Section 1 Official Governance Subject 1.1 Official Governance **Policy 1.1.4 Intellectual Property and the Office of Technology Transfer**	09/11/07-Originated 03/01/12 -Reviewed w/ changes -Reviewed w/o changes 03/31/12 - Effective Office of the President -Author

Intellectual Property and the Office of Technology Transfer

Definitions

***Creator*:** defined as a person who generates intellectual property, including but not limited to an inventor or an author of intellectual property.

***Intellectual Property*:** defined as, but not limited to, any invention, discovery, creation, know-how, trade secret, technology, scientific or technological development, research data, works of authorship, and computer software regardless of whether subject to protection under patent, trademark, copyright, or other laws of the United States or other countries.

Policy

1. Background

The UTMB Office of Technology Transfer (OTT) administers the intellectual property policy for UTMB on behalf of the President of UTMB. The OTT, where applicable and appropriate, will perform all duties with respect to the implementation of this policy under an appropriate delegation of authority from the President.

This Section 1.1.4 ("this Rule") is adapted and condensed from The University of Texas System Rules and Regulations of the Board of Regents Rules 90101, 90102, 90103, 90104, 90105, and 90106. To the extent that there is any conflict between Section 1.1.4 and the Regents' *Rules and Regulations*, the Rules and Regulations of the Board of Regents shall take precedence.

To balance the interests of the many contributors to the substantial creation of intellectual property at the University of Texas Medical Branch at Galveston (UTMB), these rules on intellectual property have the purpose of:

1. providing certainty in research pursuits and technology-based relationships with third parties;
2. creating an optimal environment for research, development, and commercialization opportunities with private industry; and
3. encouraging the timely and efficient protection and management of intellectual property.

2. Individuals Subject to this Rule

This intellectual property Rule applies to:

1. all persons employed by the U. T. System or any of its member institutions including UTMB, and also including, but not limited to, full and part-time faculty and staff and

visiting faculty members and researchers; and

2. anyone using the facilities or resources of the U. T. System or any of its member institutions, including, but not limited to, all students enrolled in an undergraduate or graduate degree program or a certificate program, and postdoctoral or pre-doctoral fellows at a U. T. System institution including UTMB.

3. Ownership of Intellectual Property

The Board of Regents of the University of Texas System automatically owns the intellectual property created by individuals subject to this Rule. Intellectual property either developed within the course and scope of employment of the individual or resulting from activities performed on U. T. System time, or with support of State funds, or from using facilities or resources owned by the U. T. System or any of its member institutions (other than incidental use) is owned by the Board of Regents.

All individuals subject to this Rule must assign and do hereby assign their rights in such intellectual property to the Board of Regents. Moreover, individuals subject to this Rule who create such intellectual property (creators) shall promptly execute and deliver all documents and other instruments as are reasonably necessary to reflect the Board of Regents' ownership of such intellectual property. A creator of intellectual property owned by the Board of Regents has no independent right or authority to convey, assign, encumber, or license such intellectual property to any entity other than the Board of Regents.

Intellectual property developed or created by a U.T System employee outside the course and scope of employment of the individual, and that is developed or created on his/her own time and without the support of the U.T. System or any of its member institutions and without the use of their facilities or resources is exclusively the property of the creator.

Intellectual property resulting from research supported by a grant or contract with the government (federal and/or state), or an agency thereof, with a nonprofit or for-profit nongovernmental entity, or by a private gift or grant to the U. T. System or any of its member institutions is owned by the Board of Regents.

Ownership Interest in Certain Copyrights. The Board of Regents will not assert an ownership interest in the copyright of scholarly or educational

materials, artworks, musical compositions, and literary works related to the author's academic or professional field, regardless of the medium of expression. This exemption applies to works authored by students, professionals, faculty, and non-faculty researchers.

Ownership Interest in Computer Software. The Board of Regents asserts ownership in software; however, copyrights in original software that is integral to the presentation of such content shall be owned by the creator in accordance with the previous paragraph.

Ownership Interest in Works for Hire and Institutional Projects. Notwithstanding the above provisions pertaining to copyright ownership, the Board of Regents shall have sole ownership of all intellectual property created by:

a) an employee, student, or other individual or entity commissioned, required, or hired specifically to produce such intellectual property by the U. T. System or any of its member institutions, and
b) an employee, student or other individual as part of an institutional project. Except as may be provided otherwise in a written agreement approved by the institution or the U. T. System, the provisions of this Rule relating to division of royalties shall not apply to intellectual property owned solely by the Board of Regents pursuant to this Rule. See also Regents' *Rules and Regulations,* Rule 90102, Section 2.5.

Ownership Interest in Research Data. Research data or results created by an employee are owned by the Board of Regents and, except to the extent that rights to such research data are contractually assigned or licensed to another by the Board of Regents, the creator shall have a nonexclusive license to use such data for nonprofit educational, research, and scholarly purposes within the scope of the employee's employment, subject to adherence to other provisions of this Rule.

Limited License to the Institution. As reasonably required for the limited purpose of continuing an institution's scheduled course offering, the Board of Regents retains for one year following the loss of an instructor's services, a fully paid-up, royalty-free, nonexclusive worldwide license to use, copy, distribute, display, perform and create derivative works of materials prepared by the instructor for use in teaching a course (including lectures, lecture notes, syllabi, study guides, bibliographies, visual aids, images, diagrams, multimedia presentations, examinations, web-ready content and educational software).

4. UTMB's Office of Technology Transfer (OTT)

Before intellectual property subject to ownership by the Board of Regents is disclosed to any party outside the U. T. System, to the public generally, or for commercial purposes, and before publishing same, the creator shall submit a reasonably complete and detailed disclosure of such intellectual property to UTMB's OTT, which will regularly and promptly communicate with the creator during this decision-making process.

With respect to intellectual property in which the U. T. System or any of its member institutions asserts an interest, the OTT, shall decide how, when, and where the intellectual property is to be protected and commercialized. Outside counsel services may be contracted with the prior consent of the U. T. System Vice Chancellor and General Counsel and, if required by law, the approval of the Attorney General. The OTT shall consider the expertise and knowledge of the creators of the intellectual property and the potential opportunities for commercialization regarding the protection and commercialization of intellectual property.

Geographical Scope of Protection. A decision by the U. T. System or any of its member institutions to seek patent or other available protection for intellectual property covered shall not obligate the U. T. System or any of its member institutions to pursue such protection in all national jurisdictions. The U. T. System's decision relating to the geographical scope and duration of such protection shall be final.

Release of Rights. If the OTT elects not to assert U. T. System's interest, the U. T. System Office of General Counsel and the primary creator shall be notified in writing within 20 business days after a decision is made not to assert ownership rights that the institution will offer the released intellectual property to the creator, except where prohibited by law or contractual obligations or requirements. Thereafter, the creator will be free to obtain and exploit a patent or other intellectual property protection in his or her own right and the U. T. System and its member institutions shall not have any further rights, obligations, or duties with respect thereto except that, in appropriate circumstances, the Office of Technology Transfer may elect to impose certain limitations or obligations, including, but not limited to, a nonexclusive license for the creator, U. T. System, and any of its member institutions to use the released invention for patient care, teaching, scholarly and other academically related purposes, and nonprofit research.

Such a release must include provisions for the recovery by U. T. System of patent and licensing expenses, if any, as well as the retention of income

rights by U. T. System, and may include certain limitations or obligations, including those set forth above.

Role of Creator. Any person subject to this Rule who creates intellectual property (other than a work for hire or on government or other sponsored research projects where the grant agreements provide otherwise), may give reasonable input on commercialization of inventions; provided however, that the president(s) of the applicable institution(s), or his or her designee(s), in his or her sole discretion, will make final decisions whether and how to develop and commercialize an invention.

5. Distribution of Licensing Revenue and Reimbursement of Licensing Costs

When the U. T. System or any of its member institutions licenses rights in intellectual property to third parties, and other than with regard to elections under the terms of a release as set forth above, the costs of licensing, including, but not limited to, the costs to operate and support a technology transfer office and the costs of obtaining a patent or other protection for the property on behalf of the Board of Regents must first be recaptured from any royalties or other license payments received by the U. T. System or any of its member institutions. The remainder of any such income (including but not limited to license fees, prepaid royalties, minimum royalties, running royalties, milestone payments, and sublicense payments) shall be divided as follows:

50% to creator(s);
25% to the creator(s) laboratory or facilities; and
25% to the President's Royalty Fund for the support of research at UTMB.

A creator may disclaim his/her interest in such income, in which case the institution shall receive the creator's share and shall decide, in its sole discretion, if, how and when to disburse such income. In the event that a creator has left UTMB at the time a royalty or license payment is received, the creator's share of the 25% designated for laboratories or facilities shall instead be transferred to the President's royalty fund.

In the event that two or more persons who are entitled to share royalty income pursuant to this Rule (or equity pursuant to Regents' *Rules and Regulations* Rule 90103 concerning equity interests and as set forth below) cannot agree in writing on an appropriate sharing arrangement, the president or his designee at the OTT shall determine that portion of the royalty income to which the creators are entitled under the circumstances and such amount will be distributed to them accordingly. In the event that

the creators are located at two or more member institutions of the U. T. System and cannot agree, such royalty (or equity) distribution decision shall be made by the involved institutions' presidents (or their respective designees). In the further event that the involved presidents cannot agree, then the Chancellor (or designee) shall decide and his/her decision shall be binding on the creators.

The portion of the net income the U. T. System or any of its member institutions retains from royalties and the institutions shall use any other intellectual property-related income where the income-producing intellectual property originated.

With the prior approval of the Board and after review by the U. T. System Vice Chancellor and General Counsel and the appropriate Executive Vice Chancellor, an institution may adjust the allocation of royalties set forth herein for a creator.

6. Sponsored Research Agreements

Those persons subject to this Rule whose intellectual property creations result from a grant or contract with the government (federal and/or state), or any agency thereof, or with a nonprofit or for-profit nongovernmental entity, or by private gift to the U. T. System or any of its member institutions shall promptly execute and deliver such documents and other instruments as are reasonably necessary for the U. T. System or any of its member institutions to discharge its obligations, expressed or implied, under the particular agreement.

Nonconformance with Intellectual Property Guidelines. Administrative approval of such grants and contracts containing provisions inconsistent with this Rule or other policies and guidelines adopted by the Board or Regents imply a decision that the value to the U. T. System or any of its member institutions of receiving the grant or performing the contract outweighs the impact of any nonconforming provisions on the intellectual property policies and guidelines of the U. T. System or any of its member institutions. (See Regents' *Rules and Regulations*, Rule 90105, Section 2).

Conflicting Provisions. Subject to approval as described immediately above, the intellectual property policies and guidelines of the U. T. System or any of its member institutions are subject to, and thus amended and superseded by, the specific terms pertaining to intellectual property rights included in state and/or federal grants and contracts, or grants and contracts with nonprofit and for-profit nongovernmental entities or private donors, to the extent of any such conflict.

7. Equity Interests

Agreements with Business Entities. In agreements with business entities relating to rights in intellectual property owned by the Board of Regents, the U. T. System or any of its member institutions may receive equity interests as partial or total compensation for the rights conveyed. In any such instance, the institution where the intellectual property was created may elect, at its option, to share an equity interest, dividend income, or the proceeds of the sale of an equity interest with the creator(s) in the same manner as royalties are shared pursuant to this Rule and Regents' *Rules and Regulations*, Rule 90102, Section 2.5. The U. T. System or any of its member institutions may also receive equity interests in a business entity as consideration for the institution's role as a founder, or for other contributions made to the business entity other than as a licensor, and institution shall not be obligated to share such equity interests with the creator(s).

Creator Holding Equity and Managing Conflict of Interest. Employees of the U. T. System or any of its member institutions who conceive, create, discover, invent, or develop intellectual property may hold an equity interest in a business entity that has an agreement with the U. T. System or any of its member institutions relating to the research, development, licensing, or exploitation of that intellectual property only so long as the institution where the intellectual property was developed is in full compliance with the requirements to have, implement, and enforce for that employee an effective conflict of interest management plan approved by the institution's president. In any case in which actual conflict of interest is found, the employee may be required to divest the equity interest or terminate affected research.

Employee Equity Interests. The U. T. System or any of its member institutions may, but shall not be obligated to, negotiate an equity interest on behalf of any employee as a part of an agreement between the U. T. System or any of its member institutions and a business entity relating to intellectual property conceived, created, discovered, invented, or developed by the employee and owned by the Board of Regents.

8. Business Participation and Reporting

Approval to Serve as Officer or Director. Any individual subject to this Rule who conceives, creates, discovers, invents, or develops intellectual property may serve, in his/her individual capacity, as a member of the board of directors or other governing board or as an officer or an employee

(other than as a consultant) of a business entity that has an agreement with the U. T. System or any of its member institutions relating to the research, development, licensing, or exploitation of that intellectual property only so long as the institution where the intellectual property was developed is in full compliance with the requirements to have, implement, and enforce for that individual an effective conflict of interest management plan approved by the institution's president. In any case where actual conflict of interest is found, the individual may be required to terminate the business relationship or the relevant research.

Request for Employee to Serve as Officer or Director. When requested by the Board of Regents, an employee may serve on behalf of the Board of Regents as a member of the board of directors or other governing board of a business entity that has an agreement with the U. T. System or any of its member institutions relating to the research, development, licensing, or exploitation of intellectual property, but may not accept any consideration offered for service on such board.

Report of Equity Interest and Service as Officer or Director. Any individual serving as an Officer or Director must report in writing to the president of the institution the name of any business entity in which the person has an interest or for which the person serves as a director, officer, or employee and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. The U.T. System Office of Business Affairs will file a report by October 1 of each year with the Board of Regents as required by Texas Education Code Section 51.912 and include this information in the annual financial report sent to the State officials listed in Texas Education Code Section 51.005.

9. Execution of Legal Documents Related to Intellectual Property

Agreements that grant an interest in Board intellectual property, including but not limited to option and license agreements and contracts with corporate sponsors, may be executed and delivered in accordance with the provisions of the Regents' *Rules and Regulations*, Rule 10501, after any required review by the U. T. System Office of General Counsel.

Any agreement that deviates substantially from the basic intellectual property Rule of the U. T. System as set out in the Regents' *Rules and Regulation*s may be executed and delivered as set forth immediately above if, in the judgment of the institution's president and after any required review by the U. T. System Office of General Counsel, the benefits from

Execution of Legal Documents Related to Intellectual Property, continued

the level of funding for proposed research and/or other consideration from a sponsor, licensee, or other party outweigh any potential disadvantage that may result from the Rule deviation.

The Chancellor, the appropriate Executive Vice Chancellor, or the Vice Chancellor and General Counsel may execute, on behalf of the Board of Regents, legal documents relating to the Board's rights in intellectual property, including, but not limited to, applications, declarations, affidavits, powers of attorney, disclaimers, and other such documents relating to patents and copyrights; applications, declarations, affidavits, affidavits of use, powers of attorney, and other such documents relating to trademarks; and corporate documents related to the formation of new companies. In addition, the institution's president may execute, on behalf of the Board, (a) institutional applications for registration or recordation of transfers of ownership and other such documents relating to copyrights and (b) corporate documents related to the formation of new companies if (i) first reviewed and approved by the U. T. System Office of General Counsel or (ii) first reviewed and approved by institution's outside counsel working under a U. T. System Office of General Counsel-approved outside counsel agreement.

Legal documents, contracts, or grant proposals for sponsored research, including institutional support grants, and licenses or other conveyances of intellectual property owned or controlled by the Board of Regents do not require prior approval by the Board of Regents regardless of contract amount. See Regents' *Rules and Regulations*, Rule 10501, Section 2.2.3.

References

Regents' Rules and Regulations, Rule 10501 – Delegation to Act on Behalf of the Board

Regents' Rules and Regulations, Rule 90101 – Rules for Intellectual Property: Purpose, Scope, Authority

Regents' Rules and Regulations, Rule 90102 – Intellectual Property Rights and Obligations

Regents' Rules and Regulations, Rule 90103 – Equity Interests

Regents' *Rules and Regulations,* Rule 90104 – Business Participation and Reporting

Regents' *Rules and Regulations,* Rule 90105 – Execution of Legal Documents Related to Intellectual Property

Regents' *Rules and Regulations*, Rule 90106 – Income from Intellectual Property

Texas Education Code Section 51.005 – Reports

Texas Education Code Section 51.912 – Equity Ownership: Business Participation