UC Policy Library

Intellectual Property Policy

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Introduction

The University prides itself on the quality of its staff and students and wishes to encourage and support an entrepreneurial environment. The Intellectual Property (IP) generated by staff and students is an important outcome of a thriving research culture, and the University seeks to maximise the transfer of this IP to the benefit of the wider community. Like many world-class universities, the University recognises the advantages of protecting and commercialising IP and wishes to sensibly and fairly share the benefits.

Government priorities for research funding and tertiary education strategies now make specific reference to economic outcomes. In response, the University wishes to develop an innovation system which encourages a climate of creativity, inventiveness and transfer, as expressed in the *UC Innovation and Entrepreneurship Strategy 2013-2015 (PDF, 209KB)*. This policy document is an important element of that system.

The University also acknowledges its other obligations under the *Education Act 1989 (New Zealand Legislation website)*. In particular, consideration must be given to the principles of academic freedom, the University's role as critic and conscience of society, and the need to disseminate knowledge. While dissemination of knowledge is commonly achieved through teaching, publications and conferences, it can also be achieved by consulting and in some cases by commercial development.

The objectives of this document are therefore to

- foster a wider understanding of the importance of IP;
- state the respective ownership rights of the University, its staff and its students in relation to IP; and
- assist in the effective commercialisation of IP for the mutual benefit of the University and its members.

Definitions

Copyright work – those original works referred to in *section 14(1) of the Copyright Act 1994 (New Zealand Legislation website)* and further defined in Section 2 of that Statute. Includes any original literary, dramatic, musical, and artistic works containing original creative output. Also includes photos, videos, sound recordings, films, broadcasts, cable programmes, cartoons, graphical works, maps, and the typographical arrangements of published works, etc.

Creator – any person, who produces, invents, discovers, or originates any IP. 'Create', 'created' and 'creating' have corresponding meanings in this instance.

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Creator's share – the creator's (inventor's) share of the Net IP Return, as per this document.

Instructional material – any copyright material prepared specifically for the purposes of teaching and learning. Includes lecture scripts and teaching plans, sound recordings or films of lectures, overhead transparencies, PowerPoint slide shows or hand-outs for personal presentation, or software that has been created purely for the purposes of teaching or, for example, as utility software for the University's information technology systems, and is made available in the public domain.

Intellectual Property (IP) – any discovery, innovation, invention, form, shape, sound image, expression, technique or process which is the product of skill, effort or intellect and includes

- copyright works, meaning those original works referred to in *section 14(1) of the Copyright Act 1994 (New Zealand Legislation website)*, including computer programs;
- patentable and potentially patentable inventions and associated know-how;
- plant varieties and protectable life forms;
- designs, registrable or otherwise;
- embodied ideas or concepts;
- databases and other valuable or potentially valuable information, including research outcomes and records;
- trade secrets and other materials subject to an obligation of confidence;
- layout designs for integrated circuits;
- signs or insignia of origin, quality, reputation, or commercial connection;
- registered and unregistered trademarks and business names; and
- instructional material.

Further to this definition of IP, the term is used to encompass IP as it relates to

a. the following Acts:
    - *Copyright Act 1994 (New Zealand Legislation website)*
    - *Designs Act 1953 (New Zealand Legislation website)*
    - *Geographical Indications (Wine and Spirits) Registration Act 2006 (New Zealand Legislation website)*
    - *Hazardous Substances and New Organisms Act (HSNO) 1996 (New Zealand Legislation website)*
    - *Layout Designs Act 1994 (New Zealand Legislation website)*
    - *Medicines Act 1981 (New Zealand Legislation website)*

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- *Patents Act 1953 (New Zealand Legislation website)*
- *Plant Variety Rights Act 1987 (New Zealand Legislation website)*
- *Trade Marks Act 2002 (New Zealand Legislation website)*

b. non-statutory IP such as goodwill in the name or get-up of any goods or services, any unregistered trade mark, and any confidential information or trade secrets.

Intellectual Property Returns – revenues derived from the commercialisation of IP, including but not limited to licensing revenues (royalties or fees paid by third parties for the right to use the IP or sell products or services embodying the IP), dividends derived from holding equity (shares) in companies that use the IP, or receipts from sale of capital benefits such as disposition of IP to third parties or disposition of shares or similar equity securities.

Intellectual Property Right or **Right to Intellectual Property** – any claim, right or interest in IP, which is enforceable under the law of New Zealand or any other country where protection of the IP has been sought, whether by contract or direct operation of the law.

Invention – a new, useful, and non-obvious process, machine, manufacture, composition of matter, or product, including a new, useful, and non-obvious improvement of a process, machine, manufacture, composition of matter or product.

Member of the University – includes staff, students and officers of the University.

Net Intellectual Property Return – revenue derived from IP commercialisation after the costs of commercialisation have been deducted.

Patent – a document, issued by a government office, which describes an invention and creates a legal situation in which the patented invention can normally only be exploited (made, used, sold, imported) by, or with the authorisation of, the patentee.

Patent application – the filing with the Patent Office of an application for a patent together with a provisional specification.

Patent rights – all patent rights in and to the invention as may exist anywhere in the world including, but not limited to

a. the right to apply for and obtain patents or other similar forms of protection in respect of the invention in any country;

b. the right to claim priority under any international convention or agreement including the *Paris Convention for the Protection of Industrial Property (World Intellectual Property Organization website)* from any such application or applications referred to in paragraph a) above;

c. all rights conferred by any such patent/s or similar forms of protection when granted; and

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d. the patent applications together with any patent that may be granted pursuant to the patent applications and any future patent/s and patent application/s which are based on or derive priority from or have equivalent claims to the patent applications in any country in the world (including divisionals, continuations, continuations in part, supplementary protection certificates, reissues, extensions, innovation patents and petty patents).

Pre-Seed Accelerator Fund (PSAF) (or other fund that the government may introduce) – Administered by the *Ministry of Business, Innovation and Employment (Ministry of Business, Innovation and Employment website)*, to assist the commercialisation of publicly funded research by getting ideas investor ready.

Scholarly work – a monograph, journal article, book or conference paper (including chapters in books and text updating loose-leaf or electronic publications) whether first published in hard copy or in some other format.

Staff or staff member – person/s engaged for paid employment with the University by way of an employment agreement, personal contract, or through official arrangements with another organisation.

Student – a person who is currently enrolled as a student at the University, either directly or through official arrangements with another organisation.

Third party – any person or organisation other than the University or a member of the University.

University's Net Return – the University's share of the Net IP Return from a particular IP commercialisation.

University Resources – money, services, or property owned, provided or obtained by, the University and includes but is not limited to:

a. pre-existing IP rights vested in the University;

b. funds obtained by or through the University (other than the staff members' salaries where their time has not been spent on a consulting or research contract); and/or

c. computers, library books, laboratory or other equipment, supervisory support of staff for student activities.

Visitor – a person other than a University staff member or student who is given access to or use of University resources, including but not limited to adjunct appointees, agency temporary staff, Canterbury Tertiary Alliance staff and students (as applicable), consultants, contractors, library external borrowers, private research assistants, *Professores Emeriti (University website)*, University patrons and visiting academics.

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Policy Statements

1. General Principles and Provisions

1.1. The University has an obligation to protect and develop its IP and, as employees, staff have an obligation to assist in this objective.

1.2. In the absence of a duty (whether express or implied) in an employment contract, there is no obligation on staff to produce IP for the purposes of commercialisation.

1.3. Students do not lose IP rights by pursuing a course of study or research, but in some circumstances the University may nonetheless have IP rights over the outcome of that study or research.

1.4. Staff and students have a right to promote or publish their work subject to the rights of the University to protect its IP rights.

1.5. The University will share any benefits arising from its IP with the creators of the IP.

1.6. Owners of IP may assign those rights to another party.

1.7. Owners of IP have the right to commercialise that IP.

1.8. The University reserves the right to enter into express agreements with staff and/or students relating to IP which may be at variance with this policy. Any such variations may only be agreed to by the Vice-Chancellor or his/her delegate.

1.9. The University acknowledges that commercialisation is not its core function and will seek to transfer its IP to appropriate third parties at the earliest reasonable opportunity. The University will manage the development and transfer of the IP to protect the interests of the creators and of the University and to deliver benefits to the University.

1.10. The University reserves the right to enter into agreements with third parties in respect of University IP.

1.11. IP at the University is managed by the Director, *Research & Innovation (University Research & Innovation website)*, reporting to the Deputy Vice-Chancellor, with support from committees. Please see the Appendices for further information pertaining to said committees.

1.12. The University has a commitment to the principles of the Treaty of Waitangi and the University will respect and act according to the outcomes of any Treaty claims relating to indigenous IP rights.

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1.13. Text in brackets following any clause forms part of this policy and is intended to clarify the application of that clause.

2. IP Created by Staff

2.1. Subject to clause 2.2, the University claims ownership of IP created by any of its staff during the course of their employment or arising out of performance of a duty relating to their employment.

('The course of employment or arising out of performance of a duty relating to employment' means the areas of activity and associated outputs, whether or not on work premises or within working hours, for which staff have been employed and which are described in any contract, agreement, position description, position title, directive or other pertinent document related to the employment relationship. Staff with interests that are similar but external to their University employment (e.g., hobbies or other employment) and which may give rise to IP, should discuss this with their Head of Department and the Director Research & Innovation prior to or shortly after being employed, or prior to the external circumstances arising, and reach written agreement on how such IP will be handled. In the absence of such prior agreement, there will be a presumption that such IP will be owned by the University and the onus will be on the staff member to prove to the University that an item of IP was created by them outside the course of their employment, not arising out of performance of a duty relating to their employment, and not using University resources.)

(This includes research, consultancy, inventions and any improvement, development or creative addition or alterations to an invention, or other work attracting IP rights).

2.2. The University does not claim ownership of copyright to scholarly work, creative work or instructional materials created by its staff in the course of their employment, unless those works or materials have been expressly commissioned by the University (i.e., created with the use of specific funding or allocation of resources), and agrees that copyright in such non-commissioned works belongs to the authors.

2.3. Notwithstanding clause 2.2, the University shall have a permanent, non-exclusive, royalty-free, world-wide licence to use instructional material created by its staff in the course of their employment, provided that such use is confined to research or teaching of courses offered by the University. Where a legal impediment to the granting of such license exists (for example, the potential infringement of IP rights held by a third party), then such license is granted to the extent permissible at law (i.e., to the extent such license does not infringe on the IP rights held by a third party).

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2.4. Before being given permission to work on a specific research project (which may or may not arise outside the course of their employment, or arise outside of the performance of a duty relating to their employment), a staff member may be required to enter into an IP agreement with the University and/or third parties, which may include assigning some or all of his/her IP rights to the University and/or to third parties. In such cases, the staff member shall be given an explanation of the need for such assignment and an opportunity to seek independent legal advice.

3. IP Created by Students

(See also Related Documents and Information section below. Thesis students are strongly advised to reach agreement with the University on IP before they commence their research).

3.1. The University agrees that a student does not relinquish his/her IP rights solely by pursuing a course of study offered by the University.

3.2. The University agrees that students are the owners of copyright in their theses and any other assessable work to the extent that they are the author of the work.

(Note: Copyright protection does not include ownership of ideas expressed in theses).

3.3. Before being given permission to work on a specific research project, a student may be required to enter into an IP agreement with the University and/or third parties, which may include assigning some or all of his/her IP rights to the University and/or to third parties. In such cases, the student shall be given an explanation of the need for such assignment and an opportunity to seek independent legal advice.

(This might apply, for example, if the student is to receive any payment for working on the project, or will use existing IP, or join a team in order to work on the project, or if a project is funded by a third party wishing to retain rights to the IP).

3.4. A student is the owner of IP created in the course of their thesis or dissertation, except in any of the following circumstances, where the University reserves its right to claim some or all rights of ownership (unless the University (acting through the Vice-Chancellor or his/her delegate) expressly waives its right in writing):

- the inventive step has been significantly assisted by a staff member;
- the IP relies on prior IP owned by the University;

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- the IP is part of a set of IP generated by a team, of which the student is a member, *and* the University considers that it would be in the best overall interests of the team and the University, for the IP to be managed by the University; and/or
- the generation of the IP has involved the use of University resources and/or services beyond that which is needed to pursue the student's agreed topic of research.

(As per clause 7 below, the University would then negotiate any commercialisation process and benefits with the student/s).

3.5. A student who is also a staff member of the University will be regarded as a staff member with respect to IP arising in the course of that employment.

4. Other IP

4.1. Visitors to the University have no rights to University IP.

4.2. In some circumstances, visitors to the University may develop IP during their time at the University. Where that development has involved significant use of University resources or prior University IP, then in the absence of an express written agreement to the contrary, IP developed during the visitor's time at the University shall belong to the University. In such cases, it is preferable that the Vice-Chancellor or his/her delegate be consulted prior to such University resources being made available.

4.3. Many research activities are carried out in collaboration with third parties. The ownership of and beneficial rights to any IP created during such collaborative research, should preferably be agreed in writing at the commencement of the collaboration. In the absence of such agreement, the University would seek to negotiate a subsequent agreement that reflects the relative contributions of the parties to the jointly created IP.

5. Obligations of the University

5.1. Commercialisation activity shall not hinder the completion and examination of theses.

5.2. The University will use its best endeavours to ensure that a staff member's or student's freedom to publish is not unduly restricted by any research contract or process of commercialisation.

5.3. The University will determine the use to which its share of any benefits from any IP will be put, but agrees that a reasonable proportion may be used to

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support research in associated areas (refer *Appendix 1*). The University will also facilitate the wish of any creator to put his or her share of any benefits from any IP to research in associated areas.

5.4. Any commercialisation by third party appointed by the University will be subject to a service agreement between the University and the appointed third party. Any such agreement shall be in accord with this policy and shall set reasonable expectations for any commercialisation process on a best-endeavours basis. This will include provisions for

- requiring creators to be consulted and informed about the process of commercialisation,
- timely progress of any commercialisation process,
- renegotiation with the creators when agreed plans do not progress as expected, and
- reassignment of IP ownership rights to its creators where the University does not wish to commercialise the IP.

6. Obligations of Staff and Students

6.1. Staff and students shall not do any of the following in relation to the University's IP:

- apply for a patent or other registrable IP right without the permission of the University,
- enter into any contracts, discussions or negotiations prejudicial to the University's IP with third parties without the permission of the University, and/or
- knowingly act in any way that is prejudicial to the University's IP rights.

6.2. When a member of the University knowingly creates IP that is owned by the University and which is potentially able to be commercialised, he or she must disclose the IP in writing to the University through the Director, *Research & Innovation (University Research & Innovation website)* on a timely basis and prior to any external disclosure.

(This applies whether or not the IP is created with others. Valid legal protection may not be obtainable if the IP has been publicised in any way. Disclosure to the University protects creators, by serving as a formal record of discovery. Ownership rights still apply irrespective of disclosure).

6.3. If requested by the University, the creator/s shall supply all details needed to evaluate and protect the IP.

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6.4. Staff and students who participate in a research contract with third parties will ensure that they are familiar with, and abide by, the terms of that contract.

7. Commercialisation and Share of Benefits

7.1. The University agrees to share any net benefits of commercialising its IP with the creators of that IP.

(Note: The net benefit will take into account costs of commercialising the IP).

7.2. The University and creators will negotiate in good faith regarding the process of any commercialisation and agree that:

a. the University will manage the process, in which case creators will assist with such other documentation and licensing as may be needed, and the standard share of benefits (refer *Appendix 1*) will apply to net revenue; or

b. the creator/s will manage the process, in which case the University will assign the IP to the creators in return for an agreed share of benefits, taking into account costs, risks and expected returns; or

c. any other outcome as may be formally documented. The University may decline to agree to place IP in the public domain if to do so would expose the University to potential liability.

(The Disputes Resolution process outlined in clause 10 below may be used if there is failure to agree. The University may decline to allow creators to manage the process if, for example, this course of action would violate research contracts or other agreements in place prior to the new agreement, or place at risk previous investments, relationships with third parties, other related IP, or rights of other staff or students).

In the absence of compelling arguments to the contrary, the preferred method for commercialisation shall be as per clause 7.2(a).

7.3. Should the University decide not to commercialise IP which is subsequently developed further by staff or, with the use of University resources, the University reserves the right to assert ownership of any new IP generated by staff or with the use of University resources arising from those developments to the original IP (subject to any agreements with the staff member or third parties).

7.4. Where there are multiple creators, the distribution of benefits between them will be agreed between the creators with the assistance of the University. In the absence of agreement, the University will hold benefits on trust until distribution is determined by the disputes resolution process as below (refer *clause 10*).

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7.5. For IP on which the University has no claim of ownership, creators may request that the University manages or assists with commercialisation, in which case shares of benefits will be negotiated. The University may also decline to assist.

8. Confidentiality and Restrictions on Publication

8.1. The University supports the free exchange of information and ideas in scholarship and research.

8.2. Research contracts with third parties will require them not to unreasonably limit freedom of disclosure or publication.

8.3. Where a research contract, or the commercialisation process, places limits on external disclosure of information, members of the University will observe those requirements.

8.4. The University may require limited or full confidentiality in circumstances where the protection or commercialisation of IP or its obligations to other parties would otherwise be at risk.

(For example, these may include research or consultancy contracts where

- *ownership of IP remains with the sponsor or client;*
- *the sponsor or client requests that no publicity be given to the project without their prior approval;*
- *staff or students working on a contract have access to inventions or new techniques developed by other people or organisations outside the University; and/or*
- *disclosure would prevent effective commercialisation of IP, technology transfer to a business, or patent protection).*

8.5. Any restrictions on disclosure or publication are subject to the following conditions:

a. The reasons for the restrictions shall be clearly specified in writing by the University.

b. The duration and scope of such restrictions shall not extend beyond those reasonably necessary to achieve the stated purposes.

c. No restriction on publication will be permitted where to do so may pose a danger to society or a risk to public health.

d. The maximum period of delay in publication normally acceptable to the University is 12 months (in exceptional cases 24 months) from the time the IP is created or the research results have been made known to the

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client or sponsor. In the case of student research, the restriction on publication cannot be for a period exceeding two years, except in special circumstances and requiring the written approval of the Deputy Vice-Chancellor. Requests by the commercial party to embargo theses are approved by the Dean of Postgraduate Research.

9. Moral Rights Recognition

9.1. Nothing in this policy shall derogate from the provisions of *Part 4 of the Copyright Act 1994 (New Zealand Legislation website)*

10. Disputes Resolution

10.1. If agreement cannot be reached on any matter arising out of this policy, then the affected parties are to endeavour to resolve the disagreement in accordance with this clause.

10.2. In the event of a disagreement, a party must notify the other party (or parties) in writing that they wish to commence the resolution process set out in this policy and must give the other party (or parties) details of the disagreement.

10.3. Within 20 days (or such other time as is agreed) of the notice, the parties must meet with the Deputy Vice-Chancellor to seek a resolution to the disagreement.

10.4. If in a particular case the Vice-Chancellor is satisfied that the Deputy Vice-Chancellor has, or would reasonably appear to have, a conflict of interest in the matter, the Vice-Chancellor shall request that the parties choose a mutually agreed replacement. If they fail to reach agreement on a replacement, a suitable replacement shall be selected by the Vice-Chancellor.

10.5. If the parties are not able to negotiate an acceptable solution within 40 days (or such other time as is agreed) of the notice, then the parties must appoint a mediator to help resolve the disagreement. The role of the mediator is to assist in negotiating a resolution of the dispute. The mediator will not impose a decision that is binding on a party.

10.6. Each of the parties will properly carry out such reasonable steps as may be requested by the mediator.

10.7. The parties acknowledge that the purpose of any exchange of information or documents or the making of any offer during mediation is to be taken only as an attempt to settle the disagreement. No party may use any information or documents obtained during mediation for any purpose other than in an attempt

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to settle the disagreement, and shall keep such information and documents confidential.

10.8. If the parties are unable to resolve the disagreement by mediation, either party may refer the disagreement to arbitration in Christchurch by a single arbitrator. In the event that the parties are unable to agree on an arbitrator, they may request the current President of the *New Zealand Law Society (New Zealand Law Society website)* (or his or her nominee) to appoint an arbitrator. In either case, the arbitrator may not be a person who has previously acted as a mediator in relation to the disagreement.

10.9. The parties agree that the resolution process set out in this clause shall not prevent the filing of court proceedings seeking urgent injunctive relief but shall preclude the filing of all other court proceedings.

Related Documents and Information

Legislation

- Copyright Act 1994 (New Zealand Legislation website)
- Designs Act 1953 (New Zealand Legislation website)
- Education Act 1989 (New Zealand Legislation website)
- Geographical Indications (Wine and Spirits) Registration Act 2006 (New Zealand Legislation website)
- Hazardous Substances and New Organisms Act (HSNO) 1996 (New Zealand Legislation website)
- Layout Designs Act 1994 (New Zealand Legislation website)
- Medicines Act 1981 (New Zealand Legislation website)
- Patents Act 1953 (New Zealand Legislation website)
- Plant Variety Rights Act 1987 (New Zealand Legislation website)
- Trade Marks Act 2002 (New Zealand Legislation website)

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- Consulting Policy (PDF, 288KB)
- Copyright Policy (PDF, 323KB)
- Research Work for a Master's or PhD Thesis Code of Practice (PDF, 279KB)
- Thesis Availability Policy (PDF, 128KB)

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UC Website and Intranet

- Intellectual Property (Research & Innovation intranet)
- Intellectual Property Protection Guidelines (Word, 26KB)
- Professores Emeriti (University website)
- Research & Innovation (University Research & Innovation website)
- UC Innovation and Entrepreneurship Strategy 2013-2015 (PDF, 209KB)

External

- Ministry of Business, Innovation and Employment (Ministry of Business, Innovation and Employment website)
- New Zealand Law Society (New Zealand Law Society website)
- Paris Convention for the Protection of Industrial Property (World Intellectual Property Organization website)

Appendices

- Appendix 1: Distribution of Benefits and Equity
- Appendix 2: IP Development and Transfer Procedures

Document History and Version Control Table			
Version	**Action**	**Approval Authority**	**Action Date**
For document history and versioning prior to 2013 contact ucpolicy@canterbury.ac.nz			
1.00	Major review and conversion into new format. IP Policy for Staff only combined with IP Policy for staff and students. Appendix 4 removed – available on Research webpages.	Chair, Academic Board	Sep 2013
1.01	Hyperlinks updated.	Policy Unit	Nov 2013
1.02	Hyperlinks updated.	Policy Unit	Jul 2014
2.00	Scheduled review by Contact Officer.	Policy Unit	Jan 2015
2.01	AA changed from Chair, SMT to Vice-Chancellor.	Policy Unit	May 2015
2.02	Amended link titles and numbering, and Contact Officer introduced section 5 in Appendix 2.	Policy Unit	Oct 2015
2.03	Amendments to Appendix 1 by Contact Officer & updated definitions for consistency.	Policy Unit	Dec 2015

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2.04	Addition to section 2 'IP Created by Staff' by Contact Officer as approved by SMT. Changed Contact Officer from Director of Research and Innovation to Commercial Director.	Policy Unit	Jan 2016
2.05	Updated definitions for consistency.	Policy Unit	July 2016
2.06	Title change of Deputy Vice-Chancellor.	Policy Unit	Sep 2017

This document remains in force until its is updated.

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UNIVERSITY OF CANTERBURY
Te Whare Wānanga o Waitaha
CHRISTCHURCH NEW ZEALAND

Appendix 1:

Distribution of Benefits and Equity

1. Unless otherwise agreed with the creators of Intellectual Property (IP), net benefits or equity to the University arising from its IP will be shared as per below.

2. Where any payment is subject to tax, any share of benefits is net of any such payment or deduction which the University may be obliged or required to make.

3. Subject to this clause 3, royalties from scholarly works are excluded. The University does not expect to share in such royalties, except for works which are expressly commissioned or contracted for by the University (in which case it is anticipated that royalty shares will be agreed in advance).

4. The direct costs or expenses ("costs") incurred by the University, or another party appointed by the University, in the development, protection (by patent or otherwise), exploitation and marketing (commercial or otherwise), of the IP (including costs of administering royalty income), will be reimbursed to the University or other appointed party, as a first charge on any economic benefits under clauses 5 to 7 below. This reimbursement must be based upon formal records of these costs. However, at its discretion, the University does not normally seek to recover the costs of internal staff time and minor incidental expenses related to its efforts to commercialise its research through Research & Innovation. The reimbursable costs shall normally include the following:

    - Goods and Services Tax (GST) and withholding tax;
    - costs for travel;
    - patent application costs;
    - other legal costs associated or relating to exploitation, marketing or commercialisation of the IP;
    - advertising and publicity costs;
    - costs paid to external providers for preparing preliminary business plans or market research if specifically undertaken with the agreement of the creator/s and not funded by investors;
    - development costs funded by the University (consumables, usage of special facilities, research and technical staff time not including the time of the creator(s)', overheads) where a significant programme of technical work is required, and conducted according to a budgeted project plan specifically

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undertaken with the agreement of the creator(s) and not funded by investors; and

- the recovery of consulting or success fees paid to third parties to arrange investment funding or research contract funding.

5. Subject to clauses 2 and 4 of this Appendix, in the case of revenue (other than derived from the sale of capital benefits or derived from the sale of shares or similar equity securities), such as recurring revenue derived from licensing and royalties and the like, revenue less costs ('net revenue') will be distributed as follows:

Net Revenue	First $10k	Next $90k	Above $100k
Creator/s	100%	50%	34%
The University	0%	50%	66%

6. Subject to clauses 2 and 4 of this Appendix, where University IP is licensed or assigned to another party in exchange for shares (or similar equity securities, possibly mixed with a financial component) one third (or such other proportions as may be otherwise agreed), will be owned beneficially for, or on behalf of, the creator/s, and the balance owned by the University. Costs are to be borne and paid, at the University's reasonable direction, as follows:

   a. pro-rata by the University and the creator/s in proportion to their beneficial ownership, at the time of issue of such shares or other securities; or

   b. from the proceeds of a disposition of such shares or other securities in the event that the creator/s are unable or unwilling to pay their proportionate share of costs at the date of issue of such shares or other securities (in which case the University shall be entitled to dispose of such portion of the creator/s beneficial ownership to satisfy the creator/s share of the costs; or

   c. the proportion of such costs which are the liability of the creator/s, plus a fair rate of interest, shall be charged against the shares or other securities for payment at a later date agreed by the University.

7. The holding of shares or similar equity securities by or on behalf of the creator/s shall not prevent the University from continuing to make all decisions in relation to the University IP at its sole discretion.

   (Note that the percentage shareholding by the University and its staff or students will often be diluted as investor seed funding or venture capital is acquired to enable the commercial development to proceed).

8. Subject to clauses 2 and 4 of this Appendix, in the case of receipts from sale of capital benefits (including, but not limited to, disposition of IP to third parties or disposition of shares), the proceeds will first be applied in satisfaction of the costs and the remaining

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receipts will be shared according to the distribution of ownership of capital benefits, and in absence of agreement to the contrary, shall be shared one third to the creator/s and two-thirds to the University.

Disbursement of University's Share of IP Returns

9. The University's share of net IP return (University's net return) will be allocated to the college/s where the IP was created, subject to clause 12 below.

   (Research & Innovation does NOT retain any of the University's share of any net returns from IP transfer transactions).

10. Where the creators are in different colleges, the University's net return will be apportioned between those colleges in the same ratio as the creators have agreed to apportion their creators' share of the benefits amongst themselves, or as otherwise agreed between the colleges.

11. The College and its relevant department/s will negotiate the internal distribution between the College and the department/s, noting that the College will need to cover the UC contribution margin (see clause 13 below).

    (Wherever possible, a substantial portion of the University's net return should be returned to the creators' research area/s, to enable them to continue to innovate, and to encourage such innovation).

12. Where the University's net return from a particular piece of IP (or alternatively, a particular IP agreement) is less than $0.5m pa, the full amount will be allocated to the college/s. When the University's net return is greater than $0.5m pa, the Vice-Chancellor or his/her delegate, Chief Financial Officer and College Pro-Vice-Chancellor will discuss how the University's net return above $0.5m pa is to be disbursed, with the decision made by the Vice-Chancellor or his/her delegate.

13. The University's contribution margin for IP revenue is the same as that set for research income, as a % of the University's net return disbursed to the college.

    (The creator's share does not incur contribution margin except for any of that share that is transferred by the creator to a department (as per clause 15)).

14. Research & Innovation will invoice for revenues from IP transactions as per the schedule in the relevant IP transfer agreement, and will disburse the revenues to relevant parties upon receipt of payment.

15. In some instances, a creator may prefer to assign all or part of their share to a department, rather than receive it as personal income from Research & Innovation, as per Clause 5.3 of the IP Policy above. Subject to checking taxation issues, creators may exercise this option by instructing Research & Innovation to transfer their share to a department for use in a particular area of research.

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Appendix 2:

IP Development and Transfer Procedures

Objective

To identify and encourage disclosures of Intellectual Property (IP), and then determine and implement effective pathways for further developing and transferring that IP for the benefit of the Canterbury region and New Zealand, while protecting the rights of interested parties and the reputation of the University, and where appropriate, securing a fair financial return for the University.

The development and transfer of IP at the University is conducted by Research & Innovation (R&I) with the support of two committees, as per below. The University is also a shareholder in *Kiwi Innovation Network Ltd ('KiwiNet') (KiwiNet website)* and *powerHouse Ventures Ltd ('powerHouse') (powerHouse website)*, which both contribute to the technology transfer effort at the University. The Director of R&I has responsibility for these committees and for the relationship with KiwiNet, powerHouse and other commercialisation entities.

Overview

1. The **IP Screening Committee (IPSC)** acts as a seeker and initial clearing house for ideas with commercial potential. It identifies IP, works with creators, encourages and assists with disclosures, then helps develop strategies for funding further research, supports early IP development and short-form business planning and gathers sufficient information to make recommendations on technology transfer pathways to the Director, R&I. A critical activity of the committee is to share information about relevant research activities occurring across the campus. This group also plays a role in fostering innovation at the University generally.

   The IPSC meets every two weeks, or as required.

   The IPSC is composed primarily of R&I staff and can co-opt external members. It works closely with collaborating commercialisation entities in performing its tasks.

2. The **Technology Transfer Advisory Committee (TTAC)** provides additional external expertise in business and technology commercialisation, and reviews the recommendations of the IPSC and of R&I commercialisation staff.

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It provides guidance on whether, how, and with whom to transfer particular IP, and provides more general advice on commercialisation policy and strategy. The TTAC acts as a guardian of due process in IP transfer, and protects the commercial interests and reputation of the University. In addition to its review function, it adds value to the technology transfer process through its experience and knowledge of external networks and potential partners. It can also facilitate connections to those networks and partners.

The TTAC operates according to a Charter, endorsed by the University Council. It meets quarterly or in special session as needed. Individual matters may be dealt with by teleconference or email communication.

The TTAC is composed of external advisors and senior University staff.

A **Technology Transfer Management Committee**, consisting of the R&I Commercialisation team and chaired by the Commercial Director, meets regularly to review and progress commercialisation activities.

Terms of Reference for Committees

1. IP Screening Committee (IPSC)

Functions:

- Fostering innovation at the University, including organising seminars.
- Facilitating the discovery of IP.
- Encouraging disclosures.
- Liaising with individual researchers and students.
- Gathering information on markets and IP landscapes.
- Reviewing the pipeline of ideas.
- Recommending transfer pathways for those ideas.
- Supporting entrepreneurial skill building programs, etc.

1.1. Consider disclosures/concepts and recommend to the Director, R&I (in consultation with creators) whether IP should be

- published,
- assigned to creators,
- archived,
- worked up into a bid for research funding,
- developed with further research,

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- developed into a business case,
- considered for technology transfer, or
- considered for patent application or other IP protection strategy (e.g., secret working). The Director R&I and TTAC have approved *Intellectual Property Guidelines (Word, 26KB) (Staff Only)*, which are available on the *Intellectual Property pages of the Research & Innovation intranet*.

1.2. For each disclosed invention, ensure that creators clearly understand the rationale for the IPSC's recommendation and the Director's decision.

1.3. Make recommendations to Director, R&I, and propose topics for consideration by the TTAC.

1.4. Maintain database of IP (including stage, mentor, timelines, etc.).

1.5. Formally minute the IPSC's deliberations and recommendations.

1.6. Assist the Technology Manager to prepare summary reports for the Director, R&I and the TTAC, including summaries of IP projects in the pipeline, and assist with the implementation of Director's decisions and TTAC recommendations.

1.7. The IPSC will seek to operate via consensus, with the Chair having the authority to decide. When members of the committee (e.g. non-University staff) are conflicted, they may contribute information to the discussion but will absent themselves when requested by the Chair.

Membership:

- Director, R&I (Chair).
- Technology Manager, R&I (also provides operational support for the IPSC).
- Technology Analyst, R&I.
- Business Development Managers, R&I.
- Research Consultants, R&I, with responsibility for Colleges of Engineering and Science.
- Power to co-opt additional member/s as needed, e.g.,
  - Powerhouse Ventures Limited representative, or
  - MacDiarmid Institute South Island Commercialisation Coordinator.
- In attendance: Secretary (minutes and correspondence).

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2. Technology Transfer Advisory Committee (TTAC)

Functions:

- Guardians of due process in IP transfer.
- Protecting the commercial interests and reputation of the University.
- Choice of technology transfer pathways including financial and legal aspects and desired return to the University.
- Advisory only; recommendations to Director, R&I (as delegate of Deputy Vice-Chancellor).

2.1. Assess the recommendations of the IPSC and recommend to the Director whether IP should be

- legally protected;
- returned to IPSC (for further planning, more research, or assignment back to the creator/s);
- developed via PSAF or similar government fund;
- licensed to an existing entity, or commercialised via a start-up; or
- commercialised with in-house resources or through a third party commercialisation agent.

2.2. With regard to external IP development managers/commercialisation agents/investors:

- Provide advice on who to work with as preferred suppliers and provide guidance on the nature of the preferred supplier arrangements and any standard terms for working with them.
- Recommend who is best placed for commercialising particular IP, and provide guidance on the terms for that particular engagement (e.g. fee-for-service; equity share; share of benefits).
- Request proposals accordingly.

2.3. Monitor contract documents and processes (managed by R&I).

2.4. Provide advice on minimising commercial and reputational risk to the University from IP commercialisation, including advice on when and how to move IP into subsidiary or associate companies.

2.5. Advise on the management of the IP commercialisation equity portfolio of the University.

2.6. Promote compliance with the University's Intellectual Property Policy.

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2.7. The TTAC will seek to operate via consensus, with the Chair having the authority to decide the Committee's recommendations.

2.8. All decisions of the TTAC take the form of recommendations to the Director, R&I. At the Director's discretion, issues of particular scale or sensitivity may be referred to the Deputy Vice-Chancellor for final decision.

2.9. Provide a quarterly report of key issues and decisions to the Deputy Vice-Chancellor.

Membership:

- R&I Commercial Director (Chair).
- Two or more other person/s external to the University with entrepreneurial or other IP commercialisation experience*.
- Director, R&I.
- In attendance:
    - Technology Manager R&I (providing information on the IP pipeline).
    - University's Chief Financial Officer or delegate (to monitor financial impacts on University).
    - Secretary (minute taking).

* The criteria and process for appointing the external positions to be as follows:

- Seek nominations from the R&I Commercial Director, and collaborating commercialisation agents and investors.
- The nominees to be independent of existing or potential collaborating commercialisation agents.
- Director, R&I to select from those nominations and make recommendation to the Vice-Chancellor or his/her delegate.

Conflicts of interest:

It is important that both external and internal parties regard the TTAC as being objective and professional, and independent of any potential investor, end-user or other beneficiary. For this reason

- no person serves on both committees, apart from the Director, R&I who is responsible for deciding on the recommendations of the TTAC, and for ensuring the effectiveness of the IPSC;
- the TTAC only considers recommendations from the IPSC or the Technology Transfer Management Committee (other parties cannot bring suggestions directly to the TTAC); and
- all communications between the two committees should be in writing.

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In support of the last point, the University's external partners will expect written business cases and if a case does not convince the TTAC, it is not likely to convince anyone else.

3. Technology Transfer Management Committee

Functions:

- Review the commercialisation pipeline and progress commercialisation activities.
- Advise the Director, R&I on various operational matters relating to technology transfer.
- The Director, R&I determines whether particular matters require input from the full TTAC.

For each disclosed invention that is to be further explored or developed:

- Ensure compliance with the University's Intellectual Property Policy.
- Ensure that creators are provided with appropriate support to evaluate and develop their ideas (mentoring, grant writing, etc.).
- Investigate market potential and IP searches for freedom to operate, using University resources, contractors or collaborating commercialisation agents (but without committing to them as the future commercialisation partner).
- Seek support funds such as PSAF (with approval of TTAC and Director, R&I).
- Seek and evaluate options for licensing to existing company, or establishing a start-up, and make recommendation to TTAC and Director.
- Where required, develop and monitor a service agreement for an external agent to deal with the IP (as per Clause 5.4 of the IP Policy) – to be approved by TTAC and Director.
- Utilise a budget for conducting any required market and IP searches, patents, legal advice, business planning and other technology transfer costs.
- Monitor resources and liaise with appropriate colleges and departments to allocate resources.
- Where appropriate and agreed by the TTAC and Director, apply the University's protocol for assigning IP back to creators.

Membership:

- R&I Commercial Director (Chair).
- Director, R&I.
- Technology Manager.

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- Assisted by the TTAC secretary (minutes and correspondence).

Working with Commercialisation Agents and Investor Groups

The efforts of R&I's commercialisation team are often leveraged by external specialists hired or contracted for specific projects. The University also makes use of the expertise and resources of commercialisation agents and investor groups to assist in the identification, analysis and development of its IP. Such agents bring deeper and/or broader expertise due either to their greater scale or their focus on a specialist area. They may also be better able to identify and secure seed funds and government funding leverage due to their wider coverage, and can connect the University into their expert networks.

Some investor groups offer their assistance in return for having early visibility to the University's researchers and portfolio of ideas. R&I has created the *Intellectual Property Protection Guidelines (Word, 26KB) (Staff Only)*. The level of access given to a particular organisation will vary. Note that the University retains the right to decide, in consultation with the creator, how any IP will be commercialised. Any investor who has assisted with the early stage work still needs to reach a separate agreement with R&I if they wish to invest in and/or take control of a particular project.

In order to provide equal opportunities for various parties to offer the University the best transfer options to maximise the benefits to New Zealand, the University and the creator, and to ensure no consequent conflicts of interest, the University will have formal agreements in place with all such individuals, agents or groups. The principles to be included in such an agreement include the following points:

- The agent's staff on campus are only to assist the Screening Committee (except as below) and should report all activities and copy all documents to the Technology Manager;
- From time-to-time, the agent may be commissioned by the Director, R&I to assist with specific tasks on a fee-for-service basis; and
- Agents do not work directly with creators on commercial development unless specifically authorised by the Director, R&I, acting on advice from the TTAC, which will also provide guidance on the terms and conditions of any such engagement.

Equity Investments in Start-ups

The University Council ('Council') approved the following guidelines at its meeting on 26 August 2015.

The University will operate according to the following guidelines for any University shareholdings in start-up companies:

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1. Any decision to operate outside any of these guidelines in a particular case will require the approval of Council, based on a recommendation with a supporting business case.

2. Any recommendation/decision to take equity will be based on an appropriate business plan, citing the reasons why equity is preferred over licencing or selling the IP for other forms of compensation.

3. The University will operate on the understanding that it does not need to obtain ministerial approval to exchange IP for shares in start-up companies created to commercialise that IP.

4. The University will not invest cash into a start-up company, nor will it undertake or expose itself to an obligation to invest cash in any subsequent rights issues or investment call (unless with the approval of Council and of the Minister of Tertiary Education). The University will however cover its own costs incurred as a consequence of its involvement in a start-up.

5. In general, the University prefers to avoid the additional accounting costs and other responsibilities and risks associated with having effective control of a start-up company, and will generally avoid such control. Thus, in general the University

   a. will not seek to have the right to appoint a majority of Directors onto the Board of an investee entity;

   b. will not seek to have an entitlement to more than one half of any dividend; and

   c. will not enter into agreements with creators, or other shareholders, to vote the same way on any issues, where this could be deemed to give the University control of the company;

   unless a formal business case has been approved by Council to do otherwise.

6. The University will consider a mix of up-front fees, royalty income, and equity in return for access to its IP, as a means of spreading risk and reward profile, and of reducing the size of any single shareholding.

7. The University will not create its own start-ups, unless there are sound reasons to do so in a particular case, and the approval of Council has been obtained for that case.

8. The University will be a passive shareholder to the maximum extent possible (e.g., no rights to appoint directors or options to purchase more shares), except where there are sound reasons to justify a more active position.

9. Where appropriate to protect its reputation, the University will consider putting in place specific protective rights associated with any of its equity investments, provided such provisions are not deemed to be controlling.

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10. In line with its policy to transfer its IP to commercial interests at an early opportunity, the University will seek to exit its shareholding at an early opportunity, providing such a disposal is in the best interests of achieving market success for the IP (e.g., sale to a strategic investor). The University will seek a fair return for its equity.

11. Any disposal of shares will comply with the University's Treasury Framework and relevant legislation. The University will be alert to the possible need to obtain Secretary of Education approval for sale of a single share parcel for a value that exceeds the University's asset disposal limit, and seek clarification from the Ministry of Education when each such case arises.

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