Attach II.

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OFFICE OF THE SENIOR VICE PRESIDENT—
BUSINESS AND FINANCE

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Subject: UC/MCH Meeting on Intellectual Property Clauses

Dear Joselyn, Jeannette, and Belinda:

Thank you for arranging our meeting last Tuesday. I am sure you agree that such direct discussions help us achieve a better understanding of both of our organizations' needs and to find acceptable language more quickly than exchanging letters. However, with that said, I would like to use this letter to summarize the results of our meeting.

21. USE OF REPORTS/DATA

MCH does not want to indicate at the beginning of this clause that it is only applicable to data management contracts. However, in our discussion, it was pointed out that the project at the UC Santa Barbara campus, for example, uses county and city data. Further use of such data, "collected and prepared under the Agreement" would not be in the State's control as the data does not belong to the State. Only the expression of the data, such as in a report, would belong to the State. Thus, there would be no need to ask the State to use such data in independent research projects as it does not belong to the State. To clarify this matter, the words "or collected or prepared" should be deleted from the paragraph B. Then subparagraph (1) under B. should indicate that the Contractor needs to obtain "prior written permission from the State to use State confidential information in databases...." Such permission to use other databases would be obtained and governed by the entity which controls them.

In subparagraph (3), "if received from the State in a timely manner" will not be added because the comment period of "at least two (2) weeks" makes clear when comments must be received.

In subparagraph (4), "excluding overhead" will be deleted.

Based on the discussion above about the use of city and county databases, subparagraph (5) should also be changed to indicate that the Contractor only needs to ask for permission to use "data files or databases provided by the State.." and not those "prepared or collected under this Agreement" as they belong to other entities.

23. REQUIRED DELIVERABLES

The concern in this clause is the word "acceptable". We explained that the University cannot accept language which implies censorship of the content of reports. However, the State must receive a report which meets its expectations in terms of form and completeness of coverage as described in the Scope of Work. MCH staff felt that they could not delete the word "acceptable". We noted that other State agencies have been able to do this and provide examples below. Joselyn suggested that "acceptable" could be defined in this clause so that we all understand it does not refer to the content or conclusions of reports or deliverables.

One State agency has replaced "acceptable" with "highest professional standards." For purposes of adding another sentence which would define "acceptable" in this DHS clause, we could add:

> "Acceptable" in this context refers to the form and completeness of reports and deliverables in accordance with highest professional standards and the Scope of Work..

Another agency has stated the "All final products must be acceptable in general physical format and appearance." The Scope of Work for this agency provides a description of the expected deliverables and the specific format required.

As you can see, the attempt here is to clarify that the State should receive deliverables which address the purpose of the contract or the Scope of Work, but State agencies cannot interfere with the content or the conclusions of such deliverables. There are other clauses which provide the State a comment period for submissions. We would appreciate your consideration of this issue by adding a sentence, as Joselyn suggested, which would define "acceptable" to address the University's concern in this area.

34. OWNERSHIP OF INTELLECTUAL PROPERTY

DHS staff is not willing to amend the current language with the UC suggestion which would define in the Scope of Work what is a "work" to be delivered and owned by the State under the contract. However, Jeannette pointed out that this clause should have the phrase "and paid for" after the word "delivered" which would provide some parameters for defining what the State expects to own under the contract. In addition, the phrase "in performance of" could replace the current phrase "as a result of".

Secondly, since data, data files, and data bases do not qualify for copyright protection under the law, these items should be deleted from this definition of "works" to be owned by the State. The State already owns any data which it provides the University under a contract and, as mentioned above, the State cannot own data from other sources. It can only own the expression of that data as in reports or other deliverables which are mentioned.

We also believe that there is some confusion here about "works" which can be "owned" when they are not specifically "works made for hire" which these are not. In addition, "works" applies to all the items listed "whether or not copyrighted or copyrightable". This adds further confusion of the terms "works" and "ownership". If something cannot be copyrighted, it cannot be owned. This phrase should be deleted. The intention of this paragraph is to defined what the State intends to "own" as a result of work paid for under this contract. We are trying to identify the specific scope and application of this definition. We will be consulting further with University Counsel on this issue and hope to have more information for you on this specific topic.

Subparagraph F. should have the phrase "in performance of" inserted after "and paid for.."

Subparagraph H. will be reviewed by Belinda and Jeannette. The subcontractor's rights should be the same as those of the Contractor. The subcontractor need only provide the State a license to use a "work" unless the "work" is fully paid for under the subcontract by the State in which case the State is claiming ownership. In addition, the subcontractor would get rights back to use a "work" as does the Contractor.

In response to proposed changes for subparagraph I, DHS staff stated that any injunction would also be against the State, not just the Contractor. So that the State wants to decide what action to take.

Marion Lentz explained the reasons for proposed changes to subparagraph J. DHS staff understood the problems created here. Changes will be made to address the needs of the University as well as DHS concerns in this area. The first sentence in J. will include the University's proposed changes or similar language such as "to the best of the Contractor's knowledge...." Subparagraph (3) and (4) will be deleted as they create an unfunded product liability for the University. For example, the University does not have the capacity to research all background codes in software and the State would not want to fund the staff to do this work. DHS staff understood that the State is protected from infringements under subparagraph I.

Again, thank you Joselyn for setting this meeting up. It was most productive for us. I hope we can do the same thing in the near future to settle issues with Exhibits A(S) and A(F)!

Please feel free to call me about any of the issues we discussed and your proposals for areas which were not resolved in the meeting. My telephone number is (510) 987-9849. We would all like to see this language settled in our next contracts.

Very truly yours,

Samuela A. Evans
Contract and Grant Officer

cc: Marion Lentz, UCB
Joan Kaiser, UCSF
Cathy Whenmouth, OTT