

# 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 for Technology Development  
Executive Sponsor: Executive Vice President for Institutional  
Advancement  
Effective Date: 01/31/1998  
Last Updated: 10/04/2022  
Contact: [policyoffice@utsouthwestern.edu](mailto:policyoffice@utsouthwestern.edu)

### POLICY LINK

To ensure appropriate access when sharing or linking to this policy, *copy and paste* this URL:

<https://secure.compliance360.com/ext/zFZUIBhOXTbsJtXA82GBiw==>

### 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. It is the policy of UT Southwestern to enable intellectual property production, creation, protection, management, and transfer to society within an environment that promotes the highest quality and integrity of academic activity, teaching, and research. In accordance with the policies of the UT System Board of Regents (the “Board”) and UT Southwestern, when intellectual property is commercially developed, faculty and staff inventors are eligible to receive royalties resulting from the licensing of intellectual property.

The Board's *Rules and Regulations*, Rule 90101: Intellectual Property (“Regents’ Rule 90101”) governs intellectual property created by individuals within the scope of this policy. The UT System [Guidelines for Management and Marketing of Intellectual Property Owned by the Board of Regents](#) provides guidance for intellectual property management. The Office for Technology Development (OTD) is responsible for managing intellectual property developed at UT Southwestern. Final determination of the application of this policy to specific technologies will be made by the Assistant Vice President of Technology Commercialization, the Executive Vice President for Institutional Advancement, and the President.

## Intellectual Property Subject to Board Ownership

For the purposes of this policy, intellectual property includes, but is not limited to, any invention, discovery, creation, know-how, trade secret, technology, scientific or technological development, research data, work of authorship, and software, regardless of whether subject to protection under patent, trademark, copyright, or other laws.

Except as otherwise stated in this policy, the Board owns all intellectual property 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. 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. Inventors assign their rights in such intellectual property to the Board. A creator of intellectual property owned by the Board 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. See Regents' Rule 90101, Section 6. A graduate student, medical student, resident, or postdoctoral scholar appointed to an academic training position should contact OTD for further advice and assistance regarding inventions and inventorship.

The Board generally 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 retains certain rights to works as set forth in Sections 7 and 8 of Regents' Rule 90101.

The Board 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.

## 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.

## 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, School of Health Professions, or O'Donnell School of Public Health; and to residents and postdoctoral scholars appointed to academic training positions.

## PROCEDURES

### Invention Disclosure

All faculty, staff, students, and trainees are required to disclose inventions or other creations prior to public disclosure by filing a completed Intellectual Property Questionnaire, which can be accessed via the Office for Technology Development [website](#). If the submitter is unsure whether their work is an invention, they should proceed on the side of disclosure, and OTD will determine how to categorize the work.

After receiving a completed Intellectual Property Questionnaire, 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).

If UT Southwestern decides to seek patent or other formal intellectual property protection, UT Southwestern will bear the expenses of protecting intellectual property. UT Southwestern may file 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, throughout this process, assist as needed in seeking intellectual property protection.

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 11.2 and 11.3.

### **Intellectual Property Management**

Intellectual property terms can be found in a variety of agreements. OTD reviews, negotiates, and manages all such intellectual property terms, and any type of agreement that contains such terms will be sent to OTD for such review, negotiation, and management.

OTD manages the negotiation, preparation, and execution of sponsored research agreements (SRAs) in accordance with UT Systemwide Policy UTS 125 Guidance for Negotiating Research Agreements with Sponsors and Processing Research and Intellectual Property Agreements.

It is the intent of UT Southwestern and the Board to grant certain rights in the Board's intellectual property to commercial entities by license agreements. License agreements are negotiated solely by 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: Delegation to Act on Behalf of the Board and UT Systemwide Policy UTS 125 Guidance for Negotiating Research Agreements with Sponsors and Processing Research and 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 upfront 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 missions and must be consistent with UT Southwestern policies. 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.

#### ***Public Disclosure of Source Code***

UT Southwestern recognizes that, at times, employees may need to publicly release, as part of meeting their scholarly obligations, software source code developed by UT Southwestern employees and owned by the Board. For example, a journal may require the public release of source code for software that is integral to the research described in the manuscript to be published, or a granting agency may require that the source code developed under the funded research project be made publicly available.

Any such public release of software source code (through, for example, online software repositories such as GitHub and other similar tools) shall 1) be released only to the extent necessary to meet such scholarly obligations, and 2) be accompanied with the copyright and license language provided at: <https://www.utsouthwestern.edu/about-us/administrative-offices/technology-development/agreements/open-source-release-of-software.html>.

Any public release of software source code owned by the Board that conflicts with this section is prohibited, unless the author(s) of such source code has obtained express written permission from OTD. Any employee seeking to privately share with an external party any software owned by the Board should contact OTD for further guidance prior to initiating such sharing.

### **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% 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 and Regulations*, 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 due is 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 are the disburseable balance for 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 Assistant Vice President of Technology Commercialization or their designee.

OTD receives all income from commercial development of intellectual property and establishes any necessary chart of accounts for income and expenses. After deduction of these expenses and costs, OTD will distribute disburseable balances according to the following disbursement guidelines, so long as the inventor or author is in the employment of UT Southwestern at the time of disbursement payment:

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

In the event that the generating laboratory no longer exists at UT Southwestern, or if there was no laboratory chart of accounts otherwise in existence, then all such laboratory income will accrue to a non-laboratory chart of accounts under the control of the inventor, or if that is not possible, then such funds will revert to the institution. If the inventor has left the employment of UT Southwestern, then the 25% laboratory income will revert to the institution. If an inventor disclaims their interest in the disbursements, the inventor's share of the disbursements 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 OTD. OTD will accept the decision of the co-inventors. If OTD assistance is requested in calculating a sharing formula in complex patent portfolios, 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 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. 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, OTD can provide non-binding guidance to help the inventors make their sharing decisions.

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. OTD is solely responsible for determining income payments and is likewise solely responsible for determining all external or internal costs or expenses and deducting such amounts prior to the calculation of disbursements to be made to inventors.

In the event of the untimely death of an inventor or author who is otherwise entitled to income under these rules, 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.

## **Equity Ownership and Business Participation**

### ***Personal Financial Interests and Participation in Business Entities Prior to Agreements with UT Southwestern Related to the Board's Intellectual Property***

Any individual who conceives, creates, discovers, invents, or develops intellectual property may maintain a financial interest in, and/or serve as an employee, officer, director/board member, or other fiduciary role (all in a compensated or an uncompensated manner), of a business entity interested in pursuing an agreement with UT Southwestern related to that intellectual property until the point that an agreement relating to the research, development, licensing, or exploitation of such intellectual property (e.g., option agreement, license agreement, sponsored research agreement, etc.) needs to be formally negotiated between UT Southwestern and that business entity. At such point, the UT Southwestern employee or faculty member serving in a fiduciary role in the business entity must provide a formal letter to OTD indicating that they have resigned, stepped down, or vacated their fiduciary role and identifying individual(s) will be assuming that role. After receiving this letter, OTD may begin formal agreement negotiations with the business entity.

### ***Personal Interests and Participation in Business Entities with Agreements Related to the Board's Intellectual Property***

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.

Any individual who is permitted to maintain an equity interest or participate in business activities pursuant to this subsection must report in writing to the Office of the President the name of any business entity in which the person has an equity 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 the Texas Education Code, Section 51.912(c).

#### ***Conflicts of Interest Requirements for Personal Financial Interests and Participation in Business Entities***

Any requests for approval of outside activities, reporting of equity or other financial interests, and assessment of associated conflicts of interests and commitment are governed by [EMP-158 Outside Activities \(Including Outside Employment or Board Service\)](#), [ETH-104 Conflicts of Interest, Conflicts of Commitment, and Outside Activities](#), [ETH-304 Institutional Conflicts of Interest](#), and [RES-401 Financial Conflicts of Interest in Research: Disclosure, Management, and Reporting](#).

Any individual who maintains a financial interest or seeks to participate in outside activities described above must have requested and received approval to engage in any outside activity pursuant to [EMP-158 Outside Activities \(Including Outside Employment or Board Service\)](#) or reported any financial interest pursuant to [ETH-104 Conflicts of Interest, Conflicts of Commitment, and Outside Activities](#). Upon vacating any fiduciary role, the change in roles with the business entity must also be disclosed pursuant to EMP-158. UT Southwestern must have evaluated any conflicts of interest or commitment that may result from the activity and determined that any existing conflicts are manageable; and UT Southwestern must have implemented a management plan as needed pursuant to UT Southwestern policies. In any case where a conflict of interest or commitment is unmanageable, the individual may not be allowed to pursue a business relationship with the business entity or may otherwise be required to terminate the business relationship, divest or limit the financial interest, and/or discontinue relevant research.

#### ***Participation in Business Activities on Behalf of UT Southwestern***

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. Such participation will be reviewed for any personal conflicts of interest or commitment, along with institutional conflicts of interest according to [ETH-304 Institutional Conflicts of Interest](#).

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

In accordance with the Regents' *Rules and Regulations*, 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 individual associated with 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 Intellectual Property.

## DEFINITIONS

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

**Intellectual Property** – includes, but is not limited to, any invention, discovery, creation, know-how, trade secret, technology, scientific or technological development, research data, work of authorship, and software, regardless of whether subject to protection under patent, trademark, copyright, or other laws.

**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 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 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.

**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); or
- 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.

## RELATED STATUTES, REQUIREMENTS, OR STANDARDS

[EMP-158 Outside Activities \(Including Outside Employment or Board Service\)](#)

[ETH-104 Conflicts of Interest, Conflicts of Commitment, and Outside Activities](#)

[ETH-304 Institutional Conflicts of Interest](#)

[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](#)

UT Systemwide Policy UTS 125 Guidance for Negotiating Research Agreements with Sponsors and Processing Research and Intellectual Property Agreements

UT Systemwide Policy UTS 107 Use of Copyrighted Materials

UT System Board of Regents' *Rules and Regulations*, Rule 90101: Intellectual Property

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

Texas Education Code, Section 51.912

Title 17, United States Code, Copyright Act

## CONTACTS/FOR FURTHER INFORMATION

Office for Technology Development 214-648-1908

## POLICY HISTORY

October 4, 2022: Completed scheduled review; updated policy as to ensure alignment with the Board of Regents' *Rules and Regulations*, Rule 90101: Intellectual Property, better cover software intellectual property and source code, and clarify the process and responsibilities for individuals serving in a fiduciary role in a business entity.

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.

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