

# UT SOUTHWESTERN POLICY HANDBOOK

## INP-101: TECHNOLOGY DEVELOPMENT AND INTELLECTUAL PROPERTY MANAGEMENT

### CHAPTER 13: INTELLECTUAL PROPERTY

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#### ADMINISTRATIVE INFORMATION

Responsible Office: Office of Technology Development  
Executive Sponsor: Vice President for Technology  
Development  
Effective Date: September 26, 2016  
Next Scheduled Review: September 26, 2021  
Contact: [policyoffice@utsouthwestern.edu](mailto:policyoffice@utsouthwestern.edu)

### POLICY RATIONALE AND TEXT

UT Southwestern recognizes that through appropriate intellectual property management and technology transfer arrangements, the results of research can be made available for the good of the public at large and, in some instances, assist the State of Texas in commercial development and expansion of its economic base. In accordance with the policies of the UT System Board of Regents and UT Southwestern, intellectual properties are commercially developed and faculty and staff inventors are eligible for financial royalties resulting from the licensing of intellectual properties.

The UT System Intellectual Property Policy is found in the Regents' *Rule* 90101. Other UT System guidelines are found in the document entitled *Guidelines for Managing and Marketing Intellectual Property Owned by the Board of Regents*. UT Southwestern's policies and actions with regard to intellectual property are consistent with the Regents' *Rules* and guidelines. The Office of Technology Development (OTD) is responsible for managing intellectual properties developed at UT Southwestern.

#### Technology Development and Intellectual Property Management

Whether internally funded or externally funded, intellectual properties invented or developed (a) within the course and scope of the individual's UT Southwestern employment, (b) resulting from activities performed on UT Southwestern time or with support of State funds, or (c) resulting from using facilities or resources owned by UT Southwestern or UT System, are owned by the UT System Board of Regents ("Board"), and as such, are assigned by the inventor(s) to the Board. This includes creations, inventions, or developments made on or off campus, and additionally includes those made while working under a consulting agreement that are within the area of expertise and professional capabilities related to an individual's university appointment. 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.

Inventions made by students and trainees are not always subject to automatic assignment and Board ownership. A graduate student, medical student, resident, or postdoctoral scholar appointed to an academic training position should contact the OTD for further advice and assistance regarding inventions and inventorship.

All faculty, staff, and students are required to disclose inventions or other creations prior to public disclosure by filing a completed [Intellectual Property Questionnaire](#), a copy of which is available from the OTD website. If the submitter is unsure whether their work is an invention or is a non-patentable research result, they should proceed on the side of disclosure, and the OTD will determine how to categorize the work.

The Board and UT Southwestern may assert ownership in intellectual property of all types (including, but not limited to, any patentable or non-patentable invention, discovery, trade secret, technology, scientific or technological development, computer software, and audio or video works) regardless of whether subject to protection under patent, trademark, copyright, or other laws.

The Board and UT Southwestern manage their interests in scholarly or educational materials, art works, musical compositions and dramatic and nondramatic literary works related to the author's academic or professional field, regardless of the medium of expression, as follows:

- **For students, professionals, faculty, and research authors:** The Board and UT Southwestern will not assert ownership of scholarly or educational works covered by this section authored by students, professionals, faculty, and nonfaculty researchers. The Board and UT Southwestern encourage authors to carefully manage copyrights in accordance with the guidelines concerning management and marketing of copyrighted works. The Board and UT Southwestern retain certain rights in these works as set forth in Section 7 of Regents' Rule 90101.
- **For software:** The Board and UT Southwestern normally shall assert ownership in software as an invention; however, original software that is content covered by the above, or that is integral to the presentation of such content, shall be owned in accordance with that subsection.

Notwithstanding the provisions above, the Board and UT Southwestern will have sole ownership of all intellectual property created by an employee who was hired specifically or required to produce it, commissioned by the Board and UT Southwestern (i.e., a work for hire), or results from research supported by Federal funds or third party sponsors. Except as may be provided otherwise in a written agreement approved by the President of UT Southwestern and the UT System Chancellor, the provisions relating to the division of royalties will not apply to intellectual property owned solely by the Board and UT Southwestern pursuant to this section.

The negotiation, preparation, and execution of sponsored research agreements is managed by the OTD in accordance with UT System Policy UTS 125 Processing of Intellectual Property Agreements.

Intellectual property terms can be found in a variety of agreements. It is the policy of UT Southwestern that such intellectual property terms are reviewed, negotiated, and managed by OTD, and any type of agreement that contains such terms will be sent to the OTD for such review, negotiation, and management.

## SCOPE

This policy applies to all persons employed by UT Southwestern; to anyone using UT Southwestern facilities under supervision of UT Southwestern personnel; to students enrolled in the UT Southwestern Graduate School of Biomedical Sciences, Medical School, or School of Health Professions; and to postdoctoral scholars appointed to academic training positions.

## PROCEDURES

After receiving a completed Intellectual Property Questionnaire, the OTD staff reviews each disclosed invention and determines what further action may be warranted (e.g., literature searching, preparation and filing of a patent application, licensing, formation of a start-up company, or management of further development of the invention).

Upon a positive decision by the President, acting through the OTD, UT Southwestern will bear the expenses of protecting intellectual property by filing one or more United States and foreign patent applications, with outside intellectual property counsel approved by the Office of General Counsel and the Texas Attorney General's Office in consultation with UT System and UT Southwestern. The individual(s) who submitted the Intellectual Property Questionnaire and other faculty and staff must assist throughout this process to assist in seeking the strongest intellectual property protection possible.

From time to time, OTD may conclude that the most appropriate course of action would be to release an invention back to its inventor(s). In such cases, title will be transferred to the creator(s) in accordance with Regents' *Rule* 90101, sections 10, 11.2, and 11.3.

### Licensing

It is the intent of UT Southwestern and the Board to transfer certain of its intellectual properties, invented or developed by UT Southwestern inventors or authors, to commercial entities by license agreements. License agreements are negotiated solely by the OTD staff, with the input and cooperation of the faculty and the Office of Legal Affairs. Final decisions rest with UT Southwestern. UT Southwestern's President and specified delegates are the only persons authorized to execute documents related to intellectual property – see Regents' *Rule* 10501 and UT System Policy UTS 125 Processing of Intellectual Property Agreements.

Both exclusive and nonexclusive licenses may be granted, depending on the unique needs of the specific technology.

License agreements may yield a variety of different financial payments, which may include up-front license fees, milestone payments, minimum annual royalties, royalties on sales of licensed products, and equity.

Any arrangements with commercial entities must not undermine UT Southwestern's basic missions and must be carried out in a manner that does not create a conflict of interest, actual or perceived, for UT Southwestern or its faculty, staff, or students. In addition, all license agreements must provide appropriate legal protection for UT Southwestern and its faculty, staff, and students. These protections include, but are not limited to, indemnification, restriction on use of name, grantbacks to UT Southwestern, limiting any restrictions on research and publication, and confidentiality.

### Copyright

It is the policy of UT Southwestern to follow the United States Copyright Law of 1976, as amended (Title 17, United States Code, herein the Copyright Act or "act"). Rights in, and management of, original works of authorship are controlled by Regents' *Rule* 90101 Sections 7 and 8, and all UT Southwestern faculty, staff, and students should follow that policy and guidelines.

### Equity Ownership and Business Participation

In license agreements with business entities relating to rights in intellectual property owned by the Board of Regents for and on behalf of UT Southwestern, equity interests, as partial or total compensation for the rights conveyed, may be accepted by the Board. Pursuant to Regents' *Rule* 90101, UT Southwestern has elected to share the equity interest with the inventor of the intellectual property in the same manner as it shares royalties and other income, in accordance with the provisions relating to the distribution of royalties and other income generated by intellectual property in this policy.

A UT Southwestern employee who conceives, creates, discovers, invents, or develops intellectual property may own an equity interest in a business entity that has an agreement with the Board of Regents, for and on behalf of UT Southwestern, relating to research, development, or licensing of intellectual property, provided such employee is in full compliance with a conflict of interest management plan implemented under the UT Southwestern policy and procedures approved by the President, the Office of General Counsel of UT System, and the respective Executive Vice Chancellor as set forth in the UT System's Procedure for Managing Conflicts of Interest. (See [ETH-104 Conflicts of Interest, Conflicts of Commitment, and Outside Activities](#) and [RES-401 Financial Conflicts of Interest in Research: Disclosure, Management, and Reporting](#).)

However, a UT Southwestern employee who conceives, creates, discovers, invents, or develops intellectual property may not serve as a member of the board of directors or other governing board or as an officer or an employee (other than a consultant, member of a scientific advisory board, or medical advisory board appropriately approved by UT Southwestern) of a business entity that has an agreement with the Board for and on behalf of UT Southwestern, relating to the research, development, or licensing of that intellectual property without prior review and approval by the President, the UT System Chancellor, and the Board as an agenda item.

If requested and authorized by the Board, an OTD employee, the President, or the President's designee 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 the UT System relating to the research, development, licensing, or exploitation of intellectual property.

- The activities described in this section do not violate the Standards of Conduct and Conflict of Interest provision of Chapter 572 of the Texas *Government Code*. However, approval of such activities is contingent upon compliance with the Outside Employment rules of the Board and UT Southwestern [see [EMP-158 Outside Activities \(Including Outside Employment or Board Service\)](#)].

A UT Southwestern employee who is covered by this policy must report in writing to the President 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. The employee will also 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 will be accumulated in the Office of the President and then forwarded to the Executive Vice Chancellor of Health Affairs by September 1 annually so that the Chancellor may file a report with the Board. Information in the report will be included in the annual report required by Section 51.912(c), Texas *Education Code*.

### **Distribution of Royalties and Other Income Generated by Intellectual Property**

Pursuant to Regents' *Rule* 90101, after recovering costs of obtaining a patent or other appropriate intellectual property protection and licensing expenses, UT Southwestern may distribute to the inventors, and only to inventors, up to 50 percent of royalty and other income generated from the commercialization of a technology. The status of Inventor or Inventorship is a legal status as defined herein. Subject to the current Regents' *Rules*, this policy sets forth the manner in which any such income will be distributed.

UT Southwestern will deduct both the out-of-pocket (external) expenses of patenting and licensing and the actual internal costs incurred by the institution to provide intellectual property management and technology transfer services for the licensed intellectual property or properties from royalty and other income derived from the licensing of an intellectual property. In addition, if the amount of future expenses and the time payment is due are known, UT Southwestern may withhold a portion of the royalty and other income in order to meet the future expected expense obligations based on reasonable revenue and expense projections. The remaining royalty and other income amount is the disburseable balance for each intellectual property. Any royalty or other income withheld for payment of future expenses that are in fact not used for that purpose will be added to

the disburseable balance. The payment of all disburseable balances held by UT Southwestern will be approved on a case-by-case basis by the Vice President for Technology Development or their designee.

After deduction of these expenses and costs, UT Southwestern will distribute disburseable balances according to the following disbursement guidelines:

- 50% Inventor(s)
- 25% Inventor(s) laboratory
- 25% UT Southwestern

so long as the inventor or author is in the employ of UT Southwestern at the time of disbursement payment.

In the event that the generating laboratory no longer exists at UT Southwestern, or if there was no laboratory subledger otherwise in existence, then all such laboratory income will accrue to a non-laboratory subledger under the control of the inventor or author for use in educational, research, development, or patient care purposes, or if that is not possible, then such funds will revert to the institution. Where the inventor or author has left the employ of UT Southwestern, then the 25% laboratory income will revert to the institution.

UT Southwestern's retained 25% may be used by the institution for research, including the provision of intellectual property management and technology development services.

In a circumstance wherein a licensed technology was created by two or more persons who are subject to this policy, UT Southwestern will distribute the inventor's share of income gained through each license according to the express written agreement of its inventors. Such agreement should clearly state in terms of percentages (or other similar manner) an income-sharing agreement mutually agreed upon by the named inventors. This information must be transmitted as a written agreement signed by all named inventors to the OTD. The OTD will accept the decision of the co-inventors, although if OTD assistance is requested in calculating a sharing formula in complex patent portfolios, the OTD can provide non-binding guidance to help the inventors make their sharing decisions.

In the case of a license to a single entity of multiple technologies with multiple inventors who are subject to this policy, the inventors must provide the OTD with a similar written income sharing agreement. This agreement should clearly state in terms of percentages (or other similar manner) the income-sharing mutually agreed upon by the named inventors. The OTD will likewise accept the decision of the co-inventors, although if OTD assistance is requested in calculating a sharing formula in complex patent portfolios, the OTD can provide non-binding guidance to help the inventors make their sharing decisions.

Inventors may change the terms of an income-sharing agreement at any time. Any change must be communicated in writing via a new income-sharing agreement signed by all named inventors and transmitted to the OTD. Unless such an amended income-sharing agreement states a different effective date, then its effective date will be the date upon which it has been completely executed.

In the event that two or more inventors are entitled to share income from the licensing of intellectual property and for any reason (including missing or deceased inventors) they cannot all agree on an appropriate sharing arrangement, all such distribution shares will be settled according to the Regents' *Rules*. Where the UT Southwestern Accounting department requires a federal W-9 form to be executed and the OTD cannot reasonably obtain a copy of a W-9 from an inventor, then any such distribution share will likewise be settled according to the Regent's *Rules*.

In the event that a licensed technology is jointly owned by UT Southwestern and one or more other institutions, UT Southwestern will seek to recover its actual costs associated with providing intellectual property management and technology transfer services from total revenues under this policy.

Distribution of the inventor's share of income (and the inventor's laboratory share) will be processed and disbursed on a rolling basis following receipt of such income from a licensee and upon completion of determining all applicable costs, expenses, or contractual obligations. The OTD is solely responsible for determining income payments to other institutions, funding sources, or investors, and is likewise solely responsible for determining all said external or internal costs or expenses and deducting such amounts prior to the calculation of disbursements to be made to inventors or authors.

In the event of the untimely death of an inventor or author who is otherwise entitled to income under these rules, the OTD will determine that individual's share, in the manner set forth above, and the net amount will be paid to the decedent's estate.

### **Income Generated from the Sale or Licensing of Tangible By-Products of Research**

In accordance with the Regents' *Rules*, UT Southwestern will deduct its out-of-pocket expenses associated with income derived from the sale, licensing, or other disposition of the tangible by-product of research. After deducting such expenses, UT Southwestern may recover the actual costs incurred by UT Southwestern to provide intellectual property management and technology transfer services for the licensed intellectual property. No income generated through the commercialization of tangible by-products of research will accrue to any employee of UT Southwestern.

#### **Distribution**

After deduction of such expenses and costs, UT Southwestern will distribute income according to the following guidelines:

- 100% to the generating laboratory up to a cumulative \$10,000 in any disbursement year (ends March 31); then 75% to the generating laboratory, and 25% to UT Southwestern.
- If the generating laboratory ceases to operate at UT Southwestern, all income will accrue to UT Southwestern.

#### **Disbursement**

The handling of disbursements will be in accordance with the above procedure on Distribution of Royalties and Other Generated Income by UT Southwestern Intellectual Property.

## **RESPONSIBILITIES**

### **Intellectual Property Responsibilities of the Office of Technology Development**

- Receipt, assessment, and management, both business and legal, of all disclosures of intellectual property.
- Negotiation of all agreements commercially developing intellectual property owned by the Board for and on behalf of UT Southwestern.
- Receipt of all income from commercial development of intellectual property and establishment of any necessary subledgers for income and expenses.
- Disbursement of all income in accordance with these policies and procedures.

Final determination of the application of this policy to specific technologies will be made by the Vice President for Technology Development, the Executive Vice President for Business Affairs, and the President.

## DEFINITIONS

**Business Entity** – any entity recognized by law through which business for profit is conducted, including a sole proprietorship, partnership, firm, corporation, holding company, joint stock company, receivership, or trust.

**Compensation** – any form of benefit including but not limited to salary, retainer, honoraria, intellectual property rights or royalties paid under such rights, or promised, deferred, or contingent interest. It also includes sponsored travel or reimbursement, except for travel reimbursed or sponsored by a federal, state, or local government agency, an institution of higher education, an academic teaching hospital, a medical center, or a research institute affiliated with an institution of higher education.

**Conflict of Interest** – refers to any situation in which a significant financial interest (which, for human subjects research, includes any investment interest) of a covered individual or covered family member could cause or appear to cause bias in the design, conduct, or reporting of research, or otherwise directly or significantly affect the proper discharge of the covered individual's institutional responsibilities. The proper discharge of institutional responsibilities (including the design, conduct, or reporting of research) could be directly or significantly affected if a covered individual's or covered family member's employment, service, activity or interest: (1) might tend to influence the way the covered individual performs his or her institutional responsibilities, or the covered individual knows or should know the interest is or has been offered with the intent to influence the covered individual's conduct or decisions; (2) could reasonably be expected to impair the covered individual's judgment in performing his or her institutional responsibilities; or (3) might require or induce the covered individual to disclose confidential or proprietary information acquired through the performance of institutional responsibilities.

**Intellectual Property** – creations of the mind, including patentable inventions, non-patentable inventions, computer software, literary and artistic works, designs, and symbols, and names and images used to designate the source of a service or of goods.

**Inventor** – inventor or inventorship is a legal status that is determined under the patent laws of the United States, solely by a patent attorney admitted to practice before the United States Patent Office, retained by the OTD for that purpose, and who is not an employee of UT Southwestern. The patent attorney assesses the contributions of all individuals identified by the invention submitter, or the OTD, as being connected with the work around the invention. The legal status of inventor or inventorship is independent of title, grade, role, or appointment at UT Southwestern, and is solely determined by the facts surrounding the conception and reduction to practice of an invention.

**Significant Financial Interest** – for the purposes of this policy, a financial interest consisting of one or more of the following interests of a covered individual or covered family member:

- From any single, publicly traded business entity – any salary, consulting fees, honoraria, paid authorship or other payments for services received in the preceding 12 months, and any investment interests as valued on the date of disclosure by reference to public prices or other reasonable measures of fair market value, all of which, when aggregated for the covered individual and covered family members, is  $\geq$  \$5,000;
- From any single, non-publicly traded business entity – any salary, consulting fees, honoraria, paid authorship, or other payments for services received in the preceding 12 months, all of which, when aggregated, is  $\geq$  \$5,000, and/or any investment interest in the business entity;
- Intellectual property and royalties – any royalties, license fees, or other compensation (including investment interests), or agreements to share in royalties, license fees or other compensation (including investment interests) with respect to intellectual property;

- Gifts – A single gift to a covered individual from a business entity received in the preceding 12 months that exceeds \$250 in value, or multiple gifts from a single business entity that in the aggregate exceed \$250 in value, other than gifts from a covered family member; or
- A fiduciary position held by the covered individual or a covered family member in a business entity in the preceding 12 months, including a position as a member of the board of directors, an officer, or other executive or management position, for which the covered individual received any form of remuneration or reimbursement for expenses.

Significant financial interests do not include salary, royalties, or other remuneration paid by UT Southwestern (if the covered individual is currently employed or otherwise appointed by UT Southwestern); income from seminars, lectures, teaching engagements, or service on an advisory committee or review panel sponsored by a federal, state, or local government agency, an institution of higher education as defined by 20 U.S.C. 1001(a), an academic teaching hospital, a medical center, or a research institute affiliated with an institution of higher education; income from investment vehicles such as mutual funds or retirement accounts in which the covered individual does not directly control investment decisions made in those vehicles; or travel reimbursed or sponsored by a federal state or local government agency, an institution of higher education as defined by 20 U.S.C. 1001(a), an academic teaching hospital, a medical center, or a research institute affiliated with an institution of higher education.

**Tangible By-Product of Research** – any material generated by UT Southwestern research having the following characteristics:

- the material is not covered by an issued patent or pending patent application (whether or not the material is actually patentable);
- the license or sale agreement provides for the transfer of a specific quantity of material.

Examples of tangible by-products of research include, but are not limited to purified proteins or enzymes, cell-free extracts, monoclonal antibodies, or polyclonal antibodies.

Tangible by-products do not include software, proprietary methodologies, reproducible expression vectors (including cloned genes), hybridoma cell lines, or transgenic animals.

**UT Southwestern Property (or Property)** – A movable tangible item placed into service for UT Southwestern operations, with the benefit of the thing extending beyond one year from the date of acquisition (e.g., furniture, modular furniture, equipment, computers, weapons, etc.), as well as intangible items such as computer software or intellectual property.

## RELATED STATUTES, REQUIREMENTS, OR STANDARDS

- [FIM-301 Authority to Execute Contracts and Make Purchases](#)
- [RES-251 Management of Sponsored Programs](#)
- [RES-252 Accounting for Sponsored Programs](#)
- [RES-401 Financial Conflicts of Interest in Research: Disclosure, Management, and Reporting](#)
- [ETH-104 Conflicts of Interest, Conflicts of Commitment, and Outside Activities](#)
- [ETH-304 Institutional Conflicts of Interest](#)
- [EMP-158 Outside Activities \(Including Outside Employment or Board Service\)](#)
- UT System Policy UTS125 Processing of Intellectual Property Agreements
- UT System Policy UTS107 Use of Copyrighted Materials
- UT System Board of Regents' *Rule* 90101 Intellectual Property: Preamble, Scope, Authority

- UT System Board of Regents' *Rule* 10501 Delegation to Act on Behalf of the Board
- Section 51.912(c), Texas *Education Code*
- Title 17, United States Code, Copyright Act

## POLICY HISTORY

September 26, 2016: Reviewed, revised, and published as INP-101 Technology Development and Intellectual Property Management, which combines and replaces legacy policies INP-101 Technology Development and Intellectual Property Management, INP-102 Licensing, INP-103 Distribution of Royalties and Other Income Generated by Intellectual Property, INP-104 Income Generated from the Sale or Licensing of Tangible By-Products of Research, INP-151 Copyright, and INP-201 Equity Ownership and Business Participation.

November 9, 2011: Published as:

- INP-101 Technology Development and Intellectual Property Management
- INP-102 Licensing
- INP-103 Distribution of Royalties and Other Income Generated by Intellectual Property
- INP-104 Income Generated from the Sale or Licensing of Tangible By-Products of Research
- INP-151 Copyright
- INP-201 Equity Ownership and Business Participation

January 1998: Published as:

- 2.12.1 Technology Development and Intellectual Property Management
- 2.12.2 Licensing
- 2.12.3 Distribution of Royalties and Other Income Generated by Intellectual Property
- 2.12.4 Income Generated from the Sale or Licensing of Tangible By-Products of Research
- 2.14 Copyright
- 2.2.6 Equity Ownership and Business Participation

## CONTACTS/FOR FURTHER INFORMATION

Office of Technology Development 214-648-1908