

1. Title

Equity Interests

2. Rule and Regulation

Sec. 1 Agreements with Business Entities. In agreements with business entities relating to rights in intellectual property owned by the Board of Regents, the U. T. System or any of the institutions may receive equity interests as partial or total compensation for the rights conveyed. In any such instance, the institution where the intellectual property was created may elect, at its option, to share an equity interest, dividend income, or the proceeds of the sale of an equity interest with the creator(s) in the same manner as royalties are shared pursuant to Regents' *Rules and Regulations*, [Rule 90102](#), Section 2.5. The U. T. System or any of the institutions may also receive equity interests in a business entity as consideration for the institution's role as a founder or cofounder of the business entity, and shall not be obligated to share such equity interests with the creator(s).

Sec. 2 Creator Holding Equity and Managing Conflict of Interest. Employees of the U. T. System or any of the institutions who conceive, create, discover, invent, or develop intellectual property may hold an equity interest in a business entity that has an agreement with the U. T. System or any of the institutions relating to the research, development, licensing, or exploitation of that intellectual property only so long as the institution where the intellectual property was developed is in full compliance with the requirements to have, implement, and enforce for that employee an effective conflict of interest management plan approved by the institution's president as set forth in the U. T. System's *Procedure for Obtaining Approval of Plan to Manage Conflicts of Interest* (<http://www.utsystem.edu/ogc/IntellectualProperty/conflict.htm>). In any case where actual conflict of interest is found, the employee may be required to divest the equity interest or terminate affected research.

Sec. 3 Employee Equity Interests. The U. T. System or any of the institutions may, but shall not be obligated to, negotiate an equity interest on behalf of any employee as a part of an agreement between the U. T. System or any of the institutions and a business entity relating to intellectual property conceived,

created, discovered, invented, or developed by the employee  
and owned by the Board of Regents.

**3. Definitions**

None

**4. Relevant Federal and State Statutes**

None

**5. Relevant System Policies, Procedures, and Forms**

Regents' *Rules and Regulations*, [Rule 90101](#) – Rules for Intellectual  
Property: Purpose, Scope, Authority

Regents' *Rules and Regulations*, [Rule 90102](#) – Intellectual Property  
Rights and Obligations

Regents' *Rules and Regulations*, [Rule 90104](#) – Business Participation and  
Reporting

Regents' *Rules and Regulations*, [Rule 90105](#) – Execution of Legal  
Documents Related to Intellectual Property

Regents' *Rules and Regulations*, [Rule 90106](#) – Income from Intellectual  
Property

**6. Who Should Know**

Administrators  
Faculty  
Staff  
Students

**7. System Administration Office(s) Responsible for Rule**

Office of General Counsel

**8. Dates Approved or Amended**

February 8, 2007  
December 10, 2004

**9. Contact Information**

Questions or comments regarding this rule should be directed to:

- [bor@utsystem.edu](mailto:bor@utsystem.edu)