



OPERATING POLICIES

NUMBER	TITLE	ISSUE DATE	REVISION DATE
F-03	Intellectual Property	1/10/96	1/12/05

SUMMARY

Pursuant to the dictates of the Board of Directors, the Metropolitan Water District of Southern California must establish and maintain policies regarding Intellectual Property rights that apply to all Metropolitan employees.

SUPERSESSON

This Operating Policy document supersedes Operating Policy F-03, dated January 10, 1996.

AUTHORITY

- Group Managers or their designees are granted authority to sign Employee Intellectual Property and Secrecy Agreements (hereinafter referred to as “IP Agreements”) on behalf of Metropolitan.
- Human Resources is granted authority to sign IP Agreements on behalf of Metropolitan with Metropolitan employees hired after October 10, 1995.
- Management with authority over an employee and the development of an invention, in conjunction with the Legal Department, is responsible for any decisions relating to the terms and contents of any agreement developed pursuant to this policy.

DEFINITIONS

A **Metropolitan invention** includes all inventions and works conceived by an employee, either alone or with others, during the term of the employee’s employment by Metropolitan. An invention includes any written or unwritten idea related to Metropolitan’s business or developed with Metropolitan time and/or resources, whether reduced to practice or not and whether or not patentable, copyrightable, or otherwise protectable.

Exceptions are inventions or works for which no Metropolitan equipment, supplies, facility or trade secret information was used in the conception and/or development thereof and which were developed entirely on the employee’s own time, and

- (a) which do not relate
 - (1) to Metropolitan business or
 - (2) to Metropolitan’s actual or demonstrably anticipated research or development, or
- (b) which do not result from any work performed by the employee for Metropolitan.



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Works of authorship include works fixed in any tangible medium of expression, now known or later developed from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include literary works, musical works, dramatic works, pantomimes and choreographic works, pictorial, graphic and sculptural works, motion pictures and other audiovisual works, sound recordings, and architectural works.

Commercial exploitation means deriving revenues from the sale or licensing of the invention to third parties not associated with Metropolitan.

Net proceeds is defined as the amount Metropolitan receives from the commercial exploitation of an invention after Metropolitan has deducted the costs it has incurred to obtain, or to seek to obtain, the patent rights to the invention.

POLICIES

1. This policy document shall apply to all persons employed by the Metropolitan Water District of Southern California.
2. This Operating Policy and procedures, as amended from time to time, shall be deemed to constitute part of the conditions of employment for Metropolitan employees hired after October 10, 1995, and is voluntary for employees employed at Metropolitan as of October 10, 1995.
3. This policy is to enable Metropolitan to commercially exploit the use of Metropolitan inventions and other intellectual property developed on Metropolitan time or with Metropolitan funds and materials.
4. All employees hired after October 10, 1995 shall sign the IP Agreement. These signed IP Agreement documents are to be maintained in the employee's official personnel file, under the custodianship of Human Resources.
5. Group Managers or their designees shall request that employees in a position to develop an invention, hired as of October 10, 1995, sign an IP Agreement.
6. Other employees may sign the IP Agreement if they wish.



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**Policies For
Employees Who
Sign The IP
Agreement**

7. Subject to the terms set forth in the IP Agreement, in recognition of the contribution of employees to the development of an invention, and in return for assigning patent rights to Metropolitan, employees shall receive a percentage of the net proceeds received by Metropolitan from the sale or licensing of the inventions.
8. An employee who develops an invention subject to the IP Agreement shall promptly notify his or her supervisor of that invention on the appropriate invention disclosure form. Further, the employee shall cooperate with Metropolitan in the execution of all documents and in the performance of all reasonable acts deemed necessary or desirable by Metropolitan to protect Metropolitan's rights to the invention.
9. Metropolitan, at its option, may assume responsibility for any costs associated with acquiring a patent for a Metropolitan invention and for any commercial exploitation of a Metropolitan invention.
10. Metropolitan shall pay employees who develop a Metropolitan invention subject to this policy and an IP Agreement three (3) percent of the net proceeds paid to Metropolitan as a result of the commercial exploitation of the invention. If the invention has been developed by more than one employee subject to this policy and the IP Agreement, this percentage of the net proceeds shall be shared equally by these employees.
11. An employee may file a written request for the release of a Metropolitan invention back to the employee for commercial exploitation, and Metropolitan agrees to promptly consider and grant the request, unless Metropolitan has a bona fide intention to begin commercial exploitation of the invention within five years of the date of the request.
12. Metropolitan shall only release its right to a Metropolitan invention if the employee agrees to reimburse Metropolitan, upon the terms agreed to at the time of the release, for all costs that Metropolitan has incurred to obtain, or to seek to obtain, patent rights to the invention.



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13. If Metropolitan fails to begin exploitation of a Metropolitan invention within five years after an employee’s initial request for a release of a Metropolitan invention, then title to the invention shall transfer back to the employee if the employee agrees to reimburse Metropolitan, upon the terms agreed to at the time of the release, for all costs that Metropolitan incurred to obtain, or to seek to obtain, patent rights to the invention.

14. All releases of Metropolitan inventions back to employees shall be subject to Metropolitan’s retention of a “shop right” in the invention, under which Metropolitan is free to use the invention, royalty free, for its own in-house purposes.

15. Under existing law, copyrights for works of authorship prepared for Metropolitan, either alone or with others on Metropolitan time and/or with Metropolitan assets are owned by Metropolitan. In order to avoid any confusion or misunderstanding on this issue, under this policy and in the IP Agreement, employees are asked to acknowledge and confirm Metropolitan’s ownership of these copyrights.

RESPONSIBILITIES

- Group Managers or their designees are delegated the responsibility to obtain the requisite signed IP Agreement forms from employees hired prior to or on October 10, 1995, and directed to forward all signed agreements to Human Resources for inclusion in employee records.

- Human Resources is delegated the responsibility to obtain the requisite signed IP Agreement form from employees hired after October 10, 1995, and directed to include the signed agreement in the employee records.

REFERENCE

- Board of Directors letter dated October 10, 1995

- Invention Notification form # 2072

- Employee Intellectual Property and Secrecy Agreement



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APPROVAL

/signed Gilbert F. Ivey

1/12/05

Gilbert F. Ivey,
Interim Chief Executive Officer

Date