

1. Title

Rules for Intellectual Property: Purpose, Scope, Authority

2. Rule and Regulation

Sec. 1 Purpose. To balance the interests of the many contributors to the substantial creation of intellectual property at and by U. T. System, the Board of Regents promulgates these rules on intellectual property with the purpose to (a) provide certainty in research pursuits and technology-based relationships with third parties; (b) create an optimal environment for research, development, and commercialization opportunities with private industry; and (c) encourage the timely and efficient protection and management of intellectual property.

Sec. 2 Individuals Subject to this Policy. This intellectual property policy applies (a) to all persons employed by the U. T. System or any of its institutions including, but not limited to, full and part-time faculty and staff and visiting faculty members and researchers, and (b) to anyone using the facilities or resources of the U. T. System or any of its institutions, including, but not limited to, students enrolled at a U. T. System institution whether undergraduate or master's and doctoral degrees, and postdoctoral and predoctoral fellows. All individuals subject to this policy must assign their rights in intellectual property included under this policy (see Section 3 below) in accordance with the provisions of Series 90102.

Sec. 3 Intellectual Property Included. Except as set forth in Sections 4 and 5 below and Series 90102 of the Regents' *Rules and Regulations*, this policy applies to all types of intellectual property, including, 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.

Sec. 4 Interest in Certain Copyrights. Notwithstanding Section 3 above, the Board of Regents will not assert its 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 applies to works authored by students, professionals, faculty, and non-faculty researchers. The Board

of Regents encourages these creators to manage their copyrights in accordance with the guidelines concerning management and marketing of copyrighted works (<http://www.utsystem.edu/oqc/intellectualproperty/COPYMGT.H> TM) consistent with applicable institutional policies.

- Sec. 5 Copyright Interest in Certain Software. The Board of Regents asserts ownership in software; however, copyrights in original software that is content covered by Section 4 above or that is integral to the presentation of such content shall be owned by the creator in accordance with Section 4 above.
- Sec. 6 Works for Hire and Institutional Projects. Notwithstanding the provisions of Sections 4 and 5 above, the Board of Regents shall have sole ownership of all intellectual property created by (a) an employee, student, or other individual commissioned, required, or hired specifically to produce such intellectual property by the U. T. System or any of its institutions and (b) an employee or student as part of an institutional project. Except as may be provided otherwise in a written agreement approved by the institution or U. T. System, the provisions of the Regents' *Rules and Regulations, Series 90102*, Number 2, Section 2.5 relating to division of royalties shall not apply to intellectual property owned solely by the Board of Regents pursuant to this Section.
- Sec. 7 Role of Creator. Any person subject to this policy who creates intellectual property (other than a work for hire under Section 6 above 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, including determinations under Section 5 above, whether and how to develop and commercialize an invention.
- Sec. 8 Use of Facilities and Resources. Neither the facilities nor the resources of the U. T. System or any of its institutions may be used (a) to create, develop, or commercialize intellectual property outside the course and scope of employment of the individual (see Regents' *Rules and Regulations, Series 90102*, Number 2, Section 1) or (b) to further develop or commercialize intellectual properties that have been released to an inventor (see Regents' *Rules and Regulations, Series 90102*, Number 2, Sections 2.2 and 2.3) except as the institution's president may

approve where the U. T. System retains an interest under the terms of the release.

Sec. 9 Use of 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 have not been contractually assigned or licensed to another, 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 policy.

3. Definitions

None

4. Relevant Federal and State Statutes

None

5. Relevant System Policies, Procedures, and Forms

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

Regents' *Rules and Regulations*, Series 90103 – Equity Interests

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

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

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

6. Who Should Know

Administrators
Faculty
Staff
Students

7. System Administration Office(s) Responsible for Rule

Office of General Counsel

8. Dates Approved or Amended

February 8, 2007

9. Contact Information

Questions or comments regarding this rule should be directed to:

- bor@utsystem.edu

1. Title

Intellectual Property Rights and Obligations

2. Rule and Regulation

Sec. 1 Intellectual Property Owned by the Creator. Intellectual property developed or created by a U. T. System employee outside the course and scope of employment of the individual which is developed or created on his/her own time and without the support of the U. T. System or any of its institutions or use of their facilities or resources, is the exclusive property of the creator.

Sec. 2 Intellectual Property Owned by U. T. System. 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 institutions (other than incidental use) is owned by the Board of Regents. To effectively implement this rule and provide certainty to individuals subject to this policy, U. T. System institutions may promulgate institutional rules, regulations, or policies defining the course and scope of employment for persons or classes of persons and specifying that authorized (pursuant to existing rules and procedures) outside employment is or is not within an employee's course and scope of employment.

2.1 Determination of U. T. System's Interest. 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 the president of the creator's institution for determination of the U. T. System's interest. The institution will regularly and promptly communicate with the creator during this decision-making process.

2.2 Election Not to Assert Ownership Interest. If the institution's president 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 (see Series 90101, Section 8), except where prohibited by law or contractual obligations or requirements. Thereafter, he or she 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 institutions shall not have any further rights, obligations, or duties with respect thereto except that, in appropriate circumstances, the institution's president 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 institutions to use the released invention for patient care, teaching, scholarly and other academically related purposes, and nonprofit research.

- 2.3 Later Release of Invention. Except where prohibited by law or contractual obligations or requirements, the institution's president may elect to release an invention to its creator at any time after asserting U. T. System's interest, with notice to the U. T. System Office of General Counsel (see Series 90101, Section 8); however, such a release must include provisions for the recovery of patent and licensing expenses, if any, as well as the retention of income rights, and may include certain limitations or obligations, including those set forth in Section 2.2 above.
- 2.4 Protection and Commercialization of Intellectual Property. With respect to intellectual property in which the U. T. System or any of its institutions asserts an interest, the institution's president, or his or her designee, 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. U. T. System shall establish an intellectual property data collection system.
- 2.5 Reimbursement of Licensing Costs and Allocation of Income. In those instances where the U. T. System or any of its institutions licenses rights in intellectual property to third parties, and other than with regard to elections under Section 2.2 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 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)
50% to U. T. System.

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

Sec. 3 Intellectual Property Involving Sponsored Research. Intellectual property resulting from research supported by a grant or contract with the federal government, 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 institutions shall be subject to ownership by the Board of Regents.

3.1 Nonconformance with Intellectual Property Guidelines. Administrative approval of such grants and contracts containing provisions inconsistent with this policy or other policies and guidelines adopted by the Board imply a decision that the value to the U. T. System or any of its 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 institutions (Reference Regents' *Rules and Regulations*, Series 90105, Number 2, Section 2).

3.2 Conflicting Provisions. The intellectual property policies and guidelines of the U. T. System or any of its institutions are subject to, and thus amended and superseded by, the specific terms pertaining to intellectual property rights included in federal grants and

contracts, or grants and contracts with nonprofit and for-profit nongovernmental entities or private donors, to the extent of any conflict.

- 3.3 Cooperation with Necessary Assignments. Those persons subject to this policy whose intellectual property creations result from a grant or contract with the federal government, or any agency thereof, with a nonprofit or for-profit nongovernmental entity, or by private gift to the U. T. System or any of its institutions shall make such assignment of such creations and will execute and deliver such documents and instruments as is reasonably necessary in each case in order that the U. T. System or any of its institutions may discharge its obligation, expressed or implied, under the particular agreement.
- 3.4 Sharing of Royalty Income. In the event that two or more persons who are entitled to share royalty income pursuant to Number 2, Section 2.5 of this Series (or equity pursuant to *Regents' Rules and Regulations, Series 90103* concerning equity interests) cannot agree in writing on an appropriate sharing arrangement, that portion of the royalty income to which the creators are entitled will be distributed to them as the institution's president or, in the event that the creators are located at two or more institutions within the U. T. System, the Chancellor may deem appropriate under the circumstances and such decision shall be binding on the creators.
- 3.5 Geographical Scope of Protection. A decision by the U. T. System or any of its institutions to seek patent or other available protection for intellectual property covered by Number 2, Section 2 of this Series shall not obligate the U. T. System or any of its 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.

3. Definitions

None

4. Relevant Federal and State Statutes

None

5. Relevant System Policies, Procedures, and Forms

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

Regents' Rules and Regulations, Series 90103 – Equity Interests

Regents' Rules and Regulations, Series 90104 – Business Participation and Reporting

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

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

6. Who Should Know

Administrators
Faculty
Staff
Students

7. System Administration Office(s) Responsible for Rule

Office of General Counsel

8. Dates Approved or Amended

February 8, 2007

9. Contact Information

Questions or comments regarding this rule should be directed to:

- bor@utsystem.edu

1. Title

Equity Interests

2. Rule and Regulation

Sec. 1 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 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 Regents' *Rules and Regulations*, Series 90102, Number 2, Section 2.5. The U. T. System or any of its institutions may also receive equity interests in a business entity as consideration for the institution's role as a founder or cofounder of the business entity, and shall not be obligated to share such equity interests with the creator(s).

Sec. 2 Creator Holding Equity and Managing Conflict of Interest. Employees of the U. T. System or any of its 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 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 as set forth in the U. T. System's *Procedure for Obtaining Approval of Plan to Manage Conflicts of Interest* (<http://www.utsystem.edu/ogc/IntellectualProperty/conflict.htm>). In any case where actual conflict of interest is found, the employee may be required to divest the equity interest or terminate affected research.

Sec. 3 Employee Equity Interests. The U. T. System or any of its 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 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.

3. Definitions

None

4. Relevant Federal and State Statutes

None

5. Relevant System Policies, Procedures, and Forms

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

Regents' Rules and Regulations Series 90102 – Property Rights and Obligations

Regents' Rules and Regulations Series 90104 – Business Participation and Reporting

Regents' Rules and Regulations Series 90105 – Execution of Legal Documents Related to Intellectual Property

Regents' Rules and Regulations Series 90106 – Income from Intellectual Property

6. Who Should Know

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Faculty
Staff
Students

7. System Administration Office(s) Responsible for Rule

Office of General Counsel

8. Dates Approved or Amended

February 8, 2007

9. Contact Information

Questions or comments regarding this rule should be directed to:

- bor@utsystem.edu

1. Title

Business Participation and Reporting

2. Rule and Regulation

- Sec. 1 Approval to Serve as Officer or Director. Any employee of the U. T. System or any of its institutions 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 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 as set forth in the U. T. System's *Procedure for Obtaining Approval of Plan to Manage Conflicts of Interest* (<http://www.utsystem.edu/oqc/IntellectualProperty/conflict.htm>). In any case where actual conflict of interest is found, the employee may be required to terminate the business relationship or the relevant research.
- Sec. 2 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 institutions relating to the research, development, licensing, or exploitation of intellectual property, but may not accept any consideration offered for service on such board.
- Sec. 3 Report of Equity Interest and Service as Officer or Director. Any employee covered by Regents' *Rules and Regulations*, Series 90103, Number 2, Section 2 concerning conflict of interest and Sections 1 or 2 above 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 Vice Chancellor and General Counsel 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*.

3. Definitions

None

4. Relevant Federal and State Statutes

Texas Education Code Section 51.005 – Reports

Texas Education Code Section 51.912 – Equity Ownership: Business Participation

5. Relevant System Policies, Procedures, and Forms

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

Regents' Rules and Regulations, Series 90102 – Property Rights and Obligations

Regents' Rules and Regulations, Series 90103 – Equity Interests

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

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

6. Who Should Know

Administrators
Faculty
Staff
Students

7. System Administration Office(s) Responsible for Rule

Office of General Counsel

8. Dates Approved or Amended

February 8, 2007

9. Contact Information

Questions or comments regarding this rule should be directed to:

- bor@utsystem.edu

1. Title

Execution of Legal Documents Related to Intellectual Property

2. Rule and Regulation

Sec. 1 Execution of Agreements. 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*, Series 10501, after any required review by the U. T. System Office of General Counsel.

Sec. 2 Agreements That Do Not Conform to the Rules. Any agreement that deviates substantially from the basic intellectual property policy of the U. T. System as set out in the Regents' *Rules and Regulations* may be executed and delivered as set forth in Section 1 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 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 policy deviation.

Sec. 3 Authority to Execute Documents. The Chancellor, the appropriate Executive Vice Chancellor, the Vice Chancellor and General Counsel, or the Vice Chancellor for Research and Technology Transfer 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.

3. Definitions

None

4. Relevant Federal and State Statutes

None

5. Relevant System Policies, Procedures, and Forms

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

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

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

Regents' *Rules and Regulations*, Series 90103 – Equity Interests

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

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

6. Who Should Know

Administrators
Faculty
Staff
Students

7. System Administration Office(s) Responsible for Rule

Office of General Counsel

8. Dates Approved or Amended

February 8, 2007

9. Contact Information

Questions or comments regarding this rule should be directed to:

- bor@utsystem.edu

1. Title

Income from Intellectual Property

2. Rule and Regulation

Sec. 1 Use of Income. The portion of the net income the U. T. System or any of its institutions retains from royalties and any other intellectual property-related income shall be used by the institutions where the income-producing creation originated.

Sec. 2 Income Payable to an Individual Subject to this Policy. With the prior written approval of the institution's president, payments payable to an individual, pursuant to Regents' *Rules and Regulations*, Series 90102, Number 2, Section 2.5 concerning reimbursement of costs and allocation of income, may be assigned to the institution by the individual and designated for use in research to be conducted by that individual.

3. Definitions

None

4. Relevant Federal and State Statutes

None

5. Relevant System Policies, Procedures, and Forms

Regents' *Rules and Regulations*, Series 90101 – General Rules for Intellectual Property

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

Regents' *Rules and Regulations*, Series 90103 – Equity Interests

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

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

6. Who Should Know

Administrators
Faculty
Staff
Students

7. System Administration Office(s) Responsible for Rule

Office of General Counsel

8. Dates Approved or Amended

December 10, 2004

9. Contact Information

Questions or comments regarding this rule should be directed to:

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