

Policies of the University of North Texas Health Science Center	Chapter 08 – Intellectual Property, Technology Transfer, Equity Development
08.103 Policy on Equity Acquisition	

Policy Statement.

The Office of Technology Transfer & Commercialization (TT&C) occasionally has the opportunity to acquire equity in companies on behalf of the University of North Texas Health Science Center at Fort Worth (UNTHSC) as consideration for a technology-related transaction. All equity is owned by UNTHSC and all decisions regarding the stock including whether and when to convert the equity into cash are made in the sole judgment of UNTHSC, subject to the provisions of this Policy, and other applicable UNTHSC policies.

Application of Policy.

TT&C occasionally has the opportunity to propose that equity be acquired by UNTHSC as consideration for technology licensing and support activities. This Policy enables a benefit to be acquired by UNTHSC through acquiring equity while addressing potential inventor and institutional conflicts of interest issues.

Definitions.

For purposes of this Policy, a "Founder" shall be any UNTHSC faculty, staff or student who as a result of acting as a founder, originator or promoter of a company, has or is likely to have a "Significant Financial Interest," as that term is defined in UNTHSC Research Conflict of Interest Policy, in that company.

Procedures and Responsibilities.

<u>Procedure / Duty</u>	<u>Responsible Party</u>
<p>1. Acceptance of Equity. UNTHSC may accept equity in a company as partial or full consideration for technology-related transactions as negotiated by TT&C in appropriate circumstances pursuant to this Policy, with the approval of the Sr. Vice President for Research, the Executive Vice President for Finance & Administration and the Office of General Counsel. Acceptance of equity by UNTHSC will be based upon the principles of openness, objectivity and fairness in decision-making, and preeminence of the education, research, and public service missions of UNTHSC over financial or individual personal gain. Activities in which equity may be a consideration shall be conducted in accordance with applicable UNTHSC policies and guidelines.</p>	TT&C

The terms of any equity-based transaction, with the exception of the form of consideration, shall be consistent with UNTHSC transactions for comparable technologies or services. UNTHSC will not accept more than a minority ownership share in a licensee as consideration for a license.

2. **Negotiation for Equity.** TT&C is the only authorized negotiating representative of UNTHSC for any UNTHSC invention. Accordingly, no UNTHSC faculty, staff or student shall represent, or purport to represent, UNTHSC in negotiations regarding any license with a licensee, including a licensee company as to which that inventor is a Founder.

All
Researchers,
Faculty,
Staff and
Students,
TT&C

A UNTHSC faculty, staff or student who is a Founder of a company may elect to represent or participate on behalf of that company in the negotiation of a license or related contractual arrangements with UNTHSC. In such case the negotiations will be conducted at arm's length, and the Founder will affirm in writing his or her acknowledgement that during the period of negotiation he or she:

- will be considered an agent of the company,
- will not be privy to internal UNTHSC deliberations regarding the conduct of the negotiations or the management of the technology proposed to be licensed, and
- will not attempt to influence UNTHSC's position regarding any matter related to the proposed license, except through direct negotiation with TT&C in his or her role as a representative of the company.

TT&C will forward a copy of the written affirmation to the Sr. Vice President for Research, as well as to the Founder's Dean and Department Chair.

Before TT&C may commence negotiations for a license involving equity, each inventor of the technology to be licensed by UNTHSC shall sign the statement attached to this Policy as Exhibit 1

Any person who is a Founder of a company shall not be eligible to receive and shall be deemed to have waived all rights to receive, equity or the proceeds of equity accepted by UNTHSC with respect to licensing or support to the company of which he or she is a Founder

3. **Distribution of Equity to Inventors.** Where there is a proposal for equity in a company to be accepted by UNTHSC as consideration for a technology-related transaction, TT&C, taking into account any legal restrictions and after considering the wishes of each inventor involved, may arrange for inventor(s) other than Founders to receive equity directly from the company upon execution of the

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relevant agreement, including provisions relating to restrictions, if any, on transfer or disposition of inventor(s) equity, in which case the inventor will be responsible for retaining her or his own business advisors, legal counsel and tax counsel and will be responsible for all financial, tax and legal consequences related to the equity he or she receives. UNTHSC shall determine any non-Founder inventor(s)' share according to the UNTHSC Intellectual Property Policy.

4. **Disposition of Equity.** UNTHSC shall make decisions regarding the management and disposition of equity it receives pursuant to this Policy based upon sound business judgment and publicly available information, and such decisions shall be made independent of any influence by the inventors, the Founders, TT&C, or any other UNTHSC unit or employee. Under no circumstances shall UNTHSC make any direct investment in any licensee in which equity has been accepted by UNTHSC unless and until the licensee company is publicly traded or until the company's equity is priced by independent means. TT&C

Taking into account any obligations imposed by applicable agreements, UNTHSC shall dispose of equity acquired pursuant to this Policy at the earliest time following an Initial Public Offering by the Licensee company. To the extent required by contract or law and where necessary in the judgment of UNTHSC to avoid depression of the Licensee company's stock price, UNTHSC may stagger over time sales of equity acquired pursuant to this Policy.

UNTHSC shall distribute equity or cash proceeds, upon conversion of equity to cash, to TT&C for further distribution in accordance with the UNTHSC Intellectual Property Policy.

5. **Board Representation.** UNTHSC shall neither seek nor accept voting representation with respect to equity received as consideration for a license on the board of directors of a licensee in which it holds such equity, nor exercise any voting rights on board actions, regardless of the level of its equity interest received as consideration for a license. Exceptions to this provision require approval of the President, on advice of the Office of General Counsel. UNTHSC employees who may accept appointment to boards of directors and scientific advisory boards of licensees do so in their individual capacities and not as UNTHSC representatives, but are nevertheless subject to all applicable UNTHSC policies in so doing, including but not limited to the Research Conflict of Interest Policy, Human Resources Policies 5.05 and 5.06, and the UNTHSC Outside Directors Policy. All Researchers, Faculty, Staff and Students, TT&C, Office of the President

References and Cross-references.

1. UNTHSC Policy 12.101 Research Conflict of Interest Policy
2. UNTHSC Policy 08.101 Intellectual Property Policy

Forms and Tools. (optional)

EXHIBIT 1

Name:

School/Department:

Technology or Service:

Company:

Because of the license granted or to be granted, or services provided or to be provided, by UNTHSC to the above Company ("the Company") and in light of any Significant Financial Interest I have or that may arise in the Company, I acknowledge the potential for a conflict of interest between the performance of my research and teaching obligations at UNTHSC and my personal financial interests as well as my contractual and other obligations to the Company.

Therefore, I agree that I will not:

1. Involve myself, or if I supervise students or post-doctoral fellows, involve students or post-doctoral fellows of UNTHSC in research and development projects for the Company, including human subjects research, without the prior approval of my dean(s) and the Senior Vice President of Research or as otherwise allowed by UNTHSC policy;
2. Restrict or delay general access to information from UNTHSC research; and/or
3. Alter the scope or direction of my UNTHSC research in order to materially benefit the Company.

I affirm that I have read, understood and will comply with applicable UNTHSC policies, including but not limited to the Research Conflict of Interest Policy, and will continue to comply with them as they may be amended from time to time. I understand and acknowledge that my compliance with these policies is a condition of my employment at UNTHSC.

To avoid the appearance of a conflict, I will at all times attempt diligently to differentiate clearly between the intellectual directions of my UNTHSC research and my contributions to the Company. I agree not to involve myself independently of UNTHSC in negotiating the terms of any UNTHSC agreement with the Company except to the extent allowed by the Policy on Equity Acquisition. I understand that given the potential conflict of interest, as determined by the Dean or other relevant UNTHSC administrator, in some circumstances UNTHSC may not be allowed to accept sponsored research funding on my behalf from the Company. If UNTHSC is allowed to accept sponsored research funding on my behalf from the Company, I agree to initiate and conduct such research only as allowed under the Research Conflict of Interest Policy and any disclosure, monitoring or management procedure imposed pursuant to that Policy.

I acknowledge that it is my responsibility to obtain my own financial, tax and legal advice in regard to any revenue, equity or proceeds of equity that I may receive.

Finally, I understand that I must disclose any Significant Financial Interest I have in the Company in all

publications or public statements I make presenting research related to this license or contract.

Date:

Signature

Date:

Department Head

Date:

Supervisor

(for staff, students post-docs, etc.)

Date:

Associate Vice President

Office of Technology Transfer & Commercialization

Date:

Vice President, Research

Approved: 6/9/2007

Effective: 6/9/2007

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