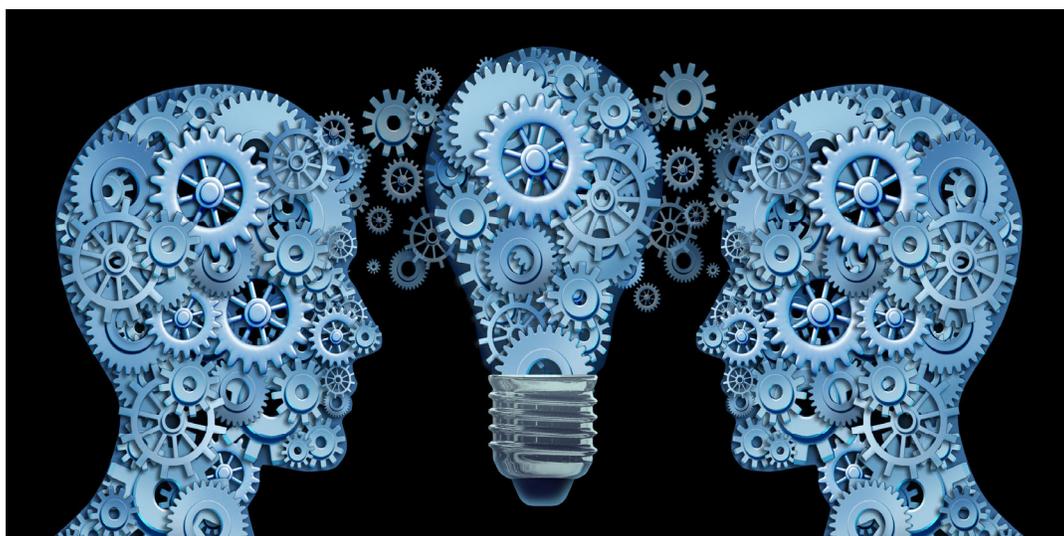


TEXAS  STATE
UNIVERSITY

The rising STAR of Texas

Division of Research Technology Transfer and Contracts



Inventors' Handbook

February 13, 2023

MEMBER THE TEXAS STATE UNIVERSITY SYSTEM

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Contents:

Introduction.....	5
The Process, what do I need to do?.....	5
Who is an inventor?	5
What is public disclosure?.....	5
Why is it important?.....	5
Prior to ANY public disclosure	5
Disclosing your inventions and discoveries - what to file.....	6
The Disclosure Form	6
How do I know if I should file a disclosure?	6
When should I file a disclosure?	6
Can I publish my work and protect my IP?.....	6
Can I submit proposals containing my IP?.....	7
What happens to my disclosure after I file?	7
Review & Evaluation	7
The Decision to File a Patent.....	7
The Decision NOT to File a Patent	7
Who owns IP?.....	8
When does the university own IP?.....	8
When does an employee own IP?.....	8
What about discoveries made while consulting?	8
What IP obligations do consultants have to the university?	9
The university owns the IP in the following circumstances	9
What if I make a discovery while on sabbatical?	9
Sharing Material	9
What if I'm using someone else's materials?	9
Can I share my materials?	9
Industry sponsored research	10
Commercialization	10
What is a license agreement?	10
How is a licensee chosen?	10
What do I get out of the deal?	10
What is expected of me?	10

Startup Companies	10
Can a faculty member form a startup?	10
Startup resources	11
And the IP?	11
Factors considered in the licensing process	11
Conflict of interest (COI)	11
Financial	11
Commitment	11
Other	11
What resources are available to help me manage COI?	12
Relevant Policies	12
Revenue Sharing	12
What about equity?	12
Taxes	12
What if there were multiple inventors?	12
Types of Intellectual Property	12
Copyright	12
Trademark	13
Trade Secret	13
Patent	13
Mask Works	13
Lab Notebooks	13
Why keep a lab notebook?	13
What should be recorded?	13
How should information be recorded?	14
How should notebooks be stored?	14
How long do I need to keep my notebooks?	14
A note about electronic records	14
Glossary:	15

Introduction

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. Texas State University's intellectual property (IP) 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. 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.

The Process, what do I need to do?

In general, an invention or work is fully conceived when you can reduce it to practice without any further innovation. The Technology Transfer and Contracts (TTC) is available to assist you in the process of protecting intellectual property and moving your invention towards commercialization.

Who is an inventor?

US patent law defines inventorship. An inventor is anyone who made significant contributions to the invention. Someone who merely followed the plan or direction of a manager or faculty member is not an inventor.

What is public disclosure?

ANY publication, discussion, talk, presentation, or conversation made concerning the work.

Why is it important?

Foreign patent filings require absolute novelty. Any public disclosure will automatically bar the invention from being patented outside the United States.

Prior to ANY public disclosure

- Notify TTC that you have a discovery by contacting Dr. Reddy Venumbaka at reddy@txstate.edu or Ms. Teresa Carey at tc18@txstate.edu.
- Complete the Disclosure Form from our website (<http://www.txstate.edu/ocir/For-Inventors.html>) and submit the form to Dr. Reddy Venumbaka or Teresa Carey. The disclosure form documents the circumstances under which your invention occurred or the details of the completion of your copyrightable work and provides the information necessary to evaluate patentability, inventor/authorship issues, commercial potential, and any obligations to research sponsors. It also begins the process that may lead to the commercialization of your discovery.
- Protecting the intellectual property depends on receiving a timely disclosure. Inventors/researchers should submit a disclosure form to the TTC for all inventions and copyrightable works that you feel may solve a significant problem and/or have

significant commercial value. If government funds were used for your research, you are required to file a prompt disclosure so Texas State may meet its reporting requirements to the sponsoring agency. Similar requirements may exist for other sponsored projects.

- The disclosure to the TTC is NOT a public disclosure.
- Disclosure to the TTC doesn't protect anything. We actually have to file a patent for protection to be effective.
- Respond to requests for information and documentation. Your cooperation with the TTC and our IP attorney is essential to the process.
- Keep TTC informed of publications, talks, and interactions with companies related to your discovery.
- Do you have any companies already interested in your invention? Do you know of any who may be interested? Your relationships with these entities can be valuable in successfully moving your inventions to market. TTC will contact these companies.

Disclosing your inventions and discoveries - what to file.

The Disclosure Form

The form answers some basic questions about your invention including who was involved, who provided funding for the work and if there were any publications among other things. It should also have a description of the invention that can be understood by people who are not scientists. A literature review and/or prior arts search is also required at the time of disclosure. This information is used by the IP committee and our consultant to assess the invention for timelines, patentability, outside interests, and other items that may affect the patent filing or commercialization of the invention.

How do I know if I should file a disclosure?

You should file whenever you think you have solved a problem or think your discovery may have some value. As an example, you may consider disclosing an invention as you prepare a proposal to take a fully conceived idea and seek funding to prove or disprove its efficacy. However, you may wish to postpone disclosing an invention that you have a general idea on solving a problem and are seeking funding to explore how to implement it. If in doubt, file a disclosure anyway. We will discuss the progress of your work and your options with you.

When should I file a disclosure?

Prior to ANY publication or ANY presentations. **Student posters, presentations and thesis or dissertations** are also included in this category. You should give us at least 90 days so that we can file a patent, if necessary. However, we can file a provisional patent very quickly to initiate protection.

Can I publish my work and protect my IP?

Yes. Contact the TTC prior to any publication or presentation. We can begin the process of

getting your work protected.

Can I submit proposals containing my IP?

Yes. The University of Cincinnati has created a good guidance document:

<http://www.ipo.uc.edu/index.cfm?fuseaction=overview.how> .

What happens to my disclosure after I file?

Review & Evaluation

- The TTC in conjunction with the IP Committee reviews the disclosure for potential value.
- TTC may request more information and additional forms to assist with this process.
- The decision is based upon multiple factors including, but not limited to, stage of development, patentability, and commercial potential. The value of the invention to the academic and scientific community IS NOT a part of the review process.

The Decision to File a Patent

- The IP Committee will vote on action to be taken based on the information received from the author/inventor and the evaluation of the disclosure.
- If the vote is to file or move forward, the tTC will begin working with the Texas State University System's contracted IP attorney to file the patent. The inventor's cooperation in this process is vital to a successful application.
- The patent process can take six years or more to complete and cost \$25,000 or more.

The Decision NOT to File a Patent

- The IP Committee has several options regarding the disposition of the invention.
 - The invention may be held with the recommendation that the inventor continue work and update the committee as work progresses. Very early stage inventions may need proof of concept and more research before they are ready to move forward.
 - The IP Committee may recommend that the work be released to the inventor. Approval by the University President is required to release to the author/inventor. A decision to release means that the author/inventor may proceed on his/her own. However, the university may maintain an interest. If the invention is released, it becomes the private property of the inventor. The inventor may no longer use university resources to further develop the invention. An invention with active contracts or grants associated with them may not be released to the inventor.
- Regardless which way the IP Committee votes, the inventor will be kept informed of any actions related to the disclosure.

Who owns IP?

Ownership depends upon the situation. Considerations include:

- Use of university resources
- Terms of research agreements involving the IP
- Employment status of listed inventors/authors.

When does the university own IP?

- If intellectual property is created by an employee within the scope of employment; or
- If intellectual property is created on university time, with the use of university resources or state financial support; or
- If intellectual property is commissioned by the university, university system, or a component institution pursuant to a signed contract; or
- If intellectual property results from research supported by Federal funds or third party sponsorship.

When does an employee own IP?

- If it is an invention that has been released to the inventor in accordance with IP policy; or
- If the researcher- or student-authored scholarly, educational (e.g., 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 university resources were used.

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 the system, in either case, the university, not the creator, will own the intellectual property (Intellectual Property in Plain English, UT system).

What about discoveries made while consulting?

Consulting arrangements are governed by UPPS 04.04.06, found here:

<http://www.txstate.edu/effective/upps/upps-04-04-06.html> .

Faculty engaging in outside activity including consulting for companies must abide by the following guidelines:

- Obtain necessary approvals from your Chair and Dean
- Fill out the required form found at <http://www.hr.txstate.edu/Forms/outsideemploymentforms.html>
- No university resources may be used. This includes your office, computer, lab facilities, and students.

A consulting agreement is a contract between the faculty or staff member and a company. The university is not a party to a consulting agreement. A consultant usually provides advice, not actual work on the project.

University employees have an obligation to ensure that their personal activities are compliant with university employment policies.

Faculty and staff engaging in outside employment or consulting activities must disclose any intellectual property or inventions arising from these activities.

What IP obligations do consultants have to the university?

The university recognizes the difficulty of invention disclosure when consulting with some commercial business entities. When requested, TTC can facilitate a confidentiality agreement with the company to cover disclosure of the new invention. University employees engaged in outside employment or consulting activities have an obligation to report any intellectual property developed in the course of their activity.

The university owns the IP in the following circumstances

- The invention was developed or conceived in the course of a sponsored program or there is an obligation to an outside third party in place.
- The development or conception of the invention was determined to be in the scope of university employment.
- The university recognizes the difficulty of invention disclosure when consulting with some commercial business entities. When requested, TTC can sign a confidentiality agreement (nondisclosure agreement or NDA) with the company to cover disclosure of the new invention.

What if I make a discovery while on sabbatical?

Sabbatical leave is paid by the university. Depending upon the circumstances, the university will own the IP.

Sharing Material

What if I'm using someone else's materials?

You can use the work of others, and even materials of others, but often permission is needed from the owner/author. Physical materials from outside sources may need a material transfer agreement. **Please contact the TTC** if you are using or anticipate using materials owned by someone else. More information can be found on the TTC website at <http://www.txstate.edu/ocir/For-Inventors/MTA.html> .

Can I share my materials?

Yes. Outgoing material may also require a material transfer agreement. Please contact the TTC and we will assist you in this process.

Industry sponsored research

The Sponsored Research Agreement will often contain the terms designating IP ownership and any interest the sponsor may have in the results of the work. The university retains ownership rights to university developments under most agreements. If you have questions, please contact the TTC.

Commercialization

Your enthusiasm and network are critical to this part of the process. Please provide contact information for any commercial partners that you know may be interested. We will make contact and proceed from there. You may be asked to participate in discussions and presentations.

Once a partner is located, a license agreement will be executed. The inventor can contribute to this process by providing contact information with anyone known to have a commercial interest in the discovery. The inventor is not included in the actual negotiation process but we will keep you informed and may ask your advice.

What is a license agreement?

A license agreement is a legal document obligating the parties to the agreement to certain courses of action. The agreement will outline the rights and obligations of each party. Terms will include ownership of IP, rights in specific field(s) of use, milestones, payment, and more.

How is a licensee chosen?

The university will evaluate the potential partners based on the soundness of their business, the expected use of the IP, the commercialization plan for the IP, expected university return, and other factors. Public benefit and the continued right to do research in the field and to publish are necessary elements to any agreement.

What do I get out of the deal?

Any financial return to the university is shared with the inventor according to university and Board of Regents policy. With success, an inventor can expect increased opportunities for one's students, increased opportunities for partnership, consulting agreements, and continued lab funding, and let's not forget prestige.

What is expected of me?

You may be asked to assist the licensee with commercialization of the invention. The relationship may require a consulting agreement or may be infrequent contacts and follow-up. It will vary. Participation in startup companies will require significant time contributions depending upon your role within the company.

Startup Companies

A startup company is a new business enterprise formed to commercialize IP.

Can a faculty member form a startup?

Yes. Conflict of interest and commitment issues will have to be addressed. The

The Research Integrity and Compliance (RIC) can assist with this process managing conflict of interest.

Startup resources

The TTC does not actively assist startups with the formation of the company. There is an on-campus Small Business Development Center that may assist.

The University STAR Park may have space available for the newly formed company.

The Startup may not use university labs or resources without an executed agreement.

And the IP?

If university owned IP is a part of the new company's business plan, the TTC will work with the company to license the needed IP to the startup. Terms will be negotiated on a case-by-case basis.

NOTE: This is not automatic or guaranteed.

Factors considered in the licensing process

Is there a sound business plan?

Is there a sound commercialization plan for the IP?

Is licensing to a startup the best avenue for public benefit?

Is licensing to the startup the best avenue for getting the IP to market?

The start-up must be the best choice available for the license to be executed.

Conflict of interest (COI)

What is a conflict of interest? There are different types.

Financial

- There is COI when a university employee has a financial interest in a company doing business with the university.
- The university requires a financial COI disclosure under the following circumstances:
 - The employee or close relative of an employee owns 5% or more of a company
 - The employee or close relative serves on a Board or is in a management position of a company.
 - The employee is engaging in sponsored research with a company in which he/she has an interest.

Commitment

A conflict of commitment occurs when a university employee has an interest or employment in a company or other entity, which interferes with his/her commitments to the university.

Other

Nepotism reporting lines

Account management

What resources are available to help me manage COI?

First, you will need to disclose the conflict. If sponsored research or other research for a company is involved, the disclosure should be filed with the Research Integrity & Compliance (RIC)

The official policy and forms can be found here:

<http://www.txstate.edu/research/orc/researcher-conflict-of-interest.html> .

Other conflicts should be disclosed to your Chair and Dean and may be filed with HR.

Relevant Policies

- Texas Education Code 51.912
- TSUS Rules and Regulations Chapter III sections 12.16-12.18
- UPPS 04.04.06 Outside Employment Activities
- UPPS 01.04.02 Ethics Policy
- NSF 08-1 January 2008 Chapter IV – Grantee Standards

Revenue Sharing

If there is any revenue from an agreement, it is shared with the inventor/author according to university and system policy.

First, the TTC will deduct any out-of-pocket expenses associated with the IP. Then 50% of the remaining funds are distributed to the inventor(s).

What about equity?

Faculty may take equity in companies and keep any revenue derived from that equity. Equity holdings must be disclosed according to university policy and state and federal law.

Taxes

The recipient of the revenue is responsible for all related taxes.

What if there were multiple inventors?

The inventors will split the 50% allocated for the inventors according to their determined contribution to the IP. This information is provided by the inventors at the time of full disclosure.

Types of Intellectual Property

Copyright

Copyright is a property right granted by the US government granting the owner certain exclusive rights and applies to works set down in tangible form. It can be a manuscript, choreography reduced to appropriate notation, a painting or sculpture, a textbook or software, etc. To ensure protection, the copyright should be registered with the Library of Congress Copyright Office.

Trademark

Trademarks protect words, names, symbols, sounds, or colors that distinguish goods and services from those manufactured or sold by others and to indicate the source of the goods. Trademarks, unlike patents, can be renewed forever as long as they are being used in commerce.

Trade Secret

A trade secret may be any form of IP that is kept secret for competitive business reasons. Trade secrets may only be protected as long as they remain secret. Because university work is done for public benefit, it is rare for a trade secret to be maintained.

Patent

A patent is a property right granted by the US government that allows the owner to exclude others from using, making or offering the patented design, process or utility for sale. Patents are applied for a limited time, typically 20 years, and require public disclosure of the information.

A patent must be filed within one year of first public disclosure and pass the "obviousness" test. A patent may not be granted for applications that would be an obvious step or improvement for someone skilled in the art.

Patents can be filed for invention designs, processes, or utilities (novel use).

University patent policy can be found in the TSUS Regents Rules, Section III, 12.1-18.

Mask Works

The United States Code (USC) defines a mask work as "a series of related images, however fixed or encoded, having or representing the predetermined, three-dimensional pattern of metallic, insulating, or semiconductor material present or removed from the layers of a semi-conductor chip product, and in which the relation of the images to one another is such that each image has the pattern of the surface of one form of the semiconductor chip product" (17 USC § 901 (a) (2)).

Lab Notebooks

Why keep a lab notebook?

The lab notebook is an important tool used to document timelines and inventor contributions when a patent is filed. Lab notebooks document inventorship and are vital to proceedings involving inventorship disputes. The notebook establishes a permanent record of events that can be used to support your claims.

What should be recorded?

- Raw data and final results of experiments
- Drawings
- Protocols and designs of experiments
- Calculations on which results are based

- Details of equipment use
- Details of research and developmental efforts
- Ideas generated in meetings—list who contributed to the idea
- Dates when idea was formed and when work was started and completed
- Plans for future experiments.

How should information be recorded?

- Use archival-quality, bound notebooks with numbered pages
- Each project should have its own notebook or set of notebooks
- Number each notebook in multiple-notebook projects
- Make entries in permanent ink
- Use consistent nomenclature
- Enter information on the same day as the event
- Do not skip pages or leave large empty areas
- Write legibly
- Draw a line through discarded entries
- Sign and date each entry and have the entry witnessed by someone knowledgeable about the work.

How should notebooks be stored?

- Maintain notebooks in a central location, preferably a fireproof safe or file cabinet.
- If there is a sprinkler system, plastic bags should be used.
- Store notebooks in a cool, dry place away from damaging light, corrosive agents and organic fumes.

How long do I need to keep my notebooks?

It can take 2-6 years to obtain a patent. Patents typically run for 20 years. Notebooks need to be available for the life of the patent. Notebooks are a great help in cases of infringement and litigation.

A note about electronic records

Electronic notebooks are held to the same requirements as hard copy notebooks. Electronic notebooks should be copied to read-only electronic storage formats with a date stamp on a regular basis. All electronic documents **MUST** be convertible to a human-readable format. Electronic records need to be updated as the technology changes to meet these requirements.

Lab notebooks are the property of the university, not the individual.

Glossary:

Bayh-Dole Act

Public Law 96-517, the law that governs the rights to inventions discovered at educational institutions or small businesses under projects funded in whole or in part with federal funds. The Bayh-Dole Act is codified in the federal regulations in 37 CFR 401.

COI

Conflict of Interest: A conflict of interest occurs when an individual or organization (such as a lawyer, insurance adjuster, politician, engineer, executive, director of a corporation, medical research scientist, physician, writer, editor, or an individual or organization cited as a source) has an interest that might compromise their reliability. A conflict of interest exists even if no improper act results from it, and can create an appearance of impropriety that can undermine confidence in the conflicted individual or organization. (Wikipedia)

Consideration

Something of value, e.g., services, money, etc.

Contract

An agreement with specific terms between two or more persons or entities in which there is a promise to do something in return for valuable benefit known as consideration. (Law.Com Dictionary)

Cooperative Agreement

A form of contract requiring active involvement of both parties in completing the scope of work.

Equity

A method of financing in which a company issues shares of its stock and receives consideration in return.

Gift

Something given with no expectation of consideration in return.

Grant

Financial assistance offered for research with no defined deliverable, often technical, financial and other reports are required.

Improvement

A change for the better; progress in development. The act of improving something; "their improvements increased the value of the property. A condition superior to an earlier condition; "the new school represents a great improvement." (wordnet.princeton.edu)

Innovation

A new or variant product, idea, process, or way of thinking.

Invention

A unique object produced through the process of imagination and experience.

IP

Intellectual Property: intangible property that is the result of creativity, e.g., patents, trademarks or copyrights.

License

An authorization granting permission to perform duties that, without such permission, would be illegal.

MTA

Material Transfer Agreement: A form of contract involving the transfer or exchange of tangible property.

NDA

Nondisclosure Agreement: A form of contract in which the parties to the agreement agree to hold information in confidence.

Provisional Patent Application

A form of patent application acting as a placeholder. Provisional applications are not reviewed or published. They offer little in the way of legal protection but do preserve the priority date for full filing.

Research Tool

A form of tangible property that is useful in the performance of research. Research tools may be subject to MTAs.

Safe Harbor

A term used by universities to define allowable actions in industrial contracts in order to preserve the university's tax exempt status. The Internal Revenue Service has determined the safe harbor guidelines.

SRA

Sponsored Research Agreement: A contract for research.

Startup

The formation of a new company.

Technology Transfer

The process of transferring discoveries made by basic research institutions, such as universities and government laboratories, to the commercial sector for development into useful products and services.

<http://www.biotechinstitute.org/go.cfm?do=page.view&pid=21>



The rising STAR of Texas

For questions about university policies regarding industry relationships, patenting and licensing, and technology transfer, please contact:

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