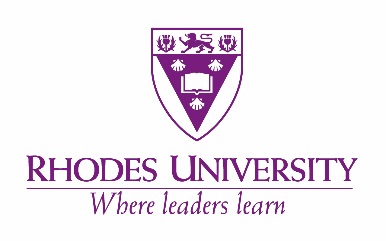
ESSENTIAL INTELLECTUAL PROPERTY INFORMATION FOR ALL RHODES CONTRACTS:



As South African Universities are heavily subsidised by government, we are governed by the Intellectual Property Rights from Publicly Financed Research and Development or the South African IPR-PFRD Act, 2008 (Act 51 of 2008) and its Regulations.

It would seem that most parties are surprised to learn that the overarching purpose of the **Act is to ensure that the Intellectual property emanating from publicly financed Higher Education Institutions (HEIs) is identified, protected and utilised to be commercialised for the benefit of the people of the Republic of South Africa.** Whether that benefit be for a social, economic, military or other positive outcome.

Spoor and Fischer is a multinational Law Firm which specialises in the filing, registration, prosecution and enforcement of trade marks, patents, designs and copyright. They clarify:

“Until now private companies contracting with the universities and research institutions to conduct research and development have been free to negotiate and agree on commercial terms. The Act makes certain consequences of the relationship between the parties, unavoidable - for example, institutions that create intellectual property with public funds will own the intellectual property, regardless of what may have been agreed between the parties.

The Act applies strictly to intellectual property (including know-how but excluding copyright in copyrighted works) created with public funds. If research and development undertaken by a university or public research institution is funded by a private entity on a full-cost basis, the intellectual property created will fall outside of the ambit of the Act.”

The National Intellectual Property Management Office (NIPMO) is an entity within the Department of Science and Technology (DST) which ensures the Act is implemented. As such, NIPMO has created guidelines (NIPMO Guideline 4.1 of 2015: Intellectual Property Ownership) which make provision for 3 positions on IP ownership:

|  |  |  |
| --- | --- | --- |
| The Default Position | Co-Ownership | Full-cost Arrangement |
| According to the IPR Act, is stipulated in Section 4(1) which states: “Subject to section 15(2), intellectual property emanating from publicly financed research and development **shall be owned by the recipient**”.  A “recipient” is defined as “any person, juristic or non-juristic, that undertakes  research and development using funding from a funding agency and includes an  Institution”. A “funding agency” is further defined as the “State or an organ of state or a state agency that funds research and development”2.  Thus **the default position on IP ownership in terms of the IPR Act is that (if the requirements for co-ownership are not met) the recipient that undertakes R&D using funding received from a funding agency will be the owner of any IP that emanates from that R&D**. | Section 15(2) of the IPR Act states “Any private entity or organisation may  become a co-owner of the intellectual property emanating from publicly financed research and development undertaken at an institution if –  (a) There has been a contribution of **resources**, which may include relevant background intellectual property by the private entity or organisation;  (b) There is **joint intellectual property creatorship**;  (c) Appropriate arrangements are made for **benefit-sharing for intellectual property** creators at the institution; and (d) The institution and the private entity or organisation **conclude an agreement for the commercialisation of the intellectual property**.” Note: **All four requirements (a) to (d) above must be met for IP generated from publicly financed R&D to be co-owned.** | Section 15(4)20 of the IPR Act provides for a private entity or organisation to pay the full-cost of R&D undertaken at an institution, such that the R&D is deemed not to be publicly financed and the **provisions of the IPR Act do not apply**. It should, however, be **noted that the IP ownership does not automatically belong to the full-cost funder (i.e. private entity or organisation). As the IPR Act does not apply, IP ownership will be determined in terms of applicable IP statutes and contractual arrangements**. In the case **where the IP belongs to the institution, the institution has the discretion to make the IP available by assigning or licensing the IP, at no further cost, to the private entity or organisation. Alternatively, the parties may negotiate a further margin for the transfer of (assignment) or access to (licence) the IP.** |

ELEMENTS WHICH MUST APPEAR IN A CONTRACT BETWEEN RHODES AND A THIRD PARTY:

* On the cover sheet where Rhodes University is described as a legal a party, the information should appear as follows:

Rhodes University

Drostdy Road, Grahamstown, Eastern Cape, South Africa 6140

A public higher education institution and juristic person in terms of the Higher Education Act (No. 101 of 1997) as amended, existing under the laws of the Republic of South Africa and herein duly represented by Dr. Adele Leah Moodly in her capacity as Registrar.

(Hereinafter referred to as “RU”)

* A preamble describing the purpose of the contract and the research should be summarised in less than a page if possible.

* Definitions required for IP should include:

1.1. “Intellectual Property” or “IP” intellectual capital in the form of any and all technical or commercial information, including specifications and formulae; know-how, data, systems and processes; production methods; trade secrets; undisclosed inventions, financial and marketing information; as well as registered or unregistered intellectual property in the form of patents, trademarks, designs, and copyright in any works, including literary works or computer software programs;

1.2. “Background Intellectual Property” any Intellectual Property owned or controlled by either of the Parties as at the Signature Date, and made available by a Party to the other for purposes of conducting the Project as well as all Intellectual Property rights in existence before the Signature Date as well as Intellectual Property developed by a Party to this Agreement after its commencement and which does not fall within the scope of the definition of Foreground Intellectual Property

1.3. “Foreground Intellectual Property” Intellectual Property conceived, created or developed in the execution of a Project;

1.4. “Serendipitous Intellectual Property” Intellectual Property conceived, created or developed that may not fall within the definition of Foreground Intellectual Property but was created as a result of the execution of a Project.

1.5. “IPR-PFRD Act” collectively, the South African Intellectual Property Rights from Publicly Financed Research and Development Act, 2008 (Act 51 of 2008) and its Regulations

* Finally the section covering the clauses of IP should go something like:

1. INTELLECTUAL PROPERTY

1.1. As a general rule, nothing in this Agreement or a Project Agreement will be construed as an assignment or transfer of any IP rights belonging to a Party if not expressly granted pursuant to such Agreement. The Parties undertake to respect each other’s ownership of those rights at all times.

1.2. Unless otherwise agreed in the Project Agreement, ownership of IP rights over Results obtained in the development of a Project will belong to the Parties pro rata to their respective contribution to the Project Results.

1.3. Protection of IP rights will include observation at all times of the rights of the inventors or authors in accordance with each Party’s policies in this regard.

1.4. The ownership of and all rights in and to any Background Intellectual Property will be and remain vested in the Party who initially owned and/or developed the same and such Party will have the exclusive right to the commercial use of such Background Intellectual Property, unless otherwise agreed to between the Parties. Each Party, however, grants the other (subject to the IP rights being free of restrictions imposed by a third party) a royalty-free, non-exclusive license, for the duration of the Project, to use such Background Intellectual Property for non-commercial research purposes as may be needed for the furtherance of the Project.

1.5. Foreground Intellectual Property that is solely developed by one Party will be exclusively owned by that Party (“Sole IP”).

1.6. Foreground Intellectual Property, including Serendipitous Intellectual Property, which is jointly developed by the Parties will be jointly owned by the Parties (“Joint IP”).

1.7. Each Party undertakes to make prompt disclosure of the development of any Foreground Intellectual Property, including Serendipitous Intellectual Property, to the Research Steering Committee. The decision as to when, where and by whom patent applications relating to Joint IP will be filed, as well as the extent of each Party’s contribution towards legal fees and concomitant costs reasonably to be incurred in the process of the filing and prosecution of such applications, will be taken by the Parties, unless agreed otherwise in an agreement envisaged in clause 10.9.

1.8. The Parties will decide, on a case-by-case basis, whether or not exploitation of any Joint IP should be pursued. In the case of IP commercialisation or where IP ownership is to be assigned, a benefit sharing agreement is required to be drawn up. This shall be done in line with the IPR-PFRD Act as well as NIPMO’s guidelines (NIPMO Guideline 4.1 of 2015: Intellectual Property Ownership, see below).

1.9. If, subject to 9.7, the Research Steering Committee decides that Exploitation of Joint IP should be pursued, the Parties will embark upon good faith negotiations with each other with a view to concluding as soon as possible a formal written agreement (a “Joint Ownership Agreement”), which agreement will set out, to the extent possible and necessary, the licensed rights to the required Background Intellectual Property; the strategy for Exploitation; the obligations of the Parties in regard thereto; and the sharing of costs and benefits between the Parties in the ratios agreed upon by the Parties, taking into account each Party's contribution to the development of the Joint IP. No Exploitation of Joint IP will commence until the Joint Ownership Agreement contemplated in this clause 11.9 has been executed.

1.10. The Parties agree to cooperate in all ways necessary to facilitate the protection, maintenance, defence and exploitation of the Joint IP rights.

1.11. The Parties acknowledge that –

1.11.1. Foreground Intellectual Property, whether Sole IP or Joint IP, may have been created with support from the South African Government, and is subject to the requirements of the IPR-PFRD Act; and

1.11.2. the South African Government has certain rights to the Foreground Intellectual Property described in 1.11.1 in terms of sections 11(1)(e), 11(2) and 14 of the IPR-PFRD Act.

1.11.3. Each of the Parties indemnify the other Party against any claims, costs, expenses, losses or damages which may arise as a result of a Party’s failure to adhere to the provisions of the IPR-PFRD Act.