**Sample Plans**

*The content of these sample plans was approved by the Office of General Counsel and Executive Vice Chancellors. All information contained in the samples has been fictionalized.*

**Sample Plan #1**

**Plan to Manage Conflicts of Interest**

**for**

**Ian Morse, Ph.D. -- Company, Inc.**

The University of Texas Health Science Center at San Antonio (“University”), on behalf of the Board of Regents, has entered into a series of non-exclusive license agreements with Company, Inc. (“Licensee”), a Texas Corporation, having a principal place of business in San Marcos, Texas. The license agreements cover the following four cell lines in the field of antibodies and related materials for use as research reagents (collectively, the “Inventions”). The Inventions were developed, in part, by Ian Morse, Ph.D., Professor of Cell Biology at University.

The provisions of these non-exclusive license agreements have been reviewed and approved pursuant to the Regents’ *Rules and Regulations* by Dr. Martinez, the chief administrative officer, and the Office of General Counsel.  Under the license agreements, Licensee was granted a royalty-bearing, non-exclusive worldwide license and right to manufacture, use, distribute, and/or sell antibody products derived from the Inventions solely for research reagent purposes. Additionally, for each license agreement, Licensee has paid The University of Texas System Board of Regents (1) a non-refundable license issue fee; and (2) a six percent (6%) running royalty on net sales of antibody products derived from the Inventions.  The license agreements include standard language indemnifying the Board of Regents.

Dr. Morse holds 100,000 of the 850,250 shares outstanding as of June 30, 2000 in Licensee and serves on the Board of Directors of Licensee. In view of this potential conflict of interest, University has developed the following measures to eliminate the likelihood that actual conflicts will arise:

1. As required by Texas Education Code, Section 51.912(b) and the Regents’ *Rules and Regulations*, Rule 90103: Equity Interests and Rule 90104: Business Participation and Reporting, Dr. Morse has provided University with a written disclosure and will update it as required by law.
2. In view of this disclosure, University has determined that a license to a company owned, in part, by Dr. Morse is appropriate because the activities of Licensee involve applied research in the development of antibody products for research and diagnostic uses and the sale of such antibody products for research purposes, whereas Dr. Morse performs basic research at University.
3. University has implemented a management strategy to minimize the risk of a future conflict of interest.

Dr. Morse will submit a completed confidential invention report form to the Office of Intellectual Property Administration for University regarding the Inventions and any future inventions. Dr. Morse further agrees to not transfer any materials or proprietary information regarding such future inventions to Licensee prior to the consummation of a confidential disclosure agreement, sponsored research agreement, and/or a license agreement related thereto, if any. Dr. Morse also agrees to assist the Office of Intellectual Property Administration in obtaining such additional information as may be required to evaluate licensing opportunities for future inventions. The invention report forms and related correspondence or agreements, as well as Dr. Morse’s compliance with the terms agreed to above, shall be reviewed by Dr. Michelle Frank, Dean of the Graduate School of University, for any potential conflicts of interests between Dr. Morse’s role as an employee of University and his financial interest in Licensee. Should Dr. Frank determine that a potential conflict of interest exists, the terms of any license agreement with Licensee will be modified accordingly or such other remedial action taken as would be in accordance with Section 51.912 of the Texas Education Code and corresponding provisions of the UT System Intellectual Property Rules.

The proposed arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of the UT System Intellectual Property Rules. Pursuant to the Regents’ *Rules and Regulations*, Rule 90103: Equity Interests and Rule 90104: Business Participation and Reporting, approval by the component institution President and compliance with the requirements of the Procedure for Obtaining Approval of the Plan to Manage Conflicts of Interest is necessary for Dr. Morse to establish sponsored research and licensing agreements with Licensee.

**Sample Plan #2**

**Plan to Manage Potential Conflict of Interest**

**for**

**Dr. Thomas Andrews**

Thomas Andrews, Ph.D., Professor of Neuroscience at The University of Texas at Austin (“University”) and Mark Jones, Ph.D., Assistant Professor, Department of Engineering at University have jointly created the following invention (“Invention”) in the field of \_\_\_\_\_\_\_\_\_\_: U. S. patent number 9,999,999, issued June 1, 1999, entitled, “\_\_\_\_\_\_\_\_\_.” **[Also need a Plan to Manage Potential Conflicts of Interest for Dr. Jones.]**

Under a proposed patent license agreement with XYZ Company (“Licensee”), of Houston, Texas, Licensee is granted an exclusive worldwide license for the right to manufacture, have manufactured, import, use, sell, and/or offer to sell licensed products, identified products and diagnostic products covered by the Invention. The provisions of this exclusive license have been reviewed and approved by the President of University and the Office of General Counsel pursuant to the Regents’ *Rules and Regulations*. As consideration for the exclusive license, Licensee will provide the following compensation to The University of Texas System Board of Regents: (1) a sublicense fee of 10% of the revenues received from the sublicensing of any of the licensed technologies; and (2) three million, eight hundred thousand (3,800,000) shares of common stock.

In addition, Licensee will sponsor research in Dr. Andrews’ laboratory at University at $50,000 per year for two years. The sponsored research agreement will specify particular research objectives different than Dr. Andrews’ continued basic science research objectives (not supported by Licensee).

Dr. Andrews will receive 1,360,000 shares of common stock in Licensee. In addition, Dr. Andrews will serve as chairman of the scientific advisory board to Licensee with an annual compensation of $30,000.

University has developed the following measures to eliminate the likelihood that actual conflicts of interest will arise with regard to Dr. Andrews. As required by Texas Education Code, Section 51.912(b), and the Regents’ *Rules and Regulations*, Rule 90103: Equity Interests and Rule 90104: Business Participation and Reporting, Dr. Andrews has provided University with a written disclosure of all potential conflicts of interest (both financial and arising through his proposed role as a member of the Scientific Advisory Board) that might emanate from the terms of the proposed patent license agreement.

In view of this disclosure, University has determined that a license to a faculty-owned company is appropriate because the activities of Licensee involve applied research in the discovery and development of \_\_\_\_\_, whereas Dr. Andrews performs basic research at University.

Additionally, University has implemented a management strategy to minimize the risk of a future conflict of interest. Under this plan Dr. Andrews will submit written descriptions of ongoing and planned research to be reviewed by Michael Green, Ph.D., Associate Dean for Research at University. These written descriptions will be in the form of required annual reports for all agencies currently providing research funding to Dr. Andrews’ laboratory at University, as well as any new research proposals soliciting funding from public and private agencies. All research projects described in these reports will be reviewed by Dr. Green for any potential conflicts of interest, and all such projects shall require approval by Dr. Green. If any such research project shall be found by Dr. Green to result in a potential conflict of interest, Dr. Andrews will be required either to modify his research plan such that it is deemed by Dr. Green to no longer create a conflict of interest, or transfer the portions of research that have been found to create a conflict of interest to an independent investigator, to be designated in the mutual consent of Dr. Green and Dr. Andrews.

The proposed arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of the UT System Intellectual Property Rules. Pursuant to the Regents’ *Rules and Regulations*, Rule 90103: Equity Interests and Rule 90104: Business Participation and Reporting, approval by the component institution President and compliance with the requirements of the Procedure for Obtaining Approval of the Plan to Manage Conflicts of Interest is necessary for Dr. Andrews to acquire equity in and serve on the Scientific Advisory Board of Licensee.