



RHODES UNIVERSITY
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**INTELLECTUAL PROPERTY
POLICY (IPP)**

**Approved by the National Intellectual Property Management Office (NIPMO)
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1.Preamble

During 2006, the Department of Science and Technology developed a framework to actively secure the benefits derived from taxpayer / government spending on research at *inter alia* South African Higher Education Institutions (HEIs) for the South African population. After a process of consultation, a framework for publicly financed research was approved by Cabinet in May 2007. This led to the development of a Bill, the Intellectual Property Rights from Publicly Financed Research and Development Bill which became the Intellectual Property Rights from Publicly Financed Research and Development Act, 51 of 2008¹ (“IPR Act”). The accompanying Regulations² were published and the IPR Act promulgated, bringing it into force on 2 August 2010. It does not apply retrospectively, so IP created prior to this date, is not governed by the IPR Act.

As a publicly financed institution, and a ‘Recipient’ of government/public funding as defined by the IPR Act, Rhodes University must comply with the provisions of the IPR Act, which necessitated the development and implementation of a policy governing the manner in which the institution governs Intellectual Property, the “Intellectual Property Policy”.

1.1 Intellectual Property Policy - Purpose and Objectives

The protection and exploitation of intellectual property (IP) has become an increasingly important issue as society in general becomes more technologically driven and participates in the global “knowledge economy”. IP is the currency of this knowledge economy and any activity involving research and development is increasingly being examined for its potential to generate IP and the Background IP on which it may draw.

The purpose of this policy is to provide an institutional framework for the protection, management, commercialisation and ownership of IP developed by staff, students and other parties at the University; to examine the role of confidentiality and other agreements in the management of IP; and to highlight and comply with national legislation regulating IP.

This ensures that the country, the University and the IP Creators benefit from any IP developed by the staff and students of the University. It also ensures that the rights and obligations of all stakeholders are clearly outlined in order to comply with the provisions of applicable legislation and to reduce any potential for conflict between stakeholders.

The objectives of the IP Policy (IPP) are:

- to ensure that the University complies with all applicable legislation

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² Government Gazette Vol. 542 no. 33433

- to foster and facilitate a research culture that generates new knowledge for the greatest public good and that commercializes the new knowledge generated by researchers at the University;
- to protect the rights of researchers to control the inventions generated by their research work;
- to ensure that the potential commercial results, financial or otherwise, are distributed in an equitable manner that acknowledges the contributions of the inventors and the University, and that this distribution is guided by the equitable needs of society;
- to establish guidelines for determining the rights and obligations of the University, the creators/inventors/originators of IP and their sponsors;
- to provide information and a framework for funders and sponsors in terms of their engagement and interaction with the University;
- to ensure that any conflict of interest that might arise can be identified and managed equitably.

At Rhodes University, all interested parties are encouraged to familiarise themselves with this IPP and to ensure that all research and related activities that may give rise to IP are in compliance with this policy. In understanding and interpreting the IP Policy particular attention should be directed to the meaning of specifically defined terms.

1.2 Applicability of the IP Policy

This IPP is applicable to all Employees as defined in the employ of Rhodes University, to all contract workers of the University, to all Postdoctoral Fellows, affiliation appointments, honorary appointments, and to all registered Students of the University.

The IPP policy applies to all Intellectual Property, as defined. This includes IP that can be legally registered and IP that is not eligible for registration, and includes *inter alia* all inventions, trademarks, trade secrets, copyrights, software, designs and plant breeders' rights.

The IP Policy at the University is aligned to the institution's Policy on Conflict of Interest, the University Policy on Private Work, , the University Policy on Full Cost, the University Human Resources Policy (particularly staff development), and the University Financial Policy.

The following Acts provide the statutory framework for the protection and commercialisation of Intellectual Property:

- Intellectual Property Rights from Publicly Financed Research and Development Act, 51 of 2008
- Plant Breeders' Rights Act, 15 of 1976
- Patents Act, 57 of 1978
- Copyright Act, 98 of 1978
- Trade Marks Act, 194 of 1993
- Designs Act, 195 of 1993
- Counterfeit Goods Act, 37 of 1997
- Competition Act, 89 of 1998
- National Environmental Management: Biodiversity Act No. 10 of 2004
- Exchange control regulations (as promulgated by Government Notice R.1111 of 1 December 1961 and amended up to Government Notice No. R.999 in Government Gazette No. 33717 of 1 November 2010)

2. Definitions

The following definitions shall apply:

Commercialisation: commercialisation is the process by which any IP is used, exploited or may be adapted to be used, commercially to provide an economic benefit to society.

Commercialisation Costs: all out-of-pocket costs, fees and expenses that the University incurs and pays to independent third parties in connection with the commercialisation of IP; for example, filing, development and maintenance of any statutory protection for IP; defense, validation and enforcement of intellectual property rights; legal advice and services; auditing, recovery or collection of gross revenues; market research, business development, marketing, advertising, promotion or sales activities or services, reasonable travel and subsistence, and administrative expenses.

Confidential Information: Confidential Information means information that (a) relates to the disclosing Party's past, present or future research, development, business activities, products, services and technical knowledge, relating to the Project, and (b) either has been identified in writing as confidential or is of such a nature or has been disclosed in such a way that it should be obvious to the receiving Party that it is claimed as confidential;

Conflict of Interest: A conflict of interest is a divergence between employees' private interests and their professional obligation to Rhodes University such that an independent observer might reasonably question whether the employees' professional actions or decisions are determined or influenced by considerations of personal gain, financial or otherwise. It includes an action, omission or situation which may or may not appear to compromise the objectivity of an employee's design, conduct or reporting of a project. A conflict of interest will also exist when an employee, a direct family member or associated legal entity of such an employee (e.g. company, closed corporation or trust) has an external economic interest that affects or provides an incentive to affect the employee's conduct and responsibilities at the University.

Any situation in which a member of the University has an actual or potential interest that may in acting within the scope of activities of the University impact on the integrity or objectivity of the University, including situations where:

- a position or authority may be used to influence or make decisions that lead to any form of financial or personal gain for that member or for his or her relations; or
- in which financial or other personal considerations may compromise, or may have the appearance of compromising, a member's professional judgement in conducting or reporting research.

Interest: including but not limited to any

- commercial interest
- financial interest
- non-financial interest
- relationship interest

Consultancy: The provision of expert advice (full range of services) to external clients (public and private sector organizations in South Africa and worldwide) by members of the University in their field of expertise, normally for payment.

Copyright: Copyright is regulated by the Copyright Act, 98 of 1978. The Copyright Act prescribes the works that qualify for copyright protection. These works include literary works, books, novels, textbooks, poetic works, dramatic works, stage directions, cinematograph film scenarios, broadcasting scripts, articles, letters, reports, memoranda, lectures, speeches, tables and compilations, musical works (compositions), artistic works (paintings, drawings, diagrams, photographs, engravings, sculptures, works of craftsmanship, works of architecture), databases, computer software programmes, broadcasts, and sound recordings. These are known as the subjects of copyright and these works have automatic protection in terms of the Copyright Act as soon as they are in a material form. Material form has a wide definition, and depends on the nature of the subject of copyright. Copyright does not protect ideas, only the material expression thereof.

Cost of Research: The precise method for determination of **full cost of research** will be determined by Rhodes University, from time to time in the institutional full cost

matrix or as may be determined by the National Intellectual Property Management Office (NIPMO) in the guidelines for implementation of the IPR from Publicly Financed Research and Development 51 of 2008. Unless the minimum of full cost of research is paid by a third party, it is assumed that the research undertaken is partially publicly financed.

Employee: means temporary, part-time and permanent employees, joint post appointees and honorary associates in the employ of Rhodes University, whether remunerated or not and to all contract workers appointed by the University

Full Cost: the full cost of undertaking the research and development as determined in accordance with international financial reporting standards, and includes all direct costs (including staff salaries, bursaries, equipment and other running costs) and indirect costs (costs that cannot be specifically attributed to an individual project e.g. space usage, rent, services e.g. financial services and other overheads, etc.).

IP Creator: An IP creator is generally referred to as such a person who has had a key intellectual input in the conception and creation of IP, which in the case of patents would involve participation in the inventive step. This includes the IP that will be protected by statute (plant breeder's rights, patents, registered designs, etc.) and that which will not be protected by statute (trade secrets, know-how or confidential information, etc).

Industrial Designs (Aesthetic Designs and Functional Designs): Designs or models are covered by the Designs Act, 195 of 1993. This Act deals with the protection of the exterior shape or appearance of a product. Once a design has been registered, the holder of the registered design has the exclusive right to make use of the design, and s/he may prevent others from using the same or a similar design. The period of protection for aesthetic designs is fifteen (15) years, and for functional designs ten years (10), from the date of the first registration.

Intellectual Property (IP): refers to all outputs of creative endeavor in any field that can be protected statutorily or not, within any jurisdiction, including, without limitation, all forms of copyright, laboratory notebooks, technical or commercial information, computer software, programs, algorithms and documentation, data, rights in databases, research results, documentation, drawings, diagrams, designs, prototypes, improvements, processes, procedures, techniques, specifications and formulations, inventions, patents, developments, additions, trademarks, trade secrets, know-how and the rights attaching thereto, reagents, plant and other biological material and organisms, whether such material is registered or unregistered, and irrespective of whether such material is capable of such registration.

Background Intellectual Property means the pre-existing material, know how and IP that is made available for the purposes of the research by either party, but which can be demonstrated not to have arisen in the course or as a result of the conduct of the research;

Intellectual Property Rights (IPR): refers to the basic rights of ownership of IP as defined above, of which the right of ownership, with the attendant rights and obligations, belongs by law to a natural or a legal person (company, trust, institution).

These rights of ownership derive from the legislation governing patents, designs, copyrights and trademarks.

IPR Act: means the Intellectual Property Rights from Publicly Financed Research and Development Act, No. 51 of 2008 and includes the associated regulations. The IPR Act applies to research that is conducted below Full Cost and includes *“any creation of the mind that is capable of being protected by law from use by any other person, whether in terms of South African law or foreign intellectual property law, and includes any rights in such creation, but excludes copyrighted works such as a thesis, dissertation, article, handbook or any other publication which, in the ordinary course or business, is associated with conventional academic work”*.

Invention: an invention is any product, process, method, appliance or composition which is new and involves an inventive step, and which is capable of being used or applied in trade or industry or agriculture The term “invention” also includes all inventions to the extent where they have not been patented or registered, but rather acquire protection as confidential knowledge. A discovery is not an invention.]

Inventor: The inventor of a registered invention is the staff member or student who has contributed significantly to the intellectual property development of the invention and whose name appears as the inventor in the legal documentation associated with the registered invention. A person should not be listed as an inventor unless they contributed significantly to the IP development of the invention. All references in the policy document to “inventor” must be taken to include the alternative “creator”

Open-source software: Generically, open-source refers to a program in which the source code is available to the general public for use and/or modification from its original design free of charge. Open-source code is typically created as a collaborative effort in which programmers systematically improve upon the code over the course of time and share the changes within the community.

Resources: resources include, without limitation, Rhodes University’s facilities, office space, funds, financial or other administrative support, equipment, Employees, postgraduate students and postdoctoral research fellows, information that is not freely available to the public, contract or other type of award of gift to the University.

Serendipitous Knowledge: Serendipitous Knowledge refers to all inventions, designs and expertise, whether these can be registered as IP or not, which could not reasonably have been foreseen

Software: Software includes all documents (in any format) created during the development, maintenance and updates of developed software or any part thereof.

Student: a full-time or part-time student registered at Rhodes University and includes all undergraduate and postgraduate students, as well as postdoctoral fellows.

Trade Marks: Trade Marks and trade names (logos, slogans and designs) are covered by the Trade Marks Act, 194 of 1993. This Act covers the registration and protection of names, slogans, logos and designs which are used by an institution or

business to identify their products or services and to distinguish these from other similar products or services in the course of trade. Once a trade mark has been registered, the holder of the trade mark has the exclusive right to make use of the trade mark, and s/he may prevent others from using the same or a similar trade mark. The period of protection extends as long as the registration is successfully maintained.

3. Ownership of Intellectual Property

The University asserts legal and beneficial ownership of all intellectual property devised, made, or created:

- by Employees of the University in the Course and Scope of their employment;
- by other persons engaged in study or research in the University who, as a condition of their being granted access to the University premises or facilities, have agreed in writing that this shall apply to them;
- by persons engaged by the University under contracts for services during the course of or incidentally to that engagement.

In addition:

- The University claims the copyright in all examination and test questions and a license for their use, e.g. in a textbook published by an Employee, must be negotiated with the Director: Research Office.

The following IP is exempt from this claim of ownership by the University:

- If the research in terms of the IPR Act is regarded as not being publicly funded, i.e. it is funded at or above Full Cost, then the funder may negotiate with the University to own the IP that arises from the research that they fund.
- If the research is funded at below full cost, but in terms of the IPR Act the following requirements are met, then IP arising from the funded research may be jointly owned by the University and the funder:
 - there has been a contribution of resources, which may include relevant background intellectual property by the private entity or organization; and
 - there is joint Intellectual Property creatorship, i.e. that members of the team employed by the private entity or organisation make an inventive contribution to the creation of the IP arising from the research; and

- appropriate arrangements are made for benefit-sharing for Intellectual Property Creators at Rhodes University; and
- the University and the private entity or organization conclude an agreement for the Commercialization of the Intellectual Property.
- Rhodes University automatically assigns to the author(s) the copyright, unless the University has assigned ownership to a third party in terms of a research contract, in copyrighted works such as a thesis, dissertation, article, handbook or any other publication which, in the ordinary course or business, is associated with conventional academic work.
 - The copyright in a Student's thesis or dissertation shall vest in the Student, with the provision that Rhodes University shall have a non-exclusive, royalty-free license to publish the thesis in any form. This will *inter alia* allow the University to make copies for the library and to make the thesis available electronically as part of its collection.
 - Course materials with the provision that the University retains a royalty-free, non-exclusive license to use, copy and adapt such materials within Rhodes University for the purposes of teaching and or research.
- The University does not lay claim to the IP rights and income pertaining to artistic works (e.g. paintings/sculpture), literary works (e.g. novels or anthologies of poetry) and musical works (e.g. compositions) even when the work in question falls within the Course and Scope of the duties of a staff member.

Should an Employee or Student wish to have IP that will be subject to the IPR Act associated placed in the public domain or to release Open-source software, approval for this must be sought from the National IP Management Office (NIPMO) prior to the commencement of the research. This referral will be made by the Director: Research Office.

3.1 Claims of ownership by Employees or Students

If an Employee claims that ownership of IP vests in him/herself, and can reasonably prove to the Deputy Vice Chancellor: Research and Development and the Director: Research Office that such IP has not been created in the normal Course and Scope of his or her employment, the University shall accept that the staff member is entitled to the ownership thereof. The University shall take into account whether or not the IP originated in the course of consultation work, and if use was made of the University Resources, and/or his/her employment relationship with the University.

If a Student claims that ownership of IP vests in him/herself, and can reasonably prove to the Director: Research Office that such IP has not been created in the normal course and scope of his/her studies, the University shall accept that the student is entitled to the ownership thereof.

3.2 Joint Staff and Visiting Researchers

The ownership of IP of staff who are appointed as joint staff of Rhodes University and an outside organization shall be determined in accordance with the agreement between the University and that outside organization, be compliant with the requirements of the IPR Act and be recorded in their letter of appointment.

The University claims IP of visiting lecturers or visiting researchers that was created during their visit to the University, or to a portion commensurate with the use of the University's resources should the creation of the IP be started during the visit, in the absence of any agreement to the contrary agreed by the University and visitor or visitor's institution in writing, before the commencement of the visit.

3.3 Trade Marks and Domain Names of the University

- The University is the owner of various registered and unregistered trade marks and therefore reserves all its rights in respect of any trade marks that include its name, logo, abbreviation or similar indications, or that otherwise suggest an association with the University.
- These include, *inter alia*, the name of the University, Rhodes colours and logos and the names and logos associated with any of the University's Departments, Institutes, Units or other research groupings as well as all associated domain names, which shall all, if registered, be registered in the name of Rhodes University and vest in the University.
- The use of the trademarks of the University for private purposes or personal gain by staff, students or members of the public is strictly prohibited.
- The University reserves the right to license its name or registered trademarks to commercial partners and permission should be sought from the Director: Research Office.

4. Provisions regarding contract research, consulting, and student commissions

4.1 Contract Research for External Organisations

- In the event that the University partners in research and development with other parties, the IP consequent of such a working relationship may, subject to the provisions of the IPR Act and to negotiation between the parties, be co-owned by the University and such other party. When negotiating terms of such co-ownership, issues of prior co-investment of resources such as background IP and other forms, the extent of the co-creation of the IP in question, the benefit-sharing arrangement for the University's IP creators in terms of clause 3 of this policy, and a means of governing the commercialization relationship of the co-owners of such intellectual property will be given due regard.

- Furthermore, the University will also negotiate the ownership of IP that is generated from any research that is funded by an external organisation.
 - If the research is funded at or above Full Cost, IP is deemed to fall outside the scope of the IPR Act and the external organisation may negotiate with the university to own the IP arising from the research. The University will endeavor to retain a residual royalty-free right to use the IP for research and teaching purposes.
 - In all other cases, where the University has contributed any resources, to whatever extent, towards the research, IP ownership will vest in the University, unless the conditions for joint ownership of the IP have been met. But, the University may elect to grant the external organisation a license, compliant with the requirements of the IPR Act in order to access the IP for their use and commercial exploitation.
 - Where an Employee or Student of Rhodes University is commissioned by an external organisation to conduct research in which existing IP belonging to the external organisation has to be further developed, or where a problem relating to it has to be solved, the Intellectual Property Rights of the University shall be limited to the incrementally added intellectual value of the research and any patents, designs and copyrights that may originate on account of such research.
 - Employees who are approached by external organisations to conduct contract research for such organisations, regardless of the place where the contract research is to be done, must ensure that appropriate agreements regarding IPR are in place.
- Material Transfer Agreements are entered into with external organisations by Rhodes University to control the use of materials that are owned by the University. All Material Transfer Agreements must be concluded by the Rhodes Research Office. Employees or Students who leave the University and wish to continue to use materials that are owned by the University, should contact the Rhodes Research Office in order to negotiate access via a Materials Transfer Agreement.

4.2 Consulting by Staff

- Since knowledge/expertise is applied when consulting but new knowledge and inventions are not normally created, the University does not lay claim to the products of consulting work, except in the case of serendipitous inventions. Serendipitous Knowledge shall be deemed to have originated within the normal Course and Scope of the staff member's employment at the University and such IP will be owned by the University in the absence of an agreement signed by the University and the external organisation to the contrary.

- The product of consultation work, whether a report, an opinion, or any other form of product or service, may be delivered by a staff member of the University to an external organisation inclusive of the copyright on the product.

4.3 Student Commissions

Where a student intends to submit an assignment or thesis or dissertation that corresponds to a commission of his or her employer, the student must disclose his/her intention to the University and his/her employer on registration or as soon as possible after he/she has become aware of the employer's commission. The University and the student's employer shall then negotiate ownership and confidentiality related to the student's assignment/thesis/dissertation.

The University will not keep the assignment/thesis/dissertation confidential for a period of longer than three years and it reserves the right to publish the assignment/thesis/dissertation in any format.

5. Disclosure, Protection and Exploitation of Intellectual Property

5.1 Disclosure of Intellectual Property and Responsibilities of IP Creators

- All Employees and Students are required to screen their work and to disclose IP that may have the potential to be registered to the Director: Research Office within 30 days of identification of such intellectual property and before public disclosure (i.e. *inter alia* in scientific periodicals and journals, conference presentations, on-line blogs or websites, or through the submission of theses and dissertations for examination) of the IP.
- Since public disclosure vitiates the possibilities of patenting, functional and aesthetic design registration (when a six-month grace period has been exceeded) and protection of plant breeders' rights, public disclosure of such research results must be held back, in cases where there is potential for the protection of the IP, until such time as the University has made a decision, together with the IP Creator, about the possible protection of the IP. The University shall ensure that the period of non-disclosure is as short as possible.
- The IP Creator(s) must conclude in a timely manner, all assignments of IP necessary to give effect to the ownership of the IP and to allow for the use and commercialization of the IP by Rhodes University in accordance with this IPP. IP Creator(s) are expected to cooperate with the Director: Research Office and assist in the preparing, reviewing, signing of and abiding by the

terms of all documents necessary for the protection and exploitation of IP (including but not limited to patent specifications, official forms, marketing material, technical descriptions, confidentiality agreements and licence agreements).

5.2 Protection of Intellectual Property

- Where Intellectual Property can be protected through the filing of a South African provisional patent or through a design registration, the Rhodes University Research Office will undertake such filing after disclosure by the inventor to the Research Office.
- The Research Office shall assume the responsibilities associated with role of a Technology Transfer Office in compliance with the IPR Act, or if necessary outsource this function to a suitable entity.
- The Research Office shall take responsibility for: the assessment, in consultation with the IP Creator, the most appropriate form(s) of statutory protection of the University's IP; and the appointment of a patent attorney to attend to the protection.
- Where the IP may be protectable, has commercial potential or societal benefit, is subject to the IPR Act and the University decides not to retain it, the University is obliged to first offer the rights to the National Intellectual Property Management Office (NIPMO). If NIPMO elects not to acquire the rights and a third party who has funded the development of the IP elects not to, then the IP Creator(s) will be offered the IP and can proceed with any IP protection at their own cost.
- Without authorisation from the Director: Research Office or Deputy Vice Chancellor: Research and Development, no staff member or student may proceed, on their own initiative or via a patent attorney, with the registration of any IP right relating to any University owned IP.

The University will bear the cost of registering, prosecuting and maintaining any registered IP rights and will decide, in consultation with the IP Creator on territories in which protection will be applied for. If the inventor is of the opinion that the patent, plant breeder's right or functional or aesthetic design, should also be registered in other countries, but this view is not supported by the Research Office, this shall be done only if the inventor is prepared to bear the attendant costs, and the Inventor will be reimbursed for these expenses from the commercialization income generated from this territory that accrues to the university.

5.3 Commercialisation of Intellectual Property

The Director of the Research Office will, in consultation with the IP Creator and the Deputy Vice Chancellor: Research and Development, approve a commercialization strategy for IP owned by the University.

IP transactions must give effect to the following preferences in respect of the commercialisation of the IP:

- a. BBBEE compliant entities and small enterprises;
- b. Parties that seek to use the IP in ways that provide optimal benefit to the Republic of South Africa
- c. Parties that made material contribution to the research and development giving rise to the IP

The commercialization strategy will generally involve one of three routes:

- Entering into a Joint Venture (JV) company with a company or companies:

The University may assign (transfer) the IP to the JV company, if approval is granted by NIPMO where the IP is subject to the IPR Act, in which case the University no longer owns the IP, or the University may license the IP to the JV company. There may be an upfront fee received, but generally the University will receive income through dividends issued by the JV company from time to time. The University may also receive income from the sale of shares.

- Licensing or Assignment of the IP to a company or companies:

A license gives a company the right to use the IP to manufacture a product and in return the University would receive a royalty based *inter alia* on the sales turnover of the product. The University retains ownership of the IP and if the company does not fulfill its contractual obligations, the license can be cancelled. A license may be exclusive or non-exclusive. A license may also be restricted to a particular geographic area or field of application. Exclusive licenses, where IP is governed by the IP Act, that are granted to offshore entities will require the prior approval of NIPMO in addition to South African Reserve Bank exchange control approval. No NIPMO approval is required for non-exclusive licenses for on/off shore.

Should Rhodes University decide to assign the IP to a third party(ies), then the University will have completely alienated title to the IP in question and the assignee will then assume full ownership of such IP. The University may be paid either a once-off fee or an ongoing royalty for the assignment of the IP.

Rhodes University will attempt, as far as possible, to commercialize the IP by any means other than assignment, however, where the IP is

subject to the IPR Act, should the University intend to conclude an assignment agreement, the matter will be referred to NIPMO for approval for transactions with either local or offshore entities; the latter will also require South African Reserve Bank exchange control approval,

In the event that the University elects to enter into an exclusive license agreement, the licensee will be encouraged to use the IP as much as it is practical and possible within the Republic of South Africa. The University will take reasonable measures within its capacity to ensure that the holder of an exclusive licence does commercialise the IP in line with the spirit and terms of the licence agreement and the IPR Act.

Whenever the University assigns some IP to a small enterprise in return of equity, the terms of agreement should allow for reversion of such IP to the University in the event of liquidation of such an enterprise.

Prior to conclusion of any commercial transactions relating to IP, the University will investigate to its satisfaction that the party to whom the IP will be licensed, assigned, or dealt with otherwise is able to commercially exploit the IP in question in line with the terms of agreement and the spirit of the IPR Act.

- Creation of a spin-off company. A spin-off company is different to a JV company in that the company is wholly owned by the University, at least initially. The University may assign (transfer, with due compliance with the IPR Act where necessary) the IP to the spin off company or may license the IP to the spin off company. The University will generally receive income from dividends issued by the spin off company or from sale of shares, but can also receive a royalty on turnover depending on the agreement between the University and the spin-off company.

6. Conflict of Interest in Technology Transfer

6.1 Principles of Technology Transfer Projects

- Staff members of the University are expected to accord the University their primary professional loyalty, and to arrange outside obligations, financial interests and activities so as not to conflict with this overriding commitment.
- Staff members should not be in a position to influence the commercial decisions of the University or its associated or subsidiary companies in such a way that it may lead to reduced income.
- Staff members, who may be, or may potentially be, in a position of conflict of interest with regard to technology transfer projects, should promptly disclose any such situations to the DVC:R & D who will negotiate with the staff member and agree on a strategy for resolving the conflict of interest.

- Staff members who have economic interests in technology transfer projects of the University are still entitled to any benefit due to them as an IP Creator where applicable.
- Staff members who have economic interests in technology transfer projects of the University are not permitted to participate in technology transfer negotiations with those organisations in which they have such interests.

6.2 Involvement in Emerging Companies

The University recognizes that emerging companies play an important role in national and local economies. Staff members can play a key role in emerging or 'start-up' companies and exploit the opportunity to participate in a new venture without having to leave University employment. This could be attractive to them and advantageous to the University. It may lead to a conflict of interest which should be identified, defined, negotiated and agreed at the time that the staff member becomes involved in a company. These negotiations will be led by the DVC: Research & Development, in consultation with the relevant Dean and HoD.

7. Distribution of Commercialisation Income

7.1 General Principles

- IP Creator(s) or their heirs are granted a right to a portion of the revenues that accrue to the University for as long as revenues are derived from such IP, and until such rights expire. This encompasses all IP that is owned by the University, whether registered or not.
- The benefits granted to IP Creators will be shared in equal proportions unless otherwise agreed in writing by the IP Creators and the University.
- The relevant Faculty's share of any revenue will be allocated to the Faculty Research Committee. The Faculty Research Committee, in consultation with the Dean of the Faculty, must determine the distribution between the Faculty and Department as appropriate. These funds must be applied in the interests of research and may not be allocated to any individual for personal gain.
- Rhodes University's share of any revenue will be allocated to a Strategic Research Fund for the promotion and development of research.
- Income that accrues to an IP Creator in their personal capacity is taxable.
- Where IP is co-owned by the University and an external organisation, the division of revenue from commercialisation of the co-owned IP will be agreed

in writing by the joint owners. The University's share will, however, still be allocated in accordance with section 7 below.

7.2 Benefit Share in Revenue Derived from Commercialisation of IP

Any revenue received by Rhodes University from the successful commercialization of any Intellectual Property, be it registered or not, shall, within one year of receipt of the revenue, be distributed, cumulatively, in the following manner:

(a) First one million rand of revenue

- 20% (twenty per cent) of the revenues accruing to the University for the first one million rand of revenue will accrue to the IP Creator(s) except for the situation described in (c) below.
- Commercialisation Costs will be deducted from the balance to determine net revenue, which will be split between the Faculty (45%), the University (45%) and the Research Office (10%).

(b) Revenues above one million rand

- Any Commercialisation Costs not recovered in 7.2 (a) will be deducted from any revenue above one million rand to determine net revenue.
- The net revenue will be split between the IP Creator(s) (30%), Faculty (30%), the University (30%) and the Research Office (10%).

(c) Revenues less than R50 000

- Where the gross revenue is less than R50 000 and is unlikely to be greater than R50 000 at any point, the IP Creator(s) is entitled to the full amount of the revenue less Commercialization Costs, provided that the IP Creator(s) receive a minimum of 20% of gross revenue.
- Should the income become greater than R50 000 at any point, the situation will revert to that envisaged in (a) and (b) above and the income already distributed will be offset against the amounts owed.

(d) Revenues in Non-Monetary Forms

- The University will, wherever possible, endeavor to receive commercialization benefits in a monetary form as such are generally easier to administer and share with beneficiaries, according to the provisions of clause 7. (a) – (c) of this policy.
- In the event that the University receives an indivisible asset as a form of commercialization income, such an asset will be co-owned by the University and IP creators but will remain located, administered and managed by the University. Should such a co-owned asset be used by the University in any

way that will generate any revenue, such revenue will be shared with the IP creators in terms of clause 7.2 (a)-(c) of this policy.

- The University may at any stage prefer to offer to purchase at a reasonable rate the portion of ownership vesting in the IP creators. If there is agreement in this regard, the said asset will then be fully owned by the University. After the University has purchased all of the portion owned by IP creators, then the IP creators or their heirs will no longer be entitled to benefit-sharing as provided in clause 7. (a).
- Should the IP Creators and the University disagree on the value of the non-monetary benefit, an independent auditor will be appointed to determine its value. The determination of such an independent auditor will be deemed binding on all parties and will determine the price at which the University may purchase the IP Creators' portion.
- As soon as it comes to the attention of the University that there is possibility of receiving commercial income in a non-monetary form, the University will engage in prior discussions with the IP creators to determine the most fair and equitable approach to sharing such benefit. If this prior discussion is not successful, an independent auditor will be called for valuation of such benefit and for determination of income distribution as guided by clause 7. (a) – (c) of this policy.

Where the benefit is in the form of shares or equity, the IP Creators shall be entitled to 30% of the University's revenue derived from the disposal of such shares or equity or any dividends received. The University shall determine the point at which shares are disposed.

7.3 Other sources of income

In order to turn IP into a marketable product, a process of value adding (product development) normally takes place even after the IP commercialization strategy envisaged in section 5.3 has started. The licensee or joint venture company or spin off company is usually prepared to pay for this and is dealt with as follows:

- Consultation: Consultant, who may be the staff member, is paid for consultation work on an hourly basis;
- Product development: Service provider, who may be the staff member of the University, is paid for services rendered;
- Marketing: Agent, who may be the staff member, is paid a commission; or Distribution: Distributor, who may be the staff member, is paid for services rendered; and/or

Taking up equity in a spin-off company does not negate the right of any party to income as set out above. Consequently, an inventor may receive royalties on account of a patent licensed to a third party (which may be a spin-off company), he/she may at the same time also act as consultant, and he/she may also receive

dividends as a shareholder. The same person may also act as agent and earn a commission.

Appendix

Guide to Intellectual Property

This section does not form part of the Rhodes IP Policy, but is included for background and guidance on intellectual property.

The roots of Intellectual Property (IP) protection can be traced back to the seventeenth century, where IP was recognised and protected on a haphazard basis, but the protection of IP only assumed its present form in the 20th century. As IP law has had to constantly evolve in response to technological innovation, this is a dynamic area of legislation. As society has moved increasingly to a knowledge-based economy, IP legislation has become increasingly important.

IP is essentially the fruits of an individual's intellect and the protection thereof. The development of laws dealing with IP was based on the growing recognition that these inventions were a form of property which had economic value, and in which their creators had certain rights. However, it was soon recognised that to grant creators an absolute monopoly over the fruits of their intellect, would have a negative effect on the development of society, as much of societal development relies on the free exchange of ideas. IP law thus seeks to strike a balance between these interests by granting protection for a limited time to the creator of the IP, in exchange for that creator making full disclosure of the intellectual property to society.

Against this backdrop, IP law has evolved into several distinct categories, each regulated by local legislation. Most local IP legislation is, in turn, based on international conventions and treaties which regulate a particular sub-category of IP internationally, and to which various countries subscribe. In this way, countries are able to obtain international recognition and protection for IP rights granted in their countries in terms of local legislation.

The legislation prescribes the entitlements that holders of regulated works enjoy, and provides for the protection of such works. According to the Intellectual Property Rights from Publicly Financed Research and Development Act, 51 of 2008: *"intellectual property" means "any creation of the mind that is capable of being protected by law from use by any other person, whether in terms of South African law or foreign intellectual property law, and includes any rights in such creation, but excludes copyrighted works such as a thesis, dissertation, article, handbook or any other publication which, in the ordinary course or business, is associated with conventional academic work"*.

Copyright

Copyright is regulated by the Copyright Act, 98 of 1978. This Act prescribes the works that qualify for copyright protection. No registration is necessary for copyright, since copyright is conferred automatically in terms of the Copyright Act. Copyright for a South African author covers not only South Africa but all countries which subscribe

to the Berne Convention, as well as in member countries of the World Trade Organization (WTO) which subscribe to the GATT'S TRIPS agreement.

Copyrighted works include literary works, books, articles, music compositions, artworks, databases, computer software programmes, and broadcasts: These are known as the subjects of copyright. These works enjoy automatic protection in terms of the Copyright Act as soon as they assume a material form.

Material form has a wide definition, and depends on the nature of the subject of copyright; for example, a literary work could be written down or recorded, but a broadcast would have to be broadcasted to assume material form and thereby qualify for protection as a broadcast. A single work may also contain several subjects of copyright; for example a film, in which there is the script, soundtrack, and the composition of the pictures. Due to the requirement of material form, there is no copyright in an idea; therefore, copyright thus does not protect ideas but only the material expression thereof.

The copyright holder is then entitled to regulate the exploitation of the work by granting others the right to make use of the material via assignment or different types of licensing, in return for which the holder receives a payment in the form of royalties.

The term of copyright protection is limited. Depending on the subject of copyright, the term of protection is generally the lifetime of the creator plus fifty years calculated from the end of the year in which the creator died.

Plant Breeders' Rights

Plant breeder's rights are governed by the Plant Breeders' Act, 15 of 1976, and South Africa is a signatory to the International Convention for the Protection of New Varieties of Plants. Rights are granted in a similar way to Patents. Rights are granted for twenty-five (25) years in the case of trees and vines, and for twenty (20) years in the case of all other plants, by the Registrar of Plant Breeders' Rights. There are certain conditions regarding the criteria for the registration of a variety as a Plant Breeders' Right, and these can be found in the applicable Act. The criteria are broadly: being deemed new, distinct from existing varieties of the same kind of plant, uniform within the normal limits of plant variation, and stable during propagation. The rights conferred are similar to those conferred in patent acquisition in that the rights extend to producing, propagating, and selling.

Patents

Patents and provisional patent applications, are essentially a monopoly of limited duration intended for the exploitation of the invention, and are issued by the Registrar of Patents. A provisional patent provides short term protection for a period of 12 months, after which a full patent application must be lodged. South African patents do involve annual renewal fees from the third year onwards of registration.

For an invention to be patentable it must satisfy three basic criteria: it must be new, involve an inventive step and it must be possible to apply the invention in trade, industry or agriculture. In terms of the Patents Act, ownership of a patent vests in the inventor of the work, unless this arrangement is varied by the Act or in terms of a contract.

The inventor would be the original deviser of the invention. The most important variation in terms of the Act is the 'master-servant' exception, which states that if an invention is produced in the course and scope of a 'servant's' (employee's) employment, then the patent vests in the 'master' (employer). This means that a patent or any other work produced outside of these exceptions will vest in the inventor.

Failing the 'master-servant' (employer-employee) exception, one should be very cautious about entering into contracts governing the conduct of work, where one is to, for example, undertake research for another, or where the research that one is to undertake is to be funded by another party, because these contracts could contain provisions in terms of which the provisions of the Act are varied contractually, and the patent in any invention could be assigned to the other party, and not held by the inventor. Any such contract should be carefully examined for its IP provisions, and should be re-negotiated, if possible, to provide for at least a sharing of IP rights. Again the issue of co-devisers of an invention arises, and the comments above relating to co-ownership and copyright apply equally to patents.

Qualification for Patenting

Patents are covered by the Patents Act, 57 of 1978. This Act deals with inventions of a technological nature. The applicant for a patent must be the rightful owner of the invention. The Act prescribes what subjects qualify as inventions by including a list of subjects that are excluded, and by indicating what requirements 'qualifying' subjects must comply with in order to be eligible for patent protection. Subjects excluded include pure discoveries, scientific or mathematical methods, and computer programmes. All of these may be the subject of a patent, however, if they are included in and as a part of a 'qualifying' subject. For example, a computer programme is not patentable per se, but if it were to be included as an integral part of the control mechanism of a machine which is patentable, then the computer programme would be patentable as a part of the patent for the machine.

The main requirements for a qualifying subject are that it must be new or novel and must involve an inventive step which is not obvious. The requirement for novelty is often referred to as 'absolute novelty'. This means that public disclosure prior to the granting of the patent will destroy the patent.

The requirement of an inventive step means that the invention must represent a 'step forward'. The common test applied is to have regard to the 'state of the art' ie all the information that is publically available, and then to ask whether an ordinary person skilled in the art would have come up with the invention when faced with the same problem that the inventor was faced with.

Once these requirements have been satisfied, the inventor or her/his agent is entitled to apply for a patent to protect the invention. There is no automatic protection of an invention and a patent has to be applied for to secure this.. The procedure to be followed is contained in the Patents Act. Once an inventor has successfully complied with these requirements, she/he is entitled to the granting of a patent, in return for which she/he must fully disclose the workings of her/his invention to the public.

Geographical Jurisdiction

A patent is limited to a particular territory, usually a single country or a region in the case where a number of countries co-operate to grant a single patent covering all their combined territories. An applicant must thus apply for a patent in every country in which s/he wishes her/his invention to be protected. Some international conventions, such as the Patent Co-operation Treaty (PCT) seek to make this process simpler and more affordable.

Terms of Patents

Once a patent has been granted, the holder of the patent is entitled to regulate the exploitation of the patent by granting others the right to make use of the invention via assignment or different types of licenses, in return for which the holder receives a payment in the form of royalties. The term of patent protection is limited to 20 years after the date of the granting of the patent, after which the subject matter of the patent falls into 'state of the art' knowledge in the public domain and may be used without restriction.

Contracts and Agreements

1. Management of IP

IP management is an integral part of conducting, coordinating and managing research at universities. IP management entails the following:

- Every research activity has to be critically evaluated for its potential to produce IP Rights.
- IP rights vest in certain persons automatically by operation of law but these entitlements can be contractually varied by agreement between the parties.
- Contractual variation must be conducted with an eye to maximising IP rights; for example, by following the necessary non-disclosure procedures to ensure that a patent application is not jeopardized by a prior disclosure, and by

keeping the necessary confidential records so that one is able to prove exactly what one has done and claim IP in the event of a dispute.

- Potential claimants of IP, in the form of others working on the research, must be evaluated. Their legal claim to IP must be assessed, and their role in the activity and the rights flowing there from agreed upon and documented in a contract in order to avoid disputes at later stage.
- Outside parties, such as co-operating institutions and funders, wishing to play a role in the activity must also be carefully screened and evaluated, and their legal entitlement to IP must be assessed, and their role in the activity and the rights flowing there from agreed upon and documented in a contract. This is particularly important with funders and industrial partners. The key question to be asked is what is the IP price that could be paid, in terms of loss of rights or a curtailment thereof through confidentiality agreements, of the participation of these outside parties.
- Researchers must recognize the value of IP, and the value of their own role in creating this, and then negotiate a share of the IP likely to be produced. Contracts must be examined and negotiated or re-negotiated.
- Researchers must be aware of the value of securing IP rights at the start of any activity. This is a relatively simple task when such rights and the entitlements thereto are established by agreement at the start of the activity. It is virtually impossible to satisfactorily secure IP rights in favour of everyone involved without incurring costly litigation once these rights have been vested. Once IP rights have been vested in someone else, they are generally lost forever.

2. Negotiation of IP Rights

Although the various Acts give recognition to IP rights, there are still many other IP rights that do not qualify for such protection, and yet have commercial value; for example, know-how. In addition, the fact that IP rights are recognized in terms of an Act still leaves the challenge of effective exploitation. An agreement in the form of a contract is the preferred practice. A contract is a signed agreement between two parties whereby they agree to deal with each other on certain terms and conditions.

It is also important to bear in mind that a contract can be used to legally strip an unsuspecting party of their IP rights, because any entitlement to IP rights given to a person in terms of the various Acts may be altered by agreement. All activities in which researchers are involved need to be carefully examined for potential IP rights, and all proposed contracts relating to these activities examined to determine whether the contract has any effect on IP rights.

3. Negotiation of Confidentiality Agreements

A contract may also be used to establish ownership of IP rights with a person while restricting the use of such rights and thereby rendering them worthless in the hands of the holder. This is potentially the case with confidentiality agreements. In terms of such agreements, a party working on an activity agrees with another party to make the results of the activity available to that party only, and to no-one else. This means that while the person working on the activity may develop extensive IP rights in the form of know-how, for example, they are prevented by the confidentiality agreement from using that know-how to the benefit of anyone else, such as a prospective employer, or, as part of a thesis for the award of a degree. The scope of confidentiality agreements should be carefully examined, and should only extend to information supplied by the other party, and not to know-how generated in undertaking the research.

4. Sharing IP

As indicated above, contracts can also be used to determine the sharing of IP, particularly where an IP holder needs to secure a partner with resources to assist in the protection and commercialization of IP. A suitably drafted contract can ensure that all parties know exactly what is expected of them and what they are entitled to.