

# LIVERPOOL SCHOOL OF TROPICAL MEDICINE

## INTELLECTUAL PROPERTY POLICY

### Introduction

This document sets out the policy of Liverpool School of Tropical Medicine (LSTM) relating to intellectual property and know-how (IP). IP protects ideas and the expression of such ideas in various ways. It is made up of a bundle of different rights. Some of these rights have to be registered to be effective, whilst others arise automatically.

This IP Policy applies to all LSTM employees and students as well as any visiting academics of LSTM. This IP Policy sets out:

- who owns relevant IP and obligations of confidentiality;
- LSTM's process for protecting, disseminating and commercialising IP;
- how the rewards of IP commercialisation are to be shared on a discretionary basis by LSTM.

It is adopted with effect from 26<sup>th</sup> March 2014. This Policy is a living document and may be subject to change by LSTM. When a policy change occurs, details of it will be included in the Minutes of the next meeting of the IP Governance Panel. Questions on the interpretation or the current status of this Policy may be addressed to the office of the Director of Strategic Operations.

### IP ownership

#### **Employees**

It is anticipated that LSTM employees will create IP in the course of their employment, in particular through research. Ownership of IP (including copyright) created by LSTM employees (including LSTM students who are also LSTM employees) will generally automatically belong to LSTM as a result of IP legislation. (Nothing in this Policy overrides Sections 39 to 43 Patents Act 1977 (as amended)).

Each LSTM employee grants to LSTM an irrevocable, free-of-charge, non-exclusive licence to use his/her performer's rights in any copyright materials, owned by LSTM, for administrative, promotional, educational, teaching and research purposes of LSTM, together with the right to sub-license.

If an LSTM employee creates IP outside the course of his/her employment or duties, with more than incidental use of LSTM funds, facilities or resources (including employees), he or she agrees to transfer such IP to LSTM.

The terms of any agreements between LSTM and external organisations that concern LSTM IP shall prevail over the terms of this IP Policy.

#### **Students**

The ownership of IP created by LSTM students, who are not employees of LSTM, is with the students. However, occasionally LSTM will need to own that IP, so that it can meet contractual obligations, deal with related bundles of IP or comply with its obligations as a charitable institution. IP created by LSTM students will belong to LSTM in any of the following circumstances:

- IP created in the course of their study or research:
  - their studentship is sponsored and under its terms the sponsor has rights relating to the arising IP.
  - they participate in a research project under which the sponsor of the research project has rights relating to the arising IP.
  - they create IP which builds upon existing IP created by, or jointly created with LSTM employees or LSTM Affiliates (see Honorary/Visiting Appointments below).

- IP created outside the course of their study or research, with more than incidental use of LSTM funds, facilities or resources (including employees).

Students will assign such IP to LSTM when asked to do so and hold it in trust for LSTM pending such assignment. They will be treated as if they were LSTM employees for the purposes of revenue sharing on the commercialisation of IP created by them which is so assigned to LSTM.

Students grant to LSTM an irrevocable, free-of-charge, non-exclusive licence to use the IP created by him/her in the course of his/her studies with LSTM, for administrative, promotional, educational and teaching purposes of LSTM and the right to sub-license. Any thesis or dissertation submitted to LSTM for the award of a degree may be placed in LSTM's institutional repository in electronic or other format.

### **Honorary/Visiting Appointments**

Members of academic staff may have honorary academic appointments or be visiting academics at other institutions. An agreement must be put in place between LSTM and the other institution in relation to IP. Similarly, when LSTM makes an honorary academic appointment or hosts a visiting academic/researcher (Affiliate) then an appropriate agreement must be put in place and such Affiliates will be subject to this Policy. Such Affiliates may be required to assign the rights to any IP they create in the course of their LSTM activities to LSTM. They will be treated as if they were LSTM employees for the purposes of revenue sharing on the commercialisation of IP created by them.

### **New/Departing Employees**

Any new LSTM employee shall notify LSTM before the start of his or her employment with LSTM of any IP (including IP in teaching materials) which they wish to bring with them and use at LSTM and confirm the basis of their ongoing rights to use them.

Once an individual ceases to be an LSTM employee his/her rights to use any LSTM IP (including IP in teaching materials) will end. Such individual may enter into negotiations with LSTM with a view to permitting them to retain a single copy of teaching materials, which they created for his/her personal use, for teaching and research purposes which are non-commercial. If the departing employee wishes to be able to continue to use other IP which belongs to LSTM for other purposes at the departing employee's new employer, then the new employer will need to discuss what rights it can have in relation to such IP and an agreement must be put in place between LSTM and the new employer in relation to such IP.

On request, and in any event before leaving LSTM's employment, each employee of LSTM must deposit with LSTM any physical representation of IP, which that employee has created. Such physical representations would include (without limitation) original (or, if lost, copy) drawings, diagrams, recorded know-how e.g. laboratory notebooks, and biological materials.

### **Using other's IP**

Where IP has been created by someone who is not an employee of LSTM or is owned by someone other than LSTM and is copied, reproduced or used by employees of LSTM or by LSTM students (including via any IT system owned or administered by LSTM), such use must be lawful or within the terms of any applicable licence. If any employee of LSTM or student is unsure as to what use can be made of any particular IP, then he/she should seek advice from the Director of Strategic Operations.

### **IP Dissemination/Commercialisation Process**

#### **Confidentiality**

LSTM employees must maintain the confidentiality of any confidential information which is made available to them during the course of their employment and only use it for purpose for which it was supplied. They must keep good and comprehensive records of any agreements or understandings with which he/she is involved or associated including lists of information received or disclosed and minutes of meetings where oral disclosures are made.

All LSTM information which is confidential should be treated sensitively and LSTM employees must keep secret all LSTM confidential information and only use such information for the proper purposes of their employment and ensure that any valuable or potentially valuable information is protected by a suitable agreement before disclosure to others who are not LSTM employees.

Non-confidential disclosures of IP created during the course of research and other activities at LSTM may prejudice future research and/or prevent appropriate dissemination of IP. For instance non-confidential disclosure of an invention before a patent application has been filed often means that it cannot be patented: without the exclusivity given by a patent, it may not be possible to develop a life-saving medicine. Recommended best practice in relation to confidentiality is that, whilst it is reasonable to allow time for a patent to be filed, for instance, before a paper is published, such period of delay should not usually extend beyond 6 months.

If anyone is concerned about inadvertent disclosure they should notify the office of the Director of Strategic Operations as soon as possible. Obligations of confidentiality and non-disclosure do not end just because an individual is no longer an employee of LSTM.

LSTM students and Affiliates must keep secret any confidential information to which he or she has access and only use it for the purpose for which it was supplied, in each case as if he or she were an employee of LSTM.

### **IP Disclosure**

LSTM employees, students and Affiliates must disclose all IP, which he/she creates, which belongs to LSTM and may be commercialisable, and any associated materials, to the IP Governance Panel.

Where there is any doubt whether any IP belongs to LSTM or whether it may be commercialisable, then it must be assumed that it does or is. All such disclosures shall be made on LSTM's IP Invention Disclosure Form.

LSTM recognises that commercialisation of IP may not always be appropriate and sometimes it is in the best interests of knowledge transfer to place IP in the public domain or to make the IP open source. If an LSTM employee or student believes that this is appropriate, then he or she must discuss and agree this with the IP Governance Panel, as set out above.

Where IP is being created with the support of an external organisation which has rights relating to the arising IP, then any such action must not contravene the agreement with such external organisation.

### **IP Review**

Upon receipt of the IP Invention Disclosure Form or having proactively identified relevant IP, LSTM will review the information. If LSTM believes it requires further information to make a decision about whether the disclosed IP may be commercialised, it will ask the Creator(s) of the IP. LSTM may take such other steps as it believes are reasonably necessary to find out any other information it requires to make a decision. This is likely to include assessing the strength of the IP, identifying relevant products, customers and markets. The Creator(s) of the IP may have to complete an IP Full Disclosure Form.

All those who may create IP as part of their work should make and keep clear and accurate records in a retrievable format. This is necessary not only in order to comply with proper research practice but also to support a claim to any IP that arises. All those engaged in research at LSTM must comply with all applicable codes of practice and regulation and follow good laboratory practice.

LSTM will notify the Creator(s) of the IP whether it believes there is potential for profitable commercialisation of the IP. If LSTM does not believe there is potential for profitable commercialisation, or is unable to commercialise all or any part of such disclosed IP, then all of the Creator(s) of the IP in question may ask for it to be assigned to them. LSTM will then assign all its right, title and interest in such IP to the Creator(s) of such IP, to the extent it is possible under the terms of any agreement that supported or related to the creation of such IP.

Such assignment will include a licence back for use by LSTM and be subject to tax and liability indemnities. Such Creator(s) of such IP and their transferees will not use LSTM's name in any way

and will pay to LSTM any expenses already incurred by LSTM in connection with such IP (including patent attorneys' fees) out of any income or capital realised by them or anyone connected with them from the commercialisation of such IP.

### **IP Protection/Commercialisation**

If LSTM believes there is potential for profitable commercialisation, it will, where applicable, try to protect LSTM IP by patenting or other means at its own expense or from funds made available for that purpose via an applicable grant, sponsorship or the relevant research collaboration. LSTM will identify and enter into discussions with potential licensees or collaborators, develop a business plan and negotiate appropriate licences or other agreements. The timescale will depend upon market conditions and the state of development of the IP.

Each Creator of IP will need to assistance with the commercialisation of his/her IP, including providing additional information on request, attending meetings with potential licensees/investors and advising on further development. The likely routes for commercialisation are either to license the IP to an existing company or to establish a company established with a view to commercialising IP originating at LSTM (whether on its own or with other IP) (Spin-Out Company). Where an employee intends to work for a Spin-Out Company then LSTM's Senior Management Group must approve the secondment or consultancy arrangements.

LSTM will not support or commercialise any IP where, in the judgment of LSTM, it might adversely affect its reputation. LSTM is committed to supporting fair access to medicines for those in low income countries and will take account of this when commercialising IP.

Although LSTM's and LSTM's employees' and students' interests will often be the same, LSTM employees and students are recommended to seek independent advice at their own cost.

### **Revenue Sharing**

Returns from the commercialisation of LSTM IP belong to LSTM. LSTM has a discretionary policy of granting a share of the returns on the relevant IP (other than IP in teaching or administrative materials) to the Creator(s) of such IP (Creators) and members of the relevant Principal Investigator's research group (other than Creators) (Group Members).

LSTM takes the decision how it wishes to commercialise its IP after consultation with the Creator(s) of the IP. LSTM accepts no liability if the return achieved in relation to such IP is not the best financial return which could have been achieved. The best financial return is, in any event, not necessarily compatible with LSTM's main objectives.

The Net Income, in relation to any IP or bundle of IP which is commercialised by LSTM will be the aggregate income and capital received by LSTM (or its nominated subsidiary company) from the commercialisation of any such IP or bundle of IP less:

- VAT or applicable sales tax;
- payments which LSTM is obliged to make to research funders or joint IP owners; and
- expenses incurred by LSTM (or its nominated subsidiary company) in connection with the prosecution, maintenance, marketing and commercialisation of the relevant IP (including patent costs and all fees of patent agents and lawyers); and
- payments which LSTM is contractually obliged to pay to a third party from such sum; and
- proceeds received in respect of shares in a Spin-Out Company; and
- payments from a Spin-Out Company for IP, whether pursuant to an assignment, licence or otherwise; and
- payments for, or on account of, research (whether expressly or which have been taken into account in seeking to recover full economic costs); and

- sponsorship or payment made to support a student.

LSTM will distribute Net Income as set out in the table below, except as set out below or where exceptional circumstances apply or a special agreement has been reached:

<b>Income (£)</b>	<b>Creator(s)/ Group Member(s)</b>	<b>LSTM</b>
Up to 1,000,000	50%	50%
1,000,000 and over	20%	80%

Where there is more than one individual who is a Creator or Group Member in relation to the IP or bundle of IP which is being commercialised the Creators and Group Members may decide between themselves as to how they will share their percentage of the Net Income. Where the Creators and Group Members cannot agree as to how to share their percentage of the Net Income, then LSTM will decide in its sole discretion after further consultation with the Creators.

Any share of Net Income given to the Creator(s) and Group Member(s) (or their estates) will be subject to the terms of this Policy. This will apply even where the Creator or Group Member has ceased to be an employee of LSTM for any reason. No individual payment of any Creator's or Group Member's share of Net Income will be paid until it reaches £500.

A Creator may decide not take his/her share of any Net Income in further research at LSTM, in which case LSTM will invest it in further research at LSTM, with priority given to research carried out by such Creator's team.

LSTM will decide the initial equity distribution in any Spin-Out Company, both with investors, any third parties and with the relevant Creators on a case by case basis. LSTM will take its view of the following factors into consideration:

- the extent of a Creator's personal contribution to the IP made available to the Spin-Out Company (number of inventions, value of know-how etc.);
- the time commitment which (with LSTM's approval) a Creator proposes to devote to establishing and developing the Spin-Out Company;
- the extent to which the Creator is pivotal in setting up the Spin-Out Company and attracting investment; and
- any equity which LSTM is obliged to give to third parties (such as research sponsors).

Each individual, who may be entitled to payments of Net Income as a Creator/Group Member and who is no longer employed by LSTM or no longer a student or Affiliate, must notify LSTM in writing of his/her current address to where any Net Income due to him/her may be sent. If LSTM is not given such current address details, then they will be a missing individual and all unclaimed revenue payments for such them may be invested in a deposit account until such revenue payments are claimed. LSTM will not be a trustee of any such unclaimed revenue payments. Any such Net Income remaining unclaimed for 5 years from the date the Net Income is received by LSTM will, after that date, be forfeited and will revert to LSTM, which will distribute such Net Income, plus any net interest actually earned, between any others entitled to share in such Net Income, excluding the missing individual.

All payments of Net Income to be made by LSTM/shares in Spin-Out Companies to be allotted to a Creator/Group Member will be subject to the deduction of any applicable income tax and employer's and employee's national insurance at source. If a Creator/Group Member is no longer employed by LSTM, then, before LSTM makes any payment to him/her and before any shares in a Spin-Out Company are allotted to him/her, LSTM will require:

- a written confirmation from the Creator/Group Member that he/she will declare such payment on all relevant tax returns and indemnify LSTM against any tax, national insurance, interest and penalties payable in respect of such payment or allotment; and
- actual payment of any known or reasonably anticipated tax, national insurance, interest and penalties which may arise in respect of such payment/allotment, and LSTM is authorised to deduct from any payment due to such former employee.

If income tax and/or national insurance subsequently becomes payable on payments made, or in respect of shares in Spin-Out Companies allotted, to a Creator/Group Member, then he/she must indemnify LSTM against any tax, national insurance, interest and penalties in respect of such payments/shares.

#### **Interpretation**

If there is any disagreement between an individual and LSTM concerning any of the matters contained in this Policy which cannot be resolved by discussion, the disagreement may be referred by either the individual or LSTM to the Director of Strategic Operations for final determination.

