



Revision of NSERC's Policy on Intellectual Property

Background

In recent years, discussions with various universities and companies have frequently raised a number of issues or concerns related to NSERC's previous Intellectual Property (IP) Policy (which was put in place in 2001 – see Appendix B), especially with regard to ownership.

The requirement of the previous policy for ownership by the university and/or university researchers was intended to ensure that researchers and universities retained the right to use their research results for academic purposes (educational, research and publication) and to realize maximum benefit for Canada and Canadians of research partially funded by the taxpayer. Without ownership rights to their IP, there was concern that academic researchers could face losing not just the right to publish, but the right to use and build upon their intellectual property. There was also concern that assignment of ownership of the IP to a third party could result in a lost benefit to Canadian taxpayers if the ownership of IP were assigned offshore, either directly or indirectly, through the later sale of a Canadian company, or rendered valueless as a result of a company bankruptcy. Offshore assignment is of particular concern in the case of international collaborations where no Canadian companies are involved.

In recent years, however, concerns have been raised that the lack of assignment of ownership of patent rights may act as a barrier to effective commercialization and exploitation of the research results, and hence limit its potential impact. This may be particularly true for start-up companies wherein their ability to secure patent ownership rights may directly affect their capacity to attract investment. It may also be problematic for an established industrial partner since, depending on the country, the rights of a licensee may be very restricted compared to those of an owner.

While various universities have indicated that the policy established in 2001 has been very effective as a baseline in their negotiations with companies, in many other instances universities appear to perceive it as a deterrent and would prefer to negotiate IP ownership depending on the nature of the proposed research, the involvement of the company and the expected benefits.

Finally, NSERC was not following up on awards to ensure that there was no assignment of IP following the completion of NSERC funding. NSERC had become aware of several cases (post-award) where assignment has occurred, either to a collaborating company or, more frequently, to a university spin-off.

It should also be noted that, under the Network Centres of Excellence program, it is not uncommon for ownership of university-created IP to be assigned to a partner able to commercialize or exploit those results for the benefit of Canada.



Consultation process

In response to these concerns and in order to determine just how widespread these views were, NSERC consulted its stakeholder community in the summer of 2008 through an on-line survey. The survey was sent to all university VPs Research and Directors of Industrial Liaison or Technology Transfer Offices, university researchers chosen for their experience in the commercialization of their research, industrial representatives from a broad spectrum of companies already partnering with NSERC and a limited number of IP Policy experts in various public sector organizations.

Out of the 237 individuals who were contacted, 218 agreed to participate in the survey and 175 responses were received for an overall response rate of 80 percent. The sector breakdown for the responses was 54 percent from the university community, 43 percent from the industrial community and three percent from the public sector respondents.

Respondents, while anonymous, were asked to characterize themselves by type of organization (university, industry, government or other), position and sector. Industrial representatives were also asked about the size of their company and if their head office was located in Canada. The survey consisted of a number of questions on issues related to ownership, licensing and publication with ample opportunity to provide additional comments or further explanation.

Survey results

The survey response was very thorough, with respondents providing very detailed comments to supplement or clarify their answers. Respondents expressed strong support for the review and appreciation that their views had been solicited; views that were strongly held. Overall, there was agreement on the need for a more flexible policy. There was often uniformity between the opinions of university and industrial respondents, although these views tended to be more strongly felt by one sector or another.

Key findings:

- Over 85 percent felt that the current policy protects the rights of the researchers to publish and continue their research and those of students to defend and publish their theses
- The majority felt that a six-month publication delay to allow for IP protection was appropriate but a relatively significant grouping (20 percent) felt that it was too short to make an informed decision as to the merit of patenting and to put the best case forward
- Fifty percent saw the prevention of assignment of ownership as a significant or very significant barrier to establishing a university-industry collaboration and to commercializing the results;
- Only seven percent felt that assignment of ownership rights should continue not to be permitted; 38 percent (predominantly industry) felt that assignment should be permitted, while 55 percent (predominantly university) felt that assignment should



- be permitted, but only under certain conditions; conditions varied but there was very little support for assignment to foreign companies with no significant presence in Canada
- On the issue of joint ownership, over 70 percent felt joint ownership should be permitted if the IP developed is an improvement to a company's background IP; 58 percent if the company has provided background IP and 53 percent on the basis of a cash contribution; a significant portion in each case felt that joint ownership should be allowed only under certain conditions

The full survey results, including respondent comments, will be posted on NSERC's Web site.

Recommendations of the Expert Panel

The survey results were provided as input to an Expert Panel. The Panel, whose membership included 14 representatives from the above stakeholder community (see Appendix A), met November 26-27, 2008 and recommended that NSERC's IP Policy be revised.

The Panel recommended increased flexibility on the issue of assignment of ownership, while at the same time ensuring that the following principles are adhered to:

1. Research results should be exploited for the maximum benefit to Canada.
2. Recognition of the contributions that each partner makes and the need for each partner to benefit from the collaboration and have their interests protected.
3. NSERC does not support secret or classified research: the results must be publishable in the open literature.
4. Institution and its researchers must retain the right to use the knowledge or IP for non-commercial purposes in future research or teaching
5. No delay for the defence of a student's thesis.

To ensure that these principles are respected, all IP agreements must contain clauses that address these points. The Panel recommended that for any program where an IP Agreement is required as a condition of award, NSERC continue to review the agreements to ensure that the above mandatory elements are present before releasing any funds. In those cases where the finalization of an IP Agreement is delayed beyond a specified deadline (usually six months for most RPP programs), NSERC should withdraw the offer of award.

The Panel also recommended that NSERC develop two sets of guidelines to assist those institutions and companies with limited experience in third party collaborations which could lead to the development of transferable IP:

1. Guidelines and Obligations of Project Participants – to ensure that all students, post-doctoral fellows and other research personnel are fully informed by their



- institution and supervising researcher as to their obligations and rights within the project
2. Guidelines for Developing IP Agreements – to outline the roles of the various participants, key issues to be considered and typical timelines. Various templates or sample agreements will also be provided as starting points for discussion between the two partners.

The above guidelines are currently being developed and will draw heavily on material already in place at certain institutions and associations. It is expected that these guidelines will continue to be updated as appropriate.

Approval of NSERC's IP Policy

The above recommendations were approved by NSERC's Governing Council at the March 2009 meeting. It is expected that there will be a six month period of overlap during which research agreements that are submitted to NSERC may conform to either the previous IP Policy or the new IP Policy, to give participants a chance to adapt. After that period, however, all agreements must contain the mandatory elements outlined in the new IP Policy.



Appendix A

Membership of Expert Panel

Facilitator:

Larry Sherman
230 Richmond Street West , 5Th Floor
Toronto, ON M5V 1V6
Canada
Phone: 416-596-1930
E-mail: lsherman@ibigroup.com

Members:

Jeffrey Astle
Intellectual Property Counsel
Pratt & Whitney Canada
Legal Dept. (01BE5)
1000 Marie Victorin Boulevard Longueuil,
Québec J4G 1A1 (CA).
Phone: 1-450-677-9411, Ext. 6892
E-mail: Jeffrey.Astle@pwc.ca

Bruce Balcom PhD
Professor
Director, MRI Research Centre
Departments of Chemistry and Physics
University of New Brunswick
Fredericton, NB E3B 6E2, Canada
Phone: 1-506-453-4723, Ext. 7938
E-mail: bjb@unb.ca

Edwin Bourget
Vice-rectorat à la recherche et à la création
Pavillon des Sciences de l'éducation , local
1434
Université Laval, Québec, Canada, G1V
0A6
Phone: 418-656-2599
E-mail: edwin.bourget@vrr.ulaval.ca

Augustin Brais
Bureau de la recherche et Centre de
développement technologique (BRCDT)
École Polytechnique de Montréal
CP 6079 SUCC CENTRE-VILLE LOCAL
B-222
MONTREAL QC H3C 3A7
Phone: 514-340-4711 ext 3275
E-mail: augustin.brais@polymtl.ca

Elizabeth Cannon
Department of Geomatics Engineering
University of Calgary
ENGINEERING BLDG RM E228
2500 UNIVERSITY DR NW
CALGARY AB T2N 1N4
Phone: 403-220-3593
E-mail: cannon@geomatics.ucalgary.ca

Kelvin Cole
Performance Plants
700 Gardiners Road
Kingston, On K7M 3X9
Canada
Phone: 613-545-0390
E-mail: colek@performanceplants.com



Timothy Walzak
Camosun College
Interurban Campus
4461 INTERURBAN RD
VICTORIA BC V9E 2C1
Phone: 250-370-4771
E-mail: twalzak@camosun.bc.ca

Richard Gold
Faculty of Law
McGill University
CHANCELLOR DAY HALL
3644 RUE PEEL
MONTREAL QC H3A 1W9
Phone: 514-398-6636
E-mail: richard.gold2@mcgill.ca

Robert Inglese
Vice President, Energy, Environment,
Electronic & Materials (EEEM)
Business Development Bank of Canada
BDC Building
51 Place Ville Marie, Suite 400
Montréal, Québec, H3B 5E7
Phone: 514-283-7542
E-mail: robert.inglese@bdc.ca

Jennifer Lee
5292 Booth Road
Delta, BC
V4K4C2
Phone: 604-880 0172
E-mail: jenniferlee.vancouver@gmail.com

(previous Intellectual Property Counsel
at Ballard Power Systems)

Angus Livingstone
University - Industry Liaison Office
University of British Columbia
6190 AGRONOMY RD SUITE 103
VANCOUVER BC V6T 1Z3
Phone: 604-822-8587
E-mail: angus.livingstone@uilo.ubc.ca

Michael Organ
Department of Chemistry
York University
4700 KEELE ST
TORONTO ON M3J 1P3
Phone: 416-736-5313
E-mail: organ@yorku.ca

Beverley Sheridan
Technology NOW
4643 80TH ST NW
CALGARY AB T3B 2P2
Phone: 403-246-5939
E-mail: sheridan@technow.ca

Frank Tompa
School of Computer Science
University of Waterloo
200 UNIVERSITY AVE W
WATERLOO ON N2L 3G1
Phone: 519-888-4567 ext 4675
E-mail: fwtompa@uwaterloo.ca

Staff:

Barbara Muir
Director (Information, Communications
and Manufacturing)
Research Partnerships
Phone: 613-947-4562
E-mail: barbara.muir@nserc.ca

Stéphanie Michaud
Program Officer (Knowledge and
Technology Transfer Division)
University-Industry Projects
Phone: 613-996-2145
E-mail: stephanie.michaud@nserc.ca



Appendix B

Outline of NSERC's Previous IP Policy (Implemented in 2001)

Terms of Previous Policy

NSERC claims no rights of ownership of IP associated with an award, but expects that any IP resulting from research it has wholly or partly funded will be owned, and will continue to be owned, by the institutions or the NSERC funded researcher(s) who created the IP, or both. Assignment of IP ownership is not permitted. Joint ownership of an invention is recognized as a result of an industrial partner's or other organization's intellectual contribution to the project as determined by the principles of inventorship.

Under the current IP Policy, companies and other receptor organizations may be granted access to research results via a non-exclusive license or, where appropriate, an exclusive license bounded by field of use. Licensing terms are at the discretion of the university and its partners.

Within the constraints imposed by the desirability of facilitating eventual commercial benefits, the university researchers must be free to use the research results for academic purposes, and students must be able to publish and defend their theses. NSERC does not support classified or secret research. Companies involved in an NSERC-funded university-industry collaboration are allowed to review all publications and remove any company proprietary information; however, delay of a publication is limited to a maximum of six months in order to file for intellectual property protection. There is no delay permitted for the defense of a thesis.

While NSERC does not become involved in the negotiation of an agreement between a university and its collaborators, including industrial sponsors, NSERC's RPP Directorate does require that a copy of the signed research agreement be submitted to, and approved by, NSERC to ensure that it conforms to NSERC's policy, before it will release the first installment of a RPP award. Although submission of IP agreements may not be requested for other NSERC programs, the above policy applies to all NSERC awards, including those in the Discovery Grant program.