



Angelo State University Operating Policy and Procedure

OP 56.10: Intellectual Property Rights

DATE: May 4, 2018

PURPOSE: The purpose of this Operating Policy and/or Procedure (OP) is to define and explain intellectual property rights at Angelo State University (ASU) in accordance with federal, state, system, and accrediting agency standards.

REVIEW: This OP will be reviewed in May every three years, or as needed, by the Office of the Provost and the vice chancellor for research and commercialization with recommended revisions forwarded through the provost and vice president for academic affairs to the president by June 15 of the same year.

POLICY/PROCEDURE

1. Authority

[Chapter 10](#), *Regents' Rules* and [TEC 51.680](#)

Chapter 10 of the *Regents' Rules* for the Texas Tech University System (TTUS) governs intellectual property rights for all component institutions, including ASU. This policy reflects and further explains these rights. Additionally, Section 51.680(c) of the *Texas Education Code* requires each institution of higher education to have a current copy of its intellectual property policy on file with the Texas Higher Education Coordinating Board or posted publically on the institution's website.

It is recognized that research and scholarship on the part of members of the faculty, staff, and students of the Texas Tech University System will result in patentable and non-patentable inventions, such as biological and other proprietary materials, plants, manuscripts, computer software, trade secrets, medical treatments, devices, pharmaceuticals, and products that are potentially marketable.

It is the policy of the Board of Regents to encourage scholarly activity without regard to potential gains from royalties and other forms of income. In all cases, however, the affected individuals are subject to individual or TTUS obligations under grants, contracts, or research agreements with governmental agencies and sponsors. All TTUS policies will provide adequate recognition and incentives to sponsors, assignees, and creators and will serve the public interest.

2. General Policy

This intellectual property policy shall apply to all persons employed by TTUS (which includes ASU), to all students of TTUS, and to anyone using TTUS facilities or under the supervision of TTUS personnel. Every employee, faculty member, staff member, and student

is expected to be aware of TTUS policies regarding intellectual property and agrees to accept and abide by them as a condition of employment or enrollment.

Unless otherwise specified, copyrightable works are considered intellectual property and shall be governed by the general intellectual property policies set forth herein.

It is the intent of this policy to foster the traditional freedoms of the ASU faculty, staff, and students in matters of publication and invention, through a fair and reasonable balance of the equities among creators, sponsors, and ASU. The purpose of the policy is to outline the respective rights that members of the faculty, staff, and students have in intellectual materials created while they are affiliated with ASU.

As a public institution, ASU is entrusted with the responsibility to facilitate application of scientific, technical, artistic, and intellectual endeavors of its faculty and staff for public use and to provide for an equitable disposition of interests among the creators (authors and inventors), ASU, and, where applicable, the sponsoring or contracting funding source.

3. Definitions

For the purposes of this policy, the following terms are defined:

- a. **Creator:** A creator is an individual subject to this policy who invents, develops, or authors intellectual property as defined below.
- b. **Invention:** A process, method, discovery, device, plant, composition of matter, or other invention that reasonably appears to qualify for protection under United States patent law, Chip Design Protection law or plant protection schemes, whether or not actually patentable. An invention may be the product of a single inventor or a group of inventors who have collaborated on a project.
- c. **Copyrightable Work:** An original work of authorship that 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, including but not limited to, books, journals, software, computer programs, musical works, dramatic works, videos, multimedia products, sound recordings, and pictorial and graphical works. A copyrightable work may be the product of a single author or a group of authors who have collaborated on a project.
- d. **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.
- e. **Tangible Research Property:** Tangible items produced in the course of research including such items as biological materials, engineering drawings, integrated circuit chips, 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. An item of tangible research property may be the product of a single creator or a group of individuals who have collaborated on a project.

- f. Intellectual Property: Collectively, all forms of intellectual property including but not limited to inventions, innovations, discoveries, improvements, biological materials, proprietary materials, plants, copyrightable works, trademarks, and tangible research property.
- g. Intellectual Property Committee: Standing committee whose purpose is to provide a forum for discussion of policies and procedures affecting intellectual property and to advise the TTUS Office of Technology Transfer and Intellectual Property (OTTIP) regarding intellectual property matters when called upon, including comment on disputes that may arise regarding the handling of intellectual property and technology transfer and suggestions for policy or procedure changes with respect to this policy. The ASU provost and vice president for academic affairs will appoint members of the ASU committee. The majority of members of this committee will be faculty members. Each committee will meet at least twice each year, or more often as called by the vice president or the Director of OTTIP (Director).
- h. The Office of Technology Transfer and Intellectual Property: The TTUS Office of Technology Transfer and Intellectual Property (OTTIP) administrative office's mission is to promote the transfer of TTUS technologies for society's use and benefit while generating unrestricted income to support research and education. The OTTIP is responsible for administration and implementation of TTUS's intellectual property program, and for assisting and advising TTUS's faculty and staff.
- i. Software: In recent years, the United States Patent and Trademark Office has determined software that meets certain technical and legal criteria may be patentable. In the case that software originally disclosed as a copyrightable work subsequently is determined to be patentable subject matter, and TTUS chooses to seek patent protection for the software, then such software shall be managed under this regulation as an invention.

4. Ownership

In general, intellectual property made with the use of TTUS facilities or during the course of regularly assigned duties of the faculty and staff shall become the property of TTUS. Those who are subject to this policy shall, upon request, assign all applicable intellectual property to TTUS, except intellectual property that might be owned by third parties pursuant to sponsored research agreements and intellectual property resulting from independent work or approved consulting activities not utilizing TTUS facilities.

a. Ownership Further Defined:

- (1) An invention or tangible research property resulting from activities related to an individual's employment responsibilities and/or with support from TTUS funds, facilities or personnel shall be owned by TTUS.
- (2) An invention or tangible research property unrelated to an individual's employment responsibilities that is developed on his or her own time without TTUS support or use of TTUS's facilities is not owned by TTUS.
- (3) Ownership of an invention or tangible research property developed in the course of or resulting from research supported by a grant or contract with the federal government (or an agency thereof), a state agency or a nonprofit or for-profit non-governmental

entity, shall be determined in accordance with the terms of the sponsored grant or contract, or in the absence of such terms, shall be owned by TTUS.

b. Ownership of Copyrightable Works:

TTUS encourages the preparation and publication of copyrightable works that result from teaching, research, scholarly and artistic endeavors by members of the faculty, staff, and student body of TTUS. Authors shall be permitted maximum freedom with respect to their copyrightable works, consistent with the obligations to TTUS. Copyrightable works may be created under a variety of circumstances that impact the ownership and subsequent management thereof, as follows:

(1) Books, Articles, and Similar Works:

In keeping with academic tradition, and except to the extent required by the terms of any funding agreement, TTUS does not claim ownership to pedagogical, scholarly, or artistic works, regardless of their form of expression. Such works include but are not limited to faculty prepared works such as textbooks, course materials and refereed literature. Such works include those of students created in the course of their education, such as dissertations, papers, and journal articles. Furthermore, TTUS claims no ownership in popular nonfiction, novels, poems, musical compositions or other works of artistic imagination that are not works for hire. If title to copyright in works defined within this section vests in TTUS by law, TTUS will, upon request and to the extent consistent with its legal obligations, convey copyright to the authors of such copyrightable works.

(2) Institutional Works or “Works for Hire”

TTUS shall retain ownership of copyrightable works created for institutional purposes in the course of the creator’s employment, including but not limited to simultaneous or sequential contributions over time by numerous faculty, staff, or students. For instance, work assigned to programmers is institutional work or “work for hire” as defined by law, as is software developed for TTUS purposes by staff working collaboratively. Brochures, training programs, CD-ROMs, videos, and manuals that staff members are hired to develop are other examples of institutional works, or work for hire. TTUS owns all right, title and interest in such institutional works.

(3) Works Developed with Significant Use of Resources

Copyrightable works that are not works for hire but are works that are developed with integral and significant use of funds, space, hardware, or facilities administered by TTUS, where use was essential and substantial rather than incidental shall be owned by TTUS. Furthermore, copyrightable works that are not works for hire (see Section (2) above) but are works that are developed in the course of or resulting from research supported by a grant or contract with the federal government (or an agency thereof), a state agency or a non-profit or for-profit non-governmental entity, or by a private gift or grant to TTUS, 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 copyright law, shall be owned by TTUS. TTUS 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, TTUS will not construe the provision of offices or library facilities as constituting significant use of TTUS resources, except for those instances where the resources were furnished specifically to support the development of such copyrightable works. Nothing in this section is intended to change the traditional manner in which TTUS faculty, staff and employees assign the copyright ownership of works intended for publication in scholarly journals.

(4) Hybrid Works

Changing technology can give rise to creative efforts that fall into more than one category, for example, a book (traditionally owned by the author) coupled with an interactive CD-ROM (perhaps software that TTUS may have rights to under this policy). Such hybrid works should be brought to the attention of the OTTIP, which shall negotiate a reasonable sharing arrangement or release as may be appropriate. Should the OTTIP and the creator be unable to agree, the matter shall be resolved by the president of Angelo State University.

(5) Copyrightable Works Not Owned by TTUS

Authors of copyrightable works that are not owned by TTUS own the copyrights to their works and are free to publish them, register the copyright, and to receive any revenues that may result from publication.

Copyrightable works to which TTUS has no ownership rights (see foregoing Section 4.(b)(1-4) where conditions for TTUS ownership are defined) may still be submitted for publication and published by TTUS. Upon TTUS publication acceptance, the independent author shall agree to transfer copyright of the work by contract to the specific TTUS publication. A transfer agreement obtained from the OTTIP shall be executed and maintained in the OTTIP.

(6) Distance Learning Course Materials

(a) Definitions

For the purposes of this section, the following definitions apply:

- 1) “Author(s)” means: The originator, creator, or writer of a work who is currently employed or was employed by TTUS at the time of origination or creation.
- 2) “Commercial License” means: License granted to produce, sell, or distribute the work for commercial purposes.
- 3) “Course Materials” means: All copyrightable materials developed for the purposes of distance learning including printed materials, CD-ROMs, videos, movies, and websites.
- 4) “Distance Learning” means: Instruction in which the majority of the instruction occurs when the student and instructor are not in the same physical setting. A class is considered a distance education class if students

receive more than one-half of the instruction at a distance. Distance education can be delivered synchronously or asynchronously to any single or multiple locations.

- 5) “Educational License” means: License granted to produce, sell, or distribute the work for education purposes only.
- 6) “Non-exclusive License” means: Authors have the right to create multiple licenses.
- 7) “Significant Resources” means: Resources provided to authors by TTUS above and beyond those that are normally provided within the author’s academic department or TTUS unit. Examples include student assistants, workload release time, graduate assistants, equipment, TTUS facilities, and staff time beyond those that are normally available to an author.

(b) Copyright Ownership

Distance learning course materials created by authors for whom TTUS provides significant resources will be jointly owned by the authors and TTUS. Any owner of copyright in electronically published course materials may secure copyright registration. Joint owners may, but do not have to, agree to bear responsibility for enforcement of the copyright. Authors should note that ownership of students’ works is controlled by copyright law and TTUS intellectual property policy (under which students own copyright in their works), and authors must obtain permission to incorporate student work in their work.

Ownership of distance learning course materials developed in the course of or resulting from a grant or contract with governments or their agencies or other entity shall be determined in accordance with the terms of the grant or contract. In the absence of such grant or contract terms, ownership shall reside with the authors.

(c) Revision Rights

Authors should normally retain the right to update, edit, or otherwise revise electronically developed course materials that become out of date, or, in certain circumstances, should place a time limit upon the use of electronically developed course materials that are particularly time sensitive, regardless of who owns the copyright in the distance learning course materials. These rights and limitations should be negotiated in advance of the creation of the distance learning course materials and should be reduced to writing. Absent a written agreement, authors will have the right and professional obligation to review and revise work as necessary in order to maintain academic standards. If an author does choose to revise the work and such revision is done in a satisfactory manner, the author retains the rights to full royalties as discussed below. If the TTUS believes a revision is necessary and no timely revision is made or if the revision made, in the TTUS’s opinion, does not maintain academic standards, the TTUS may refuse to market the product. The TTUS may also then employ another person to update the work and charge the cost of updating the author’s portion of the work against any royalties paid to the author.

(d) Royalties

In accordance with Section 15, authors shall receive all royalties that may accrue from the commercialization of electronically published course materials they create on their own initiative. On the other hand, TTUS retains all royalties that may accrue from the commercialization of electronically published course materials created by authors pursuant to contract or as a work for hire. Other circumstances require review on a case-by-case basis (such as the creation of distance learning course materials initiated by an author, but using significant TTUS resources and works in progress upon employment termination of one or more of the participants). Absent a contract specifying to the contrary, specific division of royalties between the owners shall follow the instructions in Section 4.b.(6)(j) below. In instances of joint authorship where the TTUS also retains rights to royalties, the authors shall determine by written document the division of the authors' share of the royalties. Absent a written document of authors' division of royalties, the authors shall divide their share pro rata. In those situations where the TTUS contracts with the author(s) for royalties, those royalties are to be paid to the author(s) semi-annually. When one or more of the joint authors are employed by another university or entity, appropriate contracts will need to be negotiated between the TTUS, other entity, and the authors.

(e) Contributed Materials

Liabilities may be incurred with respect to the inclusion of materials in electronically published course materials other than materials created by the author of the distance learning course materials. It is the policy of the TTUS that all faculty and staff comply with the law, including copyright and privacy laws. Therefore, it is the responsibility of the creator of distance learning course materials (normally the author) to obtain all permissions and releases necessary to avoid infringing copyright or invading the personal rights of others.

(f) Copyright Registration

TTUS will determine whether to register the copyright and will be responsible for enforcement of works it wholly owns as in section 4.b.(6)(j)(4) below. Authors will make such decisions and take such steps to protect works they wholly own as in section 4.b.(6)(j)(1) below. Any one of the authors, including TTUS as a corporate author, of a joint work may register and enforce the copyright in the names of all owners.

(g) Retention of Non-exclusive License by TTUS

Except in section 4.b.(6)(j)(1) below, the TTUS shall retain a non-exclusive educational license to reproduce and use the electronically developed course materials in teaching TTUS classes on- or off-campus. Compensation to the faculty member for use of the course shall be as specified below.

(h) Retention of Non-exclusive License by the Author(s)

In section 4.b.(6)(j)4) below, an author(s) shall retain a royalty-free non-exclusive educational license to:

- 1) Reproduce and use the electronically developed course materials in teaching classes on- or off-campus at another institution;
- 2) Develop course materials in teaching classes on- or off-campus at another institution; and
- 3) Develop derivative materials following termination of employment with Angelo State University.

(i) Administration

The provost and vice president for academic affairs, together with other TTUS personnel designated to manage this policy, shall be responsible for the administration of this policy and applying the policy equitably across the campus. Authors should first meet with their department head, dean, and other supervisors to determine to which category the electronically published materials will be assigned and the ownership, institutional resource commitment, and the royalties. A copy of the agreement will be forwarded to the OTTIP for review and assurance that the policy is being applied in an equitable manner. The Director shall inform the dean, department head, and other supervisors of any inequitable applications of the policy and it shall be the responsibility of the dean, department head, and other supervisors to resolve the issue with the faculty member.

(j) Specific Categories Assigning Ownership and Royalties

Note: Authors should meet with their department head, dean, or supervisor prior to creating electronically developed course materials for distance learning in order to reach an agreement as to the appropriate category classification. It is understood that, in some circumstances, this category classification may change based on a modification in TTUS's support for the project. Any such modifications should be negotiated between the Director and the author and reduced to writing.

1) Category A – Totally Author Generated

- a) Definition: The work resulted from an individual's efforts on his/her own personal time without any direct support from or through the TTUS and without the use of any TTUS resources beyond those normally provided through the author's department or unit.
- b) Ownership and Compensation: The individual authors own all intellectual property, may receive compensation for their work, and retain all distribution rights.

2) Category B – Minimal University Resources

- a) Definition: The work resulted from the individual's efforts with minimal resources above and beyond those normally provided within the individual's unit or department.

- b) **Ownership and Compensation:** The individual owns the intellectual property and has the right to distribute the work. The individual may receive compensation for any distribution outside of TTUS's course delivery. The TTUS has a non-exclusive educational license to use the work as part of TTUS's course delivery. In such case, the author will be compensated per student enrolled in a TTUS course, at a negotiated rate or as otherwise agreed to by the TTUS and the individual, when faculty, other than the author, use these materials to teach the course.
- 3) **Category C – Substantial University Resources Are Provided**
- a) **Definition:** The work resulted from the individual's efforts with substantial TTUS resources above and beyond those normally provided.
 - b) **Ownership and Compensation:** The individual owns the intellectual property and has the right to distribute it and receive compensation for any distribution outside of TTUS's course delivery. The TTUS has a nonexclusive educational license to use the work as part of its course delivery. In such case, the faculty member will be compensated per student enrolled in a TTUS course at a negotiated rate. The TTUS also has a non-exclusive commercial license to market the course outside of the TTUS. If licensed for commercial purposes by either the TTUS or the author, the TTUS and the author will each receive a percentage of the royalty, as negotiated. In case of multiple authors, the authors will share the royalty pro rata or as negotiated.
- 4) **Category D – Work Made for Hire – TTUS Assigns Duty to an Author to Develop a Work**
- a) **Definition:** A TTUS employee was contracted to develop a specific product. The TTUS provided all resources for the work. The work was carried out totally as a part of the employee's assigned time.
 - b) **Ownership and Compensation:** The Texas Tech University System owns all intellectual property, has exclusive educational and commercial ownership, and has exclusive license authority. The faculty or staff member is not entitled to payment of royalty.
- (k) **Author's Affiliation with ASU is Terminated**

Ownership and royalties will continue as determined by this policy at the time of the termination. The TTUS will be granted a non-exclusive educational license and will continue to use the materials for educational purposes as it sees fit (see 4.b.(6)(h) above). Access to TTUS servers and resources will be denied to the author upon termination and the author will be provided an electronic copy of the distance learning materials.

5. Research Involving a Third Party

In research sponsored by or involving third parties, provisions for the control of and compensation for patents should normally be consistent with the general policy stated herein.

However, nothing in this policy shall preclude acceptance of a contract, grant, or agreement that provides for ownership of intellectual property by the sponsor with appropriate compensation.

6. Disclosure of Intellectual Property

All intellectual property shall be promptly disclosed to the OTTIP on a disclosure form prescribed by and available from the OTTIP. Creators shall cooperate with TTUS and the OTTIP in protecting intellectual property rights in the invention. At least once a year, coincidental with a regular board meeting, the Director of OTTIP (Director) shall prepare for the chancellor and the board a report listing the titles and a brief description of each disclosure received since the last report.

7. Intellectual Property Administration

When TTUS elects to protect intellectual property in its name, it shall award to the creator a reasonable share (as defined hereinafter) of net proceeds from royalties or other income or value after deduction of the directly assignable costs of patenting, marketing, licensing and protection of intellectual property rights.

8. Determinations by the TTUS OTTIP

The OTTIP for TTUS shall make determinations as to:

- a. the potential value of the intellectual property to TTUS;
- b. the rights and equities of the creator, TTUS and any third parties; and
- c. the required actions to maximize the benefits of any intellectual property to the public, TTUS, and the creator.

9. Implementation

The following guidelines shall be applicable to license agreements with private entities including those formed primarily for the purpose of developing and/or commercializing intellectual property created at TTUS subject to the terms of sponsored research agreements that may have led to the creation of such intellectual property:

- a. No entity shall be granted the exclusive rights to the development and/or commercialization of all intellectual property created at TTUS. Agreements should grant rights only on a specific project basis.
- b. If an entity is granted the exclusive rights with respect to a particular invention, product, process or other item of intellectual property, the agreement should provide that such rights will revert to TTUS in the event the entity fails to diligently develop and commercialize the property within a specified period of time that is appropriate to the particular circumstances.
- c. An entity that is granted exclusive rights to develop or commercialize intellectual property that is patentable should be required to reimburse TTUS for all expenses incurred by TTUS 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 TTUS and, in either event, the entity should be required to take all actions necessary, including litigation, to protect and preserve such patented rights from infringement.
- d. TTUS and its officers and employees should be protected and indemnified from all liability arising from the development, marketing, or use of the particular intellectual property.
 - e. Restrictions on use by ASU for research and teaching purposes and the publication rights of researchers should be minimized.
 - f. If the entity fails to develop and commercialize the property, any and all rights the entity has been granted in TTUS's property shall be returned and granted back to TTUS so that another entity may be offered the right to develop and commercialize the technology.
 - g. The entity should be required to comply with all applicable federal, state, and local laws and regulations, particularly those concerning use of animals, biological materials and necessary testing, human subject protection and approval by the Federal Drug Administration or other relevant federal or state agency.
 - h. The entity should be required to maintain confidentiality with regard to any unpatented technology or know-how.
 - i. 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 TTUS, should be required to share with TTUS in accordance with Section 10.8.i. of the *Regents' Rules*. An entity that participates in additional research and development of property or technology that is licensed may be entitled to a reduction from the above restriction per recommendation by the Director of OTTIP and approval of the president of the respective institution.
 - j. The Director is authorized to negotiate and execute license agreements that have been:
 - (1) approved by the vice president for academic affairs of the institution where the creator is employed; and
 - (2) approved as to form, law, and compliance with the *Regents' Rules* and applicable policies by the vice chancellor and general counsel.

10. Reports to the Board

The chancellor shall report annually to the Board of Regents concerning the status of license agreements, including the distribution of revenues earned from such agreements. The chancellor will inform the board at the first meeting following the end of each calendar quarter of any license agreements entered into by the TTUS OTTIP and not previously reported.

11. Reports to the State of Texas

In compliance with Section 51.912, *Texas Education Code*, the Board of Regents must file a report identifying all employees who have an equity interest in or serve as employees,

officers, or members of the board of directors of business entities that have agreements with TTUS relating to the research, development, licensing or exploitation of intellectual property in which TTUS has an ownership interest. The report will be filed in accordance with the requirements of Section 51.005, *Texas Education Code*. The OTTIP will submit the report through the chancellor or his/her designee to the Office of the Board of Regents. The board office will obtain the signature of the chairman of the board and will transmit the report to the Governor's office and other required entities.

12. Board Approval of Employee Participation in Business Entities

Any request by a TTUS employee to participate as an employee, officer, or member of the board of directors of a business entity that has agreements with TTUS relating to the research, development, licensing, or exploitation of intellectual property in which TTUS has an ownership interest must be submitted to the Board of Regents for approval and must comply with Section 10.11. of the *Regents' Rules* in his/her participation in the entity.

13. Assignment and Protection

- a. Creators shall execute appropriate assignment and/or other documents required to set forth effectively the ownership and rights to inventions and tangible research property. Assignment agreements are prescribed by and available from the OTTIP.
- b. The OTTIP will determine whether TTUS desires to commit funding to obtain protection for the invention, and shall so notify the creators of the decision. In many cases, before making a final decision, the OTTIP will identify one or more licensees who will bear the cost of obtaining patent protection.
- c. In those instances where the creator perceives that delay would jeopardize obtaining the appropriate protection for the invention, the creator may request that TTUS expedite its decision. If TTUS has not acted within six months after a request to expedite, and the creator has cooperated in good faith, TTUS will release its rights and Section 20 shall apply.

d. Copyrightable Works

Agreements permitting a party to use, develop, or otherwise commercialize copyrightable works owned by TTUS are encouraged. The OTTIP has primary responsibility for negotiating with third parties having an interest in using, developing, or otherwise commercializing copyrightable works.

14. Obligations to Sponsors

The OTTIP, in cooperation with the Office of Sponsored Projects, shall coordinate reporting requirements and other obligations to research sponsors regarding inventions or economically significant tangible research property developed under a research contract or grant, including but not limited to obligations to the United States Government under 37 CFR Part 401.

15. Distribution of Income from Commercialization and Licensing

- a. Where TTUS has an ownership interest in the intellectual property pursuant to this policy, the provisions outlined in Section 10.14.a., *Regents' Rules* will govern the

distribution of royalties and other income, including but not limited to license fees, prepaid royalties, minimum royalties, running royalties, milestone payments, and sublicense payments, after TTUS has recouped all direct costs associated with the processing of the patent or copyright application and marketing and licensing the technology.

- b. This policy recognizes that in addition to the traditional academic units such as departments and colleges, research, and specifically interdisciplinary research, can be sponsored by other academic units, such as centers and institutes. Because of the many different combinations that may occur, this policy cannot specify how the royalties are to be allocated. It is, however, the general policy of Intellectual Property Rights, *Regents' Rules*, to allocate royalties to the units that have provided the substantial level of indirect support that triggers TTUS's ownership of the intellectual property. The policy encourages voluntary agreements between such units prior to the development of intellectual property (to allocate the percentage of royalty share that is appropriate for each unit). In the event that no agreement can be reached prior to the generation of royalties, the president of ASU will resolve the allocation question.
- c. Copyrightable Works. All monetary proceeds from commercialization of copyrightable works, including royalties, equity interests, and dividends, are the property of ASU. Income received from commercialization of copyrightable works will be distributed as follows:

- (1) Institutional Works: TTUS shall be entitled to all income from distribution or commercialization of institutional works.
- (2) Works Developed with Significant Use of Resources: In cases where the OTTIP conducts the commercialization or distribution of the copyrightable work on behalf of TTUS, the distribution of income shall be made in accordance with steps outlined in Section (a) above.

In cases where the TTUS unit conducts the commercialization or distribution of the copyrightable work, the distribution of net income after expenses of creation and distribution shall be in accordance with the amounts set forth in Section 10.14.c.(2), *Regents' Rules*.

- (3) In the event of multiple authors, the authors will agree among themselves as to the distribution of the income accruing to the authors; distribution of the authors' share shall be made only upon receipt of a signed agreement between the authors. In the event that an author is a joint employee of two or more TTUS components, or in the event that authors represent two or more components, the components will agree as to the distribution of the income accruing to the components, considering such factors as annualized FTE by component and relative contributions of the authors to the work.

16. Equity and Other Non-monetary Returns

TTUS may negotiate, but shall not be obligated to negotiate, for equity interests in lieu of or in addition to royalty and/or monetary consideration as a part of an agreement relating to intellectual property.

[Reviewed with no changes: May 4, 2018]

- a. According to the percentage set forth in Section 10.15.a. of the *Regents' Rules*, creators may receive equity or other non-monetary consideration (or, in TTUS's discretion, its monetary equivalent) received by TTUS or ASU under this section. However, TTUS may choose to receive the consideration under terms that restrict its ability to sell, distribute, or otherwise deal with the equity interests. In such cases, any restrictions on TTUS's interest shall be equally applicable to the interest of the creator, unless waived or varied in writing and signed by the Director and the creator.
- b. TTUS does not act as a fiduciary for any person concerning equity or other consideration received under the terms of this regulation.
- c. The division of net royalties and other income from patents and copyrights and marketing and licensing the technology managed by a patent or copyright agent will be controlled by TTUS agreement with such agent, as approved by the TTUS Board of Regents. Any deviation from this rule requires the prior approval of the TTUS Board of Regents.

17. Equity Ownership

This policy allows equity ownership and business participation by TTUS faculty, staff, and students consistent with state law as presently stated in Section 51.912, *Texas Education Code*, or any other future statutory provision relating to the subject matter of this intellectual property policy.

18. Trademarks

In most situations, a trademark identifies an item of intellectual property, such as a computer program or a plant variety. In other situations, a trademark identifies an educational, service, public relations, research, or training program of TTUS or its components. TTUS or ASU owns all right, title and interest in trademarks related to an item of intellectual property owned by TTUS or ASU, or to a program of education, service, public relations, research, or training program of TTUS or ASU. All income from the licensing of a trademark shall belong to TTUS, or ASU, as applicable.

19. Tangible Research Property

- a. TTUS owns all right, title and interest in tangible research property related to an individual's employment responsibilities and/or developed with support from TTUS-administered funds, facilities, equipment, or personnel.
- b. For purposes of management of the asset, tangible research property shall be managed as an invention, with distribution of income from the distribution or commercialization of such tangible research property made in accordance with Section 15.

20. Provisions for Release of Rights to Creators

Absent a contractual obligation to a research sponsor, TTUS may release ownership rights to a creator, with the following provisions.

- a. TTUS shall retain for TTUS and all components thereof a perpetual, royalty-free license to use the invention or copyrightable work, and any corresponding patents or copyrights, for research, education, and service purposes.

- b. TTUS shall receive a share of all proceeds generated from commercialization of the invention or copyrightable work after the creator has recovered documented out-of-pocket costs for obtaining legal protection for the invention or copyrightable work, the amount of such share to be negotiated at the time of the release. Should the OTTIP and the creator be unable to agree, the matter shall be finally resolved by the president of ASU.
- c. In the case of release of rights to the creator, the creator shall not be entitled to a share of proceeds received by TTUS under Section (b) above.

21. Offers of Intellectual Property

- a. If an individual chooses to offer to TTUS certain intellectual property in which TTUS has no claim, TTUS may accept ownership of the intellectual property provided that:
 - (1) the individual makes the offer to TTUS as if the intellectual property had been created within TTUS;
 - (2) the individual agrees to all provisions (including distribution of income provisions) of this policy;
 - (3) the individual 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 copyright or other legal rights.
- b. The OTTIP will decide whether to accept or reject such offers.
- c. Should TTUS agree to accept the offer of intellectual property; the individual will execute an OTTIP assignment agreement transferring all right, title, and interest in the intellectual property to TTUS, and acknowledging that the individual agrees to all provisions of this policy. In cases in which the individual has already expended funds toward obtaining patent or other legal protection for the invention, the individual and TTUS 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.
- d. TTUS may accept charitable donations of intellectual property from governmental or private organizations. Upon the transfer of title in the intellectual property to TTUS, the intellectual property will be managed in accordance with this policy.

22. Complaint Procedure

- a. Foreword. The purpose of these procedures is to address complaints of individuals covered by this policy (all persons employed by components of TTUS, all students of TTUS, and anyone using TTUS facilities or under the supervision of TTUS personnel) related to the actions or decisions of the Director and to provide a mechanism for resolving them. Each member of the TTUS faculty and staff shall have the right to a hearing for redress of complaints through established channels.

After the complaint is presented to the Director, the time periods for action prescribed in these procedures are guidelines only but should be followed unless a request for extension is granted for good cause by the vice president of academic affairs. Consideration should be given for TTUS holidays and agreement of the parties.

- b. **Complaint Initiation.** The complainant will present a written description of the complaint and proposed resolution to the Director within 21 calendar days after the complainant becomes aware of the action constituting the complaint. The complainant and Director will meet within 21 calendar days of receipt by the Director and attempt resolution of the complaint. If resolution is not reached, the Director's written decision will be provided to the complainant within 10 calendar days after the meeting. If the decision is not acceptable to the complainant, or if the Director does not render a written decision within 10 working days, the complainant may proceed as set forth below.
- c. **Mediation.** The complainant or the Director may request mediation of the dispute within 10 calendar days of the Director's written decision provided under Subsection (b). If the Director and complainant agree, a person acceptable to both parties will mediate the complaint. If the parties are unable to agree upon a mediator within 10 calendar days of the request to mediate, the vice president for academic affairs, or designate, will select a member of the TTUS community, familiar with the area in dispute, to serve as mediator. The complaint will be presented for mediation within 21 calendar days after the mediator has been selected.

If mediation is successful, the complaint process shall end.

If mediation fails to resolve the complaint, the Director will provide a written decision to the complainant within 10 calendar days after the mediation is concluded. If the Director's decision is not acceptable to the complainant, the complainant may proceed as set forth below.

d. **Appeal to the President**

- (1) The appeal procedure is initiated by the complainant providing a written request to the president asking that the decision of the Director be reviewed. The complainant will provide copies of the original complaint, written decisions of the Director and a proposed resolution.

The appeal to the president shall be filed within 15 calendar days of the complainant's receipt, or lack thereof, of the written decision of the Director.

The president, in consultation with the Intellectual Property Committee, will select three (3) members of the institution's community to serve on an appeal committee.

Persons selected for service on the committee will be allowed to present to the president reasons why they should be recused from the process.

Following the selection of the three (3)-person appeal committee, the president will convene the committee, give the committee its charge, and supply the committee with all relevant documents furnished by the Director and the complainant.

- (2) The president may appoint a faculty member with expertise in the relevant area of intellectual property to serve as a non-voting facilitator to assist the committee in its deliberations.

e. Hearing Committee Process

- (1) Within 21 days of receipt of the request from the president, the hearing committee will hold its hearing. The committee will, prior to the hearing, elect its own chairperson. The chairperson's notice of scheduling a time and place for the hearing will be delivered to the involved parties at least seven calendar days prior to the hearing.
- (2) The hearing will be non-adversarial in nature and conducted in accordance with the procedures established by the committee. The complainant and the Director will be given the opportunity to present each party's position, including the right to present information, written or oral, considered relevant or material to the complaint as determined by the committee. The committee may call such witnesses as it considers appropriate.
- (3) At the conclusion of the hearing, the committee will meet and consider the matter. The majority opinion will constitute the committee's recommendations to the president. A minority opinion may also be submitted to the president. The committee's recommendations to the president shall be advisory in nature.

If the president has appointed a non-voting faculty facilitator as permitted above, the facilitator may attend the hearing and, subject to the will of the committee, may or may not be present during the committee's deliberations.

- f. President's Decision. The president will consider all material submitted and the recommendation of the committee and render a written decision, with copies to the committee, within 15 calendar days of receipt of the committee's recommendations. The president's decision is final.
- g. Resolution by the Parties. The Director and complainant may agree to a resolution of the complaint at any time from institution of the complaint until receipt of the president's decision.