

Intellectual Property

INTELLECTUAL PROPERTY POLICY (UH System Policy)

<http://www.uhsystem.edu/board-of-regents/policies/#BOR%20Policies%20Section%20III>
(Policy last updated 08/24/2017)

University research and intellectual endeavors often result in the invention of new technology or the creation of new copyrighted material. Such results may have commercial value. While the production of commercially valuable intellectual property is not necessarily the purpose of University research and educational activities, nor the duty of anyone engaged in research and educational activities, the Board desires that both society and the University under the governance of the Board use all knowledge to the greatest possible benefit. Accordingly, when appropriate, the University will protect all intellectual property rights in technology and copyrighted material and use diligent efforts to make productive use of such rights for the good of the public, the creator, and the System. When this result is achieved by the attraction of private risk capital, or by the transfer or licensing of rights in technology or copyrighted material, income may be realized, which the Board will seek to distribute in a manner fair both to the creator and to the University at which the intellectual property was developed. Financial return, however, always remains secondary and incidental to the public service aspect of developing and disseminating knowledge for public use. The Board hereby delegates authority to promulgate specific policies for managing Intellectual Property Rights to the Chancellor/President.

(1.0) Definitions

- A. "Author" means any person (as defined below) who actually creates copyrighted material (also as defined below).
- B. "University" means all component universities within the University of Houston System.
- C. "Business participation" means the participation of a person in any activity, the purpose of which is the commercial development or exploitation of intellectual property owned by the University. Such participation includes, but is not limited to, an equity interest, a consulting relationship, service on a Board of directors or similar body, a royalty interest, stock ownership, or any similar relationship.
- D. "Copyrighted material" or "work of authorship" means original expression that is fixed in any tangible medium of expression and subject to copyright protection under Title 17 of the United States Code as it now exists or as it may be amended. Under federal law, copyright subsists from the moment of the work's creation, although protection may be enhanced by registration with the United States Copyright Office. Works of authorship currently include: 1. Books, journal articles, texts, glossaries, bibliographies, study guides, laboratory manuals, syllabi, tests, and survey instruments; 2. Lectures and unpublished lecture notes; 3. Musical works; 4. Dramatic works; 5. Works of visual art, such as sculptures and drawings; 6. Architectural works; 7. Films, audiovisual works, slide programs, film strips; 8. Sound recordings and video recordings containing original performances; 9. Programmed instruction materials; 10. Computer programs and documentation.
- E. "Creator" means an inventor or author (each as defined elsewhere in this policy).
- F. "Intellectual Property Rights" means those rights of ownership recognized by law in technology, copyrighted material, and computer software and firmware (all as defined in this

policy). Intellectual property rights include, but are not limited to patents, copyrights, and rights to trade secrets and know-how.

G. "Inventor" means any person who discovers or invents technology.

H. "Net income" means, with respect to Board-owned rights in any particular intellectual property and/or copyright, gross revenue received by the University as a result of the commercialization of such rights, less:

1. any taxes or other charges of any description paid by the University to governmental agencies in connection with the particular intellectual property; and
2. all legal and other expenses paid by the University to affiliates or third parties in filing, prosecuting, maintaining, enforcing, defending, and commercializing such rights in the United States or foreign countries.

I. "Net Sales" means the amount billed or invoiced on sales of licensed products and/or licensed services, less:

1. Customary trade, quantity or cash discounts, and non-affiliated brokers' or agents' commissions actually allowed and taken;
2. Amounts repaid or credited because of rejection or return; and
3. To the extent separately stated on purchase orders, invoices, or other documents of sale, taxes levied on and other governmental charges made as to production, sale, transportation, delivery, or use and paid by or on behalf of the creator.

J. "Person" means any part-time or full-time faculty or staff member working at, or student attending, the University or other entity under the governance of the Board.

K. "Chancellor/President" means the Chancellor/President of the University under the governance of the Board, or any person the Chancellor/President designates to carry out the University's intellectual property policy.

L. "Software" means any program, language, or procedure for a computer System or portion thereof, and any accompanying documentation. Software includes, but is not limited to, computer programs, internal programs, subroutines, assemblers, generators, subroutine libraries, compilers, operating Systems, and application programs.

M. "Technology" means discoveries, innovations, or inventions.

N. "University research" means all research, activities, or work within or related to a person's expertise or general area of employment responsibility, or that has resulted from activities performed by the person on University time, with the support of University funds or from using University facilities, including work under a research agreement with an external sponsor and research conducted by anyone, whether or not a person as defined in this policy, who utilizes University resources.

O. "University support" means direct University support which includes but is not limited to the following:

1. Equipment, materials, and staff services from any of a variety of University departments other than the person's academic department or unit are used in the development of copyrightable materials at no expense to the author or the author's academic department/unit.
2. Author receives support for the development of copyrightable material, such support

being in the form of money in excess of normal salary, reduced teaching load, released time, or other resources from a department, college, or any unit of the University.

(2.0) Standing Committee on Intellectual Property

A. Appointment. The Chancellor/President of the University shall appoint or specify the make-up of a Standing Committee on Intellectual Property.

B. Duties in General. In addition to the responsibilities described elsewhere in this policy, the committee will advise and recommend to the Chancellor/President:

1. guidelines and procedures for implementation of this intellectual property policy;
2. proposed amendments to this policy; and
3. such other matters as the Chancellor/President directs.

(3.0) Technology: Patents, Trade Secrets, Know-How, Etc.

A. Ownership of Technology. The Board owns all intellectual property rights for technology that is conceived or reduced to practice by any person engaged in University research. The Board has delegated to the Chancellor/President of the University the authority to make the following exceptions:

1. In cases of contracts for sponsored research exclusively with an industrial sponsor or in other rare circumstances for sponsored research, the University may agree, that the sponsors or other parties may own the intellectual property rights in technology resulting from such research.

2. The University may accept research agreements that, under statutory law, vest intellectual property rights in the technology resulting from such research in an agency of government.

3. After consideration as required by this policy, the University may waive intellectual property rights in technology in favor of the inventor.

B. Technology Agreement. Every person employed by the University shall execute a "Technology Agreement," a copy of which is available from the Chancellor/President's office. However, the failure of any person to execute a "Technology Agreement" shall not affect the Board's rights under this policy.

C. Technology Assignment and Execution of Documents. Whether or not a person makes a disclosure of technology as described below, he/she shall execute assignments or any other documents required for the acquisition and protection of Board-owned intellectual property rights, including those documents necessary to enable the University to fulfill requirements imposed by agreement or by law.

D. Disclosure of Technology. Carefully planned methods of transferring Board-owned rights in technology will best accomplish the objectives stated in the "Purpose" section of this policy. The University can accomplish those objectives only if inventors promptly disclose technology. Premature publication of information pertaining to discoveries and inventions, or delayed prosecution of patent protection, can damage seriously the ability to obtain patent protection. Therefore, if a person conceives or reduces to practice any technology, that person must disclose such technology to the University as soon as practicable after the date of first conception or discovery. Certain research agreements may require disclosure, and in such a case a person shall disclose technology in accordance with the agreement. To make a proper disclosure, the inventor must prepare, sign, and date a patent disclosure in the form promulgated by the University. The inventor must also include drawings, sketches, and other pertinent data to show the principle of the technology.

E. Action after Disclosure

1. The Standing Committee on Intellectual Property shall review the technology upon disclosure and shall recommend to the Chancellor/President that the University adopt one of the following actions:

1.1 institute action to acquire patent protection. The committee shall recommend whether the University should pursue such action itself or refer the technology to a management agency; or license the technology as know-how and/or a trade secret, whether or not it obtains patent protection;

1.2 transfer intellectual property rights in the technology to the research sponsor, if such transfer is required by a research agreement; or

1.3 waive ownership in the intellectual property rights in the technology in favor of the inventor with the University retaining 4% of net sales, should the inventor commercialize the technology that was disclosed. In addition, if the University had invested financial resources for legal protection of the technology prior to waiving ownership, the University shall recoup its legal fees and expenses from future revenues in addition to retaining 4% of net sales from the commercialization of the technology. It is noted, however, that any future improvements or modifications developed at the University are considered new inventions and the property of the University and subject to this policy. The 4% interest will be distributed 2% to the University, 1% to the Department(s) or Research Center based on research budget allocation and 1% to the College(s) based on research budget allocation.

2. After reviewing the committee's recommendation and such other technical consultation as is appropriate under the circumstances, the Chancellor/President shall determine the University's course of action concerning the technology.

3. The University will act in good faith and will attempt to evaluate all disclosures within a reasonable time.

The Standing Committee on Intellectual Property evaluates each disclosure, if adequate (see subsection following), within 30 days prior to the expiration of patent pendency for the provisional application. The Chancellor/President has an additional 30 days to act on the committee's recommendation. If either the committee or the Chancellor/ President fails to act on the invention within the relevant time period specified above, the inventor may request, and in response thereto the University may grant, a waiver of the University's rights in favor of the inventor.

4. If the inventor fails to provide any information pertinent, in the committee's judgment, to evaluation of the disclosure, the disclosure is not "adequate." In such circumstances, the committee shall request the needed information from the inventor, and the calculation of the 120- and 60-day time periods specified in the foregoing subsection shall not begin until the requested information is received by the committee.

F. Publication. Premature publication of information pertaining to technology could damage seriously the University's ability to obtain patent protection in foreign countries. Accordingly, an inventor may not seek publication of any information pertaining to disclosed technology until the earlier of (1) 90 days after disclosure is made, or (2) the University grants permission for such publication. This requirement is intended only to affect the timing for publication of research findings and shall not be used to infringe upon the academic freedom of any person. However, if the inventor publicly disclosed the invention, the University and members of the Standing Committee on Intellectual Property shall not be held responsible for any loss if patent protection is not secured.

(4.0) Copyrights

A. Ownership of Copyrights. The University will not assert ownership of copyright developed by faculty, staff or students, unless separately contracted for, in any: 1. Books, journal articles, texts, glossaries, bibliographies, study guides, laboratory manuals, syllabi, tests, and survey instruments; 2. Lectures and unpublished lecture notes; 3. Musical works; 4. Dramatic works; 5. Works of visual art, such as sculptures and drawings; 6. Architectural works.

B. The University will assert ownership of copyright developed by faculty, staff or students, with regard to other types of works subject to copyright, namely, 7. Films, audiovisual works, slide programs, film strips; 8. Sound recordings and video recordings containing original performances; 9. Programmed instruction materials; 10. Computer programs, software, and documentation, allocation of copyright ownership will be as follows:

1. University Supported Effort. When a work is created with financial support or resources of the University and the work is not prepared in accordance with the terms of a contract or grant in which the University is a party or as a specific University assignment, the University will own the copyright and the division of royalty and other income will be based on the Net Income Distribution included in this policy. Routine use, as sanctioned by University policy, of library, office space, equipment, supplies, facilities, and personnel within the author's department or college does not, for the purposes of this section, constitute University support.

2. Extramurally Sponsored Effort. Copyright in works developed with support from an outside agency through a contract or grant will be owned by the University. The Chancellor/President or his designee must approve deviations from the policy.

3. University Commissioned Efforts. Materials or other works produced by employees of the University will be subject to copyright exclusively by the University, if the University commissioned the employee to write or produce the specific materials or works. A faculty member's general obligation to produce scholarly and creative works and the receipt of a professional development leave, unless there is a specific agreement to the contrary, do not constitute University Commissioned Efforts as defined in this policy.

4. Student copyrights as a result of course work. The University claims no rights to works created by students in the course of their education, such as dissertations, papers and articles, if the student received no support from a research grant in the form of wages, salary, stipend or a grant from funds administered by the University. The University will own the copyright to works created by graduate students in the course of their assigned duties of employment, including duties as teaching or research assistant as part of an assigned task, where the assignment explicitly states that the work will be owned by the University.

5. Categorization issues. It is recognized that the boundaries among traditional forms of works of authorship may be difficult to apply to certain works in newer media. For example, the line between books and programmed instruction materials may not be apparent. For purposes of this policy, a work whose presentation and use are interactive (other than for purposes of searching the text or otherwise locating material, or for verifying correct answers) will be regarded as a computer program rather than a book. When questions of ownership arise, and until the dispute is resolved, it will be managed as though the University owns the copyright.

6. Software and Firmware. Since the potential exists to protect software and firmware under copyright, patent, and trade secret laws, the author must comply with Board policies and regulations governing copyrights and technology.

C. Disclosure of Copyright. Carefully planned methods of transferring Board-owned rights in copyright will best accomplish the objectives stated in the "Purpose" section of this policy. The University can accomplish those objectives only if authors promptly disclose copyrighted material. Therefore, if a person creates copyrighted material, that person must disclose such works to the University as soon as practicable after the date of fixing the original expression in any tangible medium. Certain research agreements may require disclosure, and in such a case a person shall disclose technology in accordance with the agreement. To make a proper disclosure,

the author must prepare, sign, and date a copyright disclosure in the form promulgated by the University. The author must also include other pertinent data to show the medium of copyright.

D. Action after Disclosure

1. The Standing Committee on Intellectual Property shall review the copyright upon disclosure and shall recommend to the Chancellor/President that the University adopt one of the following actions:

1.1 recommend whether the University should pursue commercialization action itself or refer the technology to a management agency; or license the copyrighted material;

1.2 transfer the rights in the copyright to the research sponsor, if such transfer is required by a research agreement; or

1.3 waive ownership in the copyright in favor of the author with the University retaining 4% of net sales, should the author commercialize the copyright that was disclosed. In addition, if the University had invested financial resources for legal protection of the copyrighted material prior to waiving ownership, the University shall recoup its legal fees and expenses from future revenues in addition to retaining 4% of net sales from the commercialization of the technology. It is noted, however, that any future improvements or modifications developed at the University are considered new copyrighted material and the property of the University and subject to this policy.

2. After reviewing the committee's recommendation and such other technical consultation as is appropriate under the circumstances, the Chancellor/President shall determine the University's course of action concerning the technology.

E. Rights to Fair Use. Where the University owns the copyright, the authors will retain rights to copy and distribute the original work to the extent necessary for classroom use in connection with courses taught by the author at this or another University. In exercising these rights, the author will provide fair attribution to the University of Houston for having supported the original work. The author will include the copyright notice; where the author owns the copyright, the University will retain rights to fair use, archival and library reproductions, and performance and display of such works.

F. Revision of Materials and Works. Works as to which the University, under the terms of this policy, owns the copyright shall not be altered or revised without providing the author a reasonable opportunity to assume the responsibility for the revision. If the author declines the opportunity to revise such material, the Chancellor/President in consultation with the appropriate department or office will make the assignment of responsibility for the revision.

G. Withdrawal of Materials and Works from Use. Materials and works as to which the copyright is owned by the University, under the terms of this policy, shall be withdrawn from use when the University in consultation with the author deems such use to be obsolete or inappropriate. No withdrawal or other discontinuance shall take place that would violate the terms of any licensing or other agreement relating to the materials or works.

H. Reimbursement of Expenses. In those instances where the University takes copyright ownership pursuant to this policy, any gross revenue received as a result of commercializing any work of authorship developed or created at the University must first be applied to recovering expenses associated with creation of such work and with exploitation of the copyright therein. Thereafter, revenue will be allocated to the authors and the University in the same manner as net income in the case of patented inventions.

I. Apportionment Among Authors. When there is more than one author of a work, the shares to the respective authors shall be distributed in the proportions set forth on the disclosure form submitted to the Standing Committee on Intellectual Property. If no disclosure has been submitted, then by agreement between the authors, or in the absence of such agreement, the

proportions will be determined by the Chancellor/President after affording an opportunity for hearing those concerned.

J. Resolution of Copyright or Equity Disputes. A University Copyright Appeals Committee, an Ad Hoc Subcommittee of the Standing Committee on Intellectual Property, shall review the applications for the resolution of copyright or equity disputes and shall submit its recommendation to the Chancellor/President. Either the employee or the Vice President for Research may request a review. The Copyright Appeals Committee shall be appointed by the Chancellor/President from nominations submitted by the Standing Committee on Intellectual Property and shall function in accordance with policies and procedures established by the Standing Committee on Intellectual Property and reviewed by the University Faculty Senates. The Chancellor/President's decision will be binding on all parties, and will be conveyed to all involved in a timely fashion, but must be conveyed within 60 working days.

(5.0) Commercialization of Board-Owned Intellectual Property and Copyrighted Material

The Board policy is to make productive use of Intellectual Property and Copyrighted Material for the good of the public, the creator, and the System. To achieve this goal, the University may license, transfer, or otherwise commercialize Board rights in technology or copyrighted works developed by its faculty, staff, and students. To manage this process, the University operates a licensing and technology transfer program and requires strict compliance therewith. The University also encourages creators themselves to seek potential licensees and transferees, or to notify the University of such individuals or companies. In all instances, the University must be involved in any negotiation of a commercialization agreement concerning Board intellectual property rights in technology or copyrighted works, and must give final approval to any such agreement.

(6.0) Net Income Distribution

A. Reimbursement to System. The Board recognizes the healthy symbiotic relationship that, by this policy, it seeks to foster between itself and persons associated with the University. Of necessity, the University will receive all gross revenue as a result of commercializing any intellectual property rights developed or created at the University and this must first be applied to recovering the expenses listed in the definition of "net income" above. Thereafter, the creator(s) of the intellectual property has a residual economic interest, to be paid out according to the schedule in the following subsection.

B. Creator's Residual Economic Interest

1. 40% of Net Income shall be paid to the creator(s) thereof in the proportions set forth on the disclosure form submitted to the Standing Committee on Intellectual Property (in the case of patents and other technology) or on the title page of the copyrighted work.

2. Thereafter, unless the Standing Committee on Intellectual Property recommends, and the Chancellor/President adopts, a different distribution, the remaining Net Income derived from commercialization of the intellectual property rights shall be distributed as follows:

2.1 - 40% to the University;

2.2 - 13% to the creator(s) academic department(s) or research center(s) in proportion to the research budget allocations;

2.3 - 7% to the college(s) in proportion to the research budget allocation.

C. Time of Distributions. The sums referenced in the foregoing schedule shall be distributed annually to the creator(s) or the University as soon as practicable after the close of the fiscal year during which the income was received.

D. When equity, in the form of stocks, is received as part of the license agreement, the company shall be directed to issue 40% of the stocks to the creator(s) and the remainder of the stock shall be distributed to the University. For clarity, the creator's share of equity, in the form

of stocks, will be issued directly from the company and the creator shall not then be entitled to an additional 40% share of the remaining stock distributed to the University.

E. The distribution with the University shall be as follows:

The entire University share will be distributed to a component that has incurred the costs of development, protection of the Intellectual Property and Marketing;

1. If the University of Houston System or another component has contributed financially to the commercialization of the Intellectual Property, the Chancellor or his designee shall determine the equitable distribution of the University share;

2. Each component shall establish its own policies for internal distribution.

(7.0) Business Participation

A. Business Participation Approved. The Board does not discourage persons subject to this policy from participating in the commercial development and/or exploitation of Board-owned intellectual property. Nonetheless, such participation must conform in all respects to this policy, including the policy stated above concerning licenses and transfers to applicable state and federal laws, and University conflict of interest policies.

C. Specific Requirements. In particular, a person shall not engage in business participation if such participation would violate Board Policy 57.08, section 572.051, Texas Government Code, section 51.912, Texas Education Code, or other state or federal law or regulation that controls such participation.