

**THE TEXAS A&M UNIVERSITY SYSTEM
HEALTH SCIENCE CENTER INTERNAL POLICY**

**17.02.01.Z1.01 Management of Technology Commercialization
Through Patents and Licensure of Intellectual Properties**

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Supplements System Policy 17.01

1. GENERAL

- 1.1 This internal policy provides guidelines for the management of technology commercialization through disclosures, patents and licenses of intellectual properties within the Texas A&M Health Science Center (HSC). Collectively, intellectual property includes but is not limited to issued patents, patentable inventions, copyrightable works, trademarks, mask works, and trade secrets, as defined in detail in TAMUS policy 17.01.
- 1.2 The Vice President for Research (VPR) is the principal institutional official who is responsible for oversight and management of intellectual property and technology commercialization within the HSC. The VPR will work through the TAMUS Office of Technology Commercialization (OTC) as dictated by TAMUS Policy 17.01.
- 1.3 The components of the HSC and the faculty, staff, and students shall be permitted maximum freedom with respect to development and commercialization of intellectual property, consistent with any obligations to the HSC and the Texas A&M University System (TAMUS). The process of commercialization of intellectual property shall be kept as close to the inventor as possible.

2. OWNERSHIP OF INTELLECTUAL PROPERTY

- 2.1 Except as otherwise expressly provided in TAMUS Policy 17.01, 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 facilities and resources as defined in TAMUS Policy 17.01 shall be owned by the System.
- 2.2 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

TAMUS Policy 17.01 is owned by the creator, subject to the rights of third parties.

- 2.3 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 the System.

3. TECHNOLOGY COMMERCIALIZATION ADVISORY COMMITTEE (TCAC)

- 3.1 The TCAC is appointed by the VPR to represent the interests of all the components in the development of intellectual properties and technology commercialization within the HSC.
- 3.2 The TCAC will make recommendations concerning policies and procedures for management of intellectual properties and technology commercialization through the VPR to the President of the HSC.
- 3.3 The TCAC will be comprised of the following:
 - 3.3.1 Two representatives of the faculty or professional staff from each component of the HSC, nominated annually for two-year terms by the Dean/Director to the VPR.
 - 3.3.2 A representative of the office of the VPR (OVPR).
 - 3.3.3 Additional regular and *ex officio* members appointed annually by the VPR as appropriate to provide scientific and business expertise, and to represent other interests of the HSC.
- 3.4 The Chair of the TCAC will be appointed annually by the VPR.
- 3.5 The TCAC will provide advice and oversight for all matters relating to management of intellectual properties and commercialization for the HSC. The charge to the TCAC in the area of intellectual property and technology commercialization includes the following:
 - 3.5.1 Serve as a proponent for research and other scholarly activities that will result in development of intellectual property and technology commercialization at the HSC.
 - 3.5.2 Recommend HSC rules, internal policies, and procedures pertaining to intellectual property to the VPR.
 - 3.5.3 Provide oversight and advice to the VPR for the area of financial conflict of interest and conflict of commitment.

- 3.5.4 Facilitate and coordinate the intellectual properties and commercialization process between the individual components in order to maximize effectiveness, efficiency, and synergies within the HSC as a whole.
- 3.5.5 Provide advice concerning evaluation of potential technologies for HSC components, when requested.
- 3.5.6 Provide advice concerning support for the overall commercialization process within the HSC.
- 3.5.7 Encourage and assist with the training and education of faculty in the area of technology commercialization.

4. DISCLOSURE OF INTELLECTUAL PROPERTY

- 4.1 Individuals subject to this policy are required to promptly disclose all inventions, copyrightable work, 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.
- 4.2 Questions about whether an idea or discovery constitutes an invention, and is therefore patentable, can be complex. Individuals covered by this policy are encouraged to disclose as soon as possible after the conception of the invention or seek guidance from the TCAC or the OTC as soon as questions arise concerning patentability or copyright and what must be disclosed.
- 4.3 Disclosure shall be made in a form prescribed by and available from the OTC, and must be submitted by the creator or his/her agent through their CEO or designee with simultaneous copies to their Dean and Department Head if applicable to the OTC.
- 4.4 Disclosure shall include a full and complete description of the discovery or development, and shall identify all contributing participants.

5. DISCLOSURE EVALUATION PROCESS AND EVALUTATION BY OTC

- 5.1 Upon receipt of a completed disclosure form, the OTC will initiate a review to determine the rights and obligations of all parties concerned. The OTC will also evaluate the commercial significance of the discovery and patentability issues.
- 5.2 It is the obligation of the creator(s) to make available to the OTC additional information as requested in all stages of this process.
- 5.3 The OTC will inform the creator of the outcome of its review regarding rights and obligations as soon as practical, but no later than 90 calendar days from

receipt of a complete disclosure in the case of inventions and tangible research property and no later than 60 days in the case of copyrightable works.

6. EVALUATION BY HSC COMPONENTS

- 6.1 HSC components are encouraged to perform independent evaluation of all disclosures for scientific and commercial merit. However, components are not required to do so, and may rely on the evaluation by the OTC to guide their decision on whether or not to accept responsibility for the protection of the intellectual property.
- 6.2 Evaluation by the component may occur simultaneously with the OTC evaluation. Any evaluation by the component should be coordinated with the OTC in order to ensure there is minimal duplication of effort. Any costs associated with the component evaluation will be the responsibility of the component.
- 6.3 Evaluation by the component may be undertaken in the following ways:
 - 6.3.1 By an advisor or advisory committee (e.g., intellectual property committee, research committee) within the component.
 - 6.3.2 By the TCAC.
 - 6.3.3 By an external patent consultant who is approved by the OTC.
- 6.4 A copy of the evaluation reports for all intellectual properties shall be forwarded to the VPR and to the OTC.

7. ASSIGNMENT OF RIGHTS TO OTC

- 7.1 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 in a form prescribed by and available from the OTC to set forth effectively the ownership and rights to intellectual property.
- 7.2 Some intellectual property is not appropriate for patent protection, although it has commercial value. In these instances, licensing of these technologies should be encouraged.
- 7.3 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 all related costs associated with protecting the intellectual property.

8. ASSIGNMENT OF RIGHTS TO THE HSC COMPONENT

- 8.1 If the OTC does not choose to support patent protection and releases the intellectual property, the HSC component at which the intellectual property was developed has first option to seek protection.
- 8.2 If the component chooses to seek patent protection for the intellectual property, the component will assume full financial responsibility for patent protection. Management of patent protection will be through the OTC.
- 8.3 Licensing of intellectual property must be managed through the OTC.

9. ASSIGNMENT OF RIGHTS TO THE HSC CENTRAL ADMINISTRATION

- 9.1 If the component does not choose to accept responsibility for management of the intellectual property, the HSC central administration through the OVPR has second option to seek protection for the intellectual property.
- 9.2 If the OVPR chooses to seek patent protection for the intellectual property, the OVPR will assume full financial responsibility for patent protection. Management of patent protection will be through the OTC.
- 9.3 Licensing of intellectual property must be managed through the OTC.

10. ASSIGNMENT OF RIGHTS TO THE CREATOR

- 10.1 If the OTC, HSC component, and HSC choose to release the intellectual property, the inventor is then free to pursue commercialization independently according to TAMUS Policy 17.01.
- 10.2 The OTC shall manage and coordinate release of the intellectual property to the creator in order to ensure that all System interests are protected and that all requirements for intellectual property associated with federal grants, if applicable, are followed.

11. PORTFOLIO OF HSC INTELLECTUAL PROPERTY

- 11.1 HSC components shall keep a current list of all intellectual property for which it has assumed proprietary responsibility. This list shall be shared with the OVPR so that a coordinated and complete portfolio of intellectual property may be maintained for review by interested investors.

12. DISTRIBUTION OF ROYALTIES, FEES, AND SALE PROCEEDS FROM LICENSING

Distribution of income from commercialization of intellectual property will follow policies outlined in TAMUS Policy 17.01.

12.1 Distribution of royalties, license fees, and sale proceeds from licensing or sale of patentable inventions licensed or sold before June 1, 2006

12.1.1 The cost to the OTC of obtaining legal protection for the intellectual property and payments to any third-parties will be deducted from gross royalties to arrive at net income.

12.1.2 Forty-two and one-half percent (42.5%) of net income will be distributed to the creator(s) as personal income.

12.1.3 Thirty-nine and one-half percent (39.5%) of net income will be distributed to the OVPR.

12.1.4 Eighteen percent (18%) of net income will be distributed to the OTC.

12.2 Distribution of royalties, license fees, and sale proceeds from licensing or sale of patentable inventions licensed or sold on and after June 1, 2006

12.2.1 The cost to the OTC of obtaining legal protection for the intellectual property and payments to any third-parties will be deducted from gross royalties to arrive at net income.

12.2.2 Thirty-seven and one-half percent (37.5%) of net income will be distributed to the creator(s) as personal income.

12.2.3 Thirty-seven and one-half percent (37.5%) of net income will be distributed to the OVPR.

12.2.4 Twenty-five percent (25%) of net income will be distributed to the OTC.

13. DISTRIBUTION OF NET ROYALTY INCOME RECEIVED BY THE HSC

13.1 Income that is received by the OVPR from OTC for royalties, license fees, and sale proceeds from licensing or sale of patentable inventions will be distributed according to two factors: (1) the component(s) at which the invention was developed and (2) the HSC administrative unit(s) (i.e., components, OVPR) and other affiliated institution(s) that funded development or protection of the intellectual property.

13.2 If the research development and commercialization process for the intellectual property was supported entirely by one or more HSC components, or if no financial support was required for development, all of the net income distributed

to the OVPR will be provided to the component(s) Dean/Director proportionate to the level of support.

13.3 Distribution of revenues received by the HSC component will be made according to a plan developed by the Dean/Director.

13.3.1 Each distribution plan shall be reviewed on an annual basis by the VPR and the Vice President for Finance and Administration, and approved by the HSC President.

13.3.2 The component distribution plan should take into account the contributions made to development of the intellectual property by the individual laboratories, departments, and centers within the HSC component and affiliated institutions.

13.4 If the commercialization process was funded by the OVPR or jointly by the HSC and one or more component, all of the income received will be distributed to the OVPR until all costs associated with the commercialization process have been recovered. Final revenue distribution will be determined on a case-by-case basis, with the HSC component receiving a minimum of 50% of the net income.

13.4.1 Distribution of revenues from commercialization of intellectual property retained by the OVPR will be at the discretion of the President.

13.4.2 Distribution and utilization of revenues from commercialization of intellectual property received by the HSC component will be at the discretion of the Dean/Director according to their approved guidelines (section 13.3).

13.5 If the research and commercialization process for the intellectual property was supported entirely by the OTC, revenue distribution will be determined on a case-by-case basis, with the HSC component receiving a minimum of 75% of the net income.

13.5.1 Distribution and utilization of revenues from commercialization of intellectual property received by the OVPR will be at the discretion of the President.

13.5.2 Distribution and utilization of revenues from commercialization of intellectual property received by the HSC component will be at the discretion of the Dean/Director according to their approved guidelines (section 13.3).

OFFICE OF RESPONSIBILITY

Office of the Vice President for Research