October 2010

Human Resources Policy Statement HRPS25

INTELLECTUAL PROPERTY RIGHTS & REVENUE POLICY

1. Introduction

1.1 Intellectual property (IP) is the product of thought, creativity, and intellectual effort. In the course of their research, teaching and consultancy activities, staff may generate intellectual property (e.g. "results"), which are of some commercial value. The law recognises that time spent in creating original artistic and literary material, creating databases, making inventions, and working on ideas and designs for new products and processes, is an investment which deserves protection from being copied and/or exploited by other parties for their benefit without reference to the originator. A variety of legal rights protect applications of ideas and information that may be of commercial value. Those most relevant to the University's activities include patents, unregistered and registered designs, database rights, copyright, and 'know how'. The types of IP are explained in: Guide to IP for Researchers.

2. Principles

2.1 The University recognises the importance of careful exploitation of its IP both in terms of fulfilling its obligations to the UK's knowledge economy and to generating a financial return from the intellectual capital it supports. The University believes that there is no inherent conflict between this goal and the University's overriding mission.

2.2 In some cases the University has an obligation to seek out exploitation. Where the Research Councils or some charitable institutions fund the University's research and development activities, it may be contractually required to actively seek opportunities to do so.

2.3 The consideration of IP *Rights* should be a part of all University activities that are of a creative or inventive nature. The protection of IP *Rights* should not be an afterthought.

2.4 The University also wants to enable its staff to receive a substantial share of the benefits of commercial exploitation of the IP *Rights* it retains. It recognises that the successful handling of IP can influence significantly both staff recruitment and morale.

2.5 Based on these principles, the University's policy objectives regarding IP may be summarised as follows:

- to achieve the best return to the University from research and development work;
- to enable members of staff who generate IP to receive a share of the benefits of commercial exploitation; and
- to ensure that innovations and discoveries arising from research in the University are made widely available to the benefit of the wider society.

2.6 Expertise to promote the effective management and exploitation of IP is provided by the KT Office/RBO, which can in turn draw on external professional support as required.

3. Policy Regulation and Management

3.1 The following regulation and management arrangements are designed to implement the University's IP Policy.

- The Deputy Vice-Chancellor (Research & Enterprise) has oversight of this Policy and is responsible for advising the Governors on issues relating to:

  - the formation of businesses to exploit IP and its associated rights;
  - changes to this Policy and its management;
  - any IP issues falling outside this Policy;
  - the hearing of appeals made by staff in relation to unusual or special cases involving IP and IP rights.

- The Director of KT & CPD is responsible for the day-to-day implementation of this Policy and its management.

4. Ownership

4.1 This Policy Statement sets out the University's position concerning the ownership and division of revenue in respect of IP developed by staff members in the course of their employment. As a Policy Statement, it does not aim to deal exhaustively with all possibilities, but sets a framework within which decisions can be reached individual cases.

4.2 In relation to questions of ownership of IP, the University relies on the Patents Act 1977, the Registered Designs Act 1949 (and**,** as amended, 1988), database rights regulations, and the Copyright Designs and Patents Act 1988 which state respectively that ownership vests in the employing organisation in cases where the invention, design, or 'work' is made in the course of the employee's normal duties or might reasonably be expected to result from those duties, or is made as a result of specially assigned duties. Employers have similar rights in relation to 'know how'.

4.3 In some cases where IP is generated by University staff, there may also be third party rights or other contractual obligations. Thus, the University must enforce its rights in the results of research projects involving sponsorship by third parties. In the case of Research Council grants, the University has a 'licence to exploit' the results on behalf of the Councils.[1]

4.4 IP, and the rights associated with it, underpins the relationships and contracts that Middlesex University is able to enter into with third parties (including businesses, organisations, charities, and funding bodies). Any lack of clarity regarding the ownership of rights may inhibit the University's legal involvement in future projects and its right to use the outcomes of research or development projects as no external body will enter an agreement with the University if its IP position is not clear.

4.5 By custom and practice, UK HEIs have by implication waived their rights to ownership of various types of copyright material, which would otherwise vest in them

[1] This is the case for all the UK Research Councils with the exception of the MRC.

at law. Following this custom and practice, the University specifically *waives its rights* to ownership in respect of:

- journal articles and books;
- dramatic works – notes for performance, dance or mime;
- musical works;
- artistic works or works of 'artistic craftsmanship'
- graphic works, photographic works, sculptures, etchings, lithographs or woodcuts;
- sound recordings;
- films - and recording of any kind from which a moving image and soundtrack may be reproduced;
- broadcasts to the public and cable programmes via telecommunications;
- conference proceedings;
- databases; and
- typefaces

This waiver includes the above categories in any format.

The waiving of rights in the categories above may occur only where Middlesex University does not have obligations to third parties (eg. Businesses, funding bodies, charities etc) that would inhibit the University legally entering into the waiver.

4.6 Based on legislative provisions, and such contractual obligations identified above, the University will retain its rights to ownership of all IP if:

- it was made in the course of the employee's normal duties such that the IP might reasonably be expected to result from the employee carrying out those normal duties;
- it was made in the course of duties falling outside those normal duties but in the course of duties specially assigned to the employee, such that the IP might reasonably be expected to result from the employee carrying out those specially assigned duties;
- the nature of the employee's duties and the particular responsibility arising from their nature were, at the time the IP was made, such that the employee had an obligation to act in good faith towards the University; or
- it was made, without special payment or arrangement by the employee, using consumable resources of the University.

4.7 The University, therefore, *retains its rights* to ownership of the following categories of staff output when any one (or more) of the four conditions above apply:

- patentable and non-patentable inventions and related confidential information;
- all work pertaining to the finance and administration of the University;

- computer programs including the source code – software/firmware works[2] - and databases;
- registered and un-registered designs and semi-conductor topographies;
- outcomes of research which have been specifically funded or supported by the University or its public funding partners; or
- copyright in learning materials.

4.8 "Learning Materials" may be originated by any member of staff acting in their professional capacity. They include validation requirements and course documents, lectures & open distance learning materials, syllabuses, teaching schemes, annual reports, course handbooks, course publicity materials, records and documents developed for examination and assessment purposes, and work specifically commissioned by the University in any format.[3] The authors of these learning materials will normally be identified in the materials as authors, unless they desire not to be so identified. Should the University alter significantly the content of any learning materials, their authors shall be given to opportunity to remove their names.

In some cases, staff will include in their Learning Materials (such as in course handbooks) material that is effectively a contribution to academic discourse with a potential to be included into a text book or journal article or the like. In these cases, copyright will remain with the author.

University ownership of these *learning materials* is not intended to preclude the use of these materials by their staff authors, including its publication in paper or electronic format. However, in all cases, the staff author wishing to use this material must seek prior written permission from the Dean of School.[4] This is in order to protect the University in cases where any of the material in question is the subject of a third party agreement entered into by the University.

4.9 At all times and in all cases, the member of staff concerned must observe the University's Code of Practice - Confidential Information.

This is in order to best protect the staff author's colleagues and the University itself in cases where the material in question is deemed to comprise information of a confidential nature.

4.10 Where the University desires the conversion of any of the above works in which it has waived its rights into University *learning materials*, the written consent and active approval of the author(s) would be required. The authors of such converted works will normally be identified as authors unless they desire not to be so identified.

In all other circumstances where English law applies the IP belongs to the author/originator.

---

[2] Computer programs are covered by the Copyright (Computer Programs) Regulations 1992 (SI No 3233) which is an amendment to the Copyright Act 1988 and, as such, does *not* fall into the category under which the University has waived its rights. However, the University may grant a licence to the author/employee. Any such licence will exclude any sub-licencing by the author/employee. The source code will remain the University's proprietary confidential information which the author/employee is bound to keep confidential.

[3] The term 'Learning Materials' does not include personal teaching aids developed by a lecturer for delivery of class lectures and seminars which remain the property of the staff member concerned.

[4] Copyright covers only the expression of ideas in the learning materials concerned, not the ideas themselves which authors are free to disseminate as they wish.

5. Responsibility to Identify, Disclose and Protect IP, IP Rights and Materials Covered by this Policy

5.1 When undertaking work from which IP and IP Rights covered by this Policy arise, or may be expected to arise, staff members shall be expected to:

- notify the Dean and Director of KT, in writing, of any innovation, invention, exploitable technology, or material created, seeking advice from the KT Office/RBO, as appropriate;
- keep the nature of the work and its potential IP confidential (through the use of confidentiality agreements) until the fact and manner of disclosure is agreed by KT Office/ADB;
- assist with the protection and exploitation of the IP developed, maintaining appropriate records of its creation and development through the ADB;
- co-operate fully with the University and its appointed agents (external patent agents, solicitors etc) to ensure that all registrations, assignments, revisions, licence agreements (and the like) of IP are executed; and
- contribute to negotiations in respect of IP carried out by the KT & CPD Office (or by agents acting for the KT & CPD Office).

6. Intellectual Property in Research Grants/Contracts and Consultancies

6.1 Staff shall ensure that all bids and contracts are approved through the relevant grant and contract approval process (in the RBO) to ensure the safeguarding of all IP before commencement of the work. To this end:

- Staff shall work with the RBO to ensure that all research and project work outcomes are, wherever possible, owned by, assigned to, or licensed to, or otherwise available for use by, Middlesex University on advantageous or adequate terms; and that such terms are agreed and made clear in any bid, proposal or collaboration relating to the research or project prior to commencement of the work;
- Prior to the commencement of any collaboration involving a third party who is not subject to this Policy (including students, visiting academics, persons from other universities, or businesses or organisations), from which IP may arise, or from which Middlesex University IP may be used or disclosed, the Project Leader shall inform the RBO in good time so that the appropriate non-disclosure and similar agreements may be put in place;
- Where there is an intention to use a student (undergraduate, postgraduate or research) on any research project in which:
  - there is a third party collaboration (e.g. government, other university, business); and/or
  - there is a condition of funding to exploit any valuable IP/IPR; and/or
  - Middlesex University intends to continue to use the output/results of the project after the student has left the University; and/or

- potentially valuable IP/IPR may be created or has already been created;

such students must be informed by their supervisor, or programme leader at the time of advertising the studentship, or before engagement on the project, or before enrolling on the programme, of the requirement requirement to sign an agreement conferring all right, title and interest in the IP to Middlesex University and to sign a non-disclosure agreement, and of the revenue-sharing arrangements in place.

It is the responsibility of the supervisor, or programme leader, or project manager, dependent on the case, but with the assistance of the RBO, to ensure that the student gives his/her informed consent to the IP assignment, using the *Student Assignment of Intellectual Property Rights* form.

- Where there is an intention to use in a Middlesex University research project any IP which is owned or controlled by a third party, staff will ensure, with the assistance of the RBO, that appropriate consent is granted to this use in order that infringement is avoided.

7. Revenue Sharing

7.1 Good practice (as stated by the AUT amongst others) suggests that revenue sharing (from the commercial exploitation of IPRs) may be best achieved via the simple formulae - "recover the University's direct costs up to a point, then pay the majority of the first net income to the originator – up to a ceiling – so as to provide a motive for active participation in the first stages, then further split the proceeds on a stepped percentage scale, with the employer taking more as the profits accumulate"

7.2 To this end, net revenue[5] shall normally be distributed as follows:

Net Revenue	Employee(s)	School/Dept.	Central
< £10k	100%	0%	0%
£10k – £100k	40%	30%	30%
£100k – £1m	30%	30%	40%
> £1m	25%	30%	45%

8. Investment by Schools/Departments

8.1 The School/Department will normally be given the opportunity to participate on the basis of an agreement to underwrite 50% of the costs of initial registration of the IP (for patents, registered designs, and trade marks). However, no actual charge will be made until and unless the project is abandoned.

8.2 Where the School/Department for any reason does not participate then Central Fund will be augmented accordingly. Where a Research Sponsor (e.g. Wellcome Trust) requires a share of exploitation revenue the definition of net revenue[2] and/or the percentage due to the School/Central Fund may vary.

[5] "Net revenue" shall mean all revenue, from the commercial exploitation of IPRs after deduction of registration fees (for patents or registered designs or trade marks), legal and other direct costs.

9. Ongoing Revenue

9.1 Should the employee retire or leave the University, his/her ongoing revenue allocation will continue to be paid.

9.2 In the case of the (ex) employee's death, the entitlement shall continue to be paid for the benefit of his/her estate.

10. Multiple Originators and/or Disputes

10.1 Where there is more than one employee claiming to be the originator, the distribution of the employees' entitlement shall be a matter for them to determine. Should they fail to agree they must refer the matter to their Dean, the Deputy Vice-Chancellor Research and Enterprise, the Business Development Director (or a group convened by him/her) for decision. The decision of this individual (or group) shall be final.

11. Possibilities for Assignment

11.1 Employees should be reassured that, in the case of the University deciding not to pursue any IP of which it has ownership beyond its initial registration, a practical resolution can be achieved. The employee may request that, in return for payment to the University of all costs incurred in registration[6] and for agreement to a small royalty (normally 5-6% of gross sales i.e. to be paid only in circumstances of commercial exploitation), that the University may assign the IP to him/her**.**

12. Pre-existing IP

12.1 Opportunities may exist for new staff members to exploit through the University their pre-existing IP (that is, IP which they developed prior to becoming employees of Middlesex University and which they still own on becoming Middlesex University employees). Successful commercialisation by this route will be in accordance with the revenue sharing scale specified above.

13. Incorporation for Purposes of Commercial Exploitation

13.1 Where exploitation of IP is through the creation of a spin-out company, the employees concerned may participate in that company as shareholders. It would normally be expected that ongoing license/royalty arrangements would also be in place, but a wide spectrum of possible options exist and each case shall be negotiated on its merits.

14. Duration of Obligations under the Middlesex University IP Policy

14.1 Staff shall remain bound to the terms of this Policy for the length of time necessary for the terms to have their full meaning and effect. This includes obligations of confidentiality. Staff members who leave the employment of Middlesex University shall be expected to acknowledge the University's IP rights created during their employment and shall be expected to abide by this Policy in regard to such rights and continuing obligations.

14.2 Materials, files (in all formats), laboratory notebooks and the like, that contain records of work in which the IP is owned by the University shall be left with the Dean of School when the employee who is bound by the Policy leaves the employment of the University.

[6] Registration costs apply to patents, registered designs, and trade marks.

15. In implementing this Policy, the University will:

- provide training and advice on intellectual property to staff;
- develop codes of practice and other written guidelines on specific aspects of intellectual property to facilitate the identification and best use of IP generated within the University;
- monitor its procedures and practices to ensure the best financial return possible to staff and to the University;
- develop an appeals procedure in case of disputes among staff concerning matters of IP; and
- ensure that the University's practices conform with legal developments.

15.1 This Policy may not cover all aspects of IP management. In respect of the formation of businesses and/or companies, for example, the exploitation of IP may give rise to a number of tax implications. These will depend on the specific details of the case. This Policy does not address these kinds of issues and specific advice will need to be taken by all parties involved in such matters as they arise.

October 2010

Updated February 2026