

# PROPERTY

## CHAPTER 295

S. B. No. 44

(Legislative Research Committee)

### OBLIGATION TO PAY ROYALTIES

#### AN ACT

Relating to the obligation to pay royalties under oil and gas leases and providing remedies for breach of such obligation.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1.) The obligation arising under an oil and gas lease to pay oil or gas royalties to the mineral owner or his assignee, or to deliver oil or gas to a purchaser to the credit of such mineral owner or his assignee, or to pay the market value thereof is of the essence in the lease contract, and breach of such obligation may constitute grounds for the cancellation of such lease in such cases where it is determined by the court that the equities of the case require cancellation. This section shall not apply when mineral owners or their assignees elect to take their proportionate share of production in kind, or in the event of a dispute of title existing which would effect distribution of royalty payments.

Approved March 11, 1961.

## CHAPTER 296

H. B. No. 896

(Boe, Lowe)

## PATENTS

## AN ACT

To provide for the patenting of inventions and discoveries of faculty, officers and employees of state institutions of higher learning in the name of the institution or a foundation authorized by it; to provide for the sharing of income therefrom with the inventor or discoverer; to provide cooperating agencies in cooperative research with an equity in inventions or discoveries resulting from cooperative research; and to repeal sections 15-11-16, 15-11-17, and 15-11-18 of the North Dakota Century Code, relating to the patenting of inventions and assignment thereof.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

**§ 1. Patenting Inventions and Discoveries by Faculty, Officials and Employees of State Institutions of Higher Learning.)** All letters patent on inventions or discoveries resulting from research sponsored by a state institution of higher learning and conducted by faculty, officials or employees of a state institution of higher learning shall inure to and be taken out by or assigned to the respective state institution of higher learning in accordance with a general policy established by each institution of higher learning with the approval of the state board of higher education. Ownership, control, management, and disposal of such inventions or discoveries by faculty, officials, or employees of each institution of higher learning shall be vested in each respective institution, or in an independent foundation created by the institution for the purpose of obtaining patents or inventions, receiving gifts, administering or disposing of such patents and promoting research at the respective institution by every proper means.

**§ 2. Sharing of Income from Patents with Inventor or Discoverer.)** Each faculty member, official, or employee of a state institution of higher learning who conceives any inventions or makes any discovery as a result of research sponsored by his respective institution, and discharges his obligations to his respective institution shall be entitled to share in any net proceeds that may be derived from the assignment, grant, license or other disposal of such invention or discovery. The amount of such net proceeds shall be computed by or with the approval of the state board of higher education, with reasonable promptness after collection thereof, and after deducting from gross proceeds such costs and expenses as may be reason-

ably allocated to the particular invention or discovery. The amount of the net proceeds paid to the faculty member, official or employee of the institution shall be determined by the institution as a general policy determination with the approval of the state board of higher education. A minimum of fifteen percent of the net proceeds shall be paid to a faculty member, official, or employee of a state institution of higher learning who solely conceived or made the invention or discovery, and shall be paid in shares to two or more faculty members, officials or employees who jointly made the invention or discovery in such respective proportions as each institution may determine.

**§ 3. Disclaimer by State Institutions of Higher Learning of Inventions and Discoveries by Faculty, Officials and Employees.)** Where it is deemed inexpedient for a state institution of higher learning, or its authorized agency, to hold letters patent on an invention or discovery of a faculty member, official, or employee, it will then be permissible for the staff member himself to secure a patent and to license or dispose of the same.

**§ 4. Cooperating Agencies to Have an Equity in Inventions or Discoveries Resulting from Cooperative Research.)** While the results of experimental work, including patentable discoveries, carried on under the direction of the staff of the state institution of higher learning, belong to the state institution of higher learning and to the public, it is recognized that the party who originates a research problem, brings it to the state institution of higher learning for solution, and pays the cost of the research, has an equity in the fruits of that investigation: in the case of cooperative investigations, special agreements for preferential licensing may be made with the cooperating interests, with a view to compensating in part for the financial assistance rendered in the investigation. It is recognized, also, that the state institution of higher learning has an obligation to use its facilities to the best interest of industry as a whole and of the general public, and should, therefore, employ the most suitable and practical methods to have its laboratory discoveries made available as speedily as possible, safeguarding the public from undue exploitation while recognizing the interest of the originator and supporter of the research.

**§ 5. Repeal.)** Sections 15-11-16, 15-11-17, and 15-11-18 of the North Dakota Century Code are hereby repealed.

Approved March 11, 1961.

## CHAPTER 297

H. B. No. 817

(Boe)

## ACCUMULATIONS OF INCOME, REPEAL

## AN ACT

To repeal section 47-03-07 of the North Dakota Century Code, relating to the accumulations of income.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

**§ 1. Repeal.)** Section 47-03-07 of the North Dakota Century Code is hereby repealed.

Approved March 14, 1961.

## CHAPTER 298

H. B. No. 771

(Aamoth)

NOTIFICATION OF STATE TAX COMMISSIONER  
OF RECORDING OF DEEDS

## AN ACT

To amend and reenact section 47-19-07 of the North Dakota Century Code, to require that the state tax commissioner be notified of the recording of certain deeds, and providing for a penalty.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. **Amendment.**) Section 47-19-07 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

**47-19-07. Place for Recording Instruments—Fee Endorsed—Notification of State Tax Commissioner.)** An instrument entitled to be recorded must be recorded by the register of deeds of the county in which the real property affected thereby is situated. The register of deeds in each case must endorse the amount of his fee for the recording on the instrument recorded.

If any deed, except a deed issued through a judicial, probate, or tax sale proceeding, is recorded more than six months after the date of its acknowledgment, the register of deeds, on such forms as the state tax commissioner may prescribe, shall notify the state tax commissioner of the recording of such deed before the end of the month following the month in which such deed was filed for record, and the willful neglect or refusal to furnish such list to the state tax commissioner as provided herein shall be punishable as provided in sections 12-08-03 and 12-08-04.

Approved March 3, 1961.