

9. Intellectual Property

Chapter Summary

To facilitate knowledge transfer and help ensure value for money we have created default treatment for intellectual property rights (IPR). This chapter sets out the default arrangements.

Introduction

9.1. We recognise that the projects financed by the NIC may create intellectual property rights (IPR) either for the Funding Licensee or for any Project Partners (whether for both or jointly), and that these rights could restrict the Dissemination of knowledge and also provide a valuable income stream from royalties earned.

9.2. We have therefore created a default treatment for IPR where the Licensee or any Project Partners deem any work product or output of the Project to be IPR. We hope that in the majority of cases they will conform to the default IPR conditions. However, we recognise that in some circumstances potential Project Partners may not be prepared to enter into agreements on this basis. We are therefore willing to consider alternative arrangements on a case by case basis. The information required to justify these alternative arrangements is set out in paragraph [5.53/5.58].

9.3. Knowledge transfer is one of the key aims of the NIC. The benefits of a Project are maximised by the ability of other Network Licensees to be able to learn from the Project so as to create improved outcomes or reduce costs for consumers. However, not all IPR generated by a Project will necessarily be pertinent to this knowledge transfer, or required to support the wider roll-out of the Project into “business as usual”

Scope

9.4. The default IPR conditions apply to IPR which is material to the dissemination of knowledge gained from the learning in respect of a Project. This knowledge may be the information, understanding or skills necessary to reproduce or simulate the outcome of a Project. It may also be the knowledge necessary to avoid a negative outcome. Where the deployment of IPR materially reduces the cost, difficulty or time associated with reproducing the outcome of a Project, this would also constitute an IPR which is material to the Dissemination of knowledge.

9.5. It will be the Network Licensee’s responsibility to describe all work products generated during the course of a Project that are material to the dissemination of knowledge and relevant to a Project, and to identify where such work products constitute IPR and how it will be shared so as to create improved outcomes for customers.

Ownership and transfer of ownership of IPR

9.6. For the avoidance of doubt, each participant in the Project, whether a Licensee or a Project Partner shall retain all rights in and to its Background IPR.

9.7. Each Participant shall own all Foreground IPR that it independently creates as part of the Project, or where it is created jointly then it shall be owned in shares that are in proportion to the effort and work done in its creation.

9.8. Where any Participant transfers any of its right, title or interest in or to any Foreground IPR to any other person, it shall only do so where the assignee/transferee agrees to abide by these default IPR conditions.

9.9. A Funding Licensee can only transfer any of its right, title or interest in or to any Foreground IPR to any other person, subject to:

- having regard to the true commercial value of the IPR, and
- where the assignee/transferee agrees to abide by these default IPR conditions.

Licensing of Background IPR

9.10. Where access to a Participant's Background IPR is required to undertake the Project, the Participant shall grant a non-exclusive licence to this Background IPR (Relevant Background IPR) to the other Participants, solely for the purposes of the Project during the term of the Project.

9.11. Once the Project is over, Relevant Background IPR will be licensed for use by the Participants in connection with another Participant's Foreground IPR solely to the extent necessary to use that Foreground IPR, upon terms to be agreed.

Licensing of Foreground IPR

9.12. Foreground IPR that other Licensees will need to utilise in order to implement the Method(s) being trialled in the Project is classed as Relevant Foreground IPR. This will be identified in the Project Progress Information in sufficient detail to enable others to identify whether they wish to licence that IPR. For clarification it is not expected that the confidential details of IPR would be disclosed in the Project Progress Report, only sufficient information to enable others to identify whether the IPR is of use to them. Where Background IPR is required to use the Relevant Foreground IPR, this must also be clearly stated. For the avoidance of doubt, Foreground IPR within **Commercial Products¹** where those products will be available for use by other licensees after the end of the Project is not deemed Relevant Foreground IPR.

9.13. Licensing of the Relevant Foreground IPR will depend on who uses it and how the IPR is to be used.

9.14. All Project Partners which are academic institutions will have the freedom in accordance with normal academic practice (notwithstanding the requirements of this document) to:

- discuss work undertaken as part of the Project in seminars;
- give instruction on questions related to such work; and
- to publish results obtained during the course of work undertaken as part of the Project.

9.15. All other Network Licensees will have the automatic right to use Relevant Foreground IPR for use within their network royalty-free.

¹ We are proposing to define Commercial Products as: Products which have registered Background IPR assigned to them prior to the commencement of the Project.

9.16. Where the Relevant Foreground IPR can only be used with a Participant's Background IPR, other Licensees will have the automatic right to request a limited licence of such Background IPR for that sole purpose.

9.17. The licensees of IP may be required by the licensor to enter into a confidentiality agreement to protect the IPR licensed to it.

9.18. Other parties (who are not Participants and are not a Network Licensee) may request a licence to use Relevant Foreground IPR, such licence to be on arms-length terms, which may include payment of a commercial royalty.

Right to protect IPR

9.19. Each Participant will warrant that it has the right, power, title and authority to license its Relevant Background IPR on the terms of the licence agreement.

9.20. Each Participant will warrant that use of the Relevant Background IPR in accordance with the terms of the licence agreement will not infringe any third party rights.

9.21. Each Participant will warrant that it will pay all fees necessary to maintain registered rights that form part of the licensed Relevant Background IPR.

9.22. Each Participant will undertake to protect Relevant Foreground IPR (subject to the transfer options above) in the following terms:

- A Participant must seek registered protection where that is available and maintain such registered protection for as long as the subject matter of that Relevant Foreground IPR is licensed and used by the other Participants,
- Where a Participant believes that registered protection should not be filed, they must agree terms with the other Participants setting out how this unregistered IPR will be protected and demonstrate how this is consistent with the knowledge transfer and Dissemination of information requirements of the Project,
- A Participant must comply with agreed publication requirements, including as necessary to comply with academic requirements and co-authoring of publications,
- A Participant must set up a regime whereby unrelated third parties can access the Relevant Foreground IPR so that it can be further disseminated throughout the relevant industry whilst protecting the Participants' rights as owners and licensors.