



RESEARCH INTELLECTUAL PROPERTY POLICY

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(C) = Comment; (A) = Approval

1. INTRODUCTION

1.1 The Open University (the OU) acknowledges the need for a Research Intellectual Property Policy (IP Policy) which will promote the OU's reputation as a socially relevant, leading research and teaching institution and will directly contribute to the financial position of the OU by realising the commercial value of its research. This IP Policy sets out the OU's position on the ownership, development, protection and exploitation of Research Intellectual Property (Research IP), arising from all types of research and scholarship, and is not copyright in teaching activities. It sets out the sharing of net income from the commercialisation of Research IP with the Originator(s) and the OU. This policy applies the widest possible concept of Research IP from all fields of intellectual activity. It is expected that identification will take place when employees, Research Students, and members of staff are involved in creating and developing Research IP. Much of the Research IP which will be created may be anticipated prior to its creation depending on the nature of the project and outputs that are expected to be generated. Examples of such outputs which are likely to generate Research IP include (but are not limited to):

- Inventions (whether or not patentable)
- Know-How (new knowledge)
- Methodologies
- Research data
- Software
- Databases
- Questionnaires
- Educational/training materials and tools
- Modelling tools
- Solutions to technical problems
- Design/artistic products

Copyright in teaching activities is not covered by this policy and reference should be made to the [Copyright guidelines for OU staff working online](#).

1.2 This IP Policy applies to Research Students and all employees of the OU including academic staff, academic related staff, research staff, support staff, visiting, honorary and emeritus role holders and personnel in collaborating organisations who are under an OU contract of employment, signed agreement or letter of appointment.

1.3 This policy supersedes the Research and Enterprise Intellectual Property Policy (2013) and is aligned with existing policies and terms and conditions of employment. Additional information and practical guidance in support of this IP Policy can be found in '[The Open University Research Intellectual Property Commercialisation Handbook](#)'.

2. OWNERSHIP OF RESEARCH IP

2.1 Clarity on ownership of Research IP is essential to enable it to be effectively exploited and is usually determined by: who created the IP, the nature of the IP, under what circumstances the IP was generated, and whether there are contractual conditions that affect ownership.

Employees and Visiting Academics

- 2.2 In alignment with the OU's employee terms and conditions (Section 17 to 19) and the terms and conditions of service for visiting academics the following apply:
- a) Copyright in Academic Work produced by an academic employee or visiting academic, except copyright in course material or work related to administration of the OU and its courses, belongs to the employee.
 - b) Copyright in any other works, including but not limited to computer programs, produced by an employee or visiting academic in the course of their employment, belong to the OU. Furthermore, whenever the OU is required to assign or licence Foreground IP to a third party for use outside the project, IP assignments will be requested from participants in the project. The contractual arrangements for such projects cannot be concluded until the appropriate IP assignments have been made.
 - c) In the case of academic related staff (ARS), copyright in all material written during the course of his/her duties are owned by the University.
 - d) For OU academic staff who may have an honorary appointment at other institutions, it is important that, where appropriate, an agreement is in place between the OU and the other institution(s) concerning IP.
- 2.3 Research IP created by the University's employees and visiting academics during the course of their normal duties or in work specifically assigned to them or through externally funded work (including research/laboratory notebooks) belong to the University. This accords with the University's terms and conditions of employment for "employees" (Section 43; Appendix E for support staff).
- 2.4 When the OU decides that it does not wish to develop or exploit its Research IP, the Originator(s) may request a 'release of invention.' If such release does not violate the terms of external funding agreements and is in the best interests of the OU, the OU may agree to waive all rights that it holds to the Originator(s). This will be conditional upon:
- a) Reimbursement to the OU of a reasonable proportion of associated expenditure and fees incurred by the OU, and
 - b) Granting a royalty free non-exclusive licence to the OU to use the invention for research and teaching purposes.
- 2.5 When a member of staff leaves the OU's employment, ownership of Research IP created during the period of employment will normally be retained by the OU. However, the OU will not seek to restrict the use of Research IP which it has not previously exploited, and permission to exploit such IP will not normally be withheld upon written request to the OU. Where IP is transferred to a new owner ("assignee"), any contractual obligations with respect to dissemination, use and granting of access rights will also pass to the assignee.
- 2.6 Employees and visiting academics, in conjunction with the OU, are responsible for collection, management and retention of research data in compliance with the OU's requirements for [research data management](#). In the case of data retained in support of patent applications, the data must be retained for the lifetime of the patent (up to 20 years or until the patent is lapsed).
- 2.7 Ownership of Research IP is clearly defined in contracts and collaboration agreements and will cover:
- a) Ownership of Background IP and Foreground IP
 - b) Licences to Background IP and Foreground IP where appropriate
 - c) Assignment of rights to commercialise IP where appropriate

The terms of such agreements may be negotiable, but many collaborators and funders will not deviate from their standard conditions relating to IP.

Students

- 2.8 Upon registration, Research Students, including but not limited to CASE studentships (Collaborative Awards in Science and Engineering) or Research Students in any other industry-related scheme, are asked to assign Research IP generated during the course of their studentship to the OU, except where the Research Student is bound by an intellectual property agreement with a third party. Ownership of Research IP created by self-funded Research Students is negotiated prior to being accepted to undertake a research degree at the OU.
- 2.9 Copyright in scholarly work such as journal articles, personal notes (excluding Research /laboratory notebooks), theses, dissertations and books is owned by the Research Student.
- 2.10 Research IP created by Research Students purely in a personal capacity without use of the OU's facilities or resources is owned by the Research Student.
- 2.11 Intellectual Property created by undergraduates, Taught Masters Students and self-funded Research Students who choose not to assign their Research IP to the OU is the property of the student. However, the OU is prepared to discuss the potential assignment of such IP to the OU so that it can be exploited for the benefit of all concerned. These students will benefit from the same share of cumulative net IP income as set out in Section 5 if the IP is commercialised. This does not apply to Taught Masters Students and Research Students in receipt of a fee waiver.

Affiliated Research Centres

- 2.12 Ownership of Background IP remains the property of the institution that contributes it to the OU Research Degree Programme ("Programme"). It is expected that each institution grants the other a royalty-free, non-exclusive licence to use its Background IP for the purpose of carrying out the Programme.
- 2.13 Research Students based at Affiliated Research Centres are required to make a written declaration on registration with their Affiliated Research Centre confirming whether they will be assigning any IP generated during the Programme to the Affiliated Research Centre or to the OU.
- 2.14 Where IP is assigned to an Affiliated Research Centre and the OU has contributed either financially or intellectually to any exploitable IP, then the institutions will negotiate a suitable revenue sharing agreement which will reflect the contribution of each institution to the creation of the Research IP.
- 2.15 Each institution grants to the other a royalty-free, non-transferable, non-exclusive licence to use its Foreground IP arising from the Programme for their own non-commercial activities such as teaching and scientific or clinical research. If commercial use of an institution's Foreground IP or Background IP is required, then the institutions will negotiate a licence on fair and reasonable commercial terms.

3 RESPONSIBILITY AND CONFIDENTIALITY FOR RESEARCH IP

3.1 For Research IP which has the potential to be commercially exploited, reasonable steps should be taken to maintain confidentiality in order to register protection and maintain a commercial advantage. Adequate records and notes of the development of Research IP (reports, notebooks, data, designs etc.) should be kept in compliance with the OU's *Code of Practice for Research*.

3.2 The key responsibilities for the OU and researchers are:

- a) To ensure appropriate contractual arrangements are in place before work commences to avoid issues connected to ownership of and rights to the Research IP. The need for such contracts is a general condition of awards from most funders.
- b) Originators who have identified potential exploitable IP are required to contact Research & Enterprise (**R&E**) to discuss the opportunity. The Originator(s) are required to participate in the Knowledge Exchange and Commercialisation (KEC) process (see KEC Process Map in Appendix B). The Originator(s) are required to complete an [Invention Declaration Form](#) for R&E to assess the Research IP. The outcome of the assessment will be discussed with the Originator(s) and a joint decision will be taken on how best to exploit the Research IP.
- c) Successful exploitation of Research IP will depend on the commitment of the Originator(s) to the KEC process, including attending meetings with potential licensees or investors, and advising on further development opportunities.
- d) The assessment of the Research IP may indicate that the most appropriate route for exploitation is through the setting up of a 'Spin-Out'. See the Principles for University Spin-Outs in Appendix C.
- e) It is important for the OU to understand what Background IP is being used in specific projects, particularly if the OU will be required to assign its IP to a third party or put the necessary licences for usage in place. R&E will support employees and Research Students to ensure that there is a clear picture of Research IP for their projects.
- f) Details of Research IP should not be disclosed to third parties except under a Non-Disclosure Agreement (NDA). R&E will support employees and Research Students in the preparation of NDAs.

3.3 The OU's management of Research IP complies with the General Data Protection Regulations (GDPR).

4 PROTECTION AND EXPLOITATION OF RESEARCH IP

4.1 The OU will only exploit Research IP that it recognises, in conjunction with the Originator(s), as having commercial potential or social impact. Commercial potential will be assessed on the basis of a range of criteria, such as ability to protect, market readiness, demand, impact, competition, public benefit, cultural importance and likely costs versus return. Some forms of Research IP require active steps to be taken in order to obtain protection (e.g. patents, registered trademarks and registered designs). Other forms of Research IP are protected on creation (e.g. copyright) but still require appropriate management in order to maximise the protection available. Proprietary material made publicly available should include a copyright notice.

4.2 Routes to Research IP protection and exploitation are as follows:

- a) Research IP may be commercially exploited by a number of vehicles such as: joint ventures, spin-out companies, consultancies, contract research, collaboration agreements, licencing agreements, Knowledge Transfer Partnerships, or through CASE studentships or similar industry-related schemes.
- b) Decisions concerning whether to file a patent will be made promptly to ensure that publication opportunities are not restricted.
- c) In the case where Research IP is jointly owned by the OU and a third party, the OU, in consultation with its Originator(s), will negotiate with the third party to agree the terms of IP protection and exploitation.

5 SHARING OF RESEARCH IP INCOME

5.1 This policy aims to encourage the identification and exploitation of Research IP supported through the provision of a financial incentive for the Originators. Income from the commercialisation of the OU's Research IP belongs to the OU. However, there is a commitment to grant an equitable share of the net IP licencing income to the Originators.

5.2 The allocation of net licencing income will be calculated based on income bandings. The percentage of net IP income allocated to the OU will increase as net income increases. This will enable the OU to attribute IP income to the appropriate Faculty.

5.3 Net IP licencing income is calculated as gross IP income realised over a defined period less all associated attributable costs over the same period. Associated costs may include, but are not limited to, payment for external advice, patent fees, employer national insurance contributions, recovery of OU investment, associated OU indirect costs, any other committed costs used in the commercialisation of the Research IP and any payment due under a revenue sharing agreement to a third party involved in the research leading to the invention.

5.4 R&E will complete an annual review calculation and apportionment of IP income for commercialised Research IP. On apportionment, each banding will be applied, in turn, against the cumulative net IP licencing income until the total available net income has been fully apportioned.

5.5 The apportionment of cumulative net IP licencing income is shown in table A.

Band	Net IP Income	Originator's Share	Faculty/OU's Share
Band 1	Up to £100,000	100%	nil
Band 2	£100,001 +	50%	50%

Table A: Apportionment of cumulative net IP licencing income

5.6 The OU does not accept any liability if the Research IP income is lower than expected. However, the OU underwrites all IP losses and will carry forward unrecovered losses on specific IP projects. Apportionment of net IP licencing income can only take place once all attributable costs and carried forward losses have been recovered.

5.7 In cases where the Originators cannot reach an agreed allocation of net IP licencing income based on their relative contributions, the OU will decide through the OU's Intellectual Property Research Advisory Group (IPRAG) and after consultation with the Originators the appropriate allocation.

- 5.8 Payment entitlement for the Originator(s) under this policy will continue should he/she leave the OU. In the event of death, the entitlement will continue for the benefit of his/her estate.
- 5.9 It is the responsibility of the Originator or their beneficiaries to notify the OU of any changes of address. If a current forwarding address is not available, any unclaimed funds will be retained by the OU for a period of five years. Any income payments remaining unclaimed after the five year period will be forfeited and revert to the OU.
- 5.10 Any payment made by the OU to an Originator will be subject to the deduction of income tax and employees' National Insurance contributions at source as appropriate and VAT and sales tax will be in line with HM Revenue and Customs regulations in force at the time of payment. For payments to individuals residing outside the United Kingdom, further deductions may be applicable subject to country specific legislation.

6 CONFLICTS OF INTEREST

- 6.1 Each employee and Research Student must declare any potential conflict of interest that they have in relation to Research IP to R&E and their Head of School, Academic Advisor or Supervisor, as applicable, as soon as possible.

7 BREACH OF POLICY, DISPUTE RESOLUTION AND AMENDMENTS

- 7.1 Breach of this IP Policy will be grounds for disciplinary action by the OU against employees and Research Students under the appropriate disciplinary procedures.
- 7.2 The OU will consider all avenues available, and may take legal action, if necessary, against any person who is bound by this IP Policy and have, by his or her action or inaction, breached any of this IP Policy.
- 7.3 Any disputes regarding the ownership of Research IP will be handled based on OU's normal employee or Research Student dispute procedures outlined in their contractual terms and conditions.
- 7.4 In the event of a dispute concerning the ownership of Research IP, the matter will be referred to IPRAG. If the dispute is not resolved within 30 days of referral, IPRAG will identify and appoint an independent expert to provide conciliatory dispute resolution services, who will be nominated for this purpose by IPRAG.
- 7.5 Any attempt to settle any claim, dispute or controversy arising in connection with this IP Policy, including without limitation any controversy regarding the interpretation of this IP Policy, will be through consultation and negotiation in good faith and a spirit of mutual cooperation. Where such claims or disputes cannot be settled amicably, they may be taken to court.
- 7.6 This IP Policy is governed by English Law.

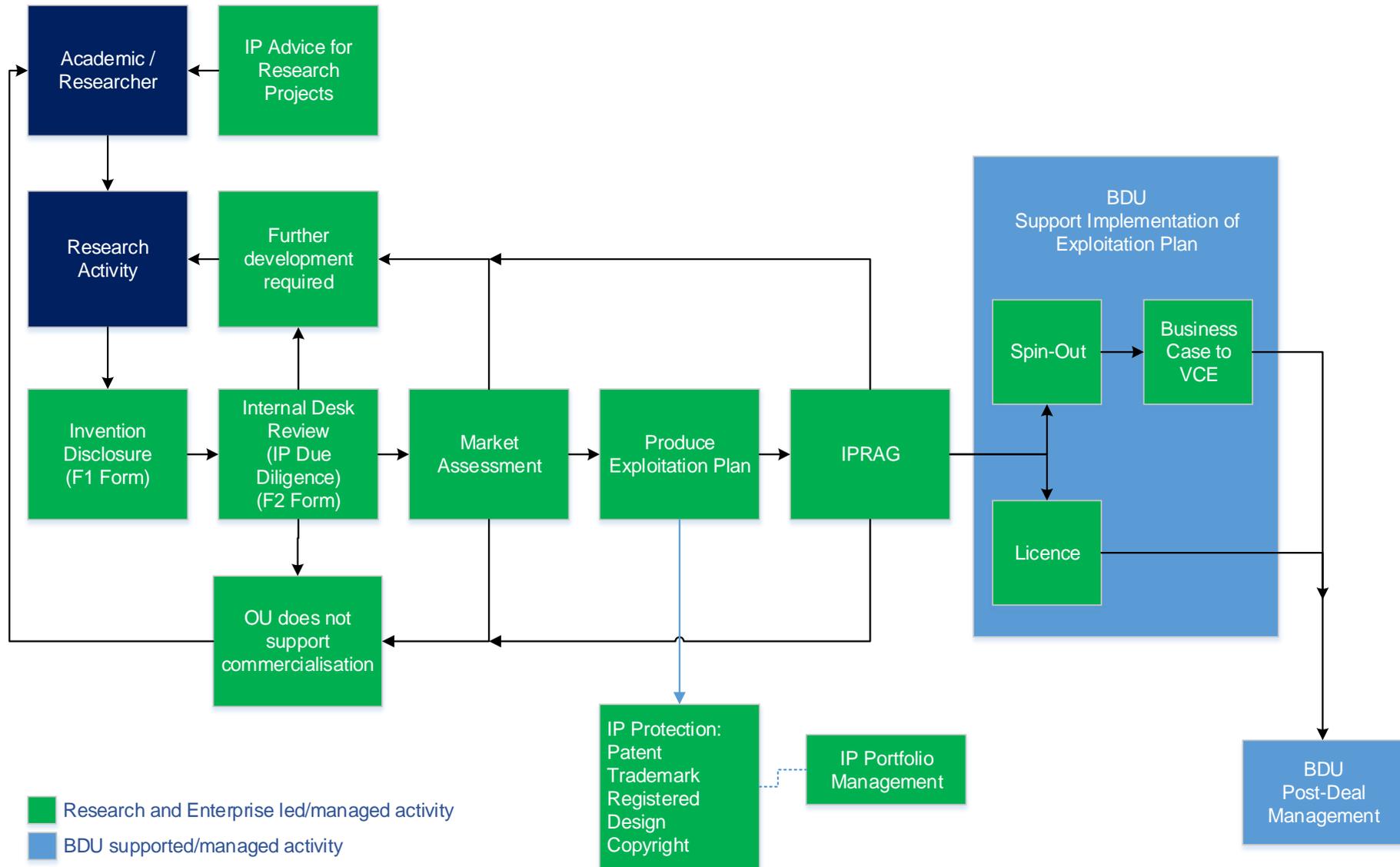
8 FURTHER CLARIFICATION

- 8.1 If you have any queries relating to this IP Policy, please email RAS-Research-Enterprise@open.ac.uk.
- 8.2 If you have any comments about this IP Policy and how it might be improved, please submit these to RAS-Research-Enterprise@open.ac.uk.

Appendix A – Definitions

Academic Work	Academic Work refers to all works prepared by academic staff in the course of their scholarship and research including journal articles, books, book reviews, but excluding works prepared in connection with OU courses.
Background IP	Shall mean Research IP created prior to a particular project or activity and utilised in that project or activity.
Disclosable Work	Shall mean such work that is novel, original and/or important and is likely to bring impact and enhance the Originators' reputation. This work is characterised by the intellectual property it generates.
Foreground IP	Shall mean newly created Research IP generated in a particular project or activity.
Intellectual Property Research Advisory Group (IPRAG)	Is the body responsible for monitoring the IP Policy and Research IP procedures within The Open University. Referred to in this document as 'IPRAG'.
Invention Disclosure Form	Is the form to be completed when the Originator(s) has a research project with identified commercial potential. This form is to be completed by the Originator(s) and provided to R&E for evaluation/assessment of the Research IP.
Non-Disclosure Agreement (NDA)	Non-Disclosure Agreement is a legal contract between two or more parties wishing to share confidential material, knowledge or information with one another for certain purposes, but wish to restrict access to third parties.
Originator	Shall mean an employee, research student, research academic or visiting researcher within The Open University providing an inventive contribution to the Disclosable Work.
Research and Enterprise Office (R&E)	Is the central Research and Enterprise Office (referred to in this document as 'R&E') which sits within the Research and Academic Strategy Unit and is responsible for the management of Research IP as set out in this IP Policy.
Research Intellectual Property Policy	Is the name of this document that outlines the regulations of The Open University in regard to disclosure and exploitation of intellectual property generated from research. Referred to in this document as the 'IP Policy'.
Research Students	Shall mean full or part-time students studying for a research degree under a student agreement.

Appendix B – Knowledge Exchange and Commercialisation Process Map



Appendix C – Principles for University Spin-Outs

1 Introduction to spin-outs

A spin-out company (spin-out) can be defined as a new, small, start-up company in which the OU holds an equity stake; formed specifically to exploit Research IP developed at the OU. A spin-out is an independent “legal entity” and is not controlled by the OU. A spin-out is usually owned at the outset by the relevant originator(s) and the OU. Overtime the OU’s interests in the spin-out decreases and third-party investors (e.g. venture capital or angel investors) are sought to inject cash into the spin-out in return for a share of the company. This document provides guidance on the procedures and approvals required for setting up a spin-out. For further information on spin-outs contact R&E.

2 Spin-outs at the OU

The OU actively supports and encourages the formation of spin-outs to commercialise its Research IP and to demonstrate the impact that OU research has on society and the economy. The OU will consider the formation of a spin-out when (i) there is no existing business positioned to commercialise the Research IP, (ii) the Research IP is socially or financially valuable, or (iii) the Research IP has the potential to generate multiple high value products and applications.

The OU will provide the spin-out with the rights to use the Research IP via a licencing arrangement or an assignment. Once the Research IP has been transferred to the spin-out it is controlled by the new company. Where appropriate the OU will request the spin-out grant a licence back to the OU for research purposes.

3 Spin-out guidelines

Guidelines to manage the setting up of a spin-out have been developed by R&E. Anyone interested in setting up an OU spin-out must work with R&E and follow the process shown in Figure 1 below. R&E will support in the development of a proposal to establish a spin-out and, where the proposal is approved, will support the initial steps in setting up the business.

3.1 Getting approval to set up a spin-out

As the OU is likely to be a shareholder in the spin out, IPRAG will review the spin-out proposal and seek approval to proceed. Approval must be sought from the executive and separately through governance from the Finance Committee.

3.2 Preparing a proposal for the IPRAG

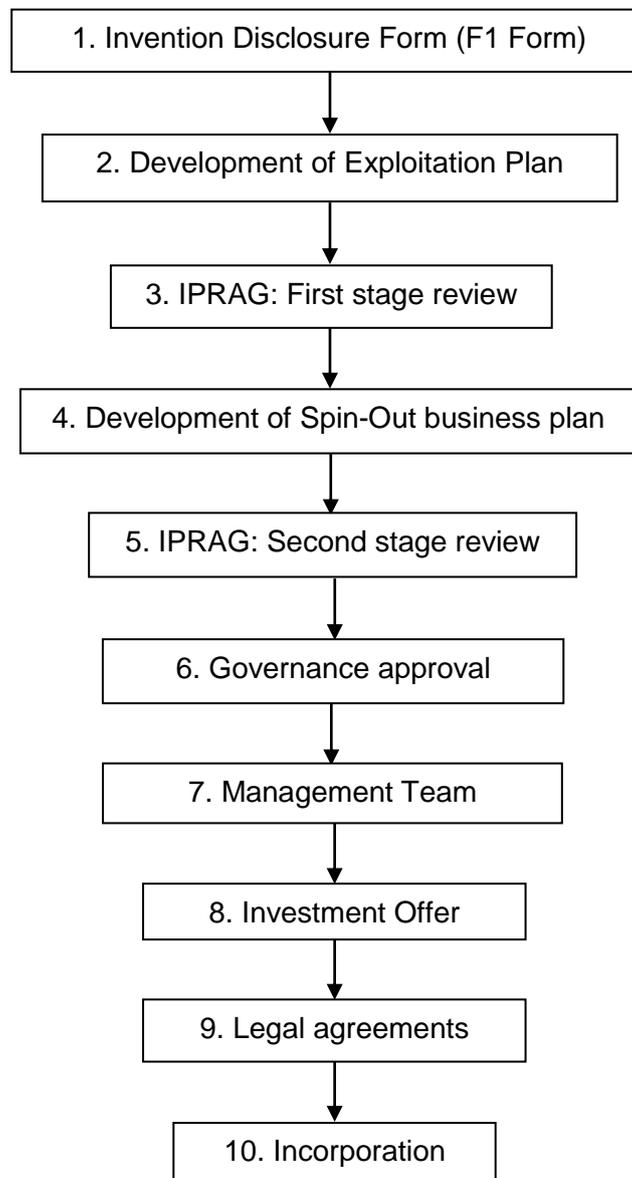
IRPAG will review the request for a spin-out in two stages. IPRAG will undertake a first stage review of the exploitation plan developed by R&E in conjunction with the Originator(s). If successful R&E will work with the originator(s) to complete a more detailed spin-out proposal. The spin-out proposal will need to provide sufficient information for the OU to make an investment decision. R&E will be responsible for presenting the spin-out proposal to IPRAG and a response would typically be expected within 2-4 weeks. IPRAG may refer proposals to other members of the OU’s executive team or senior staff as required, and might respond with requests for further information or clarification. Proposals supported by IPRAG will be submitted to VCE for consideration.

3.3 University's approach to shareholdings

The equity within the spin-out will initially be divided between the originator(s) and the University. This is to be agreed on a case-by-case basis, in discussion with the R&E. A recommendation for the equity split with a clear rationale will be made by R&E to IPRAG for approval. As a general principle the OU will seek an initial shareholding of 50% before investment. This shareholding is negotiable and will be influenced by factors including the level of financial investment required from the OU and the level of involvement required from the OU's professional services in the development of the business. Where OU employees hold an equity stake in a spin-out company they will be expected to waive their right to a share of OU income received from the spin-out.

3.4 The spin-out process

The process shown below and expanded upon in the remainder of this section need to be followed. Setting up a new spin-out can be complicated and take many months to even years. It is likely to take significant time as the business proposition develops and investment is sought. R&E will explain the timescales to the Originator(s) at the start in order to align the expectations for all concerned.



1. **Invention disclosure form:** An invention disclosure form (F1 Form) must be submitted to R&E by the Originator(s) for assessment. R&E will then consider the Research IP in line with the KEC process, which includes the development of an exploitation plan where appropriate.
2. **Development of exploitation plan:** The exploitation plan will make a recommendation to IPRAG on the most appropriate route to commercialisation (e.g. spin-out, licence agreement). Where the recommendation is for a spin-out, a single page business model canvas should be included in the exploitation plan.
3. **IPRAG first stage review:** The exploitation plan will be reviewed by IPRAG and first stage approval given to further develop the opportunity via preparation of a spin-out proposal.
4. **Spin-out business plan:** R&E will, in collaboration with the originator(s), develop the spin-out business plan to include details on each of the areas set out in Table 1 below. The expectation is that the allocation of equity between the OU and the Originator(s) will be agreed in principle following completion of this stage of the process. This agreement will be recorded and included in the submission to IPRAG.
5. **IPRAG second stage review:** IPRAG will consider the viability of the spin-out based on the spin-out business plan. This review will generate one of the following outcomes.
 - i. recommendation to VCE and Finance Committee to proceed in setting up a spin-out
 - ii. conditional recommendation pending receipt and subsequent review of additional information.
 - iii. suggestion of alternative approaches to exploitation.
6. **Governance approval:** If IPRAG's recommendation is to proceed in setting-up the spin-out, a Paper (with the business plan appended) will be submitted to both VCE and Finance Committee. Approval to proceed in establishing the spin-out must be obtained from both the VCE and the Finance Committee.
7. **Management team formation:** Discussions on the management team will begin at this stage with the involvement of the Originator(s).
8. **Investment offer:** The business plan and business 'pitch' will be used to discuss investment opportunities with the full business plan to be developed between R&E, the Originator(s) and the management team (if they have been identified).
9. **Legal agreements:** R&E will co-ordinate with University Secretary's Office/CLS regarding the necessary agreements between the OU and the spin-out, including the licence or assignment of Research IP to the new spin-out.
10. **Incorporation:** Legal agreements signed and investment transferred.

Table 1: Headings for a spin-out business plan

1	Executive Summary
	Summary of the proposal
2	Key people involved
	Background and summary CV
	Description of any proposed management team
3	Background
	Previous research
	Development history of the technology and spin out idea
4	Confirmation of support from the relevant School/Faculty/Institute
5	Description of the innovation
	Summary of the innovation
	TRL level involved
	Advantages
6	Description of the IP
	Summary of patents/patent applications
	Summary of any non-patented IP
7	Assessment of Freedom to Operate
	Provide evidence that University is entitled to own the IP without encumbrances
	Describe any IP analysis indicating that the IP will not infringe anyone else's
8	Commercial assessment
	Potential applications
	Overall market description
	Competitive advantages
9	Business model
	Describe how the future business will earn revenues and make profit
10	External relationships
	Partner companies
	Investment contacts
11	Shareholdings
	Summary of the intended initial shareholding
12	IP agreement - include main terms of this between University and the company
13	Conflicts of interest
	Include a clear statement of how any possible conflicts will be handled
14	Use of University staff time and physical resource
15	Details of any prospective investment offer
16	Potential investment
	Summary of any investment discussions with investors or offers
	Include Term Sheet if an offer has been received