

**Item #3**

**UT System Intellectual Property  
Policy in Plain English**

# U.T. System Intellectual Property Policy

## *In Plain English*

[Home](#)

[Fair Use](#)

[Who Owns What?](#)

- [UT Copyright Policy](#)
- [Regents' Rules](#)
- [Distance Learning](#)
- [Software](#)
- [Registration](#)
- [Offsite](#)

[Creating MM](#)

[In the Digital Library](#)

[Copyright Management](#)

[Licensing Resources](#)

[Online Presentations](#)

[Ask a Lawyer](#)

[Offsite](#)

### Official Policy available at Regents' Rules and Regulations **Series 90000: Intellectual Property**

This Policy Statement answers fundamental questions about intellectual property, such as What is it? To whom does this Policy apply? Who owns intellectual property created by System employees and under what circumstances must the owner share royalties? It will also answer other questions like How does System identify and evaluate intellectual property? May System employees own equity interests in companies that commercialize Board intellectual property? Who is responsible for obtaining patent protection? Who must approve license agreements? If you have a question about intellectual property that is not answered here, you may refer to the [Official Policy in Series 90000: Intellectual Property of the Regents' Rules](#) or contact the [Intellectual Property Section at the U.T. System Office of General Counsel](#).

## **What is intellectual property subject to this Policy?**

This Policy covers all types of intellectual property. The following examples are not exhaustive: the Policy applies to other types not listed here, regardless of whether they may be protected by patent, copyright, trademark, trade secret or other law.

- Inventions
- Discoveries
- Trade secrets
- Trade and service marks
- Writings
- Art works
- Musical compositions and performances
- Software
- Literary works

- Architecture

## To whom does this Policy apply?

- All System employees
- Anyone using System facilities under the supervision of System personnel
- Undergraduate and graduate students
- Postdoctoral fellows
- Medical or other residents working at non-System facilities

## Ownership: The Starting Point

This is the starting point for understanding this Policy: The Board owns the intellectual property created by its employees under the conditions stated below.

## When does the Board own employee-created intellectual property?

Any one of these circumstances will result in Board ownership:

1. If intellectual property is created by an employee within the scope of employment; or
2. If intellectual property is created on System time, with the use of System facilities or state financial support; or
3. If intellectual property is commissioned by the System or a component institution -
  - pursuant to a signed contract; or
  - if it fits within one of the nine categories of works considered works for hire under copyright law.
4. If intellectual property results from research supported by Federal funds or third party sponsorship.

## When does an employee own intellectual property?

1. If it is unrelated to the employee's job responsibilities **and** the employee made no more than incidental use of System resources; or
2. If it is an invention that has been released to the

inventor in accordance with this Policy; or

3. If the intellectual property is embodied in a professional-, faculty-, researcher- or student-authored scholarly, educational (i.e. course materials), artistic, musical, literary or architectural work in the author's field of expertise (from here on, a "scholarly work"), even though such a work may be within the scope of employment and even if System resources were used
  - o **UNLESS** it is a scholarly work (i) created by someone who was specifically hired or required to create it or (ii) commissioned by the System or a component institution of System, in either of which cases, Board, not the creator, will own the intellectual property.

## Who are professionals and researchers?

The use of the terms "professionals" and "researchers," together with faculty members and students, is intended to encompass all those individuals who routinely create scholarly works.

For example, if a library administrator writes a book about Texas History, her field of expertise, the Board will not assert ownership of the book. Similarly, if an employee of one of our health institutions who does not have students writes a scholarly journal article, the Board will not assert ownership of the work even though the author is not a "faculty" member.

In the case of educational materials that involve significant institutional resource contributions, the Board retains rights, for example, to use the work and to recover its investment. And in some cases, (see below) the Board may be a joint author and owner of such works.

## What is considered to be within the scope of my employment?

Works related to an employee's job responsibilities, even if he or she is not specifically requested to create them, will belong to the University as works-for-hire. A copyright work is related to your job responsibilities if it is the kind of work you are employed to do and you do it, at least in part, for

your use at work, or for use by fellow employees, your employer or your employer's clients. The work should be performed substantially at work using work facilities, but your use of personal time or other facilities to create the work will not change its basic nature if it is related to your job as described above. Works that have nothing to do with job duties will remain the property of the employee, so long as he or she makes no more than incidental use of University facilities.

For example, if your job is "Safety Engineer," a software program that you create on your own initiative to run on each employee's computer to show a graphic of their nearest fire exits is related to your job duties and will belong to the University, even if no one asked you to create it and you did some of the programming at home on your own computer. A program that you create that does not relate to your job, that neither you nor others use at work, and that you created on your own time would belong to you.

## **How do I know if I have been "specifically hired or required to create" a work?**

In some cases this will be clear from your job description. For example, faculty members are required by their institutions to create certain materials for use by their departments. In other cases a faculty member may be hired to create specific materials, such as online course materials for a specific class or department. In such a case, Board will own the copyright in the materials and any other resulting intellectual property.

There are several ways to clarify circumstances that are confusing or are exceptions to the more general rules.

1. Component institutions may designate required materials in their Handbooks of Operating Procedures, or elsewhere.
2. Professionals, faculty members, researchers or students employed to create specific intellectual property, or hired to create intellectual property generally, should review and sign a single-page acknowledgment to clarify ownership of the works they create. The acknowledgment also applies to other employees who are hired to create intellectual property and to whom the royalty sharing provisions may not apply as discussed below.

3. In general, it's always better to ask questions about the ownership of intellectual property before its creation to avoid misunderstandings.

## **May a work be jointly owned by an employee and the Board?**

This is very likely to be the case for works protected by copyright such as multimedia courseware products and distance learning materials. Anyone who contributes the kind of expression protected by the law is a joint author if the contribution is intended to be part of an integrated whole. The University's employees who work as programmers, graphic artists, video technicians, script writers, etc., create just this kind of expression. When added to a faculty member's contribution, the result is a jointly-authored work, owned by the University and the faculty member. There can be other author-owners as well. The article, *Who Owns What?* explains this more thoroughly.

## **When must the owner of intellectual property share royalties or other benefits from commercialization?**

In the vast majority of cases, the owner, whether Board or an employee, will retain all royalties or other benefits from any commercialization of intellectual property. These are the exceptions:

- An employee owner must share benefits with the Board
  - from commercializing a Board invention released to him or her; or
  - if the work embodying the intellectual property required significant resource contributions from System or a component to create or develop the intellectual property. In this case, the parties should execute an agreement regarding the sharing arrangement before starting the project that will result in creation of the intellectual property.
- Board will share royalties from commercialization of intellectual property it owns if the work is an invention, discovery, trade secret, trade or service mark, or software, regardless of how protected

- **UNLESS** the employee creator was hired specifically or required to create the intellectual property or the work was commissioned by System or a component institution of System, in either of which cases the royalty-sharing provisions of this Policy shall not apply and the owner shall retain all benefits from commercialization.

## What should I do if I think I have created intellectual property subject to the Policy?

As noted above, intellectual property includes works protected by copyright, patent, trade secret and other laws, but we do not handle all intellectual property in the same way. Scholarly works are handled differently from inventions, discoveries and ideas because our concerns about protecting them are different, as explained below.

**Inventions:** The Board will normally own all inventions created by employees within the scope of their employment and must be sure that it can legally protect the invention if it hopes to license it. Since publication of the idea embodied in the invention bars the filing of a patent application in every country in the world except the United States, and starts a one-year clock running on the right to file a patent application in the United States, publication is a very important event - one the Board would like to know about **before** it happens! Because of these concerns, the Policy requires that inventors disclose their inventions to their component institutions' Intellectual Property Advisory Committees well before they have submitted any information about the invention for publication, made any public disclosure or even a private disclosure to a commercial entity.

Each component institution may establish guidelines for this process of disclosure, review and evaluation of inventions. Check your institution's Handbook of Operating Procedures. The Intellectual Property Advisory Committee reviews disclosures to decide whether the Board should assert its interest in an invention or release the invention to the inventor. Sometimes this process may take some time, so that occasionally, the inventor may wish to file a patent application while the Committee's review is proceeding. If the institution authorizes such a patent application and the Board decides later to assert its interest, the inventor will be

reimbursed for patent expenses.

**Scholarly works:** Scholarly works are owned by their authors if the author is a professional, faculty member, a non-faculty researcher or a student. Their scholarly works do not have to be disclosed to or reviewed by the institution. Scholarly works are usually protected by copyright rather than patent. Copyright protects works of authorship from the moment of their fixation in a tangible medium of expression, that is, instantly and automatically. As a result, the rigorous institutional review given to possibly patentable inventions is unnecessary to protect an interest in copyright works.

Our main concerns with scholarly works owned by professionals, faculty, non-faculty researchers and students are to allocate and recover resources that may be contributed to the creation of such works. If a project involves the use of significant institution resources, the creator and the institution should agree before the project begins on use of facilities, allocation of rights to use the work, and recovery of expenses and/or sharing of benefits from commercialization of the work.

## **Who secures patent or other legal protection?**

If intellectual property belongs to the Board, System will secure patent or trademark protection. Copyrights are usually handled at the component institution as they do not require a lot of time or expense. Individuals who own a copyright work or invention must secure protection themselves, at their own expense.

## **Who may take an equity interest in or serve as an officer, director or employee of a company that commercializes Board intellectual property?**

Although the Board is free to take an equity interest in a licensee as partial or full consideration for the license of Board intellectual property, it could be a conflict of interest for an employee of System or a component institution to also be an employee, officer, director or stockholder in a corporation or other business entity that licenses Board intellectual property. Because of this possible conflict of interest, our State laws provide a special procedure for

considering whether in a particular case, conflict is likely. System or component institution employees may hold equity interests in licensees or be employees, officers or directors only after approval by the chief administrative officer of the component institution, the Executive Vice Chancellor for Health Affairs or the Vice Chancellor for Academic Affairs, the Chancellor, and Board.

## Approval and Execution of Documents

Patent, technology and software license agreements and other agreements that convey an interest in Board intellectual property are reviewed by the Office of General Counsel and executed by the component institutions. The Executive Vice Chancellor or designee's approval is only required for agreements that involve amounts of money greater than \$1,000,000.

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## Work-for-hire Acknowledgment

The University of Texas System Intellectual Property Policy contains two provisions that do not apply if the individual who created the property was required or hired specifically to create it, but there may be times when it is unclear to either the employee, the employer or both, whether an employee was required or hired to create intellectual property. The purpose of this acknowledgment is to help identify individuals who have been required or hired to create intellectual property, discuss the application of the Rules with them, and record that they understand how the Rules will apply.

There are two circumstances likely to cause confusion:

1. Professional, faculty, researcher or student employees required or hired specifically to create the kinds of works they would normally own under Series: 90101 - General Rules for Intellectual Property (scholarly, educational, artistic, musical, literary or architectural works).
2. Any employee required or hired specifically to create the kinds of works for which royalty-sharing incentives are usually provided under Series 90102: Property Rights and Obligations (inventions, discoveries, trade secrets, trade and service marks, and software).

University may discuss and execute this acknowledgment with these two types of employees and any other employees in similar circumstances where confusion may be likely.

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I am being required/hired to create works embodying intellectual property. The ownership of and benefit from such intellectual property is governed by the University of Texas System Intellectual Property Policy, the Plain English Version of which I have read and understand.

I understand that any intellectual property I will create that is within the scope of my employment is a work for hire and ***the Board will own such intellectual property pursuant to Series: 90101 - General Rules for Intellectual Property.*** Further, since I am being hired specifically to create intellectual property, the royalty-sharing provisions of the Intellectual Property Policy shall not apply to my works ***and the Board will retain all proceeds from any commercialization of the works I create, also in accordance with Series: 90101 - General Rules for Intellectual Property.***

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Witness

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Date

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