



The Exploitation of Inventions and Patents Code of Practice

1. The College's policy is to encourage members of staff to work on new developments and inventions and, specifically in the case of academic teaching and research staff, the terms and conditions of employment expect a person to advance his or her subject by research or otherwise.
 - a. A post graduate student who produces, or belongs to a research group which has produced a patentable invention will be treated as a member of staff for the purposes of patenting and commercial exploitation of the invention.
2. Ownership of intellectual property is determined by the College's Intellectual Property Policy.
3. If, in the course of his or her duties, a member of staff makes an invention which he or she believes to be commercially exploitable, this must be reported by the member of staff to Research & Enterprise (R&E) via the Research & Business Development Manager (RBDM) responsible for their Department.
4. The RBDM, in consultation with the Director of Research & Enterprise and the member of staff, shall review the commercial viability of the invention and take the appropriate steps, commensurate with the potential size of the opportunity, to protect and exploit the invention.
 - a. No contact or arrangements shall be entered into with an outside body or bodies without the prior agreement of the Director of Research & Enterprise.
 - b. The College will undertake responsibility for the development and exploitation on behalf of both the inventor and the College and with the collaboration of the inventor, may apply for patent protection in the name of the College, or in the name of a collaborating institution as appropriate.
 - c. The inventor and the College will collaborate to protect the secrecy of the invention at all times before the filing of any initial application to patent. Disclosure prior to filing will usually prevent a successful patent application and severely restrict commercial opportunity.
 - d. For the purposes of this Code of Practice, computer software, algorithms and plant varieties will be regarded as an "invention". See section 2 of the Intellectual Property Policy for more details.

5. Net income arising from the exploitation of a patent or invention is defined as the total income less incurred direct costs namely:
 - a. Value Added Tax, when applicable.
 - b. Direct costs associated with securing and maintaining patent protection and legal expenses.
 - c. Any other expenses directly related to the obtaining or exploitation of the invention.
 - d. Any payment due under a revenue sharing agreement to a third party involved in the research leading to the invention.

6. The sharing of net income generated by the exploitation of an invention will be as follows:

Net Total Income	College	Department	Inventors
Within the first £10,000	-	10%	90%
Within the next £20,000	15%	10%	75%
Thereafter (over £30,000)	30%	20%	50%

Note: If there are more inventors than one, the Director of R&E will decide upon the distribution of the inventors' share among them after discussing with the inventors, the Head(s) of Department and seeking agreement from the Vice Principal, Research & Enterprise.

- a. Net income paid to an inventor will be subject to income tax and national insurance.
- b. The inventor may waive all or part of his/her personal payment and request that it be used for research purposes within his/her Department. This waiver must be exercised in advance of the first receipt of income; the inventor must not derive any benefit from the use of funds which might be deemed to be personally taxable and the use of funds must be subject to normal departmental and College approval processes. Subject to this, the transfer of net income for research purposes will be made without any deductions.
- c. If the inventor leaves the employment of the College then the waiver can be revoked for income receivable after the termination of employment.
- d. Often, royalties begin many years after a licence agreement has been signed. If staff entitled to royalty payments leave the College, it is important that they notify the College of any changes of address and/or bank details. The College will not be a trustee of any unclaimed revenue payments.
- e. In the case of the death of an individual due a share of income, that share of any income will be payable to the estate of the deceased.
- f. Any revenue payments remaining unclaimed for 5 years from the date the revenue is received by the College will, after that date, be forfeited, and will revert to the College.

7. Where direct costs as defined in Section 5 above are less than £10,000, then in order to provide immediate benefit to inventors, the deduction of costs to calculate the net income that can be distributed will be applied at a rate of 10% for each £1000 of income received (see example in Annex A), subject to the Director of R&E agreeing that this is appropriate given the amount of income expected to be received within a reasonable timeframe.
8. Examples showing net income calculation (section 5) and the distribution table (section 6) are given in Annex A.
9. Arrangements for spin-out companies are determined by the College's "Spin-out Company formation – Policy and Procedures"
10. If the Director of R&E decides that the College does not wish to take part in the development or exploitation of an invention, the College will consider assigning rights in the invention to the inventor. As an alternative, arrangements may be made for an interested third party such as a commercial company to be assigned the rights on terms mutually agreed between the College, the inventor and the company.
11. Except where the College has fully assigned its rights to a member of staff when, therefore, total liability rests with the individual, the College's usual liability insurance policies will cover the development and exploitation of patentable inventions in the same way as it covers other College activities.
12. This code of practice will be reviewed from time to time in light of experience of its operation.

This revised version of Code of Practice was approved by the Council at its meeting on the twenty first of November 2011.

Annex A: Example of Income Distribution						
Direct costs incurred of:						
	£					
Patent costs	6,500					
Legal expenses	1,200					
Total direct costs	7,700					
	Calculation of Net Income to distribute			Distribution of Net Income		
	Income Received	Deduction of Expenses	Net Income for Distribution	Inventor	Department	College
rate up to £10,000:				90%	10%	0%
	1,000	770	230	207	23	0
	2,000	1,540	460	414	46	0
phased	3,000	2,310	690	621	69	0
deduction	4,000	3,080	920	828	92	0
of expenses	5,000	3,850	1,150	1,035	115	0
at 10%	6,000	4,620	1,380	1,242	138	0
per £1k*	7,000	5,390	1,610	1,449	161	0
	8,000	6,160	1,840	1,656	184	0
	9,000	6,930	2,070	1,863	207	0
	10,000	7,700	2,300	2,070	230	0
	17,700	7,700	10,000	9,000	1,000	0
additional net income up to £30,000 is distributed:				75%	10%	15%
additional net income in excess £30,000 is distributed:				50%	20%	30%
* if direct costs are more than £10k, no net income will be distributed until income has exceeded the costs						