

## **INTELLECTUAL PROPERTY POLICIES AND PROCEDURES**

Federal laws and regulations, The University of Texas System policies, and The University of Texas at Tyler policies all govern UT Tyler's actions in regard to intellectual property. Below is a list of the pertinent regulations and policies from each entity. In cases where the policy is too lengthy to repeat here, a link is provided to the policy.

### **Federal Laws and Regulations**

- Bayh-Dole Act (35 USC 200-212; 37 CFR 401)

The Bayh-Dole Act allows for the transfer of exclusive control over many government-funded inventions to universities and businesses operating with federal contracts for the purpose of further development and commercialization. The contracting universities and businesses are then permitted to exclusively license the inventions to other parties. The federal government, however, retains "March-in" rights to license the invention to a third party, without the consent of the patent holder or original licensee, where it determines the invention is not being made viable to the public on a reasonable basis (in other words, to issue a compulsory license).

In 1980, the Bayh-Dole Act (PL 96-517, Patent and Trademark Act Amendments of 1980) created a uniform patent policy among the many federal agencies funding research. As a result of this law, universities retain ownership to inventions made under federally funded research. In return, universities are expected to file for patent protection and to ensure commercialization upon licensing. The royalties from such ventures are shared with the inventors; a portion is typically provided to the University and department/college; and the remainder is typically used to support the technology transfer process.

From a historical perspective, there was a need for reliable technology transfer mechanisms and for a uniform set of federal rules to make the process work. It was tough for the federal government to transfer technologies for which it had assumed ownership. In 1980, the federal government had approximately 30,000 patents of which only 5% led to new or improved products. Many patents were not being used as the government did not have the resources to develop and market the inventions. Thus, Bayh-Dole gave universities control of their inventions.

Prior to Bayh-Dole, fewer than 250 patents were issued to universities per year. In FY 2000, there were over 330 U.S. and Canadian institutions and universities engaged in technology transfer. Technology transfer has helped to spawn new businesses, create industries and open new markets. In fact, core technologies, likely to spark new industries, often result from university patents. University-industry collaborations have helped to move new discoveries from the lab to the marketplace faster and more efficiently than ever before -- ensuring that products and services based on federally funded research reach the public.

The reason that the Bayh-Dole act is so instrumental to university technology transfer is that it speeds up the commercialization process of federally funded university research and helps new industries to develop quicker. Examples range from Stanford's Cohen-Boyer patent on the basic gene splicing tools - to the Axel patents, from Columbia University which provided a completely new process for inserting genes into mammalian cells to make protein. Bayh-Dole has also enabled laboratory advances to become a significant factor in U.S. and Canadian industrial growth. The Bayh-Dole act is also vital to the university as a whole. University gross licensing revenues exceeded \$200M in 1991 and by 1992 that number had risen to \$250M. In FY 2000, U.S. and Canadian institution and universities Gross Licensing Income was reported to be \$1.26 Billion.

Link to the full Bayh-Dole Act:

[http://www.access.gpo.gov/nara/cfr/waisidx\\_02/37cfr401\\_02.html](http://www.access.gpo.gov/nara/cfr/waisidx_02/37cfr401_02.html)

- Patent Law – 35 USC

[http://www.uspto.gov/web/offices/pac/mpep/consolidated\\_laws.pdf](http://www.uspto.gov/web/offices/pac/mpep/consolidated_laws.pdf)

- Patent Rules - 37 CFR

[http://www.uspto.gov/web/offices/pac/mpep/consolidated\\_rules.pdf](http://www.uspto.gov/web/offices/pac/mpep/consolidated_rules.pdf)

- Manual of Patent Examining Procedure (MPEP)

<http://www.uspto.gov/web/offices/pac/mpep/index.html>

- Trademark Rules - 37 CFR Part 2

<http://www.uspto.gov/web/offices/tac/tmlaw2.pdf>

### **UT System Policies**

- Intellectual Property Policy

<http://www.utsystem.edu/ogc/IntellectualProperty/polguide.htm>

- Conflict of Interest Policy

<http://www.utsystem.edu/ogc/intellectualproperty/conflict.htm>

## **UT TYLER INTELLECTUAL PROPERTY POLICY**

The Intellectual Property Policy of The University of Texas is governed by Part Two, Chapter XII of the *Rules and Regulations* of the Board of Regents of The University of Texas System, as implemented in this policy. To the extent that provisions herein may vary from the Rules and Regulations, the latter will govern.

### **Definition of Intellectual Property**

As used in this Policy, the term "intellectual property" includes any invention, discovery, trade secret, technology, scientific or technological development, or computer software, regardless of whether such property is subject to protection under patent, trademark, or copyright laws except as may be excluded below.

### **Applicability of Policy**

This policy applies to:

- All persons employed by UT Tyler.
- All persons, including students, using the facilities of UT Tyler under the supervision of its employees.
- Candidates for masters' and doctoral degrees.
- Postdoctoral and pre-doctoral fellows.
- Intellectual property that has resulted from activities performed by the person on UT Tyler time, with support from State funds, or from using UT Tyler facilities.

This policy does not apply to:

- Faculty-authored scholarly works, art works, musical compositions, and dramatic and non-dramatic literary works related to the faculty member's professional field, regardless of the medium of expression, unless such work is commissioned by or produced as a work for hire by the UT System or UT Tyler. Such work is owned by the creator.
- Intellectual property produced by an employee of an outside firm under contract to UT Tyler as a work-for-hire in the performance of a contract with UT Tyler or as a part of an employee's assigned work responsibilities. Such property is owned solely by the Board of Regents and the division of royalties does not apply.
- Intellectual property unrelated to a person's employment responsibility that is developed on the individual's own time and without UT Tyler support or the use of UT Tyler facilities. Such property is owned by the creator.

### **Advisory Bodies**

- The President of UT Tyler appoints an Intellectual Property Advisory Committee (IPAC) each year to help administer intellectual property policy and make recommendations on such related matters as may be requested. The President also appoints a Chair to direct and coordinate the activities of the IPAC. This Committee consists of the Provost and Vice President for Academic Affairs, the Vice President for Business Affairs, the Associate Vice President for Research, and four faculty members who may be or are involved in matters of intellectual property.
- The IPAC recommends to the President as to whether and how UT Tyler and the System should assert and protect rights in intellectual property covered by this policy.
- Where the UT System rights have been asserted on an item of intellectual property, the President appoints a Business Advisory Committee to advise him on decisions about this protection and its exploitation. This Committee consists of the Provost and Vice President for Academic Affairs, the Vice President for Business Affairs, the Associate Vice President for Research, the appropriate School Dean, the Inventor, and such other individuals within or outside the University as may be deemed advisable.

### **Submission of Intellectual Property and Assignment of Rights**

- All individuals carrying out University activities (including persons using University facilities) which might result in the creation of intellectual property are obliged to maintain and make available adequate records of their work and to follow the guidelines for disclosure and internal reporting of such property as described in the policies and procedures policy.
- Before intellectual property covered by this Policy is disclosed either to the public or for commercial purposes, and before publishing same, the creator must submit a disclosure of such intellectual property for review by the Intellectual Property Advisory Committee.
- The IPAC will review the disclosure of intellectual property submitted by the Creator and will recommend one of the following:
  - That UT Tyler and the UT System assert rights of ownership of the intellectual property on behalf of the Board of Regents and obtain such protection for it as may be appropriate.
  - That the Board of Regents release rights of ownership of the intellectual property to the Creator subject to such terms and conditions as may be appropriate.
- When UT Tyler and the UT System assert rights of ownership on behalf of the Board of Regents for intellectual property covered by this policy, it will be mandatory

that persons covered by this policy assign all rights in such property and any patents or other protection to the Board.

- Any person who, as a result of his or her activities, creates intellectual property that is subject to this Policy, other than on government agreements or other sponsored research projects where the grant agreements provide otherwise, should have a major role in the ultimate determination of how it is to be made public, whether by publication, by development and commercialization after securing available protection for the creation, or both.

### **Licensing and Distribution of Income**

- In those instances where rights in intellectual property are licensed by the Board of Regents to third parties, the costs of licensing and obtaining a patent or other protection for the property must first be recaptured from any royalties received.
- The remainder of such royalty income (including license fees, prepaid royalties, and minimum royalties) will be divided as follows:
  - Fifty percent (50%) to the Creator, and
  - Fifty percent (50%) to UT Tyler
- That portion of the UT System's share of licensing income that is allocated to UT Tyler will be further allocated by the President for research purposes. The Intellectual Property Advisory Committee may recommend ways in which such income may be applied to develop and support the intellectual property interests of UT Tyler.
- With the prior written permission of the President, future royalties payable to a faculty member pursuant to the current section of this Policy may be assigned to UT Tyler by the faculty member and designated for use in research to be conducted by such a faculty member.

### **Equity Interests**

- In agreements with business entities relating to rights in intellectual property owned by the Board of Regents, UT Tyler may receive equity interests as partial or total compensation for rights conveyed.
- Consistent with Section 51.912, Texas Education Code, and subject to review and approval by the President, the Executive Vice Chancellor for Academic Affairs, the Chancellor, and the Board of Regents, employees of UT Tyler who conceive, create, discover, invent, or develop intellectual property may hold an equity interest in a business entity that has an agreement with the University and the UT System relating to the research, development, licensing or exploitation of that intellectual property.

- The University may negotiate, but will not be obligated to negotiate, an equity interest on behalf of any employee as part of an agreement between the University, Board of Regents, and a business entity relating to intellectual property conceived, created, discovered, invented, or developed by the employee and owned by the Board of Regents. An employee must request in writing that the University negotiate on his or her behalf.
- Dividend income and income from the sale or disposition of equity interests held by the Board of Regents will belong to the UT System. UT Tyler may use the net income in accordance with this Policy.
- Dividend income and income from the sale or disposition of an equity interest held by an employee pursuant to an agreement between UT Tyler or UT System and a business entity relating to rights in intellectual property conceived, created, discovered, invented, or developed by such employee will belong to the employee.

### **Business Participation**

- Any UT Tyler employee who conceives, creates, discovers, invents or develops intellectual property will not serve as a member of the board of directors or other governing board or as an officer or any employee (other than as a consultant) of a business entity that has an agreement with UT Tyler or UT System relating to research, development, licensing, or exploitation of that intellectual property without prior review and approval by the President, the Chancellor, and the Board of Regents as an agenda item.
- When requested and authorized by the Board of Regents, an employee may serve on behalf of the Board of Regents as a member of the board of directors or other governing board of a business entity that has an agreement with the UT System relating to the research, development, licensing, or exploitation of intellectual property.