

A GUIDE FOR INDUSTRY RESEARCH AGREEMENTS WITH UNIVERSITY OF TEXAS AT ARLINGTON

PURPOSE OF THE GUIDE

This guide is a summary of the general policies applicable to research agreements between The University of Texas at Arlington (UTA) and private industry. These policies reflect UTA's position as a publicly supported educational institution. UTA-industry collaborations can result in benefits to both parties, if there is a clear understanding of fundamental UTA policies and procedures and of the complementary but differing goals of UTA and private industry. These guidelines are designed primarily to assist faculty in their relations with industry. They seek to clarify relationships and obligations between UTA and private industry.

UTA'S RESEARCH MISSION

UTA has a history of cooperation with industry in the support of research that is not only consonant with UTA's research mission but that of teaching, public service, and cultural diversity as well. Cooperative efforts are encouraged because they produce mutual benefits to the participants and society in general. Facilitating the transfer of technology to improve the health and productivity of society is an important goal of the cooperative UTA-industry relationship. All UTA research, including research sponsored by industry, is governed by the tradition of the free exchange of ideas and timely dissemination of research results. UTA is committed to an open teaching and research environment in which ideas can be exchanged freely among faculty and students in the classroom, in the laboratory, at informal meetings, and elsewhere at UTA. Such an environment contributes to the progress of teaching and research in all disciplines.

ESTABLISHING A RESEARCH AGREEMENT

In general, faculty members are encouraged to engage in appropriate outside professional relationships with private industry. Such outside activities can provide the individual faculty member with experience and knowledge valuable to teaching and research and also help students gain valuable educational opportunities and experiences. Such activities also facilitate the transfer of technology to improve the well-being and productivity of society and offer research opportunities through which the faculty member can make a contribution to knowledge. Initial discussions between sponsor representatives and UTA faculty are encouraged since this is necessary to confirm mutual interest. While initial discussions between industry sponsors and UTA faculty or senior research staff occur in a variety of ways, no project may be established or undertaken unless a carefully defined research proposal, including a budget, has been submitted through UTA's internal review procedures, endorsed with the

appropriate institutional signature, and an acceptable funding agreement has been negotiated and signed by authorized representatives. UTA policies pertaining to the protection of human subjects, biosafety, occupational and environmental protection, and animal welfare are applicable to all research conducted at UTA.

RESEARCH AGREEMENT RESPONSIBILITIES

The Office of the Vice President for Research and Information Technology, through the Office of Research, is responsible for establishing policies for research agreements consistent with the policies of the Board of Regents of The University of Texas System. The President has delegated the authority to solicit, negotiate, and execute awards to the Assistant Vice President of Research and Director of Grant and Contract Services of the Office of Research. The duties of the Office of Research include:

- Grant and Contract Services:
 - o pre-award activities - locating funding opportunities, proposal processing, negotiating awards, and development and execution of grants and contracts
 - o post-award activities - budget set-up, project tracking, expenditure analysis, renegotiations, project close outs, project extensions, and the development and execution of sub-awards and subcontracts
- Technology Transfer - non-disclosure agreements, intellectual property disclosure, patents, copyrights, trade secrets, licensing, and industry agreements with intellectual property issues
- Research Compliance - human subject research, animal research, biosafety, financial conflict of interest, and misconduct in science
- Information Technology - database management, website management, electronic proposal submission, reports, and information dissemination

Grant and project accounting are administered by the Grants Accounting Office within UTA's Business Office.

MOST FREQUENTLY ASKED QUESTIONS

HOW IS UTA IDENTIFIED?

UTA is a component of The University of Texas System, an entity created by Texas Statute as a public university system governed by a Board of Regents. All research agreements must be issued using UTA's name: "The University of Texas at Arlington, a State Institution of Higher Education established under the laws of the State of Texas as a component of The University of Texas System".

CAN UTA'S NAME BE USED? It is UTA's policy that under no circumstances shall a sponsor be permitted to state or imply in any publication or other published announcement that UTA has approved any product that is or might be manufactured, sold, or otherwise distributed. UTA also requires that its name not be used in connection with any advertisement, press release, or other form of business promotion or publicity, or refer to a research agreement, without prior written approval.

HOW IS CONFIDENTIAL INFORMATION PROTECTED?

UTA will endeavor to protect confidential or proprietary information disclosed by a sponsor to a UTA employee in accordance with reasonable terms negotiated by the parties. In most cases if confidentiality is required both UTA and the sponsor will sign a non-disclosure agreement that binds them to specific procedures to ensure confidentiality. The President has delegated the authority to execute non-disclosure agreements for UTA to the Assistant Vice President of Research and Director of the Office of Research.

WHAT IS REQUIRED IN PUBLICATION?

A fundamental principle of UTA, as a non-profit educational institution, is that the teaching and research environment should be open to promote the exchange of ideas among faculty and students. UTA's research activities are conducted as an integral part of the total educational program, and these activities often form the basis for articles in professional journals, seminar reports, presentations at professional meetings, and student dissertations and theses. Therefore, UTA will undertake research or studies only if scientific results can be published or otherwise promptly disseminated. If publication rights are not maintained, UTA becomes subject to the Unrelated Business Income Tax and may be required to pay 35% of the award monies received to the IRS.

HOW ARE SPONSOR INTERESTS PROTECTED IN PUBLICATION?

Freedom to publish and disseminate results is a major criterion of the appropriateness of any research project. UTA policy precludes assigning to extramural sources the right to keep or make final decisions about what may be

published. A sponsor may seek a short delay, however, in order to comment upon and to review publications for disclosure of its proprietary data or for potentially patentable inventions. Such a delay in publication should normally be no more than 60 days. While UTA must retain publication rights, sponsors can be assured the freedom to publish is not an obligation to publish.

WHAT ARE UTA COPYRIGHT DISCLOSURE REQUIREMENTS?

In keeping with academic tradition, UTA copyright policy provides that ownership of copyrights to scholarly or aesthetic works that are prepared through independent academic effort and not as part of a directed UTA assignment (the work in question was commissioned by UTA, or the work was created under extramural support) generally reside with the author. Such scholarly or aesthetic works include, but are not limited to, books, articles, lectures, and scholarly computer software resulting from independent academic study; or artistic works such as novels, videotapes, and musical compositions. Otherwise, all rights in copyright arising from UTA employment or the use of UTA resources belong to UTA. All UTA faculty, staff, or students must disclose all non-scholarly copyrightable works developed while employed by UTA and must assign all rights in copyright that occur in the course and scope of their employment to UTA. Copyright registration is a determination to be made by UTA's President based on a recommendation from the UTA Intellectual Property Committee. Title to the copyrightable material that is developed under a contract or grant from a commercial sponsor normally is owned by UTA. In limited cases, where the purpose of the agreement is to develop a copyrightable work for the sponsor's publication, the copyright may be assigned to the sponsor, but only if there is a provision surrendering this right to UTA after a reasonable interval of time, in the event the extramural fund source has not published within that time.

WHAT ARE UTA PATENT DISCLOSURE REQUIREMENTS?

All UTA faculty, staff, or students must disclose all potentially patentable inventions conceived or developed while employed by UTA and must assign all inventions that occur in the course and scope of their employment to The Board of Regents of The University of Texas System. Whether inventions are or are not patentable is a matter of federal patent law. Whether UTA will prosecute any specific patent is a determination to be made by UTA's President based on a recommendation from the UTA Intellectual Property Committee. While all patentable inventions must be disclosed, inventions resulting from permissible consulting activities without use of UTA funds or facilities need not be assigned to UTA. Faculty should review consulting agreements carefully to ensure they do not conflict with obligations under UTA patent and other relevant policies.

DOES A SPONSOR OWN UTA INTELLECTUAL PROPERTY?

The basic aim of UTA's intellectual property policy is to promote the progress of science and technology, to assure that discoveries and inventions are used to

benefit the public, and to provide recognition to the inventor(s) and UTA. As a public university system, funded in part by the taxpayers of the State of Texas, The Board of Regents of The University of Texas System retains ownership to all inventions and discoveries arising from the research of its faculty, staff, or students in accordance with the laws of inventorship whether or not such inventions are patentable. The right to negotiate a license is normally granted to the sponsor of the research. In addition, a sponsor is usually given the right to use an invention for internal research purposes.

DOES A SPONSOR OWN JOINT INTELLECTUAL PROPERTY?

A sponsor and UTA jointly own inventions and discoveries when jointly made by an employee of the sponsor and by faculty, staff, or students arising from collaboration in connection with the performance of any research. The sponsor and UTA each have the unrestricted right to use, manufacture, and sell or license its interest in joint intellectual property for any purpose whatsoever with no payment of royalties. The sponsor may obtain from UTA an exclusive license to any joint intellectual property.

WHAT ARE THE GOALS OF UTA PATENT POLICY?

The UTA patent policy seeks to assure balance among several objectives. The UTA patent policy facilitates the prompt and effective development of useful inventions while preventing the inappropriate use of public funds for private gain. UTA patent policy is a factor in maintaining good relations with industry to make the best use of opportunities for education and research funding while obtaining appropriate revenues for UTA from the licensing of patents.

WHAT IS THE PURPOSE OF UTA LICENSING?

Although the primary purpose of UTA research is not commercially applicable discoveries or inventions, UTA recognizes the need to encourage the practical application of the results of research for the public benefit. Thus, UTA maintains an active program for identifying and patenting potentially useful inventions, including computer software, for licensing to companies which have the capability of developing, manufacturing, and marketing them. The major purposes of licensing the use of technology resulting from UTA research to industry are: · a mechanism for transferring, disclosing, and disseminating the results of UTA research to the public for the public benefit; · the means to meet obligations to research sponsors, and; · a support for further research and education.

CAN INTELLECTUAL PROPERTY BE LICENSED OR ROYALTY RATES ESTABLISHED BEFORE AN INVENTION EXISTS?

A license or royalty terms cannot be established during research agreement negotiations when the intellectual property does not exist. This is because UTA,

as a non-profit organization, finances research facilities through the issuance of tax-exempt bonds. UTA is required by law to ensure that bond financed facilities will not be used in a manner that would cause the interest to become taxable. IRS regulations provide specific guidance regarding the use of tax-free bond funded facilities in sponsored research agreements and private business use may invalidate this tax-exempt status. Therefore, private business use is avoided if: the title to intellectual property made by UTA employees or others using UTA facilities is exclusively retained by UTA; a licensee pays a competitive price for a technology (research funding may not be considered as payment toward a license of future intellectual property), and; the value of any technology is determined at the time the intellectual property is available for licensing.

WHAT ARE THE CONSIDERATIONS FOR A LICENSE?

Terms and conditions for licensing agreements should consider the nature of the technology, the stage of development of the invention, the effect on the research endeavor in question, the public benefit, and the marketplace. Agreements are negotiated on a case-by-case basis. If a company needs time to evaluate a research result, an option agreement may be negotiated to allow a limited time for a review for licensing purposes. UTA will grant the right of first notification and first right to negotiate a license to the sponsor for an exclusive or nonexclusive license, based on the level of sponsor support. Any license of a patentable invention must at least provide for reimbursement of all UTA patent costs incurred and diligent development by the licensee and, in most cases, for the payment of royalties. Agreements, options, non-exclusive licenses, and exclusive licenses must not interfere with the principle of open dissemination of research results.

WHY DOES UTA NEED ADVANCE PAYMENTS FROM RESEARCH SPONSORS?

Contracts with sponsors are performed on a no-fee or no-profit basis of full cost recovery. Research projects include both direct costs and full indirect (facilities and administrative) costs at UTA's federally negotiated rate. Receipt by UTA of advanced funding in an appropriate amount is necessary since UTA does not have a designated source of funds with which to finance sponsored research or to pay the interest on funds borrowed for that purpose. The schedule of payments is negotiable depending on type and scope of project, length of the project period, and anticipated pace and pattern of actual expenditures. The project director has the responsibility for conducting the research and for assuring that only proper costs are charged to the project account.

ARE F&A COSTS REQUIRED?

In accepting contracts and grants from extramural sources, UTA expects to recover full direct and indirect costs (Facilities and Administrative (F&A) costs) of

the activity. This is a protection against the use of public funds for private gain. In the case of nonprofit and federally sponsored research, UTA may agree to share some costs, usually in the form of contributed effort. In the case of grants from independent philanthropic foundations, UTA does occasionally forgo indirect costs when indirect costs are specifically disallowed. Contracts with commercial entities should provide for full direct and indirect cost recovery. If indirect costs are not recovered, UTA becomes subject to the Unrelated Business Income Tax and may be required to pay 35% of the award monies received to the IRS.

ARE F&A COSTS REQUIRED ON GIFTS?

UTA views cost recovery in the case of gifts differently. With a gift, the donor does not impose contractual obligations and funds are awarded irrevocably. Because there are no contractual obligations (i.e. no financial nor technical reports are due to the sponsor, there are no research or service deliverables and/or there are no specific budgetary requirements) there is no requirement for indirect cost recovery. But if there are any contractual obligations or the funds are not awarded irrevocably then this is not a gift and is considered sponsored research.

WHAT ARE THE OBLIGATIONS IN A TERMINATION?

In the event a funding agreement is terminated by the sponsor for any reason, the sponsor will be expected to reimburse UTA for all costs incurred to the date of termination and for all uncancellable obligations.

ARE WARRANTIES AND GUARANTIES ACCEPTABLE?

Since research by its nature is unpredictable and without guarantee of successful results, UTA research is conducted on a reasonable effort basis. Because of the no-fee or no-profit basis, UTA will not accept contract provisions that will guarantee results, impose penalties for failure to make progress by firm deadlines, or provide for withholding of payment if the sponsor is not satisfied with the results. However, research projects are organized in a manner sensitive to the differing time constraints of sponsors.

CAN A SPONSOR REQUIRE INSURANCE?

It is the stated policy of the State of Texas not to acquire commercial general liability insurance for torts committed by employees of the state who are acting within the scope of their employment. Rather, third parties must look to the Texas Tort Claims Act for relief with respect to property damage, personal injury, and death proximately caused by the wrongful act or omission or negligence of an employee acting within the scope of employment.

WHAT ARE THE INDEMNITY REQUIREMENTS?

The University of Texas System requires an indemnity from a sponsor if that sponsor requires UTA to use materials, processes, or procedures for conducting sponsored research activities. Both constitutional and statutory restrictions limit the scope of UTA indemnification of sponsors to those harms resulting from UTA's negligence in carrying out the research. The Texas Constitution prohibits UTA or any other state agency from giving an effective broad indemnity. Agreements that are drafted for use by private parties often include indemnity provisions that are not acceptable in an agreement with a state agency, and these provisions must be modified to be legally acceptable.

WHY IS TEXAS JURISDICTION REQUIRED?

As a public state institution of higher education, UTA falls under the laws of the State of Texas. State laws and sovereign immunity cannot be waived. They may remain silent in an agreement but they cannot be substituted with the laws of another state.

WHAT ARE CONFLICTS OF INTEREST?

In pursuing relationships with industry, UTA must keep the public trust and maintain institutional independence and integrity to permit faculty and students to pursue learning and research freely. Individual faculty members have the responsibility for assuring that outside professional relationships do not interfere with their obligations to UTA in teaching, research, and public service. UTA and UTA employees must avoid any perceived conflict of interest. Institutional conflicts of interest may arise from a situation in which UTA has competing official interests. Individual conflicts of interest may arise when an employee has the opportunity to influence a UTA decision that could lead to financial or other personal advantage, or that involves other conflicting official obligations. Additional Conflict of Interest Information

CONCLUSION

For those individuals and groups of faculty and the private sector that want to embark on cooperative efforts, the means for doing so are readily available. UTA is exploring innovative organizational approaches to assure support of worthy research and education that provide significant contributions to the body of scholarship and knowledge, that are responsive to industry interests, and that advance the public's interest in these productive relationships.

For more information contact UTA Research Administration

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