

1. Title

Processing of Intellectual Property Agreements

2. Policy

Sec. 1 Purpose. This policy provides the steps to follow to process legal documents, contracts, or grant proposals for sponsored research, including institutional support grants and licenses, grants and options, or other conveyances of intellectual property owned or controlled by the Board of Regents as outlined in Rule 90105 of the Regents' *Rules and Regulations*.

Sec. 2 Sponsored Research Agreements Not Requiring University of Texas System Review Prior to Execution. The following types of sponsored research agreements do not need to be sent to the Executive Vice Chancellor (EVC) for Health Affairs or Academic Affairs or to the Office of General Counsel (OGC) prior to execution:

- 2.1 standard sponsored research agreements designated by OGC;
- 2.2 standard sponsored research agreements with specified nonsubstantive modifications, as determined by the chief administrative officer or approved designee;
- 2.3 company master or universal agreements designated by OGC;
- 2.4 company master or universal agreements with specified nonsubstantive modifications as determined by the chief administrative officer or an approved designee;
- 2.5 renewal or specified extension of previously approved sponsored research agreements continuing the same or related research with specified nonsubstantive modifications as determined by the chief administrative officer or an approved designee;
- 2.6 clinical trial agreements, material transfer agreements, and laboratory studies that conform to the requirements set forth by OGC in relevant online checklist procedures;
- 2.7 sponsored research agreements, clinical trial agreements, material transfer agreements, and laboratory studies that do not conform to the U. T. System Intellectual Property Policy or Guidelines, provided that, prior to execution of any such agreement, (i) each such agreement has been approved by the president of the institution or approved designee, and (ii) the

president or approved designee has executed a Form G for that agreement approving the agreement with full knowledge of the scope of the deviations from the U. T. System Intellectual Property Policy or Guidelines; and

- 2.8 sponsored research agreements, clinical trial agreements, material transfer agreements, and laboratory studies that conform to the U. T. System Intellectual Property Policy or Guidelines, provided that, prior to execution of any such agreement, (i) each such agreement shall be accompanied by a form letter (i.e., Form F) and has been approved by the president of the institution or approved designee, and (ii) the president or approved designee has executed the Form F for agreements that conform to U. T. System Intellectual Property Policy.

Sec. 3 Agreements Requiring Office of General Counsel Review and Approval Prior to Execution.

- 3.1 OGC shall approve all of the agreements listed above when the dollar amount exceeds \$1,000,000. The request for OGC approval must be accompanied by a letter from the president or designee in a form specific for the type of agreement submitted (i.e., Forms A-E, F, G, or Q). An institution may request an increase in its dollar threshold by submitting a written request to the Vice Chancellor and General Counsel who may approve the increase, in whole or in part, if he determines that it is in the best interest of the institution and the U. T. System. After OGC approval is granted, OGC will send a courtesy copy of each agreement to both Executive Vice Chancellors.
- 3.2 The institution may send the original signed sponsored research agreement to the sponsor after OGC approval.

Note: Institutions are encouraged to contact OGC directly for legal advice and assistance at any stage of negotiation or contract preparation. Institutions should contact OGC upon identification of all proposed agreements that shall be developed as company master or universal agreements.

Sec. 4 Criteria for Approval of Certain Agreements. The following guidelines should be considered in order for sponsored research agreements containing alterations to the Intellectual Property Policy or Guidelines to be approved by OGC in accordance with Board of Regents' *Rules and Regulations*, Rule 90105, where the benefits from the level of funding for the proposed research and/or other consideration from the

sponsor outweigh any potential disadvantage that may result from the policy deviation (these are usually referred to as "Form G Agreements"):

- 4.1 Fair Value Required. In the event that funding is conditioned on the grant to the sponsor of a royalty-free, nonexclusive license or other substantial intellectual property right, it is important that fair value be received for such rights because the State of Texas cannot subsidize private research. Consequently, consideration from the sponsor should include the following:
 - (a) Funding and/or other consideration (whether received in the form of cash, equipment, services, or supplies) should have an estimated value of at least \$50,000; and
 - (b) Overhead should be included at the rate normally charged by the institution.
- 4.2 Limits on Rights. Any grant of rights, whether in data, inventions, or intellectual property, should be limited to results of research (a) conducted by the identified investigators; (b) directly funded by the sponsor; (c) arising directly from the performance of the agreement; and (d) arising during the term of the agreement.
- 4.3 Indemnification. The proposed agreement must indemnify the institution and the U. T. System and their Regents, officers, agents, representatives, and employees (including the principal and other investigators) against any claim, loss, or judgment arising from the sponsor's exercise of rights with respect to or use of the research results.
- 4.4 Academic Interests. The proposed research should comport with legitimate academic and university research interests, should not incur unrelated business income tax liability, and should not be conducted solely for the proprietary interests of the sponsor.
- 4.5 Commercial Benefits. The likelihood of patentable inventions and significant potential commercial benefits arising from the research should be carefully considered.
- 4.6 Conformance with Laws. The proposed agreement must conform to the Texas Constitution, applicable laws of the State of Texas, and applicable federal laws and regulations.

3. Definitions

None

4. Relevant Federal and State Statutes

None

5. Relevant System Policies, Procedures, and Forms

[Board of Regents' Rules and Regulations, Rule 90105](#)

[Board of Regents' Rules and Regulations, Rule 10501](#)

[UTS145, Processing of Contracts](#)

[Forms](#)

6. Who Should Know

Intellectual Property Practice Group in OGC: BethLynn Maxwell and/or Steve Rosen

7. System Administration Office(s) Responsible for Policy

Office of General Counsel

8. Dates Approved or Amended

December 1, 2002

Amended June 7, 2010

Amended June 9, 2011

9. Contact Information

Questions or comments about this policy should be directed to:

- bor@utsystem.edu