

What's New? Key Changes in the 2026 USC IP Policy

Overview Questions

1. Why was the IP Policy updated?

The previous Policy was effective in 2001. The USC innovation community has evolved significantly since then. The Policy has been updated to offer clearer guidance on ownership, particularly for students and faculty, and strengthen incentives for commercialization. One of the main changes is to increase the inventor share of Net Royalty Income (see Question 12). It also addresses newer forms of innovation, including datasets, AI-assisted works, software, and other digital media. Overall, the goals are to reduce ambiguity, support innovation, and ensure that creators are fairly recognized and rewarded when their work has real-world applications.

2. How is the new Policy organized differently?

The new Policy is structured to be clearer and easier to use. Key definitions are now placed at the beginning of the document, and all ownership rules are combined in one section. The text has been streamlined to remove redundancy, and new sections have been added to address AI-assisted works, software and data, and the appeals process. In addition, the royalty distribution framework is now simpler and more consistent, making it easier to understand how revenue from IP licensing is shared.

3. What terminology has changed?

The Policy now uses more precise terms to reflect different types of intellectual property and the laws that govern them.

- Incidental Use and Significant Use are now clearly defined, offering clearer guidance on the scope of USC's ownership of IP.
- "Patentable Inventions," "Copyrightable Works," and "Scholarly Works" are now distinguished, rather than using a single broad term.
- "Inventor" is used for contributors to patentable inventions, while "Creator" refers to authors of copyrightable works.
- The former Office of Technology Licensing (OTL) is now the USC Stevens Center for Innovation (Stevens).

4. What was removed from the Policy, and why?

Some detailed procedural and administrative material were removed so the Policy focuses on core ownership and commercialization principles. Guidance that is already governed by other USC policies—such as conflict-of-interest procedures, courseware details, consulting relationships, sponsored research—is now referenced rather than duplicated.

5. When does the new Policy take effect?

The Policy takes effect on March 1, 2026, as indicated on the cover page.

6. Does this affect IP I created under the old Policy?

It depends on when a licensing agreement for your IP was/is signed, not when the invention was created or disclosed to Stevens. See Question 12.

- Agreements signed before the new Policy takes effect will continue to follow the 2001 revenue distribution rules for the life of those agreements.
- Agreements signed after the new Policy takes effect will use the new revenue distribution formula, even if the invention was disclosed before the Policy took effect.

This preserves expectations for existing agreements while applying a consistent approach going forward.

USC Ownership Provisions

7. What is the biggest change to the ownership rules?

The core ownership principles remain the same: USC owns IP created within the scope of employment, developed through sponsored research, or created with Significant Use of university resources (as opposed to Incidental Use of such resources).

The key change is that the new Policy now provides clear definitions and examples of what counts as Significant Use versus Incidental Use. This makes it easier for faculty, students, postdocs, and staff to understand when ownership stays with the individual and when it belongs to USC. The Policy also clarifies ownership for student-created works, for example, when students work in labs, on funded projects, or in collaboration with faculty. Overall, the update reduces uncertainty and helps prevent misunderstandings.

8. How has the definition of “Incidental Use” changed?

In the 2001 Policy, “incidental use” was described only in broad terms like “minimal” time or “minimal” use of office equipment, which often led to uncertainty.

The new Policy provides a clear, two-part definition:

1. Incidental Use means occasional, minimal use of resources that are generally available to everyone, such as libraries, standard office computers, or basic departmental equipment.
2. The use must be negligible and non-disruptive — it cannot interfere with University operations, create significant costs, or be used for personal commercial gain.

9. What is “Significant Use” and why does it matter?

“Significant Use” is a threshold used in the Policy to determine when a University ownership interest is created in the resulting IP. It refers to a use of resources where the University has made a material contribution in supporting the work.

Examples of Significant Use include:

Use of funding administered through USC

This includes externally sponsored research (e.g. federal, industry, foundation) and services,

internal research grants, seed funding, or any other funding mechanism managed by USC. When funding flows through the University, USC typically has legal and contractual obligations related to ownership, reporting, and compliance.

Use of specialized or restricted research infrastructure

Use of laboratory facilities, core instrumentation, clinical environments, high-performance computing clusters, specialized fabrication spaces, or similar research platforms constitutes Significant Use because these are university research assets and they are not generally available to all community members or the public.

Use of substantial faculty or staff research support

Hands-on mentorship, project design, lab supervision, RA/TA or technician support, and other forms of structured research guidance go beyond what is provided in typical classroom or studio instruction and represent a human-resource investment by USC.

Use of proprietary or restricted tools, software, or data

When USC licenses, purchases, curates, or secures access to tools, datasets, or platforms that are not openly available, use of those resources represents USC's contribution to the creation of the work.

10. Have student ownership rules changed?

The core principle remains the same, students generally own the work they create as part of their academic coursework, but the new Policy now explains this more clearly.

Under the 2026 Policy, students own their IP when all of the following are true:

1. The student was enrolled for credit when the work was created.
2. Only Incidental Use of University resources was involved.
3. The work was created in connection with courses, designated student-accessible resources, or extracurricular activities.

The Policy also identifies five specific situations in which USC owns student-created IP, such as when the work is created:

- As paid employment (e.g., a research assistant or lab staff role)
- Under a work-made-for-hire or assignment agreement
- As part of sponsored research
- In collaboration with faculty or staff who are required to assign their rights to USC
- With Significant Use of University facilities or specialized resources

The Policy acknowledges that there may be special circumstances with students that may require deviations from this Policy.

11. Has the Scholarly Works exception changed?

The core principle remains the same: USC does not claim ownership of Scholarly Works, such as textbooks, journal articles, artworks, musical compositions, and literary works. The 2026 Policy clarifies this exception in several ways:

Applies to more people:

The exception now applies to all USC community members (not just faculty), including graduate students, postdoctoral scholars, and research staff who create Scholarly Works.

Clear process for works that don't fit neatly into a category:

Some creative works, such as software, digital media, interactive platforms, or data-driven artistic projects, can have both scholarly and commercial characteristics. In these cases, the Policy provides a straightforward consultation pathway with Stevens to determine whether the work is best treated as a Scholarly Work owned by the creator, or as University IP where USC has a commercialization role.

Courseware handled separately:

Courseware (e.g., online course modules, LMS content) is not included in the Scholarly Works exception and is covered under USC's separate Courseware Policy.

12. How has royalty sharing changed?

This is one of the most significant improvements in the 2026 Policy. The new revenue-sharing model provides a larger share directly to the inventor/creator.

Before any distribution occurs, 15% of Net Royalty Income is allocated to USC's commercialization incentive fund (CIF) to support continued innovation.

The remaining revenue is then distributed as follows:

Category	2001 Policy (post-2001 employees)	2026 Policy (for agreements executed after March 1, 2026)
Inventor(s) / Creator(s)	33⅓%	40%
University	33⅓%	30%
School	16⅔%	15%
Department	16⅔%	15%

Example: From a \$500,000 licensing payment (assuming Stevens' out-of-pocket costs (e.g., for patenting) have previously been reimbursed):

- Inventor(s)/Creator(s) receive \$170,000
- The University receives \$127,500
- The School receives \$63,750
- The Department receives \$63,750
- And \$75,000 is invested in the CIF

13. What about individuals employed before April 2001?

Under the 2001 Policy, USC used a dual-track system:

- Individuals employed before April 2001 were eligible to receive up to 50% of net royalty income through an ad-hoc committee-based review process.
- Individuals employed after April 2001 generally received 33⅓% net of 15% CIF share

The 2026 Policy replaces this dual system with one uniform distribution formula (40/30/15/15) for all inventors/creators and all schools/departments going forward.

This change provides clear, predictable, and equitable treatment across the USC innovation ecosystem, which includes all stakeholders: the university, departments, schools and inventors/creators.

14. How has the CIF (Commercialization Incentive Fund) changed?

The CIF fee remains 15%, but its application and administration have been simplified to better support development of early-stage technologies and improve their chances of commercialization.

Under the 2001 Policy:

- The 15% CIF fee was applied only to revenue attributed to inventors hired after April 2001.
- Awards were made through a standing committee, which can introduce administrative hurdles.

Under the 2026 Policy:

- The same 15% CIF fee now applies to all net revenue (for agreements signed after March 1, 2026), regardless of an inventor's hire date.
- USC Stevens administers CIF awards directly upon approval of the Senior Vice President of Research and Innovation, allowing faster and more flexible support.
- The fund can now support a broader range of needs, such as:
 - Proof-of-concept and feasibility studies
 - Prototype development and testing
 - Data collection for validation
 - Regulatory or reimbursement strategy development
 - Early partner engagement or market research

The goal of this change is to accelerate translation, reduce procedural delay, and provide support at the moment it is most impactful, which is the time when ideas are first moving from research into potential real-world application.

New Topics Addressed

15. New! What is the new “Institutional Works” designation?

The 2026 Policy introduces Institutional Works to address non-patentable works (software, tangible research property, datasets) that are long-lived, collaboratively developed, and dependent on ongoing institutional support. These are works that no longer reflect the contribution of a single creator or small group, and that continue to evolve over time.

When does this designation apply?

A work may be designated as an Institutional Work if:

1. The work (such as a software platform, database, or tangible research resource) has been actively maintained, updated for more than five years and
2. More than five individuals have contributed to its development over time, and/or
3. The designation is mutually agreed by the creators, the relevant department/school/center, and USC Stevens.

Why does this matter?

At a certain point, some works become institutional assets—their continued value depends on:

- Departmental staffing and expertise
- Lab infrastructure and data systems
- Ongoing maintenance, curation, and upgrades
- Graduate student and research staff turnover

Rather than on any one individual's continued involvement.

Effect on revenue sharing:

When a work is designated as an Institutional Work, the 40% inventor/creator share is redirected to the relevant department or school to support continued development and updates. The change in revenue sharing only occurs once the work is designated as an Institutional Work. Prior to that time, the standard revenue sharing approach applies.

16. New! What does the Policy say about AI?

Human creativity is required for authorship or inventorship.

Current U.S. law does not recognize AI systems as “authors” or “inventors.” A person must have made the intellectual or creative decisions for the work to qualify for copyright or patent protection. If the contribution cannot be traced to human judgment, the output may not qualify for IP protection at all.

Disclosure of AI use is required.

When submitting an invention disclosure or reporting a creative work to USC Stevens, creators must indicate:

- Which AI tools were used
- How they were used
- The role of human decision-making in shaping the final result

Documentation matters.

Creators should keep records that show their creative process, for example, prompt development, model settings, editing decisions, evaluation criteria, and revisions.

17. How has software and data licensing changed?

The 2026 Policy provides more comprehensive guidance for software and data than the 2001 Policy, reflecting the central role these assets now play in research, teaching, and commercialization.

What was in the 2001 Policy:

The old policy referenced software and data at a high-level and primarily reminded creators to contact OTL before distributing code or making it available for download. There was not much depth in guidance on datasets, open-source licensing, patent implications, or collaborative sharing models.

What's new in the 2026 Policy:**Software and data are now addressed together.**

The Policy recognizes that research outputs often include both code and curated datasets, and that each may have independent intellectual property and commercialization value.

Updated research-use license (USC-RL v4.0).

USC now provides a modern, standard research-use license that allows software and data to be shared freely for academic and educational use, while preserving the ability to pursue separate commercial licensing where appropriate.

Guidance on open-source licensing.

The Policy supports open-source distribution, but notes that some open-source licenses include automatic patent grants or “copyleft” terms that could limit future commercialization options or conflict with sponsored research obligations. Creators are encouraged to consult USC Stevens before releasing code to help select the right license for the creator’s goals. Licenses to patent rights through open-source licenses are invalid without consent of USC.

Explicit recognition of data as a valuable IP asset.

Curated or processed datasets, especially those that require human judgment, laboratory resources, or institutional investment, may have independent value separate from the software used to generate or analyze them. The policy provides guidance on when and how such data can be shared, licensed, or commercialized.

Pre-release consultation to protect rights.

Stevens can help determine best avenues for open sourcing so that:

- Patent rights are not unintentionally waived
- Sponsor or data-use agreements are honored
- Creators retain the ability to commercialize later if they choose

18. What about Tangible Research Property (TRP) and Intangible Property?

The 2026 Policy provides much clearer guidance for research materials and related know-how than the 2001 Policy.

What counts as Tangible and Intangible Research Property?

TRP is physical research outputs such as cell lines, antibodies, engineered organisms, prototype devices, reagents, and other laboratory-generated materials.

The Policy also recognizes related intangible research property, such as protocols, techniques, curated datasets, and know-how.

Why the change?

These materials often have independent value, even when they are not patented or published. The new Policy ensures they can be shared for research or licensed commercially when appropriate.

How are they shared or licensed?

- For academic collaboration: TRP is typically shared under Material Transfer Agreements (MTAs) or other research agreements.
- For commercial use: TRP can be licensed through USC Stevens.

Administrative Changes

19. What if USC decides not to pursue my invention?

If USC chooses not to commercialize an invention, the inventor(s)/creator(s) may request the rights to be licensed or assigned to the individual inventor(s)/creator(s).

License to inventor company is the preferred option.

USC will generally offer an option to license to the inventor so they can pursue commercialization (usually by starting a company), while USC retains a non-exclusive, royalty-free right to use the invention for research and teaching.

Assignment is possible in some cases.

Full transfer of ownership transfer may be considered in some cases.

Cost reimbursement applies.

When a license or assignment is executed, the inventor must reimburse any patent or IP protection costs already incurred. Future revenue sharing may also be required.

No more “Dean funds the patent” step.

The 2001 Policy’s school-funding mandatory option has been removed as a required step.

Appeals are available.

If there is disagreement about most matters covered by the Policy, a formal review and appeals process applies, adjudicated by the Senior Vice President for Research and Innovation.

20. Has the appeals process changed?

Yes. The 2026 Policy introduces a clear, formal appeals process, which did not exist in the 2001 Policy.

- If a creator disagrees with a determination by USC Stevens or TLSO—such as ownership, classification of a Scholarly Work, Significant Use, inventor attribution, or commercialization decisions—they may request a review.
- Appeals are reviewed by the Senior Vice President for Research and Innovation, in consultation with Stevens, TLSO, and the Office of General Counsel as needed.
- The SVP's decision is final, which provides closure and consistency.
- The 2001 Patent Committee system is eliminated, simplifying and standardizing the process.

Equity and Conflicts of Interest

30. How has equity treatment changed?

2001 Policy (Section 4.3):

- Long, complex explanation
- Detailed provisions for when inventors get shares directly vs. when USC gets all shares

2026 Policy:

- Simplified
- Office of Treasurer holds USC equity
- Stevens decides when to exercise/sell
- Cash proceeds distributed like any other net revenue
- Removed complex provisions about inventor share allocation

What about conflicts of interest?

Cross-references USC's Conflict of Interest and Commitment Policy and Conflict of Interest in Research Policy. Must be in compliance before a license can be made to an inventor startup.

31. Where can I get help understanding the changes?

eoverstr@usc.edu