CPI Meeting Agenda
July 11, 2012
11:30 a.m. – 1:15 p.m.
Rudder Tower, room 601

(11:30 – 11:50) Lunch

(11:50 – 12:00) Call to Order/Opening Remarks: (Moderated by L. Rauchwerger)

(12:00 – 12:20) Overview of proposed revisions to System Policy 17.01 (Intellectual Property); System Policy 31.05 (External Employment); System Regulation 31.05.01 (Faculty Consulting); and Intellectual Property Constituent Committee (IPCC) comments on proposed revisions – Dr. James Moore, Chair, Intellectual Property Constituent Committee (IPCC)

(12:20 – 12:45) Open Forum Discussion: (Moderated by L. Rauchwerger)

(12:45 – 12:55) Office of Sponsored Research Services (OSRS) PI/Faculty Advisory Committee (PIFAC) Update – Dr. Terry Thomas, Chair, PIFAC

(12:55 – 1:05) Open Forum Discussion: (Moderated by L. Rauchwerger)

(1:05 – 1:15) Other Business: (Moderated by L. Rauchwerger)

(1:15) Adjournment

Attachments:
– July 2012 CPI Newsletter (pp. 2 – 6);
– Proposed revisions to TAMUS Policy 17.01 (pp. 7 – 29);
– Proposed revisions to TAMUS Policy 31.05 (pp. 30 – 31);
– Proposed revisions to TAMUS Regulation 31.05.01 (pp. 32 – 33);
– IPCC comments on proposed revisions to 17.01, 31.05, and 31.05.01 (pp. 34 – 37);
– OSRS PI/Faculty Advisory Committee (PIFAC) Roster (p. 38)
Included in this issue are updates/information on:

- Summary of May 9, 2012 CPI meeting
- Summary of June 4, 2012 CPI EC meeting with representatives of Intellectual Property Constituent Committee (IPCC), The Texas A&M University System Office of General Counsel (OGC) and Office of Technology Commercialization (OTC)
- Summary of June 5, 2012 CPI EC meeting with the President, Provost and VPR
- Summary of July 5, 2012 CPI EC meeting with meeting research administration representatives from Texas A&M, AgriLife Research, HSC, TEES and TTI
- Preview of August 8, 2012 CPI Meeting
- OSRS Update
- OSRS PIFAC Update
- Update on proposed merger of Texas A&M University and Health Science Center
- Texas A&M University Vice President for Research speaks to Congress about Research’s Return on Investment
- Dr. John Junkins Selected as Founding Director of TIAS
- CONCUR Updates
- Data Management Planning Tool
- Registration Open for NCURA TV Workshop for August 23, 2012 – Export Controls
- Research Compliance and Biosafety Newsletter (June 2012)
Summary of May 9, 2012 CPI meeting

At the May 9, 2012 CPI meeting, Dr. Charles A. Johnson, Senior Associate Vice President for Research at Texas A&M University, provided a presentation on “Advancing Interdisciplinary Programs at Texas A&M University”. The meeting was held from 11:30-1:15 p.m. in Rudder 601. The agenda, presentation slides, and video are available at http://cpi.tamu.edu/meetings/2011-12schedule/#5.9.12.

Summary of June 4, 2012 CPI EC meeting with representatives of Intellectual Property Constituent Committee (IPCC), The Texas A&M University System Office of General Counsel (OGC) and Office of Technology Commercialization (OTC)

On June 4, 2012 at 2:30 p.m., at the John B. Connally Building, the CPI Executive Committee (EC) met with representatives from the Intellectual Property Constituent Committee, A&M System Office of General Counsel and Office of Technology Commercialization to discuss proposed revisions to System Policy 17.01, Intellectual Property Management and Commercialization, and the draft of a proposed addendum for consulting agreements.

Summary of June 5, 2012 CPI EC meeting with the President, Provost and VPR

The CPI EC held its coordination meeting with the President, Provost and VPR on June 5, 2012 from 4:00 – 5:00 p.m. in the President’s Conference Room, 10th floor Rudder Tower. Attendees discussed the following: Raises for faculty; Office of Sponsored Research Services; update on outsourcing; proposed merger between Texas A&M and the Health Science Center; report on CPI Executive Committee meeting with Bill Flores and John Sharp; and the national promotion of professors.

Summary of July 5, 2012 CPI EC meeting with meeting research administration representatives from Texas A&M, AgriLife Research, HSC, TEES and TTI

The CPI Executive Committee (EC) held its monthly coordination meeting on July 5, 2012 from 12:00-1:30 p.m. Research administration representatives from Texas A&M, AgriLife Research, HSC, TEES and TTI are invited to these coordination meetings. Attendees discussed the following: proposed agenda items/presenters for the July 11, 2012 CPI meeting; an update on the System regulation on Financial Conflicts of Interest; agenda items for the July 11, 2012 CPI EC meeting with the President, Provost and VPR; an update on OSRS and the PI/Faculty Advisory Committee; discussion of the recent DHHS grant and a recommendation to invite Dr. Brett Giroir to a future EC meeting to discuss details of the grant; an update on the proposed Texas A&M and HSC merger; and a review of draft newsletter items for the July CPI newsletter.

Preview of August 8, 2012 CPI Meeting

The last CPI meeting of the 2011-12 session will be held on August 8, 2012 in Rudder Tower, room 601 from 11:30 – 1:15 p.m. At this meeting, the 2011-12 CPI Chair will present the 2011-12 annual report for review and approval by the full Council; outgoing and incoming CPI members will be recognized and the 2012-13 CPI Officers will be installed. The 2012-13 CPI Officers and full Council roster can be found at http://cpi.tamu.edu/membership/2012members. The first meeting of the 2012-13 CPI session will be held on September 12, 2012.

Dr. Jeffrey R. Seemann, Vice President for Research at Texas A&M University and Chief Research Officer of The Texas A&M University System, will also discuss his recent speech to Congress (see link below).

OSRS Update

OSRS has been up and running for nine months now. The organization continues to develop and implement best practices and establish the process and procedures that will guarantee outstanding customer service to
you. We are working diligently to fill positions in order to provide the level of service necessary to enhance research across the Texas A&M System. Additionally, a new website should be released soon as a part of a coordinated communications plan.

Since the last update from OSRS, the Principal Investigator/Faculty Advisory Committee (PIFAC) has been established. PIFAC is an important venue for PIs to provide concerns and constructive feedback on OSRS service levels and best practices. (See the update below from Dr. Terry Thomas, who chairs the committee.)

On other fronts, the OSRS Development Support Committee has finalized and made several recommendations to Dr. Seemann to establish accounting and processing best practices for Brazos County-based system members. Dr. Seemann has approved the following recommendations:

- Implemented a delegation of authority for contract/grants and business services to expedite approvals and the flow of documents through you, your respective research home (i.e., your respective system member), and OSRS.
- To encourage collaborations between PIs within different system members, determined that IDC on the first $25,000 of a subcontract will not be charged if it reduces the amount available for your direct charges to the project.
- Developed a short and simple template to expedite subcontracts executed in such cases.
- Established a process for handling proposals intended for submission through a research center or institute.
- Established HUB/Purchasing best practices that allow the PI’s the ability to purchase items in the most expeditious way and established turn-around times for securing the best value for your research funding. (I must pass on my appreciation to Dr. Terry Thomas and the PIFAC committee for constructive feedback on this process, which is now greatly improved.)
- Approved the subcontract matrix as a tool to assist OSRS staff and the PIs in the preparation of collaborative proposals between system members. The matrix reflects current operations for all system members other than the HSC. The major change revolves around the HSC, which will now have to use subcontracts. This change is necessary due to the fact that the HSC reports separately to important agencies such as the National Science Foundation and the Texas Higher Education Coordinating Board. The matrix will be updated if organizational changes occur which alleviate the separate accounting requirement for the HSC.

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OSRS PI/Faculty Advisory Committee (PIFAC) Update
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The Office of Sponsored Research Services (OSRS) has been conducting business for only nine months. OSRS is experiencing some growing pains but is developing rapidly and continues to implement best practices and establish the processes and procedures that will ensure outstanding service to PIs. OSRS is working diligently to fill open personnel positions to provide optimal service levels to maintain and enhance research administration support across the Texas A&M System. The OSRS Development Support Committee has finalized and made several recommendations to Dr. Seemann to establish accounting and processing “best practices” for Brazos County-based system members.

The OSRS, Principal Investigator/Faculty Advisory Committee (PIFAC) was established earlier this year and has met monthly since March. PIFAC is an important venue for PIs to provide concerns and constructive feedback on OSRS service levels and best practices. A major goal of PIFAC is to optimize communication of OSRS policies and mandated requirements to the PI community and to coordinate communication of PI input to OSRS.

Contact:
Dr. Terry L. Thomas, tlthomas@tamu.edu
Update on proposed merger of Texas A&M University and Health Science Center

On May 25, 2012, the Faculty Committee on Administrative Change between TAMU and TAMHSC was formed by Provost Karan L. Watson and Vice President Roderick E. McCallum in response to the possibility that the Texas A&M Health Science Center could become an element of Texas A&M University. The committee was charged “to provide its perspective on the prospect of the TAMHSC becoming a part of TAMU.” The deadline for the submission of the report was July 3, 2012. It was requested that the report contain perspectives on the following ten items:

1. Possibilities of how such a structural change would complement or strengthen existing programs;
2. Organizational structure issues and concerns;
3. Financial issues and concerns;
4. Infrastructure issues and concerns;
5. Governance issues and concerns;
6. Accreditation issues and concerns;
7. Faculty issues and concerns;
8. Student issues and concerns;
9. Staff issues and concerns;
10. Proposed approach for survey to assess faculty opinions from TAMU and TAMHSC (due by June 17).

The Faculty Committee on Administrative Change between TAMU and TAMHSC was composed of Dr. John N. Stallone (co-chair), Dr. Vernon L. Tesh (co-chair), Dr. Michael Benedik, Dr. David Huston, Dr. Geoffrey M. Kapler, Dr. Richard B. Kreider, Dr. Glen Laine, Dr. Karen Landry, Dr. Reza Langari, Dr. Mary Meagher, Dr. John M. Quarles, Dr. Lynne T. Opperman, Dr. Greg Rinehart, Dr. Michael A. Veronin, and Dr. Hongwei Zhao. The committee met on June 7, 14, 21, and 28, 2012. The committee engaged in robust, spirited and productive discussions on a broad range of topics related to an administrative change between TAMU and TAMHSC. The committee submitted a proposed approach to survey faculty on their opinions regarding the proposed administrative change on June 15, 2012. Given the short timeline for completion of deliberations, the committee chose to format the report as bulleted lists of opportunities and challenges associated with each of the nine specific items outlined in the memorandum establishing the charge of the committee.

The committee submitted its report to Drs. Watson and McCallum on July 3, 2012. The report contained 16 opportunities and 30 challenges associated with a proposed merger between TAMU and TAMHSC. It is the committee’s expectation that these opportunities and challenges will serve as a starting point for additional discussion on the proposed merger.

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Texas A&M University Vice President for Research, Dr. Jeffrey Seemann, speaks to Congress about Research’s Return on Investment

Dr. Jeffrey Seemann, Vice President for Research at Texas A&M University, and the Chief Research Officer of The Texas A&M University System, stressed the link between funding in research universities and the impact that research has during his testimony before a House subcommittee (http://tamutimes.tamu.edu/2012/06/29/vp-seemann-speaks-to-congress-about-researchs-return-of-investment/).

Dr. John Junkins Selected as Founding Director of TIAS

Dr. John L. Junkins, distinguished professor in Texas A&M University’s Department of Aerospace Engineering in the Dwight Look College of Engineering, has been named founding director of the Texas A&M University Institute for Advanced Study (TIAS). Since May 2011, Junkins has served as interim director of TIAS. The
The institute was established to attract preeminent scholars from across the nation and abroad to engage Texas A&M faculty and students in ways intended to enhance the University’s intellectual climate and to deepen educational experiences. See more at [http://tamutimes.tamu.edu/2012/06/14/junkins-named-founding-director-of-institute-designed-to-attract-preeminent-scholars/](http://tamutimes.tamu.edu/2012/06/14/junkins-named-founding-director-of-institute-designed-to-attract-preeminent-scholars/).

**CONCUR Updates**

Concur should now display the cheapest fares loaded into the Global Distribution System. Please remember that a third party vendor such as Travelocity can still purchase seats on a particular flight and then resell them cheaper on their site. These are usually very limited and the pricing difference very low. Airlines may also choose to withhold for their high reward flyers some preferred seats so those would not be available on the Global Distribution System. Concur can only display what the airlines post.

9 month employees – If you experienced issues with Concur recently, the issues have now been corrected with a programming fix to keep those employees active within Concur and within the routing path.

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**Data Management Planning Tool**

The Data Management Planning Tool (DMP Tool) hosted by the California Digital Library (CDL) will walk you through the steps of creating a data management plan for the National Science Foundation and other funding agencies. The Libraries worked with Computing & Information Services and CDL to allow TAMU researchers to create individual accounts on the DMP Tool website. For more information see the DMP Tool tab on the Libraries’ new [Data Management](https://app.e2ma.net/app/view:CampaignPublic/id:1363801.7849335536/rid:981400381f3dc7330dc1bf0f518bf215) guide.

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**Research Compliance and Biosafety Newsletter (June 2012)**

A copy of the June 2012 Research Compliance and Biosafety Newsletter can be found at [https://app.e2ma.net/app/view:CampaignPublic/id:1363801.7849335536/rid:981400381f3dc7330dc1bf0f518bf215](https://app.e2ma.net/app/view:CampaignPublic/id:1363801.7849335536/rid:981400381f3dc7330dc1bf0f518bf215).

**Registration Open for NCURA TV Workshop for August 23, 2012 – Export Controls**

The Texas A&M University Division of Research will host a training workshop by the National Council of University Research Administrators (NCURA), Export Controls and Other Security Concerns, on Thursday, August 23, 2012, from 10:30 a.m. to 2:30 p.m., in 101A General Services Complex.

TAMUS Moderators will include: Lesa Feldhousen, Director of Conflict of Interest Management and Contract Liaison, Division of Research - TAMU; and Bradley Krugel, Research Compliance Coordinator, Office of Research Compliance & Biosafety, TAMU. The Workshop Guide will be made available at a later date.

Please register at [http://vpr.tamu.edu/resources/researchadmin/resources/training/ncuraregistration](http://vpr.tamu.edu/resources/researchadmin/resources/training/ncuraregistration) by Monday, August 20, at 11 AM. To view by teleconference, contact TTVN at 979-862-2240 or ttvn-schedule@tamu.edu and use TTVN confirmation number #183069. Only Texas A&M System members may participate.

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Policy Statement

This policy ensures assures that the new ideas, discoveries and technologies arising from research conducted as a part of the educational process are used in the best interest of The Texas A&M University System (system), its members, and the public it serves.

Reason for Policy

This policy addresses the ownership and management of intellectual and tangible research property.

Procedures and Responsibilities

1. GENERAL POLICY STATEMENTS

1.1 Introduction

The system is committed to teaching, inquiry-driven learning and the research associated with it, and public service. Research is one of the most important and rewarding aspects of the educational process, regularly leading to the development of new ideas, discoveries and technologies with the potential to benefit the public at large.

This policy is based on three fundamental principles: enhancing academic freedom, providing a clear pathway for pursuing technology commercialization, and protecting all interested parties. To that end, the purposes of this policy are to:

(a) ensure that the commercial development of research results enhances the system’s education, research and public service missions;
(b) protect the academic freedom of faculty with respect to the publication of their research findings;
(c) foster an entrepreneurial environment, through incentives and protections, that encourages the creation, discovery, development, and rapid transfer of new knowledge for the public benefit;

(d) educate and assist faculty, staff and others in the use of the intellectual property system-process with respect to their discoveries and inventions; and

(e) establish the principles for determining and protecting the interests of the system, creator, and sponsor with respect to discoveries and inventions created by faculty, staff and others in a manner that is equitable to all parties.

The Office of Technology Commercialization (OTC) was created in December 2005 to facilitate technology transfer for the system. It is the mission of the OTC to encourage broad practical application of system research for public benefit; to encourage and assist those associated with the system in the protection, licensing and commercialization of their discoveries; to ensure the equitable distribution of royalties and other monetary benefits resulting from the commercial application of intellectual property; and to see that commercialization activities benefit the research, education and outreach missions of the system into the future.

1.2 Applicability

This policy applies to all employees of the system and its members, including, but not limited to, full and part-time faculty and staff, and all persons using system facilities under the supervision of system personnel, including visiting and adjunct faculty and researchers, undergraduate students, candidates for master's and doctoral degrees, post-doctoral students, and non-degree seeking graduate students, provided that visiting and adjunct faculty may be excluded in a written agreement negotiated by the system or its member in advance of employment or visitation. The ownership and rights to technology-mediated materials are governed by System Regulation 17.02.02, Technology-Mediated Instruction.

2. OWNERSHIP OF INTELLECTUAL PROPERTY AND TANGIBLE RESEARCH PROPERTY (TRP)

Rights in intellectual property and TRP are as follows:

2.1 Creator or Third Party-Owned

2.1.1 Intellectual property which is unrelated to an individual's employment responsibilities and developed on his or her own time without the support of the system or any of its members or significant use of their facilities as defined in Section 2.2.3 of this policy, is owned by the creator, subject to the rights of third parties.

2.1.2 The system recognizes and affirms the traditional academic freedom of its faculty and staff to publish pedagogical, scholarly or artistic works without restriction. In keeping with this philosophy, the system does not claim copyright to pedagogical, scholarly or artistic works, regardless of their form of expression, unless required by a funding or research contract. Such works
include, but are not limited to, faculty-prepared works such as textbooks, course materials and refereed literature, and copyrightable works of students created in the course of their education, such as dissertations, papers and journal articles. Furthermore, the system claims no ownership in popular nonfiction, novels, poems, musical compositions, or other works of artistic imagination that do not constitute significant use of resources and/or are not “works for hire” as defined in Section 2.3.1 of this policy.

2.1.3 If an author retains title to copyright in teaching or course materials that are not works for hire, such as class notes, curriculum guides and laboratory notebooks, the system will retain a royalty-free right to use the materials for educational purposes.

2.1.4 Authors of copyrightable works that are not owned by the system, its members, or another party such as a research sponsor, own the copyright in their works and are free to publish them, register the copyright, and receive any revenues which may result.

2.2 System-Owned

2.2.1 Except as otherwise expressly provided in this policy, intellectual property conceived or developed (1) as a result of activities related to an individual's employment responsibilities, and/or (2) with support from the system or any of its members in the form of administered funds, and/or (3) with significant use of resources as defined in Section 2.2.3 of this policy shall be owned by and is hereby assigned to the system by such individuals.

2.2.2 Intellectual property that is conceived or developed in the course of or resulting from research supported by a grant or contract with the federal government (or an agency thereof) or a nonprofit or for-profit nongovernmental entity, or by a private gift or grant to the system or its members, shall be determined in accordance with the terms of the sponsored grant or contract or, in the absence of such terms and to the extent consistent with applicable law, shall be owned by and is hereby assigned to the system by such individuals.

2.2.3 Intellectual property that is not institutional work or “work for hire” as defined in Section 2.3.1 of this policy, but is work that is developed with integral and significant use of funds, space, hardware or facilities administered by a system member, where use was essential and substantial rather than incidental, shall be owned by and is hereby assigned to the system by such individuals. The system will not construe the provision of salaries, offices, or library facilities as constituting significant use of system resources, and therefore these works may be owned by the creator in accordance with Section 2.1.2.

2.3 Member-Owned

2.3.1 Intellectual property that is either (1) created by an employee who was hired by a member specifically or required as part of his or her employment to produce intellectual property for institutional purposes, or (2) commissioned or
contracted by the system member and assigned to the member in writing, will be owned by the system member and is hereby assigned to the member on whose behalf the work was performed. For example, work assigned to programmers is "institutional work" or "work for hire" as defined by law, as is software developed for the system member by staff working collaboratively. Brochures, training programs, CD-ROMs, videos, and manuals developed by staff are other examples of institutional works, or "works for hire." The general expectation that faculty teach, research, and publish does not by itself make intellectual property an institutional work or work for hire under this Section 2.3.1. The system member is responsible for the commercialization of all institutional works or "works for hire."

2.3.2 The system member that first adopts and uses a trademark in connection with its goods or services will own and is hereby assigned that trademark.

2.4 Intellectual Property Involving Sponsored Research

2.4.1 Except as provided by Section 2.4.3, intellectual property conceived or developed in the course of or resulting from research supported by a grant or contract with the federal governmental entities (or an agency thereof) or a nonprofit or for-profit nongovernmental entity shall be owned by the system as provided in Section 2.2 and Section 2.3. The research sponsor or third party should be offered an option to acquire license rights to develop and commercialize any intellectual property resulting from the project, subject to system policy and in accordance with the licensing guidelines in Section 4.3 of this policy.

2.4.2 The OTC, in coordination with the sponsored research offices of the system members, shall ensure that all reporting requirements and other obligations to research sponsors regarding intellectual property, including, but not limited to, obligations to the U.S. government under 37 CFR 401, are met. Intellectual property developed under sponsored research should be promptly disclosed to the OTC through the relevant system member chief executive officer (CEO) or designee so all sponsor requirements and obligations can be met.

2.4.3 The acceptance of a contract, grant or agreement which does not require ownership of intellectual property by the system, may be approved by the OTC or by a member CEO or designee with notification to the OTC if the benefit from the level of funding for proposed research and/or other consideration from the sponsor, licensee, or other party outweighs the potential value of system ownership.
2.5 **Intellectual Property Arising from Consulting Activities**

The system encourages external faculty consulting as an effective mechanism for professional development and for establishing good relationships with industry. Notwithstanding anything to the contrary in this policy, System Policy 31.05, *External Employment and Expert Witness*, and System Regulations 31.05.01, *Faculty Consulting, External Employment and Conflicts of Interest*, and regulations promulgated pursuant to such policy shall solely govern all intellectual property arising under consulting or external employment subject to any of the system’s prior legal obligations to third parties for such intellectual property.

The system encourages external faculty consulting as an effective mechanism for professional development and for establishing good relationships with industry. Before entering into a consulting agreement, special attention should be given to the terms of any agreement to ensure that the assignment of rights to intellectual property resulting from the consulting activities does not conflict with this policy. Additionally, external employment is subject to the provisions of System Policies 31.05, *External Employment and Expert Witness*, and 33.04, *Use of System Resources*, and System Regulations 31.05.01, *Faculty Consulting, External Employment and Conflicts of Interest*, and 33.04.01, *Use of System Resources for External Employment*.

2.6 **Tangible Research Property**

The system owns TRP related to an individual's employment responsibilities and/or developed with support from system-administered funds, facilities, equipment or personnel. Prior to the transfer, distribution and/or sale of system-owned TRP, the creator of the TRP must notify the OTC through his or her CEO or designee. The system member and the OTC will review the developmental history of the TRP to assess any system obligations and to determine the conditions of such proposed transfer, distribution or sale.

If the TRP is determined by the system member and the OTC to have commercial value, it will be managed by the OTC as system intellectual property, including licensing and distribution of income from commercialization in accordance with Sections 4.2, 4.8.1 and 4.8.2.

If the system member and the OTC determine that the TRP can be distributed or sold outside of the system for non-commercial research purposes with no financial consideration beyond the recovery of costs associated with shipping and handling, the system member will manage and facilitate the transfer and distribution with assistance from the OTC as needed.

Any transfer, distribution or sale of TRP for commercial purposes must include a written agreement between the system and the recipient of the TRP, and any transfer or distribution of TRP for non-commercial purposes must include a written agreement between the system member and the recipient of the TRP.

2.7 **Multiple Creators**
In the event of multiple creators, the creators will agree between or among themselves as to their relative contributions, ownership rights, and how they will share any benefits accruing to the creators consistent with the terms of this policy. Final determination of each creator’s share shall be made only upon receipt by the OTC of a signed agreement between or among the creators. In the event that the creators cannot agree upon an appropriate sharing arrangement as evidenced by a clear and unequivocal written agreement within three (3) months of the submission of a completed invention disclosure form or receipt of royalties or license fees, that portion of income to which the creators are entitled under Section 4.8 of this policy will be distributed amongst the creators as the system member CEO may deem appropriate under the circumstances. Such a decision shall be binding on the creators.

2.8 Joint Employment

In the event that a creator is a joint employee of two or more system members, or in the event that multiple creators represent two or more system members, the member CEOs will agree as to the relative contributions, ownership rights and benefits, and how the creators will share any benefits accruing to the members, considering such factors as annualized FTE by member, relative contributions of the creator to the work and level of financial support by the member. If the member CEOs cannot agree upon the appropriate sharing arrangement, the chancellor or designee will make the decision as deemed appropriate under the circumstances and such decision shall be binding on the members.

2.9 Offers of Intellectual Property

2.9.1 If an owner of intellectual property chooses to offer to the system intellectual property in which the system has no claim, the system may accept ownership of the intellectual property provided that: (1) the owner makes the offer through the system or one of the system members as if the intellectual property had been created within the system; (2) the owner agrees to all provisions (including distribution of income provisions) of this policy; (3) the owner warrants that he or she owns all right, title and interest to the intellectual property and that, to the best of his or her knowledge, the intellectual property does not infringe upon any existing intellectual property legal rights; and (4) the gift is accepted by the system Board of Regents (board) pursuant to System Policy 21.05, Gifts, Donations, Grants and Endowments.

2.9.2 The system member CEOs shall advise the OTC of all such offers.

2.9.3 Should the board agree to accept the offer of intellectual property on behalf of the system, the owner will execute an assignment agreement transferring all right, title and interest in the intellectual property to the system, and acknowledging that the owner agrees to all provisions of this policy. In cases in which the owner has already expended funds toward obtaining patent or other legal protection for the intellectual property, the owner and the system member may negotiate terms to allow recovery of legal and/or patent expenses from license fees and/or royalty income. Such an agreement would modify normal
royalty–sharing provisions until such expenses are recovered by the party entitled to recovery of the expenses.

2.9.4 The board may accept charitable donations of intellectual property from governmental or private organizations in accordance with System Policy 21.05. Upon the transfer of title in the intellectual property to the system, the intellectual property will be managed in accordance with this policy.

2.9.5 OTC, in consultation with the relevant member, will determine the distribution of income at the time of donation.

2.10 Software Ownership

Except as otherwise stated in this policy, the system may assert ownership in software as an invention and/or as a copyrightable work consistent with the other provisions of this policy.

3. EVALUATION AND PROTECTION OF INTELLECTUAL PROPERTY

3.1 Responsibility

The OTC is responsible for administering the system’s rights and obligations, evaluating the commercial potential, determining inventorship, obtaining the necessary legal protection, and taking the required actions to maximize the benefits of any intellectual property to the public, the creator(s), the system and its members. The OTC will also advise the creator(s) and the system members on the process and best practices of protecting and commercializing intellectual property.

3.2 Disclosure

Individuals subject to this policy are required to promptly disclose to the OTC, through their CEO, all inventions, copyrightable works and tangible research property in which the system has an ownership interest under the provisions of Section 2 of this policy; or for which disclosure is required by contract or law. Prompt disclosure is especially important for inventions conceived and/or made with federal or state agency funding so that the system may meet its legal obligations under such funding agreements.

Questions about whether an idea or discovery constitutes an invention, and is therefore patentable, can be complex. Any publication or verbal disclosure that describes a patentable invention prior to filing for patent protection may entirely preclude patenting in foreign countries and may also preclude protection in the United States unless a patent is filed within one year of publication. In recognition of this complexity, individuals covered by this policy are encouraged to disclose as soon as possible after the conception of the invention or seek guidance from a technology licensing professional at the OTC as soon as questions arise as to what is patentable and what must be disclosed to the OTC.

Disclosure shall be made in a form prescribed by and available from the OTC, include a full and complete description of the discovery or development, and identify all
contributing participants. Disclosure will initiate the evaluation process. Disclosure forms are available on the OTC website.

3.3 Disclosure Evaluation Process

Upon receipt of a completed disclosure form, the OTC will conduct a review of the disclosure to determine the rights and obligations of all parties concerned and the commercial significance of the discovery, and will evaluate patentability issues. The first step in this process is typically a meeting with the creator(s) to better understand the disclosure’s scientific and commercial merit and, if necessary, devise strategies for protection, development and commercialization. It is the obligation of the creator(s) to make available to the OTC additional information as needed in all stages of this process.

The OTC will inform the creator of the outcome of its review regarding rights and obligations as soon as practical, but no later than ninety (90) calendar days from receipt of a complete disclosure in the case of inventions and tangible research property and no later than sixty (60) days in the case of works subject to copyright.

System members are encouraged to review disclosures for scientific and commercial merit and share the results with the OTC to assist in the management of intellectual property owned by the system.

3.4 Assignment of Rights

All persons subject to this policy shall, upon request by the chancellor, the CEO or designee of the respective member or the OTC, execute an assignment agreement available through the OTC to set forth effectively the ownership and rights to intellectual property of the system or member. Such written assignment is to confirm, in a specific instance, the allocation and present assignment of intellectual property rights mandated by this policy and shall not be construed as making the present assignment of rights in this policy conditional upon the execution of such written agreement.

3.5 Protection of Intellectual Property

3.5.1 The system will not generally seek protection for innovations that the OTC determines are not commercially attractive even if the intellectual property has intellectual merit, unless required by the sponsor or the member CEO, in which case the sponsor or the member shall pay the OTC for all related costs associated with protecting the intellectual property. The vice chancellor for federal relations and commercialization (VCFRC) or designee, through the vice chancellor for federal and state relations of the system (VCFSR), shall notify the relevant system member CEO of his/her decision; if the decision is not to seek protection, the CEO or designee shall notify the OTC if the system member requires the OTC to seek protection.
3.5.2 The OTC may fund all of the costs associated with the protection of intellectual property subject to ownership by the system, or it may request funding at any time from the member originating the intellectual property. Unless the system member is requiring protection of the intellectual property, the decision whether to provide such funding shall be at the discretion of the member CEO or designee. In either case, costs associated with the protection of the intellectual property will be recovered for the funding party before distributing royalties, license fees or sale proceeds as outlined in Section 4.8.

4. COMMERCIAL DEVELOPMENT

4.1 Creator Assistance

With few exceptions, the involvement of the creator(s) in the commercialization process is critical to success. The creator’s subject matter expertise, industry contacts, and ongoing research often facilitate commercialization. Successful commercialization requires that the OTC, system member and the creator(s) all work in consultation with one another.

4.2 Licensing of Inventions and Copyright to Third Parties

Licensing intellectual property to third parties is the most common strategy for technology transfer. In the case of exclusive licensing, the third party is given the necessary rights to justify the often significant investment of time and resources in the commercial development of the technology. Given the breadth of research taking place within the system, and the diversity of the intellectual property created, each license agreement is somewhat unique to the technology being licensed. However, there is a need to ensure consistency with respect to certain legal principles in each agreement.

4.2.1 The OTC and the System Office of General Counsel (OGC) shall cooperatively develop a model license agreement for licensing system intellectual property which shall include, as a minimum, the guidelines set forth below. The model agreement shall be submitted to all potential licensees for system intellectual property, and individuals involved in negotiation of license agreements shall endeavor to achieve utilization of the significant aspects of the model agreement for all licenses of system intellectual property under the administration of the OTC. Any exceptions to the model agreement, other than special terms set out in a system-member-approved sponsored research agreement, must be approved by the VCFRC-VCFSR or designee and the OGC.

4.2.2 In the case of member-owned intellectual property, the licensing guidelines in Section 4.3 do not apply. The system-member has the primary responsibility and authority, with assistance from the OGC, for negotiating with third parties having an interest in using, developing or otherwise commercializing intellectual property resulting from institutional works or “works for hire” and trademarks. The system-member CEO or designee may also request that the OTC conduct the commercialization of certain intellectual property resulting from institutional works or “works for hire.”
4.3 Licensing Guidelines

The following guidelines are applicable to license agreements with private entities including those formed primarily for the purpose of developing and/or commercializing system-owned intellectual property. The VCFSR or designee may approve exceptions to these guidelines from time to time:

(a) No entity shall be granted the exclusive right to the development and/or commercialization of all intellectual property created at a system member. Agreements should grant rights only under specified projects.

(b) If an entity is granted the exclusive rights with respect to a particular invention, product, process, utility, methodology, or other item of intellectual property, the agreement should provide that such rights will revert to the system in the event the entity fails to develop and commercialize the property within a specified period of time that is appropriate to the particular circumstances as determined by the OTC.

(c) An entity that is granted exclusive rights to develop or commercialize intellectual property that is patentable should be required to reimburse or bear all expenses incurred by the system in obtaining a patent or, if a patent has not been obtained, should be required to prosecute and bear the expense of obtaining patent protection for the benefit of the system and, in either event, the entity should be allowed to take all actions necessary, including litigation, to protect and preserve such patented rights from infringement.

(d) The system, the member, and the employees of each should be protected and indemnified from all liability arising from the development, marketing, or use of the particular intellectual property.

(e) The OTC will work with the creator to ensure that the licensing process does not restrict publication rights of the creator.

(f) An entity that grants a license or sublicense to some other entity for property or technology that is in whole or in part derived from or based on that which is licensed to the entity by the system, should be required to share with the system a minimum of 50% of any royalty received by the entity and 50% of any equity position to which the entity may be entitled.

(ef) Commitments should not be made for future inventions even when improvements are expected. The VCFSR or designee may make exceptions occasionally as appropriate including, without limitation, to handle subordinate patents and well-defined derivative works for software.

License agreements shall contain such other provisions as may be determined by the OTC and the OGC to be in the best interest of the system.

4.4 Licensing of System-owned Intellectual Property to Creators

Individuals subject to this policy may also request a license to commercially develop system-owned intellectual property they conceived where such licensing would best
achieve the transfer of technology, is consistent with system obligations to third parties, does not involve a conflict of interest, and follows the licensing guidelines set forth above. For additional information on conflicts of interest, see System Policies 07.01, Ethics and 07.03, Conflicts of Interest, Dual Office Holding and Political Activities, System Regulation 31.05.01, and Section 4.6 of this policy.

4.5 Waiver or Release of System Rights

Subject to any federal research or industrial sponsorship agreements and with appropriate approval from the sponsor, following notice and approval by the system member, the OTC may waive or release the system’s rights to specified intellectual property for or to the creator(s), clearing the way for the creator(s) to seek ownership. At any time, a creator(s) may request a waiver or release of system rights in writing to the OTC through the creator’s member CEO or designee. The following provisions will apply to any waiver or release of system rights:

4.5.1 The system shall retain a perpetual, royalty-free license to use the intellectual property and any corresponding patents, copyrights, service marks or trademarks for research, and educational and service purposes.

4.5.2 In the case of significant use of resources as defined in Section 2.2.3 of this policy, the system shall may elect to receive a share, to be negotiated at the time of waiver or release of system rights, of proceeds generated from commercialization of the intellectual property after the creator recovers documented out-of-pocket costs for obtaining legal protection for the intellectual property. If there was not a significant use of resources, no such share of proceeds shall be sought. Use of significant resources will be resolved by the system member CEO or designee.

4.5.3 In the case of a waiver or release of system rights to the creator, the creator will not receive a share of the proceeds received by the system in consideration of the waiver or release of the system’s rights.

4.5.4 Creators receiving a waiver or release of system rights should review potential conflicts of interest with their department head. For additional information on conflicts of interest, see System Policies 07.01 and 07.03, and System Regulations 31.05.01 and 15.01.03, Conflict of Interest in the Design, Conduct and Reporting of Sponsored Research and Educational Activities.

4.6 Board of Regents Approval Requirement

In accordance with Texas Education Code, Section 51.912, a creator of intellectual property who wishes to participate as an employee, officer or member of the governing board or authority of a business entity that has agreements with the system relating to the research, development, licensing or exploitation of the creator’s intellectual property must obtain approval from the board. See also System Regulation 31.05.01 for additional information.

4.7 Tangible Research Property

17.01 Intellectual Property Management and Commercialization
Commercial distribution of system-owned tangible research property will be managed by the OTC. The OTC shall ensure that the TRP distribution agreement contains provisions which address proper use, limits on creator’s and member’s liability for the TRP or products derived therefrom and other necessary terms. Sharing of any income resulting from the distribution of TRP will be made in accordance with Sections 4.8.1 and 4.8.2 of this policy, as an invention with distribution of income made in accordance with Sections 4.8.1 and 4.8.2 of this policy.

4.8 Distribution of Royalties, License Fees, and Sale Proceeds from Licensing

Royalties, license fees and sale proceeds received by the system from the licensing or sale of intellectual property will be distributed at the end of each quarter in which they were collected.

The chancellor, subject to approval by the board, may adjust the allocation of royalties, license fees and sale proceeds set forth herein.

4.8.1 Distribution of Royalties, License Fees and Sale Proceeds from Licensing or Sale of Patentable Inventions, Plant Varieties and TRP, Licensed or Sold Before June 1, 2006

Step 1 – Deduct from gross royalties, license fees or sale proceeds the cost of obtaining legal protection for the intellectual property (when such costs are not already paid in full by another source at the time of distribution) and payments to any third-parties to arrive at net income.

Step 2 – Distribute forty-two and one-half percent (42.5%) of net income to the creator(s) as personal income.

Step 3 – Distribute thirty-nine and one-half percent (39.5%) of net income to the system-member supporting the research leading to the disclosure.

Step 4 – Distribute eighteen percent (18%) of net income to the OTC. This deduction is directed toward covering the administrative costs associated with evaluating, protecting, marketing and managing intellectual property.

4.8.2 Distribution of Royalties, License Fees and Sale Proceeds from Licensing or Sale of Patentable Inventions, Plant Varieties and TRP, Licensed or Sold On and After June 1, 2006

Step 1 – Deduct from gross royalties, license fees or sale proceeds the cost of obtaining legal protection for the intellectual property (when such costs are not already paid in full by another source at the time of distribution) and payments to any third-parties to arrive at net income.

Step 2 – Distribute thirty-seven and one-half percent (37.5%) of net income to the creator(s) as personal income.

Step 3 – Distribute thirty-seven and one-half percent (37.5%) of net income to the system-member supporting the research leading to the disclosure.
Step 4 – Distribute twenty-five percent (25%) of net income to the OTC. This deduction is directed toward covering the administrative costs associated with evaluating, protecting, marketing and managing intellectual property.

4.8.3 Distribution of Royalties, License Fees and Sale Proceeds from Copyrightable Works Licensed or Sold On and After June 1, 2006

Step 1 – Deduct from gross royalties, license fees or sale proceeds the cost of obtaining legal protection for the intellectual property (when such costs are not already paid in full by another source at the time of distribution) and payments to any third partie to arrive at net income.

Step 2 – Distribute forty percent (40%) of net income to the creator(s) as personal income.

Step 3 – Distribute forty percent (40%) of net income to the system member supporting the research leading to the disclosure.

Step 4 – Distribute twenty percent (20%) of net income to the OTC. This deduction is directed toward covering the administrative costs associated with evaluating, protecting, marketing and managing intellectual property.

4.8.4 In those cases in which the OTC and the system member originating the copyrightable work agree that the system member will conduct the commercialization, the distribution of royalties, license fees and sale proceeds shall be determined by the system member.

4.8.5 Notwithstanding the provisions of Sections 4.8.1, 4.8.2, 4.8.3 and 4.8.4, the system member shall be entitled to all income from the distribution or commercialization of institutional works, “works for hire” and trademarks as defined in Section 2.3.1 of this policy.

4.9 Equity as a Consideration in Licensing

The OTC may negotiate an equity interest in lieu of or in addition to royalty and/or other monetary consideration as a part of an agreement relating to rights in intellectual property owned by the system. The system is not restricted in the percentage of equity it may take in a company as a part of an agreement relating to rights in intellectual property owned by the system.

The distribution of income from equity received as consideration for a license agreement will be distributed in the same manner as royalties and license fees as described in Section 4.8 of this policy. The system may, in its discretion, distribute shares of equity when appropriate. Should the system elect not to distribute shares, it shall control the disposition of equity at its sole discretion. This may include agreeing to receive the equity interest under terms that restrict its ability to sell, distribute or otherwise deal with the equity interests.
As stated in Texas Education Code, Section 153.007, and except as otherwise provided by law, the board, the system, members and employees of the system do not owe a fiduciary duty to any person claiming an interest in consideration received by the system or a member in exchange for technology.

Individuals subject to this policy should also refer to System Regulation 31.05.01 regarding equity ownership.

4.10 Revenue from Enforcement of Intellectual Property Rights

If the system receives revenue from third parties as a result of settlement or litigation related to the enforcement of system rights in intellectual property, such revenue will be first used to reimburse the system (or the sponsor or licensee, if appropriate) for expenses related to such actions. The creator(s) and member are entitled to the recovery of lost royalties from the remaining net revenue according to the distribution formula outlined in Section 4.8 of this policy.

4.11 Research Support as Consideration in Licensing

If the system accepts research support in the form of a sponsored research agreement or unrestricted grant as part of an agreement relating to rights in intellectual property owned by the system in addition to or in lieu of royalties, license fees, equity and/or other monetary consideration, the creator shall have no entitlement to receive a share of the research support or grant as personal income.

4.12 Distribution of Income from Intellectual Property in Case of Death

In the case of death or incapacitation of a creator, royalty distributions, including any equity to which the creator was entitled, shall be made pursuant to the Texas Probate Code and the United States Internal Revenue Service Code.

5. FORMATION AND INVESTMENT IN OR ASSISTANCE PROVIDED TO VENTURES DEVELOPING OR COMMERCIALIZING SYSTEM INTELLECTUAL PROPERTY OR ESTABLISHED TO ASSIST INDIVIDUALS COVERED BY THIS POLICY TO COMMERCIALIZE INTELLECTUAL PROPERTY

5.1 General

5.1.1 Following disclosure, evaluation and protection of intellectual property, the OTC may elect to form and operate a business entity or assist with the formation and operation of a business entity, or enter into a new venture with another party for the purpose of developing and/or commercializing system intellectual property.

5.1.2 The commercialization process should include the means by which the system and members will be able to receive a return on investment of system and member resources. If monetary or non-monetary support is exchanged in part or in whole for equity, the exchange of equity must comply with this policy and Texas Education Code, Chapter 153. Equity received by the system or member...
in exchange for monetary or non-monetary support will not be subject to
distribution of funds in Section 4.8.

5.1.3 Creators of intellectual property covered by this policy or members from which
the intellectual property originated shall be offered equity in a company formed
or business venture entered into by the OTC or any of its centers based on their
level of involvement in the formation and ongoing operations of the company or
venture. Offers of equity in OTC ventures will be recommended by the VCFRC
AVCC through the VCFSR and approved by the chancellor.

5.2 Company Formation by the OTC

5.2.1 The OTC is responsible for determining the organizational structure and the
financing strategy, executing a license agreement subject to the guidelines set
forth in this policy between the company and the system, and other activities
related to company formation, such as selection of a CEO, other company
officers and members of the governing board or authority. __The system will
obligate the company to comply with applicable laws, regulations and system
requirements.__

5.2.2 Outside counsel services may be contracted to assist with the formation of a
company or to review and prepare documents associated with a venture whose
purpose is to develop and commercialize system intellectual property with the
consent of the VCFRCVCFSR or designee and the OGC and, as required by
law, the attorney general of the state of Texas. __Outside counsel contracts are
subject to System Regulation 09.04.01, Legal Counsel and Attorney General
Opinion Requests.__

5.2.3 The OTC and the OGC shall __review approve the form of all shareholder or
member agreements for the protection of the system’s interest in a company
subject to this policy.__

5.2.4 A license agreement will be executed with the company following the licensing
guidelines set forth in Section 4.3 of this policy.

5.2.5 The system is not restricted in the percentage of equity it may own in an entity
formed for the purpose of developing and/or commercializing system
intellectual property.

5.3 Due Diligence Process

Before the OTC elects to form a business venture or assist with the formation of a
business venture, or enter into a business venture with an existing company for the
purpose of developing and/or commercializing system intellectual property, the OTC
will perform due diligence on the proposed business venture. __OTC shall determine the
extent of the due diligence to be performed which will depends on the extent to which
system resources are involved.__
5.3.1 To guide in the consideration of OTC business ventures, the OTC will be responsible for the development and maintenance of the minimum requirements for OTC business ventures, subject to approval by the VCFSR and chancellor. Business ventures may not be considered unless they meet the minimum requirements.

5.3.2 The OTC is responsible for reviewing and submitting a commercialization plan for review including (1) an analysis of the potential business venture’s business model, and financial plan; (2) its viability probability of succeeding in commercialization; (3) a plan for addressing conflicts of interest; and (4) potential return to the system in terms of investment return or increased research revenue. The AVCCVCFRC, subject to approval of the VCFSR and chancellor, will have authority for approving the commercialization plan, consistent with the results of the review and analysis, and the responsibility for setting milestones for the business venture.

5.3.3 Due diligence documents for OTC business ventures will include: (1) a review of the manner in which conflicts of interest will be addressed; (2) background checks on the CEO and other corporate officers; (3) evaluation of the competence of management to execute the business plan; (4) evaluation of the financial risk and reward profile of the company; and (5) a review of legal risks by the OGC, including a review of the commercialization plan.

5.3.4 The OTC is responsible for reviewing the business venture’s progress every six (6) months. If the venture receives a financial investment from the OTC, the initial review shall be conducted in three (3) months. Review will focus on compliance with the commercialization plan and the achievement of established milestones. Results of all reviews will be provided to the VCFSR, chancellor and the associate vice chancellor for budgets and accounting, chief financial officer and treasurer.

5.3.5 OTC business ventures must have an exit strategy which indicates how any financial interest will be returned to investors. In the event a business venture distributes publicly traded securities to the system, securities will be immediately transferred to the System Office of the Chief Financial Officer and Treasurer for management.

5.3.6 To ensure that potential and actual conflicts of interest are promptly identified and resolved, the OTC shall provide to the OGC the information required by this subsection.

a) The OTC shall obtain annual financial disclosures from all individuals who serve at the request of the system, as a member of the governing board of business entities that have agreements with the system relating to the research, development, licensing or exploitation of intellectual property in which the system has an ownership interest.

b) The OTC shall promptly disclose to the OGC information revealing the existence of a potential or actual conflict of interest regarding OTC employees.
or the individuals listed in a) of this subsection. The OGC, in consultation with the Office of the Chief Financial Officer and Treasurer and the System Internal Audit Department, shall review information provided by the OTC in this subsection and shall report to the board, the chancellor, and the OTC the status of its review and recommendations for resolving any potential or actual conflicts. The OGC’s recommendations shall be implemented to the satisfaction of the board chairman and the chancellor. The ongoing monitoring of conflicts of interest pertaining to business ventures formed or supported by the OTC is the responsibility of the OTC. This will include all individuals involved in the OTC process including, but not limited to, employees of the system and its members, staff of the participant companies, and other investors in the business venture. Actual conflicts will be disclosed to the board and resolved to the satisfaction of the board prior to any agreements being executed or immediately upon becoming aware of the actual conflict of interest for those agreements already in place.

5.4 Assistance Programs Offered by the OTC

As described upon approval by the board of policies and procedures to assess the qualifications of participants as required by the Texas Education Code, Section 153.004(b), the OTC may operate programs to provide assistance to individual persons and companies in commercializing technology owned wholly or in part by the system or in which the system has an interest, including individuals covered by this policy. Assistance may include providing monetary support or non-monetary support, including the use of premises, computers, computer software, telecommunications terminal equipment, office equipment and supplies, machinery, custodial services, utilities, or other services that are customarily treated as overhead expenses.

5.5 Technology Commercialization Funds

5.5.1 The chancellor may establish one or more technology commercialization funds at the system level to aid in the establishment, maintenance, and operation of the OTC or to aid in the discovery, development, protection, or commercialization of technology. The fund or funds may accept state appropriations, gifts, grants, contracts, and donations. System members and their affiliates, at the discretion of the CEO or designee, may contribute to the fund or funds. All gifts, grants and donations from individuals and corporations outside of the system are subject to System Policy 21.05. The OTC may solicit gifts to the system for the purpose of supporting commercialization efforts. The chancellor may delegate to the VCFRC VCFSR or, with the prior approval of the board, may delegate to another employee of the System Offices, management oversight responsibility of the fund or funds.

5.5.2 Any additional financial, intellectual, administrative, and/or infrastructure support for the OTC endeavors related to company formation may come from system members or affiliated entities, at the discretion of each respective CEO or designee.
5.5.3 As provided in the Texas Education Code, each system board member has the legal responsibilities of a fiduciary in the management of funds under the control of the system on behalf of the system.

5.5.4 Investment of fund assets into any single business venture will be limited to the greater of $250,000 or ten percent (10%) of a fund’s total value consistent with System Policy 22.02 System Investment.

6. CONFLICTS OF INTEREST

In all activities addressed by this policy, system employees are responsible for avoiding (or if applicable disclosing/managing) potential and actual conflicts of interest and conflicts of commitment in compliance with federal and state requirements and applicable system policies and regulations, such as System Policy 07.01, Ethics, 07.03, Conflicts of Interest, Dual Office Holding and Political Activities, 07.04, Benefits, Gifts and Honoraria, 31.05, External Employment and Expert Witness, 33.03, Nepotism, 33.04, Use of System Resources, System Regulation 15.01.03, Conflict of Interest in the Design, Conduct and Reporting of Sponsored Research and Educational Activities, and 31.05.01, Faculty Consulting, Outside Professional Employment and Conflicts of Interest, and 33.04.01, Use of System Resources for External Consulting. The OTC will interact with the governing board or authority of companies that have an agreement with the system relating to the research, development, licensing, or exploitation of intellectual property in which the system has an interest, faculty, government employees, and private investors with wide-ranging business interests. The reporting requirements listed in Section 7.4 are in addition to the requirements of System Policy 07.03.

7. ADMINISTRATION

7.1 Operation and Support of the OTC

The OTC was established by the board under Texas Education Code, Chapter 153, to manage, transfer, market, and otherwise commercialize technology owned by the system or in which it owns an interest. The board authorizes the system, through the OTC and/or through any other center created by the board for the commercialization of technology, to undertake all of the activities described in Sections 153.004 and 153.006 of the Texas Education Code.

7.2 Delegation of Authority

Chapter 153 of the Texas Education Code authorizes the system to engage in technology development and transfer activities under authority provided to the board and other state and federal law.

7.2.1 The board delegates to the chancellor responsibility for the management of intellectual property subject to ownership by the system to include the authority to negotiate and execute, on behalf of the system, legal documents relating to the system’s rights in intellectual property, including, but not limited to, license agreements, assignments of intellectual property, letter agreements, option
agreements, inter-institutional agreements, commercial material transfer agreements, shareholder agreements, corporate agreements, applications, declarations, affidavits, powers of attorney, disclaimers, non-disclosure agreements and other such documents related to patents, copyrights, and trademarks and the formation and operation of companies for the commercialization of system technologies __including, without limitation, the authority to do all things necessary to effectuate the operation of such companies.__

7.2.2 The chancellor may delegate to the VCFSR, or designee, the authority to negotiate and execute, on behalf of the system, legal documents relating to the system’s rights in intellectual property, including, but not limited to, license agreements, assignments of intellectual property, letter agreements, option agreements, inter-institutional agreements, commercial material transfer agreements, shareholder agreements, corporate agreements, applications, declarations, affidavits, powers of attorney, disclaimers, non-disclosure agreements and other such documents related to patents, copyrights, and trademarks and the formation and operation of companies for the commercialization of system technologies. Furthermore, the chancellor may delegate to the VCFSR or designee the authority to do all things necessary to effectuate the operation of companies that the system forms or in which the system has an equity interest.

7.2.3 The VCFSR is responsible for the day-to-day operations of the OTC and reports directly to the chancellor. The AVCC shall file annually with the chancellor an Annual Financial Disclosure Report as required for vice chancellors in System Policy 07.03, Conflicts of Interest, Dual Office Holding and Political Activities.

7.2.4 The chancellor, or designee, is authorized to serve, in his or her official capacity, on the governing board or as an officer of entities formed for the purpose of development and commercialization of technology owned by the system that have met the requirements of this policy. At the next regular meeting of the board, following the date on which the chancellor, or designee, becomes a member of the governing board, the VCFSR through the VCFSR will provide information concerning the company and the system’s involvement to the board with a request for authorization for the chancellor, or designee, to continue serving __or serve__ as a member of the governing board.

7.3 Intellectual Property Committees

A standing __the Intellectual Property Oversight Committee (Oversight Committee) is shall be established__, chaired by the chancellor and comprised of the VCFSR, VCFSR, the AVCC, and the CEO from each system member principally involved in research and commercialization as determined by the chancellor, and one faculty representative and one faculty representative who is the chair of the Intellectual Property Constituent Committee (see below). The Oversight Committee shall advise the chancellor on matters related to intellectual property and may be expanded by the chancellor to include additional committee members.
A standing Intellectual Property Constituent Committee shall also be established, chaired by a faculty representative, and comprised of no fewer than three faculty or research representatives, three deans and three administrators within the system. This committee shall review quarterly reports provided by the OTC and make recommendations on policies and other matters relating to intellectual property affecting faculty to the Oversight Committee.

7.4 Reporting Requirements

The chancellor shall ensure that the following reports are prepared and submitted:

7.4.1 Annually, within 60 days of the end of each fiscal year, the VCFRC AVCC shall prepare and route through the VCFSR for the chancellor, the system board and the participating member CEO, a report listing the titles and a brief description of each disclosure received under Section 3.2 of this policy since the last report for the system board, chancellor and the participating member CEO.

7.4.2 The VCFRC AVCC shall prepare a semi-annual report on all license agreements and commercialization activities involving system intellectual property. The VCFRC AVCC through the VCFSR shall present the semi-annual report to the Intellectual Property Oversight and Constituent Committees. For third party license agreements, the report should include an overview of each licensee’s progress towards meeting development milestones, compliance with license terms, and resulting gains to the system through financial return or increased research funding. For commercialization activities in which an equity interest was received, the semi-annual report will include the following information: (1) total securities held and percentage of ownership in each venture; (2) any commitments which will result in additional ownership or investment in each participant; (3) the change in market value of the financial interest; and (4) any anticipated liquidity event which will realize the return on investment.

7.4.3 In compliance with Section 51.912 of the Texas Education Code, the system board must file a report identifying (a) all employees who conceive, create, discover, invent, or develop intellectual property and have an equity interest in or serve as an employee, officer, or member of the governing board of business entities that have agreements with the system relating to the research, development, licensing or exploitation of intellectual property for which they are the creator and in which the system has an ownership interest, and (b) all individuals who serve, at the request of the system, as a member of the governing board of business entities that have agreements with the system relating to the research, development, licensing, or exploitation of intellectual property in which the system has an ownership interest. The report will be filed in accordance with the requirements of Section 51.005 of the Texas Education Code.

7.4.4 The AVCC through the VCFSR System Office of the Treasurer will submit to the system board’s Committee on Finance and the Oversight and Constituent...
Committees an quarterly annual report on technology commercialization investments within 60 days of the end of each fiscal year. The investment report will include detailed investment holdings, transaction reports, valuation of holdings, and material events that will affect the value of the investments since the last report. The System Office of the Treasurer is responsible for the calculation and monitoring of valuations on all holdings.

7.5 Dispute Resolution

Disputes related to this policy should can be made in writing to the chancellor, who will submit the dispute to a panel, chaired by the faculty representative on the Intellectual Property—Oversight Committee and composed of no fewer than three disinterested members of the Intellectual Property—Oversight Committee. This panel may be expanded by the chancellor as needed. Once the panel has conducted its review of the dispute, it will forward its recommendation to the full Intellectual Property—Oversight Committee for consideration. The Intellectual Property—Oversight Committee chancellor will be the final arbiter in matters relating to this policy. The OGC will provide legal advice to the panel and to the Intellectual Property—Oversight Committee.

Related Statutes, Policies, or Requirements

Tex. Educ. Code §51.005
Tex. Educ. Code Ch. 153
Office of Technology Commercialization Disclosure Form
System Policy 07.01, Ethics
System Policy 07.03, Conflicts of Interest, Dual Office Holding and Political Activities
System Policy 21.05, Gifts, Donations, Grants and Endowments
System Policy 22.02 System Investment
System Policy 31.05, External Employment and Expert Witness
System Policy 33.04, Use of System Resources
System Regulation 09.04.01, Legal Counsel and Attorney General Opinion Requests
System Regulation 15.01.03, Conflict of Interest in the Design, Conduct and Reporting of Sponsored Research and Educational Activities
Definitions

Copyrightable Work – An original work of authorship which has been fixed in any tangible medium of expression from which it can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device, such as books, journals, software, computer programs, musical works, dramatic works, videos, multimedia products, sound recordings, pictorial and graphical works, etc. A copyrightable work may be the product of a single author or a group of authors who have collaborated on a project.

Creator – A person who invents, authors or otherwise creates intellectual property.

Intellectual Property – Collectively, all forms of intellectual property including but not limited to issued patents, patentable inventions, copyrightable works, trademarks, mask works, and trade secrets.

Invention – Any art or process (way of doing or making things), machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the patent laws of the United States. A process, method, discovery, device, plant, composition of matter, or other innovation that reasonably appears to qualify for protection under the United States patent law (utility patent, plant patent, design patent, certificate of plant variety protection, etc.), whether or not actually patentable. An invention may be the product of a single creator or a group of creators who have collaborated on a project.

Mask Works – A series of related images representing a predetermined, three-dimensional pattern of metallic, insulating, or semiconducting layers of a semiconductor chip product. Mask works are registered with the United States Copyright Office and are treated as copyrightable works for the purpose of this policy.

Patent – A property right granted by a government to an inventor to exclude others from making, using, offering for sale, or selling the invention in a territory, or importing the invention into a territory, for a limited time in exchange for public disclosure of the invention when the patent is granted. A grant issued by the United States Patent and Trademark Office giving an owner the right to exclude all others from making, using, or selling the invention within the United States and its territories and possessions, for a period which expires twenty (20) years after the filing date. Patents may also be granted in foreign countries, with varying terms and requirements. To be patentable in most countries, an invention must be new, useful, and non-obvious.
**Tangible Research Property (TRP)** – Tangible items produced in the course of system research that can be physically distributed, including such items as biological materials, engineering drawings, integrated circuit chips, software, computer databases, prototype devices, circuit diagrams, and equipment. Individual items of tangible research property may be associated with one or more intangible properties, such as inventions, copyrightable works and trademarks.

**Trademark (including Service Mark)** – A distinctive word, design or graphic symbol, or combination word and design, that distinguishes and identifies the goods and services of one party from those of another, such as names or symbols used in conjunction with plant varieties or computer programs.

**Trade Secret** – Any formula, pattern, device, or compilation of information which is used in one’s business and which gives one an opportunity to obtain an advantage over competitors who do not know or use it. Legal protection for trade secrets exists only as long as the trade secret is maintained.

**Contact Office**

The System Office of Technology Commercialization
(979) 847-8682
31.05 External Employment and Expert Witness

Policy Statement

The primary responsibility of employees of The Texas A&M University System (system) or any of its members is the accomplishment of the duties and responsibilities assigned to one's position of appointment. External consulting or other outside employment should not interfere with those duties and responsibilities.

Reason for Policy

External consulting or other outside employment should not prevent an employee from accomplishing employment duties and responsibilities.

Procedures and Responsibilities

1. Full-time system employees are expected to devote their time to their assigned duties and responsibilities on a full-time basis. Permission to engage in external consulting or other outside employment may be granted in accordance with regulations and rules adopted by the system and the employing system member as long as all of the following conditions are met:

   (a) Permission to engage in the employment is requested and received prior to the time the employee accepts external employment;

   (b) Activities related to the external employment are not reasonably expected to interfere with the regular work of the employee;

   (c) The employee complies with all applicable laws and professional standards of conduct, including conflicts of interest standards; and

   (d) The employee certifies that research performed in connection with the external employment will be conducted in an objective and scientific manner, and in accordance with the highest ethical standards of the employee’s profession; and.
The member has used the faculty consulting approval process developed by the chancellor under section 3 to ensure the preservation of system and member rights to intellectual property arising from the consulting.

Failure to comply with any of these conditions may result in withdrawal of permission to engage in external employment.

2. For purposes of this policy, activities which are traditionally compensated by payment of an honorarium are not external employment unless they are reasonably expected to require more than a minimal amount of the employee’s time.

2.3. The chancellor shall develop an approval process for faculty consulting that ensures the preservation of system and member rights to intellectual property arising from consulting.

Related Statutes, Policies, or Requirements

Tex. Gov’t. Code § 572.051

System Policy 07.01, Ethics

System Policy 07.03, Conflicts of Interest, Dual Office Holding, and Political Activities

Contact Office

The System Office of General Counsel
(979) 458-6120
Proposed Revisions to System Regulation 31.05.01, Faculty Consulting, External Employment and Conflicts of Interest, Concerning Intellectual Property

1) Insert into Regulation 31.05.01, as a new section 6.4.x.

6.4.x A faculty member’s request for approval for external employment must be reviewed in accordance with section 7 of this regulation.

2) Insert into 31.05.01, as a new section 7.

7. INTELLECTUAL PROPERTY ARISING FROM CONSULTING ACTIVITIES

7.1 Faculty members are responsible for ensuring that their consulting or external employment conforms with applicable system policies and regulations of the system and member rules and procedures. System Policy 17.01, section 2.2.1, specifies that the system owns intellectual property conceived or developed (1) as a result of activities related to an individual’s employment responsibilities, (2) with support from the system or any of its members in the form of administered funds, and/or (3) with significant use of resources as defined in section 2.2.3 of System Policy 17.01.

7.2 Faculty members are prohibited from entering into a consulting or external employment agreement committing intellectual property conceived or developed with system or member administered funds or with significant use of resources as defined by section 2.2.3 of System Policy 17.01.

7.3 However, as provided in this section, a faculty member may request approval to enter into a consulting or external employment agreement. Consideration of any such request shall be at the sole discretion of each member CEO or designee. If a member CEO or designee wishes to consider for approval such requests, the member shall establish a review process addressing the following considerations, in addition to others required by the member:

7.3.1 Review of Agreement Terms. Faculty members must submit a complete and accurate copy of a proposed consulting or external employment agreement to their member’s CEO or designee for review.

7.3.2 No Conflict with Contractual or Legal Obligations. The terms of a proposed agreement must not conflict with the system’s or member’s contractual or legal obligations.

7.3.3 Limited Intellectual Property Scope. The proposed agreement should only commit intellectual property that the faculty member conceives of and reduces to practice through performing the agreement. It should not commit intellectual property that the faculty member conceives of through performing the agreement and reduces to practice after the agreement’s conclusion.

7.3.4 No Future Improvements. The proposed agreement should not commit future intellectual property that the faculty member subsequently conceives of, reduces to practice, or develops after conclusion of the agreement or outside of its technical scope.
7.3.5 Intellectual Property Accounting; Disclosure. The proposed agreement should obligate the faculty member to disclose to the consulting client or external employer and to the system and member the intellectual property that arose under the agreement so that each party has a record of this intellectual property and can treat it in accordance with all legal obligations.

7.3.6 Defined Scope of Work or Engagement. The consulting or external employment agreement should clearly define the faculty member’s tasks and responsibilities so that it is possible to demarcate between duties undertaken on behalf of the system and member and obligations undertaken on behalf of the consulting client or external employer.

7.3.7 Conflicts of Interest. The agreement’s intellectual property provisions must be reviewed for conformance to the conflict of interest and other requirements of applicable system policies and regulations, including this regulation.

7.3.8 Net Benefit to System. The net benefit to the system of approving such consulting or external employment agreement must outweigh the potential value of system ownership of the intellectual property.

7.4 A member CEO or designee’s approval of a proposed agreement may be subject to the requirement that certain revisions be made to the proposed agreement’s terms and conditions.

7.5 Approval of a proposed agreement shall be contingent upon the requirement that, in the event that the faculty member and the consulting client or external employer subsequently opt to amend the intellectual property provisions of any agreement approved in accordance with this regulation, the faculty member must submit such proposed amendment to the member’s CEO or designee for review in accordance with this regulation prior the amendment’s effective date.

7.6 The intellectual property provisions of consulting and external employment agreements that are approved in accordance with this regulation shall govern over any conflicting provisions in System Policy 17.01.

7.7 Each member’s CEO or designee has the sole authority to approve or reject a consulting or external employment agreement subject to its conformance with this regulation.
Feedback From IPCC on system policy 17.01, 31.05 and system regulation 31.05.01

I. Comments on System Policy 31.05 – External Employment and Expert Witness

a. Edit sec 3 to read:

“The chancellor shall develop an approval process for faculty consulting that ensures the appropriate preservation of any system and member rights that might exist in relation to intellectual property arising from consulting”

Sec 3 seems to say that all IP belongs to the system regardless. The edits are intended to include the possibility that the system would have no rights to IP in some cases. Alternative edits that accomplish the same goal would be welcome.

IPCC proposes that the Chancellor establishes “guidelines” rather than prescribe an approval process. The system members should come up with their own processes based on System guidelines.

b. Sec 1 addresses full-time employees. Many faculty are 9-month employees. For NIH grants, faculty often takes up to three months’ salary off the grant and list it as 25% effort spread over 12 months. The policy also need to address summer employment and part time over the year employment for 9-month faculty

II. Comments on Proposed new section 7 of System Regulation 31.05.01, Faculty Consulting, External Employment and Conflicts of Interest

Section 7.1 should refer to 17.1 Copying the language is dangerous; if the 17.01 language gets changed, having this quote a different set of specifications will then be confusing at best.

Section 7.2: What if (as described in 17.01), the funds require that the funders retain ownership of the IP?

Section 7.3: This sounds too general. Does it apply in all cases or just for cases involving IP issues?

IP may not necessarily be an issue in every consulting arrangement. Requiring system members to review all agreements, including amendments, may be burdensome for system members and cause delays in the consulting review approval process. The regulation should endeavor to strike appropriate balance here. The system member review, if needed, should have narrow focus (i.e. for consistency with IP policy, etc.)—otherwise a system member could find itself in a position where it looks like it is giving legal advice.
Section 7.3.1: Review should only be done if IP is a concern and should be limited to the terms relating to IP.

Alternative comment: 7.3.1 change "a complete and accurate copy of a" to "the". The complete and accurate copy phrase insinuates that this is needed because you expect that otherwise the faculty member would submit an incomplete and inaccurate copy. Given the current morale at TAMU, these sorts of insinuations are probably counterproductive.

Section 7.3.2: This section is too broad, and puts a heavy burden on the faculty to determine the universe of the systems' and member's obligations.

Another suggestion for 7.3.2 is to give an example of the contractual or legal obligations.

Section 7.3.3 (last sentence) and section 7.3.4: Not the System's business to determine this.

Additional comment: The word "commit" here seems too vague, can this be tightened up? The first phrase is inappropriate - if the reduction to practice would be obvious to someone skilled in the art, the conception is the key part of the IP, and reduction to practice is unnecessary. The last phrase is indefinite - how can one predict whether or not a faculty member will in the future reduce something to practice?

Section 7.3.5: "The proposed agreement should obligate the faculty member to disclose to the consulting client or external employer and ..."

It is not the System's concern. No company will want to consult with our faculty if this is required.

Additional Comment: Delete this. If I hire someone as a consultant, I have them sign an NDA. Then I show them trade secrets or pre-filing IP and ask them for help or advice. Nobody will hire a consultant from TAMU if it requires that all their IP gets spread all over a bunch of offices at TAMU. Also, academic consultants often work on classified projects, so this would preclude any of that.

Section 7.3.6: Overly burdensome

Section 7.3.7: Reviewed by whom?

Section 7.3.8: This might be ok as a general guideline but the word "must" implies that such a determination is feasible in some quantitative way- impossible.
This section should be reworded to achieve the same goal as section 2.4.3 of System IP policy 17.01 which allows system members to agree to IP terms that give away IP rights provided the benefit of the research outweighs the value of system IP ownership. The proposed language here, if slightly reworded, can do the same thing. It can give system members the discretion to support consulting activities where IP may be an issue but there is system benefit. Other universities have policies to this effect. (see, e.g., University of Utah where the university claims no IP rights if approved [http://www.techventures.utah.edu/tco/consulting.php](http://www.techventures.utah.edu/tco/consulting.php)) This sort of language can be helpful to faculty and system members as well.

Counter argument: 7.3.8 Delete this. Although looking out for the interests of the system is good, there are interests such as public health and national security that also need to be taken into consideration.

General Comment: Suggest looking at the corresponding policies from other universities. See, e.g., guidelines from Penn State on Faculty Consulting.  
[http://www.research.psu.edu/policies/intellectual-property/ipo-iii](http://www.research.psu.edu/policies/intellectual-property/ipo-iii)

III. Comments on System IP Policy 17.01

a. Page numbers are xx of 2, this should be xx of 21. This used to be xx of 21, how did this get changed?

b. 2.8 conflicts with 2.7. This was pointed out at the last IPCC meeting. If two inventors are both joint biochem (AgriLife)/biology (TAMU) professors, 2.7 says they decide how to split up their share; 2.8 says the two different CEO’s decide. The problem is that someone has been sloppy with the words "member" and "creator" in 2.8. Please change 2.8 to"...how the members will share any benefits accruing to the members..." "...factors as annualized FTE by creators..."

c. 5.3.2 You need to specify to whom the OTC submits the commercialization plan for review

d. 5.3.4, 5.3.5 You need to specify the Chief Financial Officer and Treasurer - is this the company CFO and T, or the System CFO and T?
Additional Changes to 31.05 (7.9.12)

(e) The member has used the faculty consulting approval process developed by the system member following the chancellor’s guidelines under section 3 to ensure the preservation of system and member rights to intellectual property arising from the consulting.

3 The chancellor shall develop an guidelines for approval processes for faculty consulting that ensures the appropriate preservation of any system and member rights that might exist in relation to intellectual property arising from consulting.

Changes to last part of 17.01 section 2.8

…..that portion of income to which the creators are entitled under Section 4.8 of this policy will be distributed amongst the creators as the system member CEO (or CEOs in the case of joint employment) may deem appropriate under the circumstances. Such a decision shall be binding on the creators.

Blue changes: Jimmy Moore early July 2012
Red changes: Collective agreement after joint meeting of CPI chair, other CPI people, Jimmy, Richard Gomer, and Katherine Rojo del Busto on July 9 2012
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