

1. Title

Intellectual Property

2. Rule and Regulation

Sec. 1 Preamble. This intellectual property Rule is intended to serve the public good, promote partnerships with the private sector, encourage innovation, promote the engagement of faculty, staff, and students in research, and foster economic development. The Board of Regents recognizes the high importance of discovery commercialization as a core mission. U. T. System recognizes that it will attract more collaborative research supported by industry if timely and efficient processes exist to manage intellectual property.

This Rule is intended to be adaptable to the highly varied circumstances that characterize the private sector and the portfolio of research at U. T. System institutions. In all cases, U. T. System institutions will strive to enable the ease of intellectual property creation, protection, management, and transfer to the private sector and society within an environment that promotes the highest quality and integrity of academic activity, teaching, and research.

U. T. System is guided by the following fundamental principles on intellectual property:

- 1.1 The successful deployment of intellectual property developed through teaching, research, discovery, creative activities, and application of knowledge, whether through sponsored research, licensing, or other types of transactions or arrangements, allows for knowledge and technology to be disseminated to benefit the broad public and comports with the mission of the U. T. System;
- 1.2 Sponsored research is very important to the vitality and competitiveness of U. T. System institutions, the State of Texas, and our nation. All U. T. System institutions shall (a) encourage and strengthen university-industry partnerships, (b) efficiently and expeditiously manage

intellectual property created from these partnerships, and (c) remain understanding, flexible, and open to the varied circumstances and needs of potential industry sponsors;

- 1.3 U. T. System institutions should expect that when industry is underwriting sponsored research, industry commences negotiations with the expectation of speed in the execution of critical agreements, clear financial outcomes, and ownership rights in, or appropriate access to, intellectual property resulting from the work;
- 1.4 Sponsored research is frequently tightly integrated with the educational mission at many U. T. System institutions but must not abridge publication and research rights, impinge upon the dissemination of research results, including student theses and dissertations, nor diminish an environment of academic and research integrity;
- 1.5 The primary research-related duties of members of the faculty at U. T. System institutions are to teach, study, investigate, discover, create, disseminate, develop professionally, and infuse new knowledge into their classes and student interaction;
- 1.6 Commercialization of technology enhances the reputation of the U. T. System and enables transformation of knowledge into the marketplace; and
- 1.7 Compliance with all applicable federal laws and regulations, the Texas Constitution, and applicable laws of the State of Texas is essential for successful U. T. System technology commercialization.

Sec. 2 Ownership of Intellectual Property. Except as set forth in Section 5, the Board of Regents automatically owns the intellectual property created by individuals subject to this Rule, yet recognizes the importance of discovery commercialization. In appropriate circumstances concerning intellectual property resulting from research supported by (a) an entirely private, nongovernmental grant or contract with a nonprofit or for-profit entity, or (b) an entirely private gift or grant to the U. T. System

or any U. T. System institution, as set forth in Section 12.1, the U. T. System or a U. T. System institution may enter into an agreement to transfer or grant appropriate access to the Board of Regents' rights in intellectual property to third parties. For purposes of this Rule, intellectual property includes, but is not limited to, any invention, discovery, creation, know-how, trade secret, technology, scientific or technological development, research data, work of authorship and software, regardless of whether subject to protection under patent, trademark, copyright, or other laws.

- Sec. 3 Individuals Subject to this Rule. While students are governed by Section 6, this Rule applies to all persons employed by the U. T. System or any U. T. System institution, as well as to anyone using the facilities or resources of the U. T. System or any U. T. System institution. All individuals subject to this Rule must assign, and do hereby assign, their rights in such intellectual property to the Board of Regents, and such individuals 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 other than to the Board of Regents. 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 outside employment is or is not within an employee's course and scope of employment.
- Sec. 4 Intellectual Property Subject to this Rule. Intellectual property (a) developed within the course and scope of employment of the individual, (b) resulting from activities performed on U. T. System time or with support of state funds, or (c) resulting from using facilities or resources owned by the U. T. System or any U. T. System institution (other than incidental use) is owned by the Board of Regents.
- Sec. 5 Intellectual Property Not Subject to this Rule. Intellectual property developed or created by a U. T. System employee outside the course and scope of employment of the individual

that is developed or created on his/her own time and without the support of the U. T. System or any U. T. System institution or use of U. T. System facilities or resources, is the exclusive property of the creator.

Sec. 6 Students and Intellectual Property. A student enrolled at a U. T. System institution, such as in an undergraduate or graduate degree program or certificate program, including a postdoctoral and predoctoral fellow, owns the intellectual property he or she creates (a) in courses, (b) during extracurricular activities, and (c) while using the resources and facilities of U. T. System institutions commonly provided for a student's use and for which a student has paid tuition and fees, unless:

- 6.1 The student is also an employee of the U. T. System or any U. T. System institution and the intellectual property is developed within the course and scope of his or her employment, in which case the provisions of this Rule relating to employees shall apply;
- 6.2 The student works on a work-for-hire or institutional project as described by Section 8, in which case Section 8 governs that work;
- 6.3 The student participates in a research project where any intellectual property created under that project has already been committed to, or encumbered by an agreement with, a governmental, philanthropic, corporate or other sponsor, including a sponsor as described in Section 12.1; or
- 6.4 The student jointly creates the intellectual property with a non-student, in which case this Rule (other than Section 6) and applicable law dictate ownership of the intellectual property as if the student was a non-student described in Section 3.

Sec. 7 Interest in Certain Copyrights. Notwithstanding Section 2 but subject to Section 12, 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. Such creators are encouraged to manage their copyrights in accordance with the guidelines concerning management and marketing of copyrighted works consistent with applicable institutional policies.

As the Board of Regents has done historically, as reasonably required for the limited purpose of continuing an institution's scheduled course offerings, the Board of Regents retains for one year following the loss of a course 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 (including lectures, lecture notes, syllabi, study guides, bibliographies, visual aids, images, diagrams, multimedia presentations, examinations, web-ready content, and educational software) for use in teaching a course.

- Sec. 8 Works for Hire and Institutional Projects. Notwithstanding any provisions of Sections 6 or 7 to the contrary, 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, authorized, or hired specifically to produce such intellectual property by the U. T. System or any U. T. System institution, and (b) an employee, student, or other individual as part of an institutional project. The provisions of Section 11.5 shall not apply to intellectual property governed by this Section unless approved by the institution or U. T. System Administration in a written agreement.
- 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 are contractually assigned or licensed to another by the Board of Regents, the creator shall have a nonexclusive license to use such data for patient care, teaching, scholarly, and other academically related purposes and nonprofit research, provided such activities are within the scope of the employee's employment.
- Sec. 10 Use of Facilities and Resources. Other than in connection with student-owned intellectual property governed by Section 6, U. T.

System and U. T. System institution facilities and resources may not be used (a) to create, develop, or commercialize intellectual property outside the course and scope of employment of an individual, or (b) to further develop or commercialize intellectual properties that have been released to an inventor by the Board of Regents under Section 11.2, except as the institution's president may approve in writing where the U. T. System retains an interest under the terms of the release.

Sec. 11 Invention Disclosure and Commercialization.

11.1 **Determination of the Board of Regents' Interest.** Before intellectual property owned 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 invention disclosure of such intellectual property to the president (or designee) of his or her institution for determination of the Board of Regents' interest. The institution will regularly and promptly communicate with the creator during this decision-making process and commercialization shall not proceed until that decision is made.

11.2 **Election Not to Assert Ownership Interest.** If the institution's president elects not to assert the Board of Regents' ownership interest, the institution's president shall notify the U. T. System Office of General Counsel and the primary creator in writing within 20 business days after the decision is made that the institution will release the 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 U. T. System 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 (a) retain income rights, and (b) impose certain limitations or obligations, including, but not limited to, a nonexclusive license for the creator, U. T.

System, and any U. T. System institution to use the released invention for patient care, teaching, scholarly, and other academically related purposes, nonprofit research, and to comply with United States government reporting and license requirements.

- 11.3 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 the Board of Regents' ownership interest, with notice to the U. T. System Office of General Counsel; however, such release must include provisions for the recovery by U. T. System of any patent and licensing expenses as well as the retention of income rights by U. T. System, and may include certain limitations or obligations, including those set forth in Section 11.2.
- 11.4 Protection and Commercialization of Intellectual Property. With respect to intellectual property in which the Board of Regents 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. The institution may contract with outside counsel for legal services with the prior consent of the Vice Chancellor and General Counsel and, if required by law, the approval of the Attorney General.
- 11.5 Reimbursement of Licensing Costs and Allocation of Income. In those instances where the U. T. System or any U. T. System institution licenses rights in intellectual property to third parties, 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 U. T. System institution. 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:

30-50% to creator(s), and
50-70% to U. T. System institutions.

The U. T. System or the U. T. System institution shall decide on a case-by-case basis the allocation of income within these ranges for all creators, with the remainder to be disbursed to and/or retained by the U. T. System or the applicable U. T. System institution. A creator may, however, disclaim his/her interest in such income, in which case the institution shall receive and/or retain the creator's share and shall decide, in its sole discretion, if, how and when to disburse such income. Income received and/or retained by the U. T. System or any U. T. System institution from any intellectual property shall be used by the U. T. System institution where the intellectual property originated.

Sec. 12 Sponsored Research.

12.1 Private Sources. Intellectual property resulting from research supported by private sources is owned by the Board of Regents. However, with respect to intellectual property resulting from research entirely supported by (a) a private, nongovernmental grant or contract with a nonprofit or for-profit entity, or (b) a private gift or grant to the U. T. System or any U. T. System institution, if otherwise permitted by this Rule, applicable law and Section 12.3, the U. T. System and U. T. System institutions are permitted and encouraged to negotiate an agreement acceptable to U. T. System Administration or applicable U. T. System institution to transfer or grant appropriate access to the Board of Regents' ownership rights or other rights in the intellectual property resulting from such arrangements to the sponsor or the sponsor's designee. Any such agreement shall be negotiated:

- (a) In accordance with the needs and preferences of the parties, as best may be accomplished;

- (b) With flexibility and adaptability in mind;
 - (c) In a timely, cooperative, and efficient manner; and
 - (d) In a manner which identifies the benefits that accrue to U. T. System institutions as set forth by Section 15.2.
- 12.2 Public Sources. Intellectual property resulting from research supported by a grant or contract with the government (federal and/or state) or an agency thereof is owned by the Board of Regents.
- 12.3 Nonconformance with Intellectual Property Guidelines. Approval by a U. T. System institution under Section 15.2 of grants and contracts containing ownership and other provisions inconsistent with this Rule and other policies and guidelines adopted by the Board of Regents, including, but not limited to, The University of Texas Systemwide Policy [UTS125, Processing of Intellectual Property Agreements](#) is permissible, as it implies a decision that the benefit and value to the U. T. System or any U. T. System institution from 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 U. T. System institution, such as The University of Texas Systemwide Policy [UTS125, Processing of Intellectual Property Agreements](#).
- 12.4 Conflicting Provisions. Subject to approval as described in Section 12.3, the intellectual property policies and guidelines of the U. T. System or any U. T. System institution 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.

- 12.5 Cooperation with Necessary Assignments. Those persons subject to this Rule whose intellectual property creations result from (a) a grant or contract with the government (federal and/or state), or any agency thereof, (b) a grant or contract with a nonprofit or for-profit nongovernmental entity, or (c) private gift to the U. T. System or any U. T. System institution, shall promptly execute and deliver such documents and other instruments as are reasonably necessary for the U. T. System or any U. T. System institution to discharge its obligations, expressed or implied, under the particular agreement.
- 12.6 Sharing of Royalty Income. In the event that two or more persons who are entitled to share royalty income or equity cannot agree in writing on an appropriate sharing arrangement, the institution's president shall determine that portion of the royalty income (or equity) to which the creators are entitled under the circumstances and such amount will be distributed (or issued) to them accordingly. In the event that the creators are located at two or more U. T. System institutions 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 shall decide and his/her decision shall be binding on the creators.
- 12.7 Geographical Scope of Protection. A decision by the U. T. System or any U. T. System institution to seek patent or other available protection for intellectual property covered by Section 9 shall not obligate the U. T. System or any U. T. System institution 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.

Sec. 13 Equity Interests.

- 13.1 Agreements with Business Entities. The U. T. System or any U. T. System institution may receive equity interests as partial or total compensation for the conveyance of intellectual property rights. The institution where the intellectual property was created may elect, at its sole option and discretion, to share an equity interest, dividend income, or a percentage of the proceeds of the sale of an equity interest with the creator(s). The U. T. System or any U. T. System institution 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 the institution shall not be obligated to share such equity interests with the creator(s). The U. T. System or any U. T. System institution may also, but shall not be obligated to, negotiate an equity interest on behalf of any employee who conceived, created, discovered, invented, or developed intellectual property owned by the Board of Regents that is the subject of an agreement between the U. T. System or any U. T. System institution and a business entity relating thereto.
- 13.2 Creator Holding Equity and Managing Conflict of Interest. Employees of the U. T. System Administration or any U. T. System institution 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 U. T. System institution 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 requirement to have, implement, and enforce for that employee an effective conflict of interest management plan as set forth in the U. T. System Office of General Counsel's [Procedure for Managing Conflicts of Interest](#). In any case where an actual conflict of interest is found, the employee may be required to divest the equity interest or terminate affected research.

- 14.1 Approval to Serve as Officer or Director. Any individual subject to Sections 2, 3, 4, or 8 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 U. T. System institution 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 requirement to have, implement, and enforce for that individual an effective conflict of interest management plan as set forth in the U. T. System Office of General Counsel's [Procedure for Managing Conflicts of Interest](#). In any case where an actual conflict of interest is found, the individual may be required to terminate the business relationship or the relevant research.
- 14.2 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 U. T. System institution relating to the research, development, licensing, or exploitation of intellectual property, but may not accept any consideration offered for service on such board.
- 14.3 Report of Equity Interest and Service as Officer or Director. Any individual subject to this Rule 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 institution or its office of technology commercialization will file a report by October 1 of each

year with the Office of the Board of Regents for transmittal to the Comptroller of Public Accounts as required by [Section 51.912](#) and [Section 51.005](#), *Texas Education Code*.

Sec. 15 Execution of Documents Related to Intellectual Property.

- 15.1 Execution of Agreements. Agreements that grant an interest in the Board of Regents' 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 Regents' [Rule 10501](#), after any required review by the U. T. System Office of General Counsel.
- 15.2 Agreements That Do Not Conform to the Rules. Any agreement that deviates substantially from this Rule or other policies and guidelines adopted by the Board of Regents, including, but not limited to, The University of Texas Systemwide Policy [UTS125, *Processing of Intellectual Property Agreements*](#) may be executed and delivered as set forth 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 deviation.
- 15.3 Delegation of Authority. The Chancellor, the Deputy 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 of Regents' rights in intellectual property, including, but not limited to, assignments of ownership, 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 of Regents, (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 first reviewed and approved by (i) the U. T. System Office of General Counsel, or (ii) the 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

35 U.S.C. 18 – Patent Rights in Inventions Made with Federal Assistance
([The Bayh Dole Act of 1980, as amended](#))

Texas Education Code [Section 51.005](#) – Reports

Texas Education Code [Section 51.912](#) – Equity Ownership: Business Participation

Texas Education Code, [Chapter 153](#) – Centers for Technology Development and Transfer

5. Relevant System Policies, Procedures and Forms

Regents' *Rules and Regulations*, [Rule 10501](#) – Delegation to Act on Behalf of the Board of Regents

The University of Texas Systemwide Policy [UTS125, Processing of Intellectual Property Agreements](#)

U. T. System Office of General Counsel's [Procedure for Managing Conflicts of Interest](#)

6. Who Should Know

Administrators
Faculty
Staff
Students

7. U. T. System Administration Office(s) Responsible for Rule

Office of General Counsel

8. Dates Approved or Amended

November 10, 2016

August 20, 2015 (Rules 90101 - Rule 90106 combined into one new Rule 90101)

9. Contact Information

Questions or comments regarding this Rule should be directed to:

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