

NELSON MANDELA UNIVERSITY

INSTITUTIONAL REGULATORY CODE (IRC) (Policies, Procedures, Rules etc.)

1. POLICY TITLE:	POLICY ON INTELLECTUAL PROPERTY					
2. FIELD OF APPLICATION: (All persons to whom policy applies)	All staff (permanent and contract) and students					
3. COMPLIANCE OFFICER(S): (Persons responsible for ensuring policy implementation)	Deputy Vice Chancellor: Research & Engagement; Executive Deans; Director: Innovation Support & Technology Transfer					
4. STAKEHOLDER CONSULTATION (State the stakeholder group/s consulted during policy formulation/revision)	All staff and students were invited to an IP Policy workshop on 19 October 2010; Faculty RTI Committees; IP Committee; RTI Committee, NIPMO					
5. DESIGNATION OF POLICY OWNER: (Person responsible for maintaining policy)	Director: Innovation Support & Technology Transfer					
6. NAME OF POLICY OWNER:	Director: Innovation Support & Technology Transfer					
POLICY HISTORY						
Decision Date (Compulsory)	Status (New/Revised/ No Changes)	Implementation Date (Compulsory if "new" or "revised")	Approving Authority (If "new" or "revised". N/A if no changes)	Resolution Number e.g. 07/11- 10.2 (Minute number. N/A if no changes)	Policy Document Number (e.g. D/.../07 N/A if no changes)	Pending date for next revision (Compulsory)
1 April 2011	New	1 July 2011	Council	C11.09.3.1.1.1	D/986/10	June 2014
29 Aug 2013	Revised	29 Aug 2013	Senate	S13.32.2.2	D/986/10(28_10_2013_14h24)	Aug 2015
<i>For office use only</i>						
SUBJECT (Broad policy field):			Research, Innovation and Engagement			
SUBJECT NUMBER:			400			
CATEGORY (Policy sub-field):			Intellectual Property			
CATEGORY NUMBER:			401			
IRC NUMBER:			401.01			

1. Introduction

The aim of this policy is to encourage and reward research and development that leads to the creation of intellectual property whilst fulfilling the main functions of the Nelson Mandela University as an institution of learning and research.

It is another aim of this policy to comply with the provisions of the Intellectual Property Rights from Publicly Financed Research and Development Act, 2008 (Act No. 51 of 2008) (herein referred to as the "IP Act of 2008"). Under the IP Act of 2008, the University must develop and implement policies and procedures regarding the disclosure, protection, management and exploitation of intellectual property developed using public funds.

This policy should be read in conjunction with the Policy on Copyright (IRC number 110.02) and Code of Conduct for Researchers at Nelson Mandela University (IRC 404.01).

2. Principles, values and philosophy

This policy is intended to reflect the Nelson Mandela University's vision, mission and values, with special emphasis on the desire to promote research and development, protect, manage and exploit intellectual property of the Nelson Mandela University for the benefit of its stakeholders. These activities will take place within the provisions of, and in compliance with, the law and especially the IP Act of 2008. In so doing, it is the intention of the University to contribute to sustainable development through research and innovation.

The policy also aims, subject to the prompt acquisition or protection of intellectual property rights, to promoting dissemination of the results of the Nelson Mandela University's research and the free exchange of information.

3. Definitions

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| 3.1. Conflict of Interest | means an instance in which the relevant individual is involved in more than one employment position (including one of self-employment) wherein one employment position could possibly adversely influence the motivation for action or inaction in the other. |
| 3.2. Commercial Interest | means a shareholding, a management position or board membership or any other fiduciary relationship with an entity or organisation other than the Nelson Mandela University |
| 3.3. Commercialisation vehicle | means a company or other structure wholly owned by the Nelson Mandela University and set up for the purposes of commercialising Intellectual Property owned by the Nelson Mandela University. |
| 3.4. Creative Work | means Intellectual Property that is typically described as a creative work and is generally only subject to |

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- Copyright Law and not Patent Law. This includes literary works, sculpture, paintings, drawings, ceramics, musical compositions and performances, dramatic works and performances, poetry, and popular fiction and nonfiction.
- 3.5. Creator means an originator of Intellectual Property and in relation to an invention means an inventor.
- 3.6. Expenses means out-of-pocket costs, fees and expenses that the Nelson Mandela University incurs including filing, prosecuting, developing and maintaining any statutory protection of intellectual property; defense, validation and enforcement of intellectual property rights; legal advice and services; auditing, recovery or collection of gross revenues; business research, business development, marketing, advertising, promotion or sales activities or services, reasonable travel, subsistence and administrative expenses.
- 3.7. Full Costs of Research means the full cost of undertaking 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 (which cover buildings, rent, services and other overheads, etc.).
- 3.8. Intellectual Property (IP) means any creation of the mind that is capable of being protected against unauthorized use by any other person, whether in terms of South African law, or foreign intellectual property law, and includes any rights in such creation. The scope of the term Intellectual Property is more fully set out in Annexure A hereto. "Potentially registrable" intellectual property includes patents, designs, trade marks and plant breeders' rights.
- 3.9. Inventor means a person who contributed conceptually to the claims of an invention and whose name consequently appears, or should appear, as an inventor in the legal documentation associated with the invention.
- 3.10. Publicly Financed means financed to any extent by the State or any State controlled entity and includes the use to any material extent of Nelson Mandela University facilities.
- 3.11. Revenues means income accruing to the Nelson Mandela University and its Commercialisation Vehicle from commercialisation of Intellectual Property that includes

royalties, share of profits, dividends and other monetary amounts.

- 3.12. Self funded entity means a group of researchers together with support staff that is established under the auspices of the Nelson Mandela University to pursue research, non-formal teaching or community engagement or any combination in a focused manner and that uses predominantly its own non-Council funds to cover operating expenses in terms of a budget approved by the governance structure of the Nelson Mandela University.
- 3.13. Software means all documents (in any format) created during the development, maintenance and updating of any software or any part thereof.
- 3.14. Teaching Materials means all materials developed by any lecturer for the purpose of communicating information to students in carrying out educational duties in the course and scope of employment by the Nelson Mandela University and irrespective of the nature of the materials.
- 3.15. Technology Transfer Office means the Department of Innovation Support and Technology Transfer of the Nelson Mandela University

4. Intellectual property ownership [under the IP Act of 2008]

- 4.1. In terms of Section 4(1) of the IP Act of 2008, all intellectual property emanating from publicly financed research is owned by the Nelson Mandela University which is a publicly financed institution. This is subject only to the provisions of this policy and to Sub-sections 4(2) to 4(4) and to Section 15 of the IP Act of 2008, irrespective of the extent to which the research was publicly financed.
- 4.2. The result of this is that the Nelson Mandela University owns all intellectual property developed during or consequent to research conducted either utilising the facilities of the University and / or by any personnel of the University in the conduct of their responsibilities or obligations to the University. This is irrespective of whether a creator is a full-time or part-time staff member, a student, a contractor, or a joint staff member or visiting educator, researcher or student typically, but not necessarily, from another educational institution and depending on the valid and effective contractual terms applicable to their position at the University. As regards a joint staff member or student or a visiting educator, researcher or student, the intellectual property concerned is limited to that developed during the relevant visit or activities at the Nelson Mandela University and does not extend to any previously developed intellectual property.
- 4.3. In the event that the Nelson Mandela University wishes to divest itself of its ownership of any intellectual property then, in terms of Sub-sections 4(2) to 4(4) of the IP Act of 2008, it is obliged to offer the ownership to the National Intellectual Property Management

Office (NIPMO) and if NIPMO declines to accept ownership, then to the creator in the absence of any contrary circumstances.

- 4.4. A private entity or organisation may become a co-owner of the intellectual property emanating from publicly financed research and development undertaken at the Nelson Mandela University if:
 - 4.4.1. there has been a contribution of resources, which may include funding or relevant background intellectual property, by the private entity or organisation;
 - 4.4.2. there is joint intellectual property creatorship;
 - 4.4.3. appropriate arrangements have been made for benefit-sharing with creators at the University; and
 - 4.4.4. the University or its Commercialisation Vehicle and the private entity or organisation conclude an agreement for the commercialisation of the intellectual property.
- 4.5. Anything developed by a staff member or student within the course and scope of their studies or employment within one year of leaving the University will be deemed to have been developed whilst that staff member or student was at the Nelson Mandela University, unless proved otherwise.
- 4.6. If an entity or organisation is paying the full costs of research, the IP Act of 2008 will not apply to any intellectual property developed during the research. However, the Nelson Mandela University shall, in the absence of any agreement to the contrary, claim at least part ownership of any such intellectual property developed.
- 4.7. If a staff member or student develops any intellectual property without the use of the Nelson Mandela University's facilities but within the course and scope of their employment or study, then the University shall be the owner of such intellectual property, except for the following provisions and the provisions of Section 5:
 - 4.7.1. The University does not claim ownership of creative works unless these have been specifically commissioned by the University or are subject to contractual obligations such as a sponsored research agreement or grant.
 - 4.7.2. Intellectual property that may exist in respect of individual projects that are required of students as a part of the requirements for an undergraduate qualification may be assigned to the student upon request to do so unless there was significant use of University resources or direct intellectual contribution from a staff member. The relevant academic staff member and faculty structures will be asked for their agreement with the assignment.
 - 4.7.3. Where appropriate, for a particular undergraduate qualification, blanket assignments may be provided to entire groups of students in respect of such intellectual property upon request from the relevant academic staff member. It is recognized that intellectual property developed by a student may be severable from input of a staff member or use of equipment of the University.
- 4.8. A creator of any intellectual property may be the owner or part-owner of intellectual property that is privately developed outside of the course and scope of employment or

contract of service or study with the University provided that no significant use was made of University facilities. It is the responsibility of the creator or creators to show that facilities other than those of the Nelson Mandela University were used in relation to any relevant research.

5. Teaching materials

- 5.1. Any copyright subsisting in teaching materials developed by a staff member or student in performing his/her duties toward the University shall be owned by the staff member or student. However, this shall be subject to the right of the University to use the teaching materials under a royalty free license in perpetuity, including the right to reproduce the materials without any payment to the staff member or student both during the staff member's employment by, or student's term at, the University and thereafter.
- 5.2. The royalty free license shall include the right of the University to edit and otherwise change the relevant teaching materials for University use including combining the material with other appropriate material.
- 5.3. In the case of published textbooks of which a staff member is the author or a co-author, the written permission of the Nelson Mandela University, in terms of the approved faculty protocol, shall be required before such a textbook is prescribed by that staff member.
- 5.4. In respect of any teaching materials that the University commissions from external sources, the University will ensure that the commission includes an agreement that the external source assigns, in writing, the copyright in respect of all teaching materials thus generated to the University.
- 5.5. In respect of any teaching materials that the Nelson Mandela University commissions from internal sources and that are outside of the normal duties of the relevant staff member or student, the University will ensure that the commission includes an agreement that the internal source assigns, in writing, the copyright in respect of all teaching materials thus generated to the University.

6. Intellectual property disclosure and procurement

- 6.1. In order to preserve the novelty of potentially registrable intellectual property developed at the Nelson Mandela University no such intellectual property is to be made public in any way prior to obtaining a written clearance for publication or presentation from the Transfer Office.
- 6.2. All creators of intellectual property are required to disclose potentially registrable intellectual property to the Technology Transfer Office within 90 days of identification of such intellectual property. All relevant information related to the intellectual property is to be maintained as secret until a written clearance is obtained from the Technology Transfer Office. Such a clearance will be given as soon as possible but, if relevant, only after any intellectual property protection has been sought.
- 6.3. The Technology Transfer Office shall, as soon as possible after receipt of a disclosure of potentially registrable intellectual property, consider the matter and liaise with the

creators of intellectual property and an intellectual property attorney, as may be appropriate. If the decision is to pursue protection of intellectual property, then the intellectual property will be maintained as secret until such time as any applications for the registration of the relevant intellectual property have been filed.

- 6.4. The Technology Transfer Office shall advise the creator or creators once the relevant filing has been made so that the information can be made public if necessary.
- 6.5. If the Technology Transfer Office recognizes that the intellectual property may be capable of protection and is capable of commercialisation, but decides not to do so itself, in terms of sub-sections 4(2) to 4(4) of the IP Act of 2008, it shall offer the intellectual property to the National Intellectual Property Management Office (NIPMO). If NIPMO declines to accept ownership, then the University will offer the intellectual property to the creator in the absence of any contra-indicating circumstances.
- 6.6. No staff member or student may proceed, on their own initiative or via a patent attorney, with an application for the protection of intellectual property developed in the normal course and scope of his/her employment or studies without first submitting it to the Technology Transfer Office and obtaining written clearance to proceed.

7. Intellectual property contracts

- 7.1. The Nelson Mandela University will ensure, as far as possible, the effective use of its intellectual property for the benefit of the creator(s), the University, and the people of South Africa. This aim is to be reflected in all intellectual property contracts between the University and its Commercialisation Vehicle.
- 7.2. In terms of section 2(2) (e) of the IP Act of 2008, cognisance is taken of the fact that small enterprises, Broad Based Black Economic Empowerment entities and parties that have made a material contribution to the research and development giving rise to the intellectual property have preferential access to intellectual property from publicly financed research and development.
- 7.3. Any contract between the University and its Commercialisation Vehicle that includes intellectual property falling under the IP Act of 2008 will:
 - 7.3.1. state that such intellectual property was created with the support from the South African government and that such intellectual property shall be subject to the requirements of the IP Act of 2008; and
 - 7.3.2. where applicable, state the name of the funding agency; and
 - 7.3.3. contain a provision providing the South African government with an irrevocable and royalty-free license to use or have the intellectual property used throughout the world for the health, security and emergency needs of South Africa; and
 - 7.3.4. contain a condition to the effect that, should the Commercialisation Vehicle fail to commercialise the intellectual property, the government is entitled to exercise rights that may lead to acquisition of the non-commercialised intellectual property.
- 7.4. If the University provides research material, in a biological, chemical, electronic or any other form to another party for research or testing purposes, the ownership of the

intellectual property generated from such testing or research will be determined by the terms of a Material Transfer Agreement between the University and the other party in accordance with the provisions of this policy and the IPR Act of 2008.

8. Staff members and outside interests

- 8.1. 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 of the University should not seek to influence the Nelson Mandela University's technology transfer decisions in ways that could lead to improper personal gain, give improper advantage to their associates, or result in reduced income to the University.
- 8.2. University staff members may play a role in spin-off companies which may lead to a conflict of interest which should be identified, negotiated and agreed at the time that the staff member becomes involved in the company. A staff member may not participate in technology transfer negotiations with those organisations in which they hold such an interest.
- 8.3. In the event that a staff member becomes involved in such a company on a full-time basis or in an executive capacity, the staff member's academic duties and remuneration should be adjusted accordingly.
- 8.4. No staff member who has a commercial interest in a company shall be involved in any other company that competes with such company by providing similar goods or services without prior authorisation from the University.

9. Division of revenues

- 9.1. Intellectual property creators and their heirs are granted a right to a portion of the revenues that accrue to the Nelson Mandela University from their intellectual property for as long as revenues are derived from such intellectual property.
- 9.2. In the instance that there is more than one creator in respect of any particular intellectual property, the revenues will be shared equally between them unless another arrangement has been reached by written agreement. Such written agreement may include allocation of benefits to people who are not creators or inventors.
- 9.3. Revenues shall be allocated as follows¹:
 - 9.3.1. The creator(s) shall receive:
 - 20% of the first 1 million Rand of revenues received before the deduction of expenses; and
 - 30% of the residue of revenues received in excess of 1 million Rand after the deduction of expenses.

¹ For clarity, a summary of 9.3 is given in Appendix B.

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- 9.3.2. The balance of revenues received (after deduction of the revenues allocated to the creator(s)) shall be apportioned by the University according to prevailing needs between:
- the relevant Faculty or administrative structures for the purpose of application in the interests of research;
 - a self-funded entity in instances in which it is responsible for the creation of the Intellectual Property;
 - the University itself for use in the furtherance of research;
 - the Technology Transfer Office or Commercialisation Vehicle.
- 9.3.3. Where no contrary agreement has been reached and where a self-funded entity is not involved, the balance of revenues shall be apportioned on the basis of 42% to the relevant Faculty or administrative structures; 42% to the University; and 16% to the Technology Transfer Office or Commercialisation Vehicle.
- 9.3.4. Where no contrary agreement has been reached and where a self-funded entity is responsible for the creation of the Intellectual Property, the balance of revenues shall be apportioned on the basis of 42% to the self-funded entity; 13% to the relevant Faculty or administrative structures; 35% to the University; and 10% to the Technology Transfer Office or Commercialisation Vehicle.
- 9.3.5. In no instance should there be any personal benefit to a staff member or student from the balance of revenues.
- 9.3.6. Should the gross revenues be less than R50 000 and it appears unlikely that it will become greater than R50 000 at any point in time, the intellectual property creators are entitled to the full amount of the revenues less expenses, provided that the intellectual property creators shall receive a minimum of 20% of gross revenues. In the event that the revenues become greater than R50 000, the situation will revert to that stated above.

10. Division of non-monetary benefits

- 10.1. The Nelson Mandela University will seek to obtain monetary benefits whenever possible.
- 10.2. If a benefit is in the form of an asset that cannot reasonably be divided (e.g. equipment):
- 10.2.1. The University can elect to hold the asset in co-ownership with the creators.
 - 10.2.2. The University's can, at its option and at any time, purchase the undivided shares of the creators in the asset.
 - 10.2.3. The University will be solely entitled to determine possession, use and commercial exploitation of the asset.
 - 10.2.4. Revenues from the sale, rental or other commercial exploitation of the asset will be divided as in 9.

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- 10.2.5. If the University decides to purchase the undivided shares of the creators in a co-owned asset, the University will seek to agree the purchase price of the undivided shares with the creators. If the University and the creators fail to agree, the University may have the asset valued by independent auditors, whose valuation will be final and binding on the creators.
- 10.3. If the revenues include shareholding in an entity:
- 10.3.1. The Commercialisation Vehicle will hold the shares on behalf of the University.
- 10.3.2. The creator(s) will receive 30% of the shareholding allocated to the Commercialisation Vehicle.
- 10.3.3. The shares will be shared equally between the creators if there is more than one creator unless another arrangement has been reached by written agreement.
- 10.3.4. The shareholding of each creator may be assigned to the creator personally or to a nominee at the instance of the creator. Alternatively, a creator may request the Commercialisation Vehicle to hold the relevant shareholding on his/her behalf. The Commercialisation Vehicle will pay over to the creator any income received from the creator's share.
- 10.3.5. The balance of the shareholding shall be held by the Commercialisation Vehicle and any revenues derived from that balance will be dealt with in the same manner as the balance of revenues received directly.
- 10.4. If other clearly identified non-monetary benefits form part of the consideration for IP exploitation, the University will seek to agree fair and equitable compensation for the creator prior to accepting the benefits. If the University and the creators do not reach agreement, the University may have the benefits valued by independent auditors. The valuation will be final and binding on the creators and may then be used by the University as a basis on which to compensate the creators.

11. Copyright and trade mark usage

- 11.1. All copyright works of the Nelson Mandela University must carry the copyright warning notice:
- © Copyright Reserved [20??] Year Nelson Mandela University**
- where *Year* is the year in which copies of the work are first made available.
- 11.2. All Trade Marks of the Nelson Mandela University must use the legend TM to indicate that the Trade Mark is being used as a Trade Mark. In the event that the Trade Mark is registered then the legend ® should be used.

ANNEXURE A: Intellectual Property

The term Intellectual Property includes, but is not necessarily limited to, the following:-

1. Patents

A patent is a monopoly or an exclusive registered right for a specific period of time (typically 20 years subject to the payment of prescribed renewal fees) in exchange for a full disclosure of the invention to the public. This disclosure should be sufficient to enable somebody of reasonable competence in the field to put the invention into practice. The monopoly entitles a patent holder to enforce the patent against others. After expiry of that period of time or earlier lapsing of the patent, the public is free to use the invention.

The full disclosure of the invention to the public is made in a patent specification which includes written claims to stake out the extent of the monopoly claimed.

In order to be patentable an invention must be new; must involve an inventive step or not be obvious to someone "skilled in the art"; and must be capable of being applied in trade, industry or agriculture.

The invention may be in the form of an article or machine, or a process or method of doing something, or both. Certain things are specifically excluded from being patentable including business methods and computer programs, although computer implemented inventions can generally be patented.

2. Registered designs

A registered design is a monopoly or an exclusive registered right for a specific period of time [10 years for functional designs and 15 years for aesthetic designs subject to the payment of renewal fees in each case] granted by the State to the owner of a design in exchange for the design being available to the public after the design lapses or expires.

A registered design relates to the shape or appearance of an article and therefore extends to any one or more of the form, shape, pattern, ornamentation and configuration of an article which is manufactured industrially irrespective of whether or not it is patentable. A registered design is based on drawings, photographs, or other pictures which clearly illustrate the shape or appearance of the relevant article.

3. Know-how

This is secret information as to how to conduct a process or achieve a particular industrial objective and is typically not patentable and relies entirely for its value on the fact that it is secret. This type of intellectual property is generally inappropriate in a university environment unless developed for a specific client on a full cost basis.

4. Trade marks

A trade mark is a means of identifying a product, be it goods or services. It is often a brand name but it can be any sign capable of being represented graphically including a picture,

signature, colour, numeral, shape, configuration, pattern or a container for goods. The function of a trade mark is to distinguish one supplier's goods or services from those of another. Trade marks are registered for certain goods or in categories of goods or services.

A trade mark should not be descriptive of the goods or services in relation to which it is to be used; a trade mark cannot be used to restrict the business of others; and a trade mark cannot be used as a vehicle for protecting a technical feature of an article.

5. Copyright

Copyright is the right to prevent others from making, or causing to be made, unauthorized copies or reproductions of the relevant work, performing it in public, and in some cases, letting it or offering it for sale, without the consent of the copyright owner. Copyright is a statutory right that comes into existence automatically and there is only provision in South Africa for the registration of copyright in a cinematograph film.

Copyright exists in:-

- Literary works: Novels, stories, poetical works, dramatic works, stage directions, cinematograph film scenarios, broadcasting scripts, textbooks, treatises, histories, biographies, essays, articles, encyclopaedia, dictionaries, letters, reports, memoranda, lectures, speeches, sermons, tables and compilations, including tables and compilations of data stored or embodied in a computer or a medium used in conjunction with a computer, etc.
- Musical works (compositions)
- Artistic works: Paintings, drawings, diagrams, photographs, engravings, sculptures, works of craftsmanship, works of architecture, etc.
- Cinematograph films, Sound recordings, Broadcasts, Programme-carrying signals
- Computer programs (software)

The ownership of copyright often vests in the author but in the instance of employees it often vests in the employer, in this instance the University.

6. Plant Breeders Rights

Plant breeders' rights are statutory rights that require registration and, to a great extent, are dealt with in the same way as patents. A plant breeder's right is granted for either 25 years in the case of vines and trees, and for 20 years in all other cases subject to the payment of prescribed renewal fees. In order to be registered, a plant variety must be new, distinct, uniform and stable.

7. Trade Secrets

Trade secrets are information that has been compiled by an entity and maintained as secret from other interested parties.

ANNEXURE B: Summary of 9.3

		Where a self-funded entity is NOT involved	Where a self-funded entity is involved
Inventors/creators	< R1 million revenue	20% before expenses	
	> R1 million revenue	30% after expenses	
Balance split between			
Self-funded entity			42%
Faculty ¹		42%	13%
Nelson Mandela University		42%	35%
Technology transfer office ²		16%	10%

1 or administrative structure in case of non-academic staff creating IP

2 or commercialisation vehicle

Effective split after expenses after first R1 million revenue:

		Where a self-funded entity is NOT involved	Where a self-funded entity is involved
Inventors/creators		30%	30%
Self-funded entity			29.4%
Faculty ¹		29.4%	9.1%
Nelson Mandela University		29.4%	24.5%
Technology transfer office ²		11.2%	7.0%

1 or administrative structure in case of non-academic staff creating IP

2 or commercialisation vehicle