

UTS 125 Policy

1. Title

Guidance for Negotiating Research Agreements with Sponsors and Processing Research and Intellectual Property Agreements

2. Policy

Purpose: To establish principles and provide guidance related to negotiating research agreements with sponsors and for processing sponsored research and intellectual property agreements.

Organizational Impact

Sec. 1 Institutional Handbooks of Operating Procedures must include processes that reflect the guiding principles below. The guiding principles should be used when negotiating agreements that grant sponsors or licensees appropriate access to the Board of Regents' ownership rights in intellectual property as outlined in *Rule 90101* of the Regents' *Rules and Regulations*.

Guiding Principles

Sec. 2 In addition to the fundamental principles reflected in Regents' *Rule 90101*, U. T. System places a high regard on the following guiding principles:

- 2.1 For purposes of Regents' *Rule 90101*, the term "creator" includes the definition of "inventor" used in U.S. Patent Law and the definition of "author" used in the U.S. Copyright Act.
- 2.2 One of the goals of Regents' *Rule 90101* is to recognize and optimize the benefits of commercializing intellectual property not only for the public, U. T. System and U. T. System institutions, but also for the creator. Recognizing the significant role of the creator not only in the development, but also in the deployment of intellectual property, the creator should be encouraged to maintain an active role, in cooperation with the institution, in the entire process from conception to commercialization.
- 2.3 Sponsored research and the rights and obligations of creators to publish and disseminate research data and/or results for scholarly purposes are paramount to the institution's educational mission and must be protected throughout the commercialization process. Regardless of ownership and in the absence of an agreement to the contrary, the creators and the U. T. institution shall retain a nonexclusive license to use such data and/or results for patient care, teaching, scholarly, and other academically related purposes and nonprofit research (see Section 9, Regents *Rule 90101*).
- 2.4 Subject to Section 11 of Regents' *Rule 90101* the Board of Regents, U. T. System and each member institution intend that faculty's

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publication rights are fully protected to ensure that his/her publication rights are not restricted or limited in any manner.

- 2.5 The ownership rights of a creator as they relate to institutional projects, works-for-hire, and educational materials, should be discussed and determined in consultation with the creator, his/her institutional supervisor(s) and/or the institution's office of commercialization (OTC). It is advisable that an institution or department classifies a project as an "institutional project" (see Section 8, Regents' *Rule* 90101) at the outset of the effort or as early as possible and in concurrence with contributions made by other creators as the project evolves or is further developed.
- 2.6 The rights of the creator and the institution to use the data and/or results the creator generates or creates for patient care, teaching, scholarly, and other academically related purposes and for nonprofit research shall be protected, preserved and upheld except to the extent that rights to such research data and/or results are contractually assigned or licensed to another by the Regents (see Section 9, Regents' *Rule* 90101).
- 2.7 Once the president through his/her institution's OTC receives a reasonably complete and detailed invention disclosure from the creator(s), the OTC will promptly begin its due diligence to decide upon the appropriate protection and commercialization of the intellectual property. The institution's goal is to expeditiously decide if the institution will: (a) maintain the Board of Regents' ownership over the intellectual property; (b) seek additional information, clarification, data etc.; or (c) offer to release or license the intellectual property to the creator(s). Each institution is encouraged to adopt and make public its own target timelines to decide between (a), (b) and (c) above. The OTC will regularly and promptly communicate with the creators during this decision-making process. As outlined in Sections 11.1 and 11.2 of Regents' *Rule* 90101, the institution's president will notify the primary creator (and the U. T. System Office of General Counsel) in writing within 20 business days after the decision is made that the institution will release or license the disclosed intellectual property, except where prohibited by law or contractual obligations. If the president decides to not assert its ownership interest, then, after the creator(s) formally indicates his/her/their interest in commercializing such intellectual property, the OTC will promptly decide whether to release ownership of the intellectual property to the creator(s) or offer to license the intellectual property to the creator(s) and will comply with Section 11.2, Regents' *Rule* 90101.
- 2.8 When recruiting scholars and/or evaluating current faculty for academic appointments and advancement, institutions are

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encouraged to give due regard and credit to the scholar's or faculty's creative works, including any digital media he or she creates.

Benefit and Fair Value Required Before Granting Appropriate Access to Board of Regents' Rights in Intellectual Property to Third Parties

Sec. 3 In the event that funding or supply of material is conditioned on the grant of appropriate access to the Board of Regents' rights in intellectual property to third parties, it is very important and critical that fair value and benefit be received in exchange for the grant of such rights because the State of Texas must receive adequate consideration and/or benefit and value for appropriate access to the Board of Regents rights in intellectual property created pursuant to a certain research agreement.

- 3.1 a. Examples of granting "... *appropriate access to the Board of Regents rights in intellectual property to third parties*" as described or mentioned in Sections 1.3, 2 and 12.1 of *Rule 90101*, may include, but are not limited to, granting one of the following kinds of license:
 - i. a royalty-free, nonexclusive commercial-use license;
 - ii. a royalty-free, nonexclusive internal research-use license;
 - iii. an exclusive royalty-free license; and
 - iv. an exclusive or nonexclusive royalty-bearing license.
 - b. Examples of transferring ownership rights through an assignment of the Board of Regents intellectual property to third parties as described or mentioned in Sections 1.3, 2 and 12.1 of *Rule 90101*, may include, but are not limited to, any of the following:
 - i. assigning ownership of all or a portion of intellectual property, or joint co-ownership as between sponsor/licensee and the Board of Regents of such intellectual property; or
 - ii. transferring ownership of intellectual property rights to a third party via an assignment or similar document or arrangement.
- 3.2 Pursuant to Section 12.3 of Regents' *Rule 90101*, the institution should consider and address some or all of the following criteria to determine if the benefits and value from receiving the grant, performing the research or granting access to intellectual property rights outweigh the impact of any nonconforming provisions.
- a. Can the institution legally grant such rights?
 - b. Does the grant of rights include any U. T. System or institutional background intellectual property owned by the State of Texas?
 - c. Does the agreement clearly state that it does not set precedent for the institution or principal investigator for

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any future phase of research or future agreement?

- d. Does the agreement conform to the Texas Constitution, applicable laws of the State of Texas, and applicable federal laws and regulations? Can the language in the proposed agreement be construed to be a prohibited, attempted waiver of the State of Texas' sovereign immunity or the acceptance of any other jurisdiction's law?
- e. As outlined in your Handbook of Operating Procedures, have the appropriate individuals (e.g., principal investigator(s), department chair, dean, etc.) at your institution been informed of and accept the ramifications and implications of such access to the intellectual property?
- f. Are the institution's, principal investigator's and undergraduate and graduate student's rights to publish the results of the research (subject to sponsor's prepublication review and even if principal investigator chooses not to publish) preserved and protected?
- g. Is federal and/or state funding being used to fund the research? Does the funding agency have any specific restrictions or reporting requirements? If yes, then any transfer of intellectual property ownership rights from the Board of Regents to the sponsor or a third party needs to be approved by and reported to the appropriate funding agency (e.g., iEdison.gov, the Cancer Prevention Research Institute of Texas (CPRIT)).
- h. Are the proposed terms and conditions between the parties fair and balanced? Do they contain "reach through" rights related to researchers or to other research or projects in the institution or any other U. T. System member institution? If the agreement grants ownership rights in data, inventions or intellectual property, then the following criteria should be carefully considered and addressed:
 - i. Does the agreement contain a well-defined and narrowly tailored scope of work for the research identified in the agreement;
 - ii. Is the research directly funded by the sponsor?
 - iii. Does the grant of such rights arise directly from the performance of the agreement or arise directly from the use of a material in the performance of the research?
 - iv. Is the grant of such rights limited to those rights which arise during the term of the agreement?
 - v. Does the institution retain the following rights: patient care, research, creation of derivative works, teaching, publication and other scholarly activities?

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- 3.3 The institution and OTC should carefully consider the above list of criteria when negotiating and/or reviewing agreements that contain alterations or deviations to Regents' Rule 90101. It is important to consider the above listed criteria to determine if the benefits and value from receiving the grant, performing the research or granting access to intellectual property rights outweigh the impact of any nonconforming provisions. U. T. System institutions process agreements with such deviations as non-conforming "Form G Agreements" and draft a "Form G Letter" to accompany the Form G Agreement. Each Form G Letter is addressed to the president or designee and identifies all such *Rule* 90101 deviations so the institutional president or approved designee can make an informed decision prior to executing the Form G Letter and thereby approving the Form G Agreement.

Agreements Not Requiring University of Texas System Review Prior to Execution

Sec. 4 The following types of agreements **do not** need to be reviewed and approved by the Executive Vice Chancellor (EVC) for Health Affairs or Academic Affairs or by the Vice Chancellor and Office of General Counsel (OGC) prior to execution:

- 4.1 agreements on a pre-approved sponsored research agreement template posted on the OGC intellectual property (IP) website (<http://www.utsystem.edu/offices/general-counsel/intellectual-property-standard-agreements-and-forms>);
- 4.2 agreements on a sponsored research agreement template with specified non-substantive modifications, as determined by the president or approved designee and posted on the OGC intellectual property (IP) website (<http://www.utsystem.edu/offices/general-counsel/intellectual-property-standard-agreements-and-forms>);
- 4.3 company master or universal agreements posted on the OGC intellectual property (IP) website (<http://www.utsystem.edu/offices/general-counsel/intellectual-property-standard-agreements-and-forms>);
- 4.4 company master or universal agreements with specified non-substantive modifications as determined by the president or an approved designee;
- 4.5 renewal or specified extension of previously approved sponsored research agreements continuing the same or related research with specified non-substantive modifications as determined by the president or an approved designee;
- 4.6 sponsored research agreements, clinical trial agreements, material transfer agreements, and laboratory studies that conform to Regents'

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Rule 90101 or Guidelines and the requirements set forth by OGC in relevant online checklist procedures posted on the OGC-IP website (<http://www.utsystem.edu/offices/general-counsel/intellectual-property-checklists>);

- 4.7 sponsored research agreements, clinical trial agreements, material transfer agreements, and laboratory studies that do not conform to Regents' *Rule* 90101 or Guidelines relating to intellectual property, including certain research agreements that permit the sponsor of the research to own intellectual property created under the research agreement, provided that, prior to execution of any such agreement, (i) each such agreement has been approved by the president or approved designee, and (ii) the president or approved designee has executed a Form G letter for that agreement approving the agreement with full knowledge of the scope of the deviations from Regents' *Rule* 90101 or Guidelines; and
- 4.8 sponsored research agreements, clinical trial agreements, material transfer agreements, and laboratory studies that conform to Regents' *Rule* 90101 or Guidelines, provided that, prior to execution of any such agreement, (i) each such agreement shall be accompanied by a form or form letter (see OGC-IP website for template forms at <http://www.utsystem.edu/offices/general-counsel/transmittal-forms-b-c-d-e-f-software-g-l-q>) and has been approved by the president or approved designee, and (ii) the president or approved designee has executed a form letter for agreements that conform to U. T. System Intellectual Property Policy.

Agreements Requiring Office of General Counsel Review and Approval

Sec. 5 The following types of agreements require review and approval by the Office of General Counsel:

- 5.1 **All Conforming or Nonconforming Agreements Whose Dollar Amount Exceeds \$1,000,000.** OGC shall review and approve all conforming or nonconforming agreements listed above when the face value of the dollar amount noted in the agreement exceeds \$1,000,000. The request for OGC approval must be accompanied by a letter or email that briefly describes the deal, explains the dollar amount and lists any deviations from Board of Regents rules. 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 to approve the requested increase. After OGC approves the agreement, OGC shall send a courtesy copy of each such agreement to both Executive Vice Chancellors for their general information.

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5.2 Assignment Documents Granting Ownership Rights to a Third Party. OGC shall review and approve all assignment documents granting the Board of Regents' ownership rights to a third party before recommending that the document be approved and executed by the Vice Chancellor and General Counsel.

3. **Relevant System Policies, Procedures, and Forms**

Board of Regents' Rules and Regulations, Rule 90101, Intellectual Property

Board of Regents' Rules and Regulations, Rule 10501, Delegation to Act on Behalf of the Board

Template Forms (e.g., Forms A, B, C, D, E, F, F/Software, G, L or Q) for Processing Intellectual Property and Research Agreements

4. **Who Should Know**

Administrators, faculty and staff

5. **System Administration Office(s) Responsible for Policy and Rule**

Office of Academic Affairs
Office of Health Affairs

6. **Dates Approved or Amended** Note: The U. T. System UTS125 Standing Committee recommends that OGC periodically reviews this policy to ensure that it remains current and up-to-date.

December 1, 2002
June 7, 2010
June 9, 2011
July 10, 2017

7. **Contact Information**

Questions or comments about this policy should be directed to:

- [Academic Affairs](#)
[Health Affairs](#)