

AMENDED IN ASSEMBLY MARCH 15, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2880

Introduced by Committee on Judiciary (Assembly Members Mark Stone (Chair), Alejo, Chau, Chiu, Cristina Garcia, and Holden)

February 25, 2016

An act to amend Sections 13988.2, 13988.3, and 14615.1 of the Government Code, and to amend Section 10335 of the Public Contract Code, relating to state intellectual property.

LEGISLATIVE COUNSEL'S DIGEST

AB 2880, as amended, Committee on Judiciary. State intellectual property.

Existing law authorizes the Department of General Services to carry out various powers and duties relating to assisting a state agency in the management and development of intellectual property developed by state employees or with state funding, including, among other duties, developing a database of state-owned intellectual property using specified data and factors that state agencies should consider when deciding whether to sell their intellectual property or license it to others.

This bill would authorize a public entity to own, license, and, if it deems it appropriate, formally register intellectual property it creates or otherwise acquires. The bill would provide that a public entity's intellectual property rights would not preclude the public entity from disclosing any information otherwise accessible under the California Public Records Act and that those disclosures would not be construed as waiving any rights afforded under the federal Copyright Act of 1976.

Under existing law, contracts by state agencies for services rendered to the state are, with certain exceptions, of no effect unless and until approved by the Department of General Services. Existing law imposes various requirements with respect to contracts for services rendered to the state.

This bill would require state agencies to consider the processes, procedures, or policies developed by the department regarding the management and development of state intellectual property. For contracts entered into on or after January 1, 2017, the bill would prohibit a state agency from entering into a contract that waives the state’s intellectual property rights unless the agency, prior to execution of the contract, obtains the consent of the department to the waiver and would provide that a waiver of the state’s intellectual property rights by a state agency that violates this requirement would be deemed void as against public policy. The bill would also require the department to develop sample language for an advisory provision to that effect.

Existing law exempts from the Administrative Procedure Act certain actions to maintain, develop, or prescribe processes, procedures, or policies by the Department of General Services that are required or authorized by the Legislature with respect to the general operations of the department or the awarding of state contracts.

This bill would additionally exempt those actions taken with respect to the department’s above-described duties relating to the management and development of state intellectual property, as provided.

~~Existing law requires the Department of General Services to, among other duties, track intellectual property generated by state employees or with state funding.~~

~~This bill would declare the intent of the Legislature to enact legislation related to the rights to state-owned intellectual property.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 13988.2 of the Government Code is
- 2 amended to read:
- 3 13988.2. (a) The department shall perform all of the following
- 4 functions:

1 (1) Commencing January 1, 2015, and every three years
2 thereafter, track intellectual property generated by state employees
3 or with state funding.

4 (2) Develop a database that includes, but is not limited to,
5 tracking intellectual property by category of protection, date of
6 creation, owner of intellectual property, grantee, state agency or
7 granting entity, sources of funding, and status of licensing,
8 including invention utilization updates. Failure to include an item
9 in the database does not create any presumption regarding
10 ownership. Prior to January 1, 2018, the database shall include the
11 summary of state-owned intellectual property found in the
12 California State Auditor’s Report 2011-106 on intellectual property.
13 After January 1, 2018, and every three years thereafter, the database
14 shall be updated using information collected by the department
15 pursuant to this section.

16 (3) Develop a sample maintenance plan of an inventory of
17 intellectual property.

18 (4) Develop factors that state agencies should consider when
19 deciding whether to sell their intellectual property or license it to
20 ~~others~~: *others, including, but not limited to, the state’s best interest,*
21 *maintaining public access, and the discouragement of unauthorized*
22 *economic gain.*

23 (5) Develop an outreach campaign informing state agencies of
24 their rights and abilities concerning intellectual property created
25 by their employees.

26 (6) Develop sample invention assignment agreements that state
27 agencies can consider if they believe it is necessary to secure the
28 rights to potentially patentable items created by their employees
29 on worktime using state resources.

30 (7) Develop sample language for licenses or terms-of-use
31 agreements that state agencies can use to limit the use of their
32 intellectual property by others to only appropriate purposes.

33 (8) *Develop sample language for an advisory provision stating*
34 *that a waiver of the state’s intellectual property rights is subject*
35 *to the approval of the department and that the lack of that approval*
36 *renders an attempted waiver void as against public policy.*

37 ~~(b)~~

38 (c) This section shall not apply to the use of expressive works
39 created by nonstate employees or without state funding.

1 SEC. 2. Section 13988.3 of the Government Code is amended
 2 to read:

3 13988.3. (a) ~~Notwithstanding~~ A public entity may own, license,
 4 and, if it deems it appropriate, formally register intellectual
 5 property it creates or otherwise acquires. A public entity's
 6 intellectual property right shall not preclude the public entity from
 7 disclosing any information otherwise accessible under the
 8 California Public Records Act (Chapter 3.5 (commencing with
 9 Section 6250) of Division 7 of Title 1). A disclosure under the
 10 California Public Records Act (Chapter 3.5 (commencing with
 11 Section 6250) of Division 7 of Title 1) shall not be construed as
 12 waiving any rights afforded under the federal Copyright Act of
 13 1976 (17 U.S.C. Sec. 101 et seq.).

14 (b) Notwithstanding any other law, state agencies and
 15 departments may, upon request, share records and information
 16 related to intellectual property generated by state employees or
 17 with state funding with the department.

18 ~~(b)~~

19 (c) Any employee or former employee of the department who
 20 has access to or knowledge of the records and information
 21 described in subdivision ~~(a)~~, (b), shall not divulge or make known
 22 to any person not employed by the department in any manner not
 23 expressly permitted by law any particulars of these records or
 24 information that is restricted by law from public disclosure, or
 25 represents a first publication of research results, or information
 26 pertaining to patent rights that would not otherwise be publicly
 27 available.

28 SEC. 3. Section 14615.1 of the Government Code is amended
 29 to read:

30 14615.1. (a) Where the Legislature directs or authorizes the
 31 department to maintain, develop, or prescribe processes,
 32 procedures, or policies in connection with the administration of
 33 its duties under this ~~chapter~~, ~~chapter and Chapter 2~~ (commencing
 34 with Section ~~14650~~, 14650) of this part, Chapter 2 (commencing
 35 with Section 13988) of Part 4.5, or Section 6611 of the Public
 36 Contract ~~Code~~, Code or Part 2 (commencing with Section 10100)
 37 of Division 2 of the Public Contract Code, the action by the
 38 department shall be exempt from the Administrative Procedure
 39 Act (Chapter 3.5 (commencing with Section 11340), Chapter 4
 40 (commencing with Section 11370), Chapter 4.5 (commencing with

1 Section 11400), and Chapter 5 (commencing with Section 11500)).
2 This section shall apply to actions taken by the department with
3 respect to the State Administrative Manual and the State
4 Contracting Manual.

5 (b) To the extent permitted by the United States and California
6 Constitutions, subdivision (a) also applies to actions taken by the
7 department prior to January 1, 1999, with respect to competitive
8 procurement in the State Administrative Manual and the State
9 Contracting Manual.

10 *SEC. 4. Section 10335 of the Public Contract Code is amended*
11 *to read:*

12 10335. (a) This article shall apply to all contracts, including
13 amendments, entered into by any state agency for services to be
14 rendered to the state, whether or not the services involve the
15 furnishing or use of equipment, materials, or supplies or are
16 performed by an independent contractor. Except as provided in
17 Sections 10295.6 and 10351, and paragraphs (8) and (9) of
18 subdivision (b) of Section 10340, all contracts subject to this article
19 are of no effect unless and until approved by the department. Each
20 contract shall be transmitted with all papers, estimates, and
21 recommendations concerning it to the department and, if approved
22 by the department, shall be effective from the date of approval.
23 This article shall apply to any state agency that by general or
24 specific statute is expressly or impliedly authorized to enter into
25 the transactions referred to in this section. This article shall not
26 apply to contracts for the construction, alteration, improvement,
27 repair, or maintenance of real or personal property, contracts for
28 services subject to Chapter 10 (commencing with Section 4525)
29 of Division 5 of Title 1 of the Government Code, to contracts that
30 are listed as exceptions in Section 10295, contracts of less than
31 five thousand dollars (\$5,000) in amount, contracts of less than
32 five thousand dollars (\$5,000) where only per diem or travel
33 expenses, or a combination thereof, are to be paid, contracts
34 between state agencies, or contracts between a state agency and
35 local agency or federal agency.

36 (b) In exercising its authority under this article with respect to
37 contracts for the services of legal counsel, other than the Attorney
38 General, entered into by any state agency that is subject to Section
39 11042 or Section 11043 of the Government Code, the department,
40 as a condition of approval of the contract, shall require the state

1 agency to demonstrate that the consent of the Attorney General to
 2 the employment of the other counsel has been granted pursuant to
 3 Section 11040 of the Government Code. This consent shall not be
 4 construed in a manner that would authorize the Attorney General
 5 to establish a separate program for reviewing and approving
 6 contracts in the place of, or in addition to, the program administered
 7 by the department pursuant to this article.

8 (c) Until January 1, 2001, the department shall maintain a list
 9 of contracts approved pursuant to subdivision (b). This list shall
 10 be filed quarterly with the Senate Committee on Budget and Fiscal
 11 Review and the Assembly Committee on Budget. The list shall be
 12 limited to contracts with a consideration in excess of twenty
 13 thousand dollars (\$20,000) during the life of the contract and shall
 14 include sufficient information to identify the provider of legal
 15 services, the length of each contract, applicable hourly rates, and
 16 the need for the services. The department shall add a contract that
 17 meets these conditions to the list within 10 days after approval. A
 18 copy of the list shall be made available to any requester. The
 19 department may charge a fee to cover the cost of supplying the list
 20 as provided in Section 6253 of the Government Code.

21 (d) (1) *In exercising its authority under this article, a state*
 22 *agency shall consider the processes, procedures, or policies*
 23 *developed by the department pursuant to Chapter 2 (commencing*
 24 *with Section 13988) of Part 4.5 of Division 3 of Title 2 of the*
 25 *Government Code.*

26 (2) *For contracts entered into on or after January 1, 2017, both*
 27 *of the following shall apply:*

28 (A) *A state agency shall not enter into a contract under this*
 29 *article that waives the state’s intellectual property rights unless*
 30 *the state agency, prior to execution of the contract, obtains the*
 31 *consent of the department to the waiver.*

32 (B) *An attempted waiver of the state’s intellectual property*
 33 *rights by a state agency that violates subparagraph (A) shall be*
 34 *deemed void as against public policy.*

35 ~~(d)~~

36 (e) Contracts subject to the approval of the department shall
 37 also have the department’s approval for a modification or
 38 amendment thereto, with the following exceptions:

39 (1) An amendment to a contract that only extends the original
 40 time for completion of performance for a period of one year or

1 less is exempt. If the original contract was subject to approval by
2 the department, one fully executed copy including transmittal
3 document, explaining the reason for the extension, shall be sent
4 to the legal office of the department. A contract may only be
5 amended once under this exemption.

6 (2) Contracts let or awarded on the basis of a law requiring
7 competitive bidding may be modified or amended only if the
8 contract so provides or if authorized by the law requiring
9 competitive bidding.

10 (3) If an amendment to a contract has the effect of giving the
11 contract as amended an increase in monetary amount, or an
12 agreement by the state to indemnify or save harmless any person,
13 the amendment shall be approved by the department.

14 ~~SECTION 1. It is the intent of the Legislature to enact~~
15 ~~legislation related to the rights to state-owned intellectual property.~~