the activities of
58 the station and the sources and amounts of funds available to the
59 station. It shall make an annual report to the Governor, as provided in
60 section 4-60, including therein a report upon adulterated food products
61 and a report of the work done and results obtained under the
62 provisions of section 22-84.

63 Sec. 3. (NEW) (*Effective October 1, 2010*) As used in sections 4 to 8,
64 inclusive, of this act: (1) "Station" means the Connecticut Agricultural
65 Experiment Station; (2) "director" means the director of the Connecticut
66 Agricultural Experiment Station; and (3) "board" means the board of
67 control of the Connecticut Agricultural Experiment Station.

68 Sec. 4. (NEW) (*Effective October 1, 2010*) (a) The station shall be
69 entitled to own the entire right, title and interest in any invention or
70 discovery of an employee of the station that (1) is conceived in the
71 course of the performance of customary or assigned duties of the
72 employee, (2) emerges from any research, development or other
73 program of the station, or (3) is conceived or developed wholly or
74 partly at the expense of the station or with the aid of the equipment,
75 facilities or personnel of the station.

76 (b) In each such instance, the employee shall be deemed to be
77 obligated, by reason of his or her employment by the station, to (1)
78 disclose his or her invention or discovery fully and promptly to the
79 director, (2) assign to the station the entire right, title and interest in
80 each invention or discovery, and execute instruments of assignment to

81 that effect, and (3) execute such proper patent or license application or
82 other instrument of assignment concerning such invention or
83 discovery as may be requested by the director, and give all reasonable
84 aid in the prosecution of such application or assignment and the
85 procurement of such patent, license or assignment.

86 (c) Except where the invention or discovery is subject to federal
87 grant restrictions, the entire beneficial ownership of any such
88 invention or discovery, including all monetary proceeds, property and
89 rights of every character, tangible and intangible, shall be deposited
90 with the station and vest in the station for use in scientific inquiries
91 and experiments and the board shall exercise complete control thereof.

92 Sec. 5. (NEW) (*Effective October 1, 2010*) Each employee who
93 conceives or makes any invention or discovery and fulfills his or her
94 obligations to the satisfaction of the station as provided in section 4 of
95 this act shall be entitled to share in any net proceeds that may be
96 derived from the assignment, grant, license or other disposal of such
97 invention or discovery. The amount of such net proceeds shall be
98 computed by, or with the approval of, the board, with reasonable
99 promptness after collection thereof, and after deducting from gross
100 proceeds any and all costs and expenses as may be reasonably
101 allocated to the particular invention or discovery including, but not
102 limited to, costs or expenses associated with seeking and obtaining any
103 patent, trademark or licensing agreement, maintenance or litigation
104 costs, and the costs of evaluating the commercial potential of the
105 invention or discovery. A minimum of twenty per cent of the amount
106 of such net proceeds shall be paid to an employee who solely
107 conceived or made the invention or discovery, and shall be paid in
108 shares to two or more employees who jointly conceived or made the
109 invention or discovery in such respective proportions as the board
110 may determine. The board in its discretion may increase the amount
111 by which any employee or employees may participate in such net
112 proceeds.

113 Sec. 6. (NEW) (*Effective October 1, 2010*) Disagreements as to the

114 allocation of any invention or discovery, as to the obligations of any
 115 employee, or due performance thereof, or as to the participation of any
 116 employee of the station in any net proceeds, shall be disposed of as
 117 follows: (1) By voluntary arbitration of all relevant issues, if the
 118 disagreeing parties approve and agree to be bound by the decision
 119 upon such arbitration; (2) by compulsory arbitration if that is provided
 120 for in any applicable contract between the disagreeing parties; or (3) by
 121 recourse to a court of competent jurisdiction in this state if arbitration
 122 cannot be resorted to under either subdivision (1) or (2) of this section.

123 Sec. 7. (NEW) (*Effective October 1, 2010*) The board may establish and
 124 regulate, equitably in the public interest, such measures as the board
 125 deems necessary for the purposes of such arbitration, and to make
 126 contracts for compulsory arbitration, in the name of the station.

127 Sec. 8. (NEW) (*Effective October 1, 2010*) The board may adopt
 128 regulations in accordance with chapter 54 of the general statutes to
 129 govern the operations of the station in accordance with the provisions
 130 of sections 3 to 7, inclusive, of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2010</i>	4-61a
Sec. 2	<i>October 1, 2010</i>	22-81(a)
Sec. 3	<i>October 1, 2010</i>	New section
Sec. 4	<i>October 1, 2010</i>	New section
Sec. 5	<i>October 1, 2010</i>	New section
Sec. 6	<i>October 1, 2010</i>	New section
Sec. 7	<i>October 1, 2010</i>	New section
Sec. 8	<i>October 1, 2010</i>	New section

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 11 \$	FY 12 \$
Ag. Experiment Station	GF - Revenue Gain	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which allows the Connecticut Agricultural Experiment Station (CAES), to seek and obtain patents and licenses, may result in a revenue gain from patent or licensing royalties. The amount of revenue that may be generated cannot be anticipated at this time, as it depends whether CAES can secure patents.

House "A" reduces the potential revenue directed to the Connecticut Agricultural Experiment Station (CAES) in the underlying bill, since it directs a portion of the revenue derived from certain inventions to a CAES employee responsible for such invention.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5543 (as amended by House "A")******AN ACT CONCERNING PATENTS, TRADEMARKS OR LICENSING AGREEMENTS FOR INVENTIONS AND DISCOVERIES OF EMPLOYEES OF THE CONNECTICUT AGRICULTURAL EXPERIMENT STATION.*****SUMMARY:**

This bill permits the Connecticut Agricultural Experiment Station's Control Board to seek and obtain patents, trademarks, and licensing agreements relating to inventions and discoveries by station employees, powers it does not currently hold. Under the bill, the station is entitled to own the entire right, title, and interest in any station employee's invention or discovery that (1) is conceived in the course of the employee's performing customary or assigned duties, (2) emerges from any research, development, or other station program; or (3) is conceived or developed wholly or partly at the station's expense, or with the aid of its equipment, facilities, or personnel.

The bill requires employees to cooperate in getting their inventions or discoveries licensed or patented and in assigning them as the station director requests. Depending on the circumstances, inventors may share in the proceeds of their work. The bill also establishes dispute resolution procedures.

*House Amendment "A" reduces the minimum employee share from one-third to 20% and requires promptness in computing net proceeds.

EFFECTIVE DATE: October 1, 2010

EMPLOYEE RESPONSIBILITIES

Under the bill, employee inventors or discoverers are deemed to be obligated by their employment to:

1. disclose their inventions fully and promptly to the station director;
2. assign to the station the entire right, title, and interest in each invention and discovery and execute instruments of assignment to that effect; and
3. execute a patent or license application or other instrument of assignment for their invention or discovery as the director requests, and give all reasonable aid in pursuit of the application or assignment and procurement of the patent, license, or assignment.

Unless the invention or discovery is subject to federal grant restrictions, the bill gives the station the entire beneficial ownership of it, including all proceeds, property, and rights of any character, tangible and intangible. These must be deposited with the station and be used in scientific inquiries and experiments under the complete control of the board.

EMPLOYEE SHARE

Under the bill, an employee is entitled to at least a 20% share of the net proceeds of his or her sole invention or discovery, as long as he or she adequately carried out the responsibilities described above. The board can increase the amount of the employee share. Net proceeds must be computed reasonably promptly by the board or with the board's approval by deducting costs and expenses reasonably allocated to the invention or discovery, including those associated with seeking and obtaining any patent, trademark, or licensing agreement; maintenance or litigation costs; and the costs of evaluating the invention or discovery's commercial potential.

The bill specifies that if two or more station employees jointly are responsible for the invention or discovery, each is entitled to a share of,

at a minimum, the 20% net proceeds that is proportionate to their roles as determined by the board.

DISPUTES

The bill provides that disagreements about (1) how the invention or discovery is allocated, (2) parties’ obligations or how they carried them out, or (3) whether any employee is entitled to a share of the net proceeds must be settled by:

- 1. voluntary arbitration, if the disputants agree to be bound by the arbitrator’s decision;
- 2. compulsory arbitration, if provided in any contract between the disputants; or
- 3. a Connecticut court, if arbitration is rejected.

The bill allows the board to establish and regulate, equitably and in the public interest, arbitration rules it deems appropriate. It may also make contracts for compulsory arbitration in the station’s name.

REGULATIONS

The bill permits the control board to adopt regulations using the Uniform Administrative Procedure Act’s procedures to govern the handling of matters concerning the station’s inventions and discoveries.

COMMITTEE ACTION

Judiciary Committee

Joint Favorable
 Yea 44 Nay 0 (03/29/2010)

Environment Committee

Joint Favorable
 Yea 27 Nay 1 (04/26/2010)