

NEW

Intellectual Property:
Inventions, Discoveries and Patents (IDP)

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01. POLICY STATEMENTS

- 01.01 Texas State University recognizes that research and scholarship by its faculty, staff, and students will result in inventions, discoveries, and other intellectual creations with potential societal benefit and market value. These include, but are not limited to, biological and other proprietary materials, plants, computer software, trade secrets, medical treatments, devices, pharmaceuticals, phrases, graphic designs, manuscripts, and musical, artistic and literary works. This policy seeks to protect the interests of individual inventors, researchers, creators, and the university while also ensuring that the Texas State community and society benefit from fair and full dissemination of knowledge and innovation. In all cases, affected individuals are subject to individual or university obligations under grants, contracts, and research agreements with governmental agencies or sponsors.
- 01.02 This policy applies prospectively to all persons employed by Texas State, to all students of Texas State, and to anyone using Texas State facilities or under the supervision of Texas State personnel. Texas State expects its employees, faculty, staff, and students to be aware of and abide by the university's policies related to intellectual property. All intellectual property disclosures made prior to the date of this policy shall be governed by the prior established policy.
- 01.03 This policy intends to foster the traditional freedoms of the Texas State faculty, staff, and students in matters of publication and invention, through a fair and reasonable balance of equities and interests among creators, sponsors, and Texas State. This policy strives to outline the rights and interests of faculty, staff, and students in intellectual materials created while they are affiliated with Texas State. In particular this policy is primarily focused on inventions, discoveries, patents, and intellectual property that may prove patentable (collectively referred to hereinafter as IDP). Except where otherwise specified herein, the ownership and usage rights related to copyrighted works, trademarks, and trade secrets are more fully addressed in [Chapter III, Section 11, of the Rules and Regulations of the Texas State University System](#) and in university policies with a focus on those particular forms of intellectual property.
- 01.04 Texas State's IDP policies are derived primarily from the Texas State University System (TSUS) Patent Policy, more specifically [Chapter III, Section 12, of the Rules and Regulations of the Texas State University System](#). The TSUS Patent Policy is incorporated into this policy by reference and shall govern if any

provisions of this policy are found to be in conflict. Key provisions of the TSUS Patent Policy are outlined in Section 4 below.

02. DEFINITIONS

02.01 For the purposes of this policy, the following definitions apply:

- a. **Creator:** An individual subject to this policy, who invents, discovers, authors, or otherwise develops intellectual property as defined below.
- b. **Invention:** A process, method, discovery, device, plant, composition of matter, or other invention that reasonably appears to qualify for protection under United States patent law, Chip Design Protection law or plant protection schemes, whether or not actually patentable. An invention may be the product of a single inventor or a group of inventors who have collaborated on a project.
- c. **Copyrighted Work:** An original work of authorship which has been fixed in any tangible medium of expression from which it can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device, including but not limited to, books, journals, software, computer programs, musical works, dramatic works, videos, multimedia products, sound recordings, and pictorial and graphical works. A copyrighted work may be the product of a single author or a group of authors who have collaborated on a project.
- d. **Trademark (including Service Mark):** A distinctive word, design, or graphic symbol, or combination word and design that distinguishes and identifies the goods and services of one party from those of another, such as the university's logo and tagline (see also [UPPS 01.04.11](#), Guidelines for Use of Texas State Logo).
- e. **Tangible Research Property:** Tangible items produced in the course of research including such items as biological materials, engineering drawings, integrated circuit chips, computer databases, prototype devices, circuit diagrams, and equipment. Individual items of tangible research property may be associated with one or more intangible inventions or discoveries. An item of tangible research property may be the product of a single creator or a group of individuals who have collaborated on a project.
- f. **Intellectual Property:** A term referring to a number of distinct forms of property that result from intellectual thought or activity, and for which a set of exclusive rights are recognized. Under intellectual property law, owners are granted certain exclusive rights to the intellectual property they own, such as musical, literary, and artistic works; discoveries and inventions; and words,

phrases, symbols, and designs. Intellectual property rights are generally expressed as copyrights, trademarks, patents, industrial design rights and trade secrets.

- g. Intellectual Property Committee (IP Committee):** A standing committee appointed as directed in Chapter III, Section 12.8, [Rules and Regulations of the Texas State University System](#). The committee provides a forum for discussion of Texas State policies and procedures related to commercialization of inventions, discoveries, and patents (IDP). The committee reviews inventions and discoveries made by university Faculty, Staff and Students and makes recommendations to the University President regarding the University's ownership interest. At the President's request, provides advice and recommendations regarding the handling of IDP commercialization opportunities and technology transfer disputes.
- h. Office of Commercialization and Industry Relations (OCIR):** The Texas State organizational unit charged with promoting the transfer of Texas State technologies for society's use and benefit while generating unrestricted income to support research and education. The OCIR is responsible for administration and implementation of Texas State's IDP program, and for assisting and advising Texas State faculty, staff and students regarding commercialization issues.
- i. Software:** In recent years, the United States Patent and Trademark Office has determined that software which meets certain technical and legal criteria may be patentable. When Texas State has an ownership interest in copyrighted software, and said software is determined to be patentable subject matter, and Texas State chooses to seek patent protection for the software, such software shall be managed as an invention under this policy.

03. KEY PROVISIONS OF THE TSUS PATENT POLICY AND MORE

- 03.01 Ownership. In general, IDP and tangible research property made with the use of Texas State facilities or during the course of regularly assigned duties of the faculty and staff shall become the property of Texas State. Individuals subject to this policy shall, upon request, assign all applicable IDP and tangible research property to Texas State, except that which might be owned by third parties pursuant to sponsored research agreements and that which results from independent work or approved consulting activities not utilizing Texas State facilities.
- 03.02 Personal Time and Resources. Faculty, staff, or students generally own the IDP and tangible research property developed in their personal time and without the significant use of university equipment or work force support, except in the case of conflict with any applicable agreement. In this context, "significant use" is

defined to be usage beyond that routinely provided to other faculty, staff, and students for purposes not specifically dedicated to research.

- 03.03 Government Sponsored Research. Patents arising from government sponsored research may be controlled by the terms of the grants or contracts specified by the government sponsor or by applicable law. In the absence of such terms or when patent rights are waived by the sponsor, patent rights arising from government sponsored research are controlled by the TSUS Patent Policy.
- 03.04 Non-government Sponsored Research. Texas State must ensure that its facilities and work force are applied in a manner which best serves the interests of the public. Likewise, the legitimate interests of private sponsors must also be considered. The university normally reserves the right to ownership of IDP arising out of research funded in whole or in part by grants or contracts with private sponsors. However, upon request, special provisions may be negotiated that grant patent ownership to the private sponsor. In such cases, the university should:
- retain the right to use the IDP for its own research, educational, and services purposes without the payment of royalty fees,
 - require the sponsor to use due diligence in the commercial use of the IDP, and
 - retain the right to freely publish the results of its research after a reasonable period necessary to protect the rights of the parties and to allow for the filing of a patent application.
- 03.05 IDP Disclosure. Creators of IDP have a duty to promptly disclose their IDP to the IP Committee in writing. Certainty about patentability is not a requirement for disclosure. The duty to disclose arises as soon as the creator has reason to believe, based on the creator's own knowledge or upon information supplied by others, that the invention or discovery may be patentable.

Disclosure shall be made on the disclosure form prescribed by and available from the OCIR. Creators shall cooperate with Texas State and the OCIR in protecting intellectual property rights in the IDP. Creators shall execute such declarations, assignments, or other documents as may be necessary in the course of invention evaluation, patent prosecution, or protection of patent rights, to insure that title in such inventions shall be held by Texas State, where this policy indicates Texas State shall hold title, or by such other parties as may be appropriate under the circumstances.

- 03.06 Waiver of Interest. The IP Committee will review all disclosures and offer recommendations to the President regarding Texas State's ownership interest in the IDP, if any, and how the university might exploit that ownership interest. If, after reviewing the IP Committee recommendation, the President decides that Texas State should not assert and exploit its ownership interest in the disclosed IDP, the IP Committee shall promptly notify the creator of that decision, and that the creator is free to independently pursue, obtain, or exploit a patent for that IDP.

Prior to any waiver of interest, the OCIR shall evaluate the third party rights to the IDP and take appropriate steps to ensure compliance with contractual obligations and State and Federal law.

Texas State shall reserve the right to share in any revenues derived from IDP that has been released to the creator. The University share shall be stated in the release letter but, in no case shall it exceed 3% of net revenue. Texas State shall reserve the right to use IDP that has been released to the creator for educational and future research purposes.

03.07 IDP Administration. In asserting and exploiting Texas State's IDP ownership interest, the OCIR shall make determinations as to:

- a. the potential value of the IDP to Texas State;
- b. the rights and equities of the creator, Texas State and any third parties; and
- c. the required actions to maximize the benefits of any IDP to the public, Texas State, and the creator.

The OCIR is authorized to negotiate management, licensing, and royalty agreements with reputable individuals, agencies or firms. Management services may include, but are not limited to, evaluation of IDP disclosures, filing of patent applications, and patent licensing and management.

03.08 Royalties and Other Proceeds. When Texas State elects to protect IDP in its name, it shall award to the creator a reasonable share (as defined below) of the net proceeds from royalties or other income or value after deduction of the directly assignable costs of patenting, marketing, licensing and protection of intellectual property rights.

- a. Texas State shall deduct the administrative and patent management costs prior to royalty distribution. Such costs include but are not limited to costs associated with the patenting, licensing, and protection of patent rights.
- b. The net royalties or other net income received by Texas State will, in most instances, be distributed under a formula of fifty percent (50%) to the creator and fifty percent (50%) to Texas State. Any distribution which grants the creator more than fifty percent (50%) of net royalties shall require approval of the President and the Board of Regents (as specified in Section 12.(14)3 of the TSUS Rules and Regulations).
- c. In the event of multiple creators, the proper distribution of the fifty percent (50%) creator's share shall first be determined by the creators. If the creators cannot agree, the creator's share shall be evenly divided among all creators.
- d. The disposition of the fifty percent (50%) dedicated to Texas State shall be retained by the Associate Vice President for Research and used to further research and commercialization activities.

- e. In the event that a creator contributes a personal work to Texas State, a written agreement accepting such contribution shall be executed. The terms of the agreement shall include a statement governing the division of royalties between Texas State and the creator.
- f. In cases of extramural funding, the terms of the funding agreement shall govern the division of any royalties that may result from commercialization of materials resulting there from. In the event that the funding agreement vests royalty rights in a Texas State, and does not provide any royalty share for the creator, the creator shall be entitled to the same proportionate share he or she would have received if the work had not been extramurally funded. Such a royalty payment to the creator, however, may not violate the terms of the funding agreement. Such share shall be a proportion of whatever share is owned by Texas State under the terms of the funding agreement and this policy.

04. COMMERCIALIZATION AGREEMENTS WITH PRIVATE ENTITIES

- 04.01 The following guidelines shall be applicable to agreements with private entities including those formed primarily for the purpose of developing and/or commercializing intellectual property created at Texas State subject to the terms of sponsored research agreements which may have led to the creation of such intellectual property:
- a. No entity shall be granted the exclusive rights to the development and/or commercialization of all intellectual property created at Texas State. Agreements should grant rights only on a specific project basis.
 - b. Exclusive agreements are permitted, especially when conditions would otherwise prevent the IDP from reaching the marketplace of the public benefit. If an entity is granted the exclusive rights with respect to a particular invention, product, process or other item of intellectual property, the agreement should provide that such rights will revert to Texas State in the event the entity fails to diligently develop and commercialize the IDP within a specified period of time that is appropriate to the particular circumstances. An exclusive license may not exceed a period of 5 years without the approval of the President.
 - c. An entity that is granted exclusive rights to develop or commercialize inventions and discoveries that is patentable should be required to reimburse Texas State for all expenses incurred by Texas State in obtaining a patent or, if a patent has not been obtained, should be required to prosecute and bear the expense of obtaining patent protection for the benefit of Texas State and, in either event, the entity should be required to take all actions necessary, including litigation, to protect and preserve such patented rights from infringement.

- d. Texas State and its officers and employees should be protected and indemnified from all liability arising from the development, marketing, or use of the particular IDP.
- e. The agreement should minimize any restrictions on use for research and teaching purposes and the publication rights of researchers.
- f. If the entity fails to develop and commercialize the IDP, any and all rights the entity has been granted in Texas State's IDP shall be returned and granted back to Texas State so that another entity may be offered the right to develop and commercialize the IDP.
- g. The entity should be required to comply with all applicable federal, state, and local laws and regulations, particularly those concerning use of animals, biological materials and necessary testing, human subject protection and approval by the Federal Drug Administration or other relevant federal or state agency.
- h. The entity should be required to maintain confidentiality with regard to any unpatented inventions or know-how.
- i. An entity that grants a license or sublicense to some other entity for IDP that is in whole or in part derived from or based on that which is licensed to the entity by Texas State, should be required to share with Texas State: at least 40% of any royalty received by the entity and at least 40% of any equity position to which the entity may be entitled. An entity that participates in additional research and development of new inventions and discoveries that is licensed may be entitled to a reduction from the above restriction per recommendation by the Director of OCIR and approval of the President. Such participation means specifically: sponsored research into Texas State, bundling Texas State IDP with the entity's existing IDP to form joint IDP, and/or a specified product development period of over one year with mutually agreed upon milestones.
- j. License agreements should contain such other provisions as may be determined by the OCIR and the TSUS General Counsel to be in the best interest of Texas State.
- k. The Director is authorized to negotiate and execute license agreements.

05. REPORTS TO THE STATE OF TEXAS

- 05.01 In compliance with [Texas Education Code §51.912](#), the Board of Regents must file a report identifying all employees who have an equity interest in or serve as

employees, officers, or members of the board of directors of business entities that have agreements with Texas State relating to the research, development, licensing or exploitation of intellectual property in which Texas State has an ownership interest. The OCIR will submit the report through the Associate Vice President for Research in accordance with the requirements of [Texas Education Code §51.005](#). The board office will obtain the signature of the chairman of the board and will transmit the report to the Governor's office and other required entities.

06. APPROVAL OF EMPLOYEE PARTICIPATION IN BUSINESS ENTITIES

- 06.01 Any request by a Texas State employee to participate as an employee, officer or member of the board of directors of a business entity that has agreements with Texas State relating to the research, development, licensing or exploitation of IDP in which Texas State has an ownership interest must be submitted to the OCIR for approval. The OCIR will make a recommendation and forward the request to the Provost for approval.
- 06.02 Texas State Participation in Business Entities. When requested and authorized by the Board of Regents, an employee may serve on behalf of the Board, as a member of the board of directors or other governing board of a business entity that has an agreement with Texas State relating to the research, development, licensing, or exploitation of Texas State IDP.
- 06.03 The following related policies apply:
- a. [UPPS No. 01.04.02](#), Ethics Policy
 - b. [UPPS No. 02.02.07](#), Investigator Conflicts of Interest and Conflicts of Commitment in Sponsored Research and other Sponsored Activities
 - c. [UPPS No. 04.04.06](#), Other State Employment and Outside Activities

07. ASSIGNMENT AND PROTECTION

- 07.01 Creators shall execute appropriate assignment and/or other documents required to set forth effectively the ownership and rights to IDP and tangible research property. Assignment agreements are prescribed by and available from the OCIR.
- 07.02 The OCIR, in collaboration with the IP Committee, will determine whether Texas State desires to commit funding to obtain protection for the inventions and discoveries, and shall so notify the creators of the decision. In many cases, before making a final decision, the OCIR will identify one or more licensees who will bear the cost of obtaining patent protection.
- 07.03 In those instances where the creator perceives that delay would jeopardize obtaining the appropriate protection for the inventions and discoveries, the creator

may request that Texas State expedite its decision. If Texas State has not acted within six months after a request to expedite, and the creator has cooperated in good faith, Texas State will release its rights and Section 03.06 shall apply.

08. OBLIGATIONS TO SPONSORS

08.01 The OCIR, in cooperation with the Office of Sponsored Programs, shall coordinate reporting requirements and other obligations to research sponsors regarding IDP or economically significant tangible research property developed under a research contract or grant, including but not limited to obligations to the United States Government under 37CFR Part 401.

09. AVOIDANCE OF CONFLICTS

09.01 Any employee subject to this policy shall report in writing to the OCIR, or its designee, the name of any business entity as referred to therein 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. These reports shall be accumulated in the OCIR (or designee). Upon approval by the Board of Regents, the report shall be submitted to the Governor and Legislature as required by the Texas Education Code §51.912.

09.02 Prior to signing any consulting agreement that deals with patent rights, trade secrets, or the like, where any Texas State time, facilities, materials, or other resources are involved, Texas State personnel and students must bring the proposed agreement to the attention of the OCIR and either obtain a waiver of Texas State rights or otherwise modify the consulting agreement to conform with this policy.

10. EQUITY INTERESTS

10.01 Owned by Texas State. In agreements with business entities relating to rights in IDP owned by Texas State, Texas State may receive equity interests as partial or total compensation for the rights conveyed. Texas State will exercise all due diligence to ascertain the fair market value of any equity offered by privately held companies prior to acceptance.

10.02 Owned by an Employee. In accordance with Texas Education Code §51.912, and subject to review and approval by the President, employees of Texas State who conceive, create, discover, invent, or develop IDP may hold an equity interest in a business entity that has an agreement with Texas State relating to the research, development, licensing or exploration of that IDP. Texas State may, but shall not be obligated to, negotiate an equity interest on behalf of any employee as a part of an agreement between Texas State and a business entity relating to IDP

conceived, created, discovered, invented, or developed by the employee and owned Texas State.

10.03 Dividend income and income from the sale or disposition of equity interests held by a Texas State pursuant to agreements relating to IDP shall belong to the Texas State and shall be distributed in accordance with the provisions of this policy. Dividend income and income from the sale or disposition of an equity interest held by a Texas State employee pursuant to an agreement between Texas State and a business entity relating to rights in IDP conceived, created, discovered, invented, or developed by such employee shall belong to the employee.

11. REVIEWERS OF THIS UPPS

11.01 Reviewers of this UPPS include the following:

<u>Position</u>	<u>Date</u>
Associate Vice President for Research and Federal Relations	July 1 E3Y
Director of Commercialization And Chair of the Intellectual Property Committee	July 1 E3Y

12. CERTIFICATION STATEMENT

This UPPS has been approved by the following individuals in their official capacities and represents Texas State policy and procedure from the date of this document until superseded.

Associate Vice President for Research and Federal Relations; senior reviewer of this UPPS

Provost and Vice President for Academic Affairs

President