

INTELLECTUAL PROPERTY

SUMMARY OF PRINCIPAL CHANGES

General changes

This document has reviewed and revised, as necessary, to reflect changes in internal management structures and in the Financial Regulations. It should be read in full.

(Amendments to version 1, UPR CA04 are show in italics.)

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1 INTRODUCTION

1.1 *The University's Financial Regulations (UPR FR06¹) and this document (UPR CA04) provide the overarching institutional policy and regulatory framework which governs the ownership and exploitation of the University's intellectual property. UPR FR06¹ is approved by the Board of Governors². UPR CA04 sets out in detail how the University will implement its policies relating to the protection and exploitation of inventions and other intellectual property to which University resources have contributed and the procedures and regulations to be followed. This document also incorporates various amendments approved from time-to-time by the Academic Board³. UPR CA04 was the subject of a review in 2012, commissioned by the Audit Committee of the Board of Governors².*

1.2 The procedures and regulations that support the policies referred to in this document (UPR CA04) are determined by the relevant Pro Vice-Chancellor(s) and the Secretary and Registrar⁴.

2 SCOPE

2.1 These regulations apply to University employees, to employees of the University's wholly-owned subsidiary companies and their wholly-owned subsidiary companies where these regulations have been adopted by Boards of Directors and also to any student who has assigned intellectual property rights to the University of Hertfordshire.

2.2 These regulations are concerned primarily with patents. However, the principles which are fundamental to them will apply, where appropriate, to intellectual property in other forms such as registered designs and to the copyright of software and video material.

2.3 It is not intended that these regulations should apply in relation to scholarly works such as books, papers and works of art.

2.4 *Notes for guidance*

Within the University patents may arise from:

- a work done by an employee as part of his or her normal duties (section 3, refers);*
- b sponsored research or consultancy work (section 5, refers);*
- c work done by students (undergraduate, taught postgraduate and research) (sections 6 and 7, refer);*
- d work done by a member of staff which is wholly independent of his or her normal duties for the University (section 8, refers).*

¹ UPR FR06 'Corporate Governance and Financial Regulations'
² **Board of Governors Minutes:** 22 October 98; 318.3, 17 March 98; 892.6, 27 November 2012, refer
³ **Academic Board Minutes:** 28 June 95; 19 June 96.; 627.5., 7 June 98, refer

3 **INVENTIONS WHICH ARISE AS A RESULT OF WORK DONE BY AN EMPLOYEE AS PART OF HIS OR HER NORMAL DUTIES**

3.1 The following text is extracted from UPR FR06¹ and is effective from 27 November 2012².

“40.2 Intellectual property - ownership

- a Where an invention is made by a member of staff in the course of his or her normal employment, the intellectual property will vest in the Corporation of Hertfordshire Higher Education Corporation which will, in every case, retain the full patent rights. The Corporation may assign the ownership of its intellectual property to another party. The Corporation will ensure that these rights are only disposed of for value *or exceptionally, for social need*. The *requirement that rights are only disposed of for value* may be waived in circumstances where rights are being assigned to a company in which the Corporation is a shareholder or from which the Corporation will obtain a benefit.
- b Where the income to be derived from the disposal of intellectual property rights is expected to be less than £500,000, the proposed arrangements must be approved in writing by the Vice-Chancellor (or nominee).

(Note for guidance – nominee of the Group Director of Finance

For the purposes of 40.2, the nominee of the Vice-Chancellor will normally be the Secretary and Registrar who will be advised by the relevant Officers.)

- c Where the sum involved is likely to exceed £500,000, the prior written approval of the Vice-Chancellor will be required and the Vice-Chancellor will notify the Finance and Employment Committee at the next meeting.

40.3 Intellectual property - exploitation and use

- a The Corporation may assign the right to use and/or to exploit its intellectual property to another party. The Corporation will ensure that these rights are only disposed of for value. This requirement may be waived in circumstances where rights are being assigned to a company in which the Corporation is a shareholder or from which the Corporation will obtain a benefit.
- b Where the income to be derived from the exploitation or use of the intellectual property is expected to be less than £500,000, the proposed arrangements must be approved in writing by the Vice-Chancellor (or nominee).

(Note for guidance – nominee of the Group Director of Finance

For the purposes of 40.3, the nominee of the Vice-Chancellor will normally be the Secretary and Registrar who will be advised by the relevant Officers.)

- c Where the sum involved is likely to exceed £500,000, the prior written approval of the Vice-Chancellor will be required and the Vice-Chancellor will notify the Finance and Employment Committee at the next meeting.

40.4 Intellectual property – income derived from intellectual property

- a **TECHNOLOGY TRANSFER TO A COMPANY IN WHICH THE CORPORATION AND THE INVENTOR(S) ARE SHAREHOLDERS**
The equity in the company that is to be assigned to the inventor(s) will be determined by the Vice-Chancellor who will be advised by the relevant Officers. These arrangements will be reported to the Finance and Employment Committee at its next meeting.
All income paid to the Corporation by virtue of its being a shareholder in such a company will be retained by the Corporation.
- b **INCOME DERIVED FROM PATENTS OR COMMERCIAL EXPLOITATION OTHER THAN 40.4, a**
Where the Corporation derives income from its intellectual property in the form of royalties arising from a patent and/or as a result of the commercial exploitation of an invention, this income will be dealt with in accordance with the schedule given in section 40.5. Where a student has assigned his or her rights to an invention to the Corporation, royalties and/or income derived by the Corporation from the commercial exploitation of that invention will be dealt with in accordance with the schedule given in section 40.5.

40.5 Intellectual property - income and royalties

- a The Corporation will recoup all related expenditure, including the costs of obtaining the grant of the patent and/or the commercial exploitation of the invention and any employer's on-costs relating to the inventor.
- b The above costs (a) having been recovered, net royalties/income will accrue as follows:
- | | |
|---|------------|
| Corporation: | 25% |
| SBU (academic) | 20% |
| Inventor(s): | 50% |
| Research Committee of the Academic Board: | 5% |
- The royalties/income which accrue to the Research Committee of the Academic Board will be used to support research activity.
- c Where the total net income exceeds £500,000, its allocation will be subject to further consideration by the Vice-Chancellor in consultation with the relevant Officers and the inventor(s). Their recommendation will require the formal approval of the Finance and Employment Committee."

3.2 Notes for guidance

Much of the success of University policy relating to the patenting and exploitation of inventions must depend on members of staff who make inventions being aware of the issues involved, bringing inventions to the attention of the Pro Vice-Chancellor (Enterprise), at an early stage and co-operating with University management so that the interests of the University, the inventor and the inventor's colleagues are not jeopardised. The interests of any external sponsors must also be considered.

4 EXPLOITATION

4.1 Notes for guidance

- 4.1.1 *It should be noted that obtaining a patent can be a long and expensive process which is not worthwhile unless the invention has a strong chance of being developed and marketed. Once granted, only in a very small percentage of cases does a patent actually produce any income at all. It is this criterion which will determine the means by which the University will seek to exploit an invention.*

4.1.2 *The principal reason for the University to support an inventor in prosecuting a patent application is to ensure that, through its proper exploitation by means of a licence agreement or other arrangement, the institution and the individual(s) concerned are in the best position to obtain the full benefits of an invention.*

4.1.3 *Where there is a reasonable likelihood that an invention might be exploited successfully, an inventor can normally expect support from the University in drafting and prosecuting a patent application up to the filing and examination stage. This support will normally take the form of payment of patent agents' fees and other necessary costs from central University funds. However, inventors should note the procedures which will apply in such circumstances (section 4.5.2 of this document refers).*

4.2 **Confidentiality**

4.2.1 Information concerning any invention or other intellectual property that is the property of the University must be held in strict confidence.

(This requirement would preclude any publication, contributions to conferences, exhibitions and publication of any scientific papers or theses relating to it prior to the filing of a patent application.)

4.2.2 **Notes for guidance**

If details of any invention are made available to anyone not directly concerned with it, any patent subsequently applied for will be invalid as the invention is only new if it does not form part of the 'state of the art'. For this reason it is vitally important that no-one should reveal details of an invention for which a patent application has been or is to be made.

Prior to the date on which the patent application for an invention is filed, any matter about the invention which has been made available to the public becomes part of the 'state of the art'. If what has been made public reveals what is new or 'inventive' about the invention, any patent granted will be invalid. It should be noted that, in this context, the meaning of 'made available to the public' is very wide and includes not only publication in a learned journal but also any description whether written, oral or by any other means.

4.3 **Protection of rights**

Notes for guidance

Although patents are generally regarded as the principal method of protecting rights in any new invention, it is probable that more exploitation agreements are based on 'know-how' than on patents. Both are only valuable if kept exclusive - a patent by an agreement of a time-limited monopoly to the inventor/employer which he or she may transfer - 'know-how' by keeping the invention a secret to which only a very limited number of people have access through the use of strict confidentiality agreements and to which extended access is given in return for payment.

4.4 **Patenting and commercial exploitation**

4.4.1 The exploitation of inventions and other intellectual property belonging to the University is the responsibility of the *Pro Vice-Chancellor (Enterprise)*.

4.4.2 **Notes for guidance**

The main purpose of the granting of a patent is to encourage industrial activity. In order to be patentable an invention must not only be new and involve an inventive step (that is a step not obvious to anyone skilled in the subject) but it must also be capable of industrial application.

4.5 Procedures relating to patenting and exploitation

4.5.1 General

- i Where a member of staff believes that intellectual property capable of commercial exploitation or a patentable invention is likely to arise in their area, they must inform their *Dean of School/Head of Strategic Business Unit* or project supervisor or the Pro Vice-Chancellor (*Enterprise*).
- ii *Where information has been reported to the Dean of School/Head of Strategic Business Unit or project supervisor in accordance with section 4.5.1, i, he or she will ensure that the Pro Vice-Chancellor (Enterprise) is informed at the earliest opportunity. The Pro Vice-Chancellor (Enterprise) will inform the Vice-Chancellor.*
- iii Under no circumstances must an inventor negotiate directly with a potential sponsor or licensee without the prior written approval of the *Pro Vice-Chancellor (Enterprise)*. All such negotiations must be preceded by the signing of a confidentiality agreement by the relevant parties.

4.5.2 Patent applications

- i The Pro Vice-Chancellor (*Enterprise*), who will seek expert advice as appropriate, will consider on their individual merits requests from members of staff for the support of patent applications and will make recommendations to the Vice-Chancellor.
- ii The Vice-Chancellor will authorise all patent applications that are to be made on behalf of the University. These applications will be made by the Pro Vice-Chancellor (*Enterprise*). The University will pay the costs of the application, the patent agent's fees and other necessary expenses.
- iii If, within a time limit of two (2) months, the University resolves not to file a specification or resolves to allow the rights to lapse, then the inventor will be free to act in his or her own interests and at his or her own expense.
- iv If the University does not wish to patent or exploit an invention, the Pro Vice-Chancellor (*Enterprise*) will so inform the inventor(s) in writing. The inventor(s) will then be free to make his or her own arrangements.
- v **Note for guidance**
Where the University makes an application for a patent it will use the early stages of the process to gather further information and, with the assistance of the inventor(s), will attempt to interest industry and to explore the possibility of commercial exploitation.
- vi The position will be reviewed by the Pro Vice-Chancellor (*Enterprise*) and the inventor(s) within six (6) months of the date of filing the patent application.
- vii Where any course of action involving a continuing University interest is agreed with the Vice-Chancellor, the *Pro Vice-Chancellor (Enterprise)* will periodically review the position on behalf of the Vice-Chancellor in order to decide any appropriate further action or alternatively, to recommend that the rights of the University in the patent be allowed to lapse.

4.5.3 **Restrictions on publication**

In view of the requirement that an invention must remain unpublished prior to any patent application (section 4.2, refers) a prospective author wishing to publish any work which discloses an invention which might be patentable must:

- i obtain the prior written agreement of his or her collaborators in the research;
- ii approach the Pro Vice-Chancellor (*Enterprise*) and the Pro Vice-Chancellor (*Research*) who may require that publication be delayed while the possibility of the commercial exploitation of the invention is investigated. Any delays so caused shall not normally exceed two (2) months.

4.5.4 **Licensing agreements**

Where it is agreed that the University should enter an inclusive licensing agreement, the agreement must provide that the costs of protecting the patent from infringement will be borne, in the first instance, by the licensee(s) and that the University's liability will be limited to future royalty income.

4.6 **Contracts and agreements relating to the patenting and exploitation of inventions**

The terms and conditions of all University contracts and agreements relating to the patenting and exploitation of inventions will be subject to the provisions and requirements of all current relevant legislation and UPR FR06¹.

5 **SPONSORED RESEARCH OR CONSULTANCY WORK**

5.1 **Policy**

5.1.1 Any contract for sponsored research or consultancy work to which the University is a party must provide for the ownership of any intellectual property that might arise.

5.1.2 Other than in exceptional circumstances involving national security, every effort should be made by those negotiating on behalf of the University to ensure that such intellectual property is properly exploited and is not stifled by the sponsor or client.

5.1.3 Members of staff who engage in contract research or consultancy work must ensure that during negotiations, prospective sponsors and clients are fully informed of the University's policy in relation to the ownership and exploitation of any intellectual property which may arise.

5.1.4 **Disposal of intellectual property rights and/or the right to exploit intellectual property**

(Section 3, refers.)

5.1.5 **Background**

If at the time a contract is being negotiated there exists intellectual property owned by the University, for example, software or patented inventions, which is to be used as background in the proposed research or consultancy then, wherever possible, an appropriate sum should be included in the costing of the contract in order that the University is suitably reimbursed for the use of that intellectual property. In all such cases, the Pro Vice-Chancellor (*Enterprise*) will advise on the additional costing which is to be included.

5.1.6 **Terms and conditions**

The terms and conditions of such contracts will be consistent with and approved in accordance with the requirements of UPR FR06¹.

5.1.7 **Sharing of royalties**

Within the University (institutional costs having been recovered) royalties will accrue as described in section 3 of this document. The University's arrangements for the allocation of royalties in cases where the total income exceeds £500,000 will also apply (section 3, refers).

5.2 **Intellectual property clauses in research and consultancy agreements and contracts**

Notes for guidance

Whenever possible, research and consultancy contracts should provide that the University retains its ownership of any intellectual property which may arise but that inventions be reported in confidence to the sponsor or client with the intention of negotiating a licence (normally non-exclusive) to enable the sponsor or client to protect, develop and exploit the invention commercially. However, if this is not possible, the University should negotiate provision for having some say in decisions concerning how best the results of collaborative work can be protected, developed further and exploited.

5.3 **Impact of intellectual property considerations on research and consultancy contract prices**

5.3.1 The University should always consider the value of resulting intellectual property in pricing research and consultancy contracts and agreements.

5.3.2 *Notes for guidance*

Where the University is to retain these rights without restriction it is not necessary that the contract price should exceed the full economic cost of fulfilling the work which it specifies.

5.3.3 Where it is proposed that a contract or *other legal* agreement should not provide for the patenting and exploitation of inventions, the Pro Vice-Chancellor (*Enterprise*) must be fully informed by the member of staff who is conducting the preliminary negotiations with the sponsor or client.

5.3.4 All further negotiations with the sponsor or client concerning intellectual property rights will be conducted by the Pro Vice-Chancellor (*Enterprise*) in consultation with the member of staff and the appropriate Head of *Strategic Business Unit*. The terms and conditions of any such agreement must be approved in accordance with the requirements of UPR FR06¹.

6 **INVENTIONS WHICH ARISE AS A RESULT OF WORK DONE BY RESEARCH STUDENTS**

6.1 *Notes for guidance*

This section sets out the University's regulations relating to the assigning of intellectual property rights by research students at the time at which they register as students of the University. The University's Intellectual Property Agreement incorporates a declaration which is to be completed and signed by research students who are bound at the time of registration by a pre-existing intellectual property agreement with another party.

It should be noted that, by making a false declaration, a research student may invalidate his or her registration.

6.2 **PhD by published work**

Persons registering for the degree of Master of Philosophy or Doctor of Philosophy by published work under the provisions of UPR AS10⁵ are not required to sign an intellectual property agreement with the University.

⁵ UPR AS10 'Research Degrees – Generic Institutional Regulations'

6.3 **PhD/MPhil (by approved programme of supervised research or professional practitioner doctorates)**

It is a condition of registration that any person registering as a student of the University of Hertfordshire with the intention of registering with the Research Degrees Board of the Academic Board as a candidate for:

- i the degree of Master of Philosophy or Doctor of Philosophy following an approved programme of supervised research under the provisions of UPR AS10⁵;

or

- ii a Professional Doctoral Degree under the provisions of UPR AS18⁶ or UPR AS10⁵

and who is not at the time at which he or she registers as a student of the University, bound by an intellectual property agreement with another party, assigns to the University any and all such intellectual property rights created whilst they are registered as research students of the University and signs an agreement to that effect (Appendices I and II, refer).

6.4 **Master's by research (MA, MEd, MSc, MRes)**

It is a condition of registration that any Master's research degree candidate who is not bound, at the time at which he or she registers as a student of the University, by an intellectual property agreement with another party, assigns to the University any and all such intellectual property rights created whilst they are registered as research students of the University and signs an agreement to that effect (UPR AS05⁷; Appendices I, UPR CA04⁸ and Appendix II, UPR CA04⁹ and UPR AS10⁵, refer).

6.5 By assigning these rights to the University, the student will be eligible to receive the advice and assistance of the University on the same basis as a member of staff and to share any net royalties/income as though he or she were a member of staff. These rights are assigned with full title guarantee, which means that the person making the assignment has the right to assign the property as they purport to; will at their own cost do all that they reasonably can to give the person to whom they assign the property the title they purport to give and that the person making the assignment is assigning the property free from all charges and rights exercisable by third parties, other than charges and rights which the person does not and could not reasonably be expected to know about.

6.6 Some research students will be subject to the terms of agreements already in existence between the University of Hertfordshire and sponsoring or collaborating establishments which make provision for the ownership of intellectual property generated by research students.

6.7 Some research students who, at the time of their registration as students of the University of Hertfordshire, are employees of a company or other organisation may already be bound by an agreement with their employer relating to the ownership of any intellectual property which might arise during their period of research or study at the University of Hertfordshire.

6.8 Some sponsored research students may have been required, as a condition of their sponsorship, to assign intellectual property rights to their sponsor.

6.9 In the circumstances outlined in sections 6.6, 6.7 and 6.8, where the University of Hertfordshire has provided support which has facilitated an innovation it reserves the right to claim a proportion of any income which might arise.

⁶ UPR AS18 'PhD (Professional Doctorate) – Generic Regulations'
⁷ UPR AS05 'Master's Degrees by Approved Programmes of Supervised Research Training'
⁸ Appendix I, UPR CA04 'Intellectual Property Agreement (Text)'
⁹ Appendix II, UPR CA04 'Confidentiality Agreement (Text)'

6.10 Any agreement between the University, a research degree candidate and any third party shall, in accordance with UPR FR06¹ and the requirements of this document (UPR CA04), make explicit provision in writing for the ownership of any intellectual property rights which may arise.

6.11 University of Hertfordshire Research Studentships

The assignment of intellectual property rights to the University is a condition of acceptance ('Terms and Conditions of Acceptance of a University of Hertfordshire Research Studentship', refer).

7 INVENTIONS WHICH ARISE AS A RESULT OF WORK DONE BY UNDERGRADUATE AND TAUGHT POSTGRADUATE STUDENTS

7.1 Where an undergraduate or taught postgraduate student is the sole inventor of materials which may be patentable or capable of commercial exploitation, the ownership of the intellectual property vests in the student by virtue of the fact that no employer/employee relationship exists between the University and the student. However, in such cases the student is required to bring the matter to the attention of his or her supervisor.

7.2 If the invention is deemed to be capable of commercial exploitation then, by assigning the rights to the University on a royalty sharing basis, the student will be eligible to receive the advice and assistance of the University on the same basis as a member of staff and to share any net royalties/income as though he or she were a member of staff.

7.3 Agreements with a third party

7.3.1 The University recognises that, in the case of undergraduate and taught postgraduate students, it would be impracticable to insist that a formal written agreement relating to the ownership and exploitation of intellectual property should be made between the institution and every company or organisation (third party) which provided assistance to a student undertaking, for example, a final year project.

7.3.2 Nevertheless, it should be noted that:

- i where intellectual property arises under such circumstances (7.3.1, refers) and there is no formal agreement relating to the ownership and exploitation of intellectual property between the University and the third party, the student must seek advice immediately from his or her supervisor;
- ii where the University of Hertfordshire has provided support which has facilitated an innovation, it reserves the right to claim a proportion of any income which might arise.

8 INVENTIONS THAT ARISE AS A RESULT OF WORK DONE BY A MEMBER OF STAFF WHICH IS WHOLLY INDEPENDENT OF HIS OR HER NORMAL DUTIES FOR THE UNIVERSITY

8.1 Members of staff may wish, independently, to take out a patent on inventions that arise from work which is neither the subject of sponsored research nor related to their area of expertise in the University and in which the University has no interest. In such circumstances they must do so at their own cost.

8.2 In these circumstances, the policy of the University is to advise the inventor to file a patent with the aid of a patent agent.

P E Waters
Secretary and Registrar
Signed: **12 December 2012**