

1. PURPOSE

Subject and pursuant to all applicable and controlling Texas State University System (TSUS) *Rules and Regulations*, Sam Houston State University (SHSU or University) is committed to fostering the creation and dissemination of knowledge and to providing certainty in individual and institutional rights associated with ownership and with the distribution of benefits that may be derived from the creation of intellectual property.

2. BACKGROUND INFORMATION

- 2.01 SHSU recognizes that research and scholarship by its faculty, staff, and students will result in inventions, discoveries, and other intellectual creations with potential societal benefit and market value. These include but are not limited to biological and other proprietary materials, plants, computer software, trade secrets, medical treatments, devices, process, and pharmaceuticals. This policy seeks to protect the interests of individual inventors, researchers, creators, and the University, while also ensuring that the SHSU community and society benefit from fair and full dissemination of knowledge and innovation. In all cases, affected individuals answer to individual or university obligations under grants, contracts, and research agreements with governmental agencies or sponsors.
- 2.02 This policy applies to all persons employed by SHSU, to all students of SHSU, and to anyone using SHSU facilities or under the supervision of SHSU personnel. SHSU expects its employees, faculty, staff, and students to be aware of and abide by the University's policies related to intellectual property. The prior established policy shall govern all intellectual property disclosures made prior to June 5, 2024.
- 2.03 This policy intends to foster the traditional freedoms of SHSU faculty, staff, and students in matters of publication and invention, through a fair and reasonable balance of equities and interests among creators, sponsors, and SHSU. This policy strives to outline the rights and interests of faculty, staff, and students in intellectual materials created while they are affiliated with SHSU. This policy focuses primarily on inventions, discoveries, patents, (collectively referred to as IDP), and intellectual property that may prove patentable.

3. DEFINITIONS

- 3.01 Copyrighted Work – an original work of authorship fixed in a tangible medium of expression from which others can perceive, reproduce, or otherwise communicate it, either directly or with a machine or device, including books, journals, software, computer programs, musical works, dramatic works, videos, multimedia products, sound recordings, and pictorial and graphical works. A single author or a group of collaborating individuals may produce a tangible research item.

- 3.02 Creator – an individual subject to this policy, who invents, discovers, authors, or otherwise develops intellectual property.
- 3.03 Intellectual Property – a term referring to a number of distinct forms of property that result from intellectual thought or activity, and for which a set of exclusive rights are recognized.
- 3.04 Intellectual Property (IP) Committee – a standing committee appointed as directed in Chapter III, Section 12.8, *TSUS Rules and Regulations*. The committee provides a forum for discussion of SHSU policies and procedures related to commercialization of IDP. The committee reviews inventions and discoveries made by university faculty, staff, and students and makes recommendations to the University President regarding the University's ownership interest. At the President's request, the committee provides advice and recommendations regarding the handling of IDP commercialization opportunities and technology transfer disputes.
- 3.05 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. A single inventor or a group of collaborating inventors can produce an invention.
- 3.06 Office of Research and Sponsored Programs (ORSP) – the SHSU organizational unit charged with promoting the transfer of SHSU technologies for society's use and benefit while generating unrestricted income to support research and education. The Intellectual Property Committee (IPC) is responsible for the administration and implementation of SHSU's IDP program, and for assisting and advising SHSU faculty, staff, and students regarding commercialization issues.
- 3.07 Software – In recent years, the United States Patent and Trademark Office has granted patents to software meeting certain technical and legal criteria. When SHSU has an ownership interest in copyrighted software with patentable subject matter, and it chooses to seek patent protection for the software, it will manage this software as an invention under this policy.
- 3.08 Patentable Research Property – patentable 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 connect with one or more intangible inventions or discoveries. A single creator or a group of collaborating inventors can produce an item of patentable research property.

- 3.09 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 the University’s logo and tagline.

4. PATENT POLICY KEY PROVISIONS

- 4.01 Ownership – IDP and tangible research property made with the use of SHSU facilities or during the course of regularly assigned duties of faculty, staff, and students shall become the property of SHSU. Individuals subject to this policy shall, upon request, assign all applicable IDP and tangible research property to SHSU, except that owned by third-parties pursuant to sponsored research agreements and that result from independent work or approved consulting activities not utilizing SHSU facilities.
- 4.02 Student Ownership – Ownership of IDP developed by students using SHSU’s facilities while engaging in coursework, including but not limited to capstone projects, senior design engineering projects, and maker space projects, may be owned by the student. The IDP may not:
- a. be related to the student’s roles duties or activities as an employee of SHSU;
 - b. list a co-inventor who is employed by SHSU or other TSUS component; or
 - c. have been funded, in whole or in part by a sponsored program, grant, or contract received by an external entity, SHSU, or other TSUS component. The inventors of any such IDP must disclose the IDP to the SHSU ORSP using the IDP disclosure form found on the ORSP website.
- 4.03 Personal Time and Resources – Faculty, staff, or students generally own IDPs and tangible research property developed in their personal time and without use of university resources or work force support, except in the case of conflict with any applicable agreement. An individual's "personal time" shall mean time other than that devoted to normal or assigned functions in teaching, extension, Component service, or direction or conduct of research on Component premises, or utilizing "Component facilities." In this context, the University defines “resources use” to mean any facility, including equipment and material, available to the inventor as a direct result of the inventor’s affiliation with the University.
- 4.04 Persons who claim that IDP and tangible research property were created on personal time and without the use of SHSU’s resources have the responsibility to disclose all such IDPs to the University. It shall be the responsibility of the inventor

to demonstrate and document the basis of the inventor's claim that only personal time and resources were used in creation of the IDP or tangible research property.

- 4.05 Government-Sponsored Research – The terms of the grants or contracts specified by the government sponsor or by applicable law may control patents arising from government-sponsored research. In the absence of such terms or when patent rights are waived by the sponsor, patent rights arising from government-sponsored research are controlled by the TSUS *Rules and Regulations* and the SHSU Patent Policy.
- 4.06 Non-Government-Sponsored Research – SHSU must ensure the public interest is best served by the manner in which it applies its facilities and workforce. Likewise, it must also consider the legitimate interests of private sponsors. The University normally reserves the right to ownership of IDP arising out of research funded, in whole or in part, by grants or contracts with private sponsors. However, upon request, the University may negotiate special provisions that grant patent ownership to the private sponsor. In such cases, the University should:
- a. retain the right to use the IDP for its own research, educational, and service purposes without the payment of royalty fees;
 - b. require the sponsor to use due diligence in the commercial use of the IDP; and
 - c. retain the right to freely publish the results of its research after a reasonable period necessary to protect the rights of the parties and to allow for the filing of a patent application.
- 4.07 IDP Disclosure – Creators of IDP have a duty to promptly disclose their IDP to ORSP in writing using the IDP disclosure form found on the ORSP website. Certainty about patentability is not a requirement for disclosure. The duty to disclose arises as soon as the creator has reason to believe, based on the creator's own knowledge or upon information supplied by others, that the invention or discovery may be patentable.

Creators must use the disclosure form prescribed by and made available from ORSP to make disclosures. Creators shall cooperate with SHSU in protecting intellectual property rights in the IDP policy. Creators shall execute such declarations, assignments, or other documents as necessary in the course of invention evaluation, patent prosecution, or protection of patent rights to ensure that SHSU holds title to these inventions.

- 4.08 IDP Protections – The Intellectual Property Committee will review all disclosures and offer recommendations to the University President regarding SHSU's

ownership interest in the IDP, if any, and how the University might exploit that ownership interest. The following are the possible avenues of IDP protections or commercialization:

- a. File a Patent – This may be in the form of a Provisional Patent, International Patent Cooperation Treaty (PCT) Patent, or a U.S. Patent. The goal of filing the patent is to pursue commercialization of the disclosed invention. A paid license to one or more outside entities is the desired outcome.
- b. Hold the Disclosure – The IP committee may recommend that the disclosure not be released or filed. This decision is based on many factors including, but not limited to, maturity of the technology, potential of successful commercialization, the existence of third-party rights, or continued research in the disclosed subject area.
- c. Inventor Initiated Filing – If, after reviewing the disclosure, the IP Committee's recommendation is to hold the disclosure, the inventor determines that filing a patent is in the best interest of SHSU or for public benefit, the inventor may request that SHSU file the patent, in SHSU's name and at the inventor's expense. Such requests must be approved by the SHSU Vice President for Research (VPR). If inventor-initiated filing is approved, an agreement detailing both the inventor's and SHSU's financial obligations and other details shall be executed. Filing may not be initiated until the agreement is executed and the agreed-upon payment is received by ORSP.
- d. Release to Inventor – After review, the IPC may recommend that the IDP be released to the inventor. The recommendation is then sent to the University President for approval. If the University President decides that SHSU should not assert and exploit its ownership interest in the disclosed IDP, the IPC shall promptly notify the creator of that decision. The inventor is then free to file a patent and exploit its rights privately. No invention made with federal funds shall be released to the inventor without the prior written approval of the funding agency.
 - (1) Prior to any waiver of interest, the ORSP shall evaluate the third-party rights to the IDP and take appropriate steps to ensure compliance with contractual obligations and state and federal law.
 - (2) SHSU shall reserve the right to share in any revenues derived from IDP that has been released to the creator. The release letter shall state the University share, but it may never exceed three percent of net revenue. SHSU shall reserve the right to use IDP previously released to the creator for educational and future research purposes.

- 4.09 IDP Administration – In asserting and exploiting SHSU’s IDP ownership interest, the ORSP shall make determinations as to:
- a. the potential value of the IDP to SHSU
 - b. the rights and equities of the creator, SHSU, and any third parties; and
 - c. the required actions to maximize the benefits of any IDP to the public, SHSU, and the creator.

The ORSP is authorized to negotiate management, licensing, and royalty agreements with reputable individuals, agencies, or firms. Management services may include evaluation of IDP disclosures, filing of patent applications, and patent licensing and management.

- 4.10 Royalties and Other Proceeds – When SHSU elects to protect IDP in its name, it shall award to the creator a reasonable share (as defined below) of the 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.
- a. SHSU shall deduct the administrative and patent management costs prior to royalty distribution. Such costs include those associated with the patenting, licensing, and protection of patent rights.
 - b. In most instances, SHSU will distribute the net royalties or other net income received under a formula of 50 percent to the creator and 50 percent to SHSU. Any distribution that grants the creator more than 50 percent shall require approval of the President and TSUS Board of Regents (as specified in Section 12. (14) 3 of the *TSUS Rules and Regulations*).
 - c. In the event of multiple creators, the creators will first determine the proper distribution of the 50 percent creator’s share. If they cannot agree, all creators will share the royalties evenly.
 - d. The VPR shall retain SHSU’s 50 percent for use in furthering research and commercialization activities.
 - e. In the event that a creator contributes a personal work to SHSU, the University must execute a written agreement. The terms of the agreement shall include a statement governing the division of royalties between SHSU and the creator.

- f. In cases of extramural funding, the funding agreement's terms shall govern the division of royalties resulting from commercialization of materials. In the event that the funding agreement vests royalty rights in SHSU and does not provide a royalty share for the creator, the creator will receive the same proportionate share due if the work received intramural funding. Such a royalty payment to the creator, however, may not violate the terms of the funding agreement. Such share shall receive a proportion of whatever share is SHSU- owned under the funding agreement's term and this policy.

5. PROCEDURES FOR COMMERCIALIZATION AGREEMENTS WITH PRIVATE ENTITIES

- 5.01 The following guidelines shall apply to agreements with private entities including those formed primarily for developing or commercializing intellectual property created at SHSU, subject to the terms of sponsored research agreements that led to the intellectual property's creation.
 - a. Exclusive agreements are permitted, especially when conditions would otherwise prevent the IDP from reaching the marketplace for the benefit of the public. If an entity receives the exclusive rights with respect to a particular invention, product, process, or intellectual property item, the agreement should provide that such rights will revert to SHSU if the entity fails to diligently develop and commercialize the IDP within a specified time period that is appropriate to the circumstances. The University President must approve an exclusive license.
 - b. An entity that receives exclusive rights to develop or commercialize patentable inventions and discoveries must reimburse SHSU for expenses the University incurred in obtaining a patent. If the University does not hold a patent, the entity must prosecute and bear the expense of obtaining patent protection for SHSU's benefit and, in either event, the entity must take all actions necessary, including litigation, to protect and preserve such patented rights from infringement.
 - c. The agreement must protect and indemnify SHSU and its officers and employees from all liability arising from the development, marketing, or use of the IDP.
 - d. The agreement should minimize any restrictions on use for research and teaching purposes and the publication rights of researchers.
 - e. If the entity fails to develop and commercialize the IDP, the entity will return all rights in SHSU's IDP so that the University may offer these rights to another entity.

- f. The entity must 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.
- g. The entity must maintain the confidentiality of any unpatented inventions or know-how.
- h. The entity must pay to SHSU a fair market portion of any royalties or fees received as a result of sublicensing SHSU's IDP. SHSU's share of such revenues shall be determined on a case-by-case basis.
- i. License agreements should contain other provisions that the IPC and the TSUS general counsel determine are in SHSU's best interest.
- j. The director is authorized to negotiate license agreements.

6. PROCEDURES FOR APPROVAL OF EMPLOYEE PARTICIPATION IN BUSINESS ENTITIES

- 6.01 Any SHSU employee who wishes to participate as an employee, officer, or member of the board of directors of a business entity that has agreements with SHSU relating to the research, development, licensing, or exploitation of IDP in which SHSU has an ownership interest, must request authorization from ORSP for VPR approval.
- 6.02 SHSU Participation in Business Entities – When requested and authorized by the TSUS Board of Regents, an employee may serve on behalf of the Board, as a member of the board of directors or other governing board of a business entity that has an agreement with SHSU relating to the research, development, licensing, or exploitation of SHSU IDP.
- 6.03 The following related policies apply:
 - a. SHSU Finance & Operations Procurement and Business Services Policy-FO-PUR-02 Employee Ethics
www.shsu.edu/intranet/policies/finop/procurement_business_services/documents/PUR-02%20Ethics.pdf and;
 - b. SHSU Researcher Conflicts of Interest in Research and Sponsored Program Activities:<https://www.shsu.edu/dept/office-of-research-and-sponsored-programs/documents/FCOI-AP950809.pdf> and;

c. SHSU Outside Employment for Faculty Policy:

<https://www.shsu.edu/intranet/policies/forms/documents/hr/OutsideEmploymentForm.pdf>

7. ASSIGNMENT AND PROTECTION PROCEDURES

- 7.01 Creators shall execute appropriate assignment or other documents required to set forth effectively the ownership and rights to IDP and tangible research property. Technology Transfer and Contracts prescribes and provides assignment agreements.
- 7.02 Technology Transfer and Contracts, in collaboration with the IPC, will determine whether SHSU desires to commit funding to obtain protection for the inventions and discoveries, and shall so notify the creators of the decision. In many cases, before making a final decision, ORSP will identify one or more licensees who will bear the cost of obtaining patent protection.
- 7.03 In those instances where the creator perceives that delay would jeopardize obtaining the appropriate protection for the inventions and discoveries, the creator may request that SHSU expedite its decision.

8. OBLIGATIONS TO SPONSORS

- 8.01 ORSP, in cooperation with Post-Award Support Services, shall coordinate reporting requirements and other obligations to research sponsors regarding IDP or economically significant tangible research property developed under a research contract or grant, including obligations to the United States Government Code, 37 CFR, Section 401.

9. AVOIDANCE OF CONFLICTS

- 9.01 Per TSUS, Chapter III, Section 12. (16), any employee subject to this policy shall report in writing to ORSP, or designee, the name of any business entity as referred to therein in which the person has an interest or for which the person serves as a director, officer, or employee and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. The ORSP, or designee, will collect these reports and forward them to the University President via the Provost and Senior Vice President for Academic Affairs.
- 9.02 Prior to signing any consulting agreement that deals with patent rights, trade secrets, or the like, where any SHSU time, facilities, materials, or other resources

are involved, SHSU personnel and students must bring the proposed agreement to the attention of ORSP and either obtain a waiver of SHSU rights or otherwise modify the consulting agreement to conform with this policy.

10. EQUITY INTERESTS

- 10.01 Owned by SHSU – In agreements with business entities relating to rights in IDP owned by SHSU, the University may receive equity interests as partial or total compensation for the rights conveyed. SHSU will exercise all due diligence to ascertain the fair market value of any equity offered by privately held companies prior to acceptance.
- 10.02 Owned by an Employee – In accordance with Texas Education Code § 51.912, and subject to review and approval by the University President, employees of SHSU who conceive, create, discover, invent, or develop IDPs may hold an equity interest in a business entity that has an agreement with SHSU relating to the research, development, licensing, or exploitation of that IDP. Sam Houston State University may, but shall not be obligated to, negotiate an equity interest on behalf of any employee as a part of an agreement between SHSU and a business entity relating to IDP conceived, created, discovered, invented, or developed by the employee and owned by SHSU.
- 10.03 Dividend income and income from the sale or disposition of equity interests held by SHSU pursuant to agreements relating to IDP shall belong to SHSU and shall be distributed in accordance with the provisions of this policy. Dividend income and income from the sale or disposition of an equity interest held by a SHSU employee pursuant to an agreement between SHSU and a business entity relating to rights in IDP conceived, created, discovered, invented, or developed by such employee shall belong to the employee.

11. FACULTY, STAFF, AND STUDENT INVOLVEMENT IN STARTUP COMPANIES

- 11.01 SHSU encourages its faculty, staff, and students to participate in the formation of startup companies with the intention of commercializing promising research. When such companies are formed, conflict of interest, conflict of commitment and outside employment and activities policies must be addressed (see Section 6.03).
- 11.02 Use of SHSU Laboratories, Facilities, and Resources – The company may not use university resources, including but not limited to labs, equipment, and supplies, without an executed agreement with the University. The company will be expected to pay the University for use of its resources. The rates charged would be the same rates that would be charged to any other company.

- 11.03 No faculty, staff, or students should be engaged in company-related business without a properly executed agreement. A faculty member with company interests may not directly supervise, act as a mentor or advisor to any student, other faculty member, or staff member engaging in any kind of work, research, or agreement related to the company in which the faculty member has an interest.
- 11.04 Student Entrepreneurship – Student entrepreneurship classes and business startup competitions may not include any IP under license to a faculty member-owned company. Nor can any IP released to the faculty member (meaning the University no longer has an ownership interest) be used for this purpose.

APPROVED: _____ <signed>
Alisa White, Ph.D., President

DATE: _____ 6/12/2024

CERTIFICATION STATEMENT

This academic policy statement (APS) has been approved by the reviewer listed below and represents SHSU's Division of Academic Affairs' policy from the date of this document until superseded.

Original: June 5, 2024
Reviewer: Academic Affairs Council

Review Cycle: Five years*
Review Date: Spring 2029

Approved: _____ <signed>
Michael T. Stephenson, Ph.D.,
Provost and Sr. Vice President
for Academic Affairs

Date: _____ 6/12/2024

*Effective January 2018, Academic Policy Statements will be reviewed on a rotating 5-year schedule. To transition to a distributed review load, some policies may be reviewed prior to the 5-year timeframe, with subsequent reviews transitioning to the 5-year schedule.