

# ***Intellectual Property Policy***

*Compiled by*

**Renuka Jayatilleke**

Institute Secretary/ITI

*Attorney-at-Law & NP*

*PD in Business & Fin. Management (ICASL)*

*Post Attorney Diploma in IP (SLLC)*

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## PREFACE

***“Intellectual property has been transferred from a sleepy area of law and business to one of the driving engines of a high technology economy”***

*New York Times, April 5, 1999*

In fulfillment of what is mandated by the Act, ITI has taken the initiative to promote inventions that would develop Industry and facilitate protection of Intellectual Property (IP) generated at ITI. Consequently, the protection of inventions and other creative works of the members of the staff and other officials who are working with and for ITI have been growing.

This policy is applicable to all ITI personnel, as well as non-ITI personnel associated with any activity of ITI such as collaborators, consultants and trainees, but not limited to, and covers different classes of Intellectual Property - Patent, Copyright, Trade Mark/Service Mark, Industrial Designs, Trade Secrets, Confidential Information, Integrated Circuits, Layout designs and other IPs as per the Act No. 36 of 2003 as amended.

In the institute, the employees, undergraduate/postgraduate trainees and consultants are engaged in Research and Development Work, which has a considerable potential for the development of the industry, thereby contributing to the development of the economy of the country. Many of the research and development activities in the institute may result in the creation of IP, which can be commercially exploited. Such IP may or may not be protected through the NIPO, depending on their commercial and social benefit to the country and the Institute.

ITI encourages and promotes protection of IP and commercialization of IP by licensing or transferring them to Industry. Such transfers can be either with a view of generating income for the Institute or promoting the technology and knowhow through the particular industry. When it results in the generation of income this would also mean that R&D activities in the Institute would be economically assisted and that researcher in the relevant fields will be encouraged.

The decision whether to protect the IP or not is vested with the Institute. Protected or not, IP should be used and managed for the upliftment of the Institute as well as to encourage and motivate the research team and the scientists involved.

Therefore, it is important that IP created by the Institute is thoroughly assessed for its technological soundness and a considered decision be made initially as to whether or not the Institute shall protect and to what extent the protection should be granted and how it should be done.

**The aim of the IP Policy** is to encourage and sustain creativity in an ethical environment in ITI that recognizes the importance of innovations and assist in translating them into products, processes and services for commercial exploitation to achieve the widest public good.

## **1 GUIDELINES**

This IP policy is a guideline to be followed in all IP related matters at the Industrial Technology Institute. In view of the continuous development and changes in IP related matters in Sri Lanka, especially in respect of the inventions that are the intellectual creations of the inventors, this policy may be updated, modified and amended from time to time , or even on a case by case basis.

## **2 OBJECTIVE**

In fulfillment of the vision and mission of the ITI an initiative has been taken by the ITI to promote innovation and to facilitate protection of Intellectual Property (IP) generated at ITI. Consequently, the protection of inventions, novel ideas and other creative works of its employees, collaborators and trainees have become vital.

Processes to support these efforts have been evolving over time and now have attained a level of maturity. A formal Framework to guide the implementation of these processes is now a clearly-felt need.

Towards this goal an Intellectual Property Policy for ITI has been formulated. This policy aims to lay down, the processes for evaluating IP, promotion and the support available to innovators at ITI for translating their creative works into IP. Parties engaged in creations of original and innovative work at ITI includes employees, trainees, consultants, and employees of other organizations, including staff working on various projects, registered students of universities, and students from other institutions, personnel from other organizations or any other individuals working in ITI.

Therefore in the broader perspective the objective of this policy also aims to set forth guidelines for ownership of IP developed at ITI by ITI personnel and non-ITI personnel and its commercialization.

Therefore the main objective of this policy document is to lay down a policy to:

- i. Provide for the intellectual property generated at the institution and to promote the progress of science and technology
- ii. To ensure that inventions and creations generated by staff and students are utilized in ways most likely to benefit Industry and the public.
- iii. To facilitate and ensure that the mandate of ITI as per the Science and Technology Development Act No. 11 of 1994 is carried out.

- iv. Foster, stimulate and encourage creative activities in the widest sense in the areas of technology, sciences and humanities with the view of providing for industry and improving the living standards of the public.
- v. Protect the legitimate interests of the Institute and its staff and society in general and to avoid as far as possible conflict of opposing interests.
- vi. Lay down a transparent administration system for ownership control and assignment of intellectual properties and sharing of revenues generated by the intellectual properties generated and owned by the Institute.
- vii. Lay down the criteria and guidance for the ownership of intellectual property created by staff members of the Institute within and outside the Institute.

### 3 DEFINITIONS

The meaning of terms in this policy document are given below:

**Act:** Intellectual Property Act No 36 of 2003 as amended.

**Author:** Employee/s who has/have written or created a creative work.

**Collaborative Activity:** Research undertaken by ITI personnel in cooperation with Industry, a collaborative Agency and/or another researcher(s) who are not ITI personnel.

**Conception Records:** A document adopted by the Institute, to enable the inventors to disclose their innovative ideas to the Director, with a view of protecting them in the future. The conception record so adopted, would not only serve the purpose of informing the Director but would also avoid duplication among the researches in R & D work, and assist the TTU/Director in determining the priority of an invention.

A draft of the said Conception record is attached to this IP Policy document as Annex 1.

**Confidential Information:** Information not in the public domain and declared confidential by parties as such in a MOU/Agreement/NDA that has been signed by the parties.

**Conflict of Interest:** Exists when an inventor/author is or may be in a position to use either inventions/creative work or influence for unmerited personal or family gain.

**Copyright:** The exclusive right granted by law for a certain period of time to an author to reproduce, print, publish and sell copies of his or her creative work.

**Copyrightable Work:** Is a creative work that is protectable under copyright laws. Copyright protection is available for most literary, musical, dramatic, lectures and other types of

creative work, including software, databases teaching materials, multimedia works, proposals, and research reports.

**Creators:** Persons who have produced any original work.

**Director:** Director of the Industrial Technology Institute for the time being.

**Employee of ITI:** Any employee, consultant or trainee of the ITI who are on probation, contract, those who are on a temporary basis either in the Institute and/or Projects of the Institute, consultants and those who are on commissioned work.

**Industrial Design Registration:** Registration of novel non-functional features such as shape, or ornamentation of a product.

**Institute:** Industrial Technology Institute established by Science and Technology Development Act No 11 of 1994 as amended.

**Intellectual Contribution:** Original, Technical or Artistic contributions.

**Intellectual Property:** Different types of Intellectual Property as specified in the IP Act and shall broadly include but not limited to, any property generated by intellectual effort of the creators and/or inventors and are recognized as Intellectual Property as per the IP Act No 36 of 2003 as amended.

**Invention:** Includes but is not limited to any new and useful process, formula or machine conceived or first reduced to practice in whole or in part, any improvements to the existing products and processes falling within the purview of the IP Act.

**Inventor:** Any employee, consultant or trainee of the ITI, employees who are on probation or contract and those who are on a temporary basis either in the Institute and/or Projects of the Institute as Research workers, Research scholars, technicians students or other appointees who are responsible for inventions of Intellectual Property perceived as being relevant to the mandate of the Institute.

**Licensing:** Is the practice of giving out intellectual property to a third party, for a fixed period of time and for a consideration under certain terms and conditions.

**NIPO:** National Intellectual Property Office.

**Patent:** The exclusive right granted by law for inventors for exploiting their invention.

**PCT Application:** A PCT (Patent Cooperation Treaty) is a system of filing a patent application in several countries simultaneously through a single application keeping the priority of the first filing in any of the countries within the PCT system. This is administered by the World Intellectual Property Organization (WIPO) in Geneva.

**Protection of Layout of Integrated Circuits:** Layout scheme of Integrated circuits that are functionally important.

**Revenue:** Any payment received by the Institute as per an agreement by the Institute usually for exploiting an Intellectual Property of the Institute through a license.

**Royalty:** A payment made to an inventor/author or an institution usually for legal use of a patented invention or any Intellectual Property when licensed, based on earnings from exploitations of such inventions.

**Significant Use of ITI Resources:** Is any usage of ITI' s resources in the creation of the invention(s) in excess of the routine use of office facilities, computers, library resources and resources available to the general public.

**Software:** Means anything executable in a computer.

**Teaching material:** Means any material that aids the process of teaching

**Technology:** shall mean:

- All IP developed in ITI using its Own Funds and or any other external State or Private Funding
- IP defined as "Technology" in Industrial Sponsored Projects Agreement or any other Agreement.
- IP provided by participating Institutions and Industrial Sponsors and Designated as "Technology"
- IP developed under Funding from other Source/s when such Funding has been designated for ITI Projects and when such IP is identified as Core Technology.

**Trade Mark/Service Mark:** Is a distinctive word, symbol or picture or a combination of these, which is used by a business entity to discriminate its products and services from those of other business entities.

**Trade Secret:** Usually some information such as know-how of commercial or strategic value that is not disclosed and is used in a restricted manner, and has a commercial value and steps are taken to ensure that the information is kept secret.

#### **4 APPOINTMENT OF THE TECHNOLOGY TRANSFER UNIT (TTU) AND THE INTELLECTUAL PROPERTY RIGHTS COMMITTEE (IPRC)**

##### **4.1 Technology Transfer Unit (TTU)**

There shall be a Technology Transfer Unit established in the institute under the Director of ITI, and Internal IP experts. The Technology Transfer Unit may refer matters to the IPRC, if necessary, for advice.

The TTU shall keep the Governing Board of the Institute informed from time to time of IP developments of the institute.

The Director of the Institute shall be in overall charge of the Technology Transfer Unit and shall be responsible in issuing a TOR for the TTU and appointing its members from and within the experts in ITI. The TOR so issued would be subject to amendments, additions as and when necessary.

The Marketing and Business Development Section of ITI shall work closely with the Technology Transfer Unit and shall be guided by the Technology Transfer Unit in all its business activities in the commercialization of IP.

Issues of ownership, confidentiality, disclosure, patentability, technology transfer, revenue sharing and conflict of interest, among others, play a very important role in any IP management. The TTU shall conduct workshops to enhance awareness on related issues and on management of IP.

TTU shall also provide templates and guidelines for contracts, agreements and MOUs governing the effective exploitation of IP produced by ITI. All such agreements and matters relating to confidentiality, infringements, damages, liabilities and compliance are to be administered by TTU.



The TTU shall be responsible for keeping records of Patents, conception reports and other IPRs created by the Institute and renewing the certificates on a timely basis.

Renewals of IP certificates and PCT applications shall be areas to be decided on by the TTU while keeping the relevant sectional Head/s informed.

TTU of the institute shall also be responsible of assisting the Institute in drafting and processing Patent applications, irrespective of the territories those Patents are sought for registration.

All the IP related activities of the TTU shall be kept confidential. TTU reserves the right to retain or obtain services of outside consultants if necessary.

The TOR of the TTU shall include, in addition to day to day IP related matters of ITI, the investigations relating to disputes re. Conception records, lab records and Analytical protocols.

Inventors shall file a conception record with the TTU to record the date of his/her invention with attesting witnesses before the Head of the Division as provided for in the said conception record. Inventor may support his/her claim with any supporting documents (pages of research record books etc). There may be more than one inventor filing a conception report if the invention has resulted due to contributions from many (this is only applicable to the idea generation and/or any suggestions which had a direct impact on improving the invention.) Filing a conception report may not necessarily guarantee a patent filing for the invention.

Processing the applications for protection of IP and all the steps that are necessary in commercialization of IP shall be carried out by the scientist/s who was/were involved in the invention. The TTU shall render advice and support services in and when necessary to the scientists in the efforts in processing applications for protection of IP. The Marketing and Business Development Unit and the legal department of ITI, if necessary, provide advice to the TTU. The TTU with respect to the issues that require clarifications may consult the IPRC if necessary. There will be a close link between the TTU and the Legal department of the ITI.

#### **The TOR for the TTU**

- Recommendation on protection of IP of the Institute and on agreements with collaborators/sponsors.
- Final authority for submitting applications for Patents and other IPs, registration, renewals and licensing, assignments of IP of ITI.
- Recommending to the Board on IP related matters of ITI including the sharing of income methods, when necessary or when TTU is of the view that such should be done.

- The body for mainly recommending to the Board on filing of PCT applications or applications overseas.
- Effecting necessary alterations and amendments to the IP Policy of ITI when necessary.
- Taking decisions on matters where this Policy document is silent.
- Maintain the IP related documents including a current updated list of ITI patents, patent applications and conception reports
- All IP protection applications shall be finalized and approved by the TTU prior to submission for registration.

TTU shall meet once in two Months or as and when necessary.

#### **4.2 IPR Committee (IPRC)**

The IPRC shall consist of the following members and shall be appointed by the Board of Management:

- i. Director of ITI as the Chairman of the IPRC
  - ii. Member of the Board
  - iii. An outside IP expert
  - iv. An outside Industry/technical Expert in the relevant field.
  - v. External scientist/Financial expert who may be a Board Member
- Institute Secretary as the Secretary of the IPRC

The Members ii and iii above shall hold office for a period of two years unless other wise removed by the Board of Management.

The nominations to the IPRC shall be made by the Director and informed to the Board.

The IPRC will play an advisory role to the TTU of the institute and would be appointed on case by case, depending on the relevant necessary areas.

#### **Operation of the IPRC**

The IPRC shall meet on ad hoc basis or on the request of the TTU.

Decisions shall be made in simple majority. Participation of three members shall constitute the quorum. However participation of the director of ITI and the IP expert shall be mandatory.

In the event a simple majority cannot be reached by the IPRC, the chairman of IPRC shall have an additional vote.

**4.2.1** The TOR of the IPRC shall be as follows:

- Revising IP policies for the ITI when necessary.
- Be on advisory capacity to the TTU.

**4.3 Decision making Body on IP matters**

The TTU would be the final decision making body on IP related matters of ITI. However, in the event the TTU is unable to make a final decision, the TTU will refer the issues to the IPRC who will advise the TTU on the final decision to be taken.

In the event a final decision cannot be reached even after obtaining the advice of the IPRC, those would be referred to the Board by the Director ITI as the Chairman of the TTU.

The Board shall be guided by the recommendations of the TTU and IPRC.

The decisions taken by the Board of Management will be final and conclusive.

## **5 OWNERSHIP**

**5.1 Inventions, Industrial Designs, Integrated circuits, software and Layout designs and other creative work**

- i. The Institute shall be the owner of all intellectual properties including inventions, Industrial Designs, Integrated circuits, Software Databases and Layout Designs and other creative work created by the employees of ITI.
- ii. The definitions for inventions, Industrial Designs, Integrated circuits, software and Layout Designs and other creative work shall be the definitions given in this policy document which are in conformity with the Act. In the event of any ambiguity on definitions, the definitions in the Act shall supersede the definitions in this policy.
- iii. Specific provisions related to IPR made in contracts governing collaborative/sponsored activity shall determine the ownership of IP, in case of collaborative or sponsored research. Usually the Agreement of such project will require joint ownership of such IP between ITI and the collaborator/sponsor.
- iv. If an IP has emerged as a result of an institutional consultancy, the institute shall own the IP unless otherwise stated in the consultancy agreement. In the event the consultancy sponsored by an outside agency/person the sponsorship agreement

shall determine the ownership of the IP created as the result of the consultancy agreement, provided the Institute is a party to the sponsorship agreements.

- v. It shall be mandatory that an agreement is entered into with the Institute prior to any sponsored or collaborative research is commenced, specifying the IP ownership of the parties involved.

## **5.2 Copyrightable Works**

- a. Ownership of all the Copyrighted work, of the employees of ITI shall be the property of the author subject to following exceptions. If the work is produced as part of an activity of ITI or by using ITI resources, then the copyright shall be owned by ITI.
- b. If the work is produced during the course of sponsored and/or collaborative activity, specific provisions related to IPR made in contracts governing such activity shall determine the ownership of the copyright. Usually the copyright shall call for joint ownership of ITI and the sponsor.
- c. The Institute shall be the owner of the copyright of the work, including software, created with the use of Institute resources.
- d. In all above circumstances the author shall have the right to use the material protected by copyright, in his/her professional capacity and/or as teaching material.

## **5.3 Trademarks, Service Marks**

Ownership of Trademarks/service marks, logos created for the institute shall be owned by the Institute. The Institute shall be the deciding entity on licensing of its trade mark, service marks or logos and the fees chargeable for licensing those, will be decided by the Institute on case by case basis.

## **5.4 Exploitation of IP**

The Institute as the owner of the IPs created as stated in this policy document shall have the exclusive right to exploit such IPs as stated in the Act.

# **6 EVALUATION AND MANAGEMENT OF IPR**

The evaluation of IPs for registration purposes shall be the responsibility of the TTU of the institute. The Sectional Head shall recommend the IPs generated in the respective sections and obtain the endorsement of the respective Senior Deputy Director (SDD) prior to submission to the TTU.

The TTU shall decide whether the IPs created by the institute should be registered or not or should be kept as a Trade Secret/Undisclosed Information.

It shall be the TTU who will decide when IPs are to be licensed, the basis of those licenses and the payment of licensing fees, Royalties and other payments to the Institute.

In deciding the payments to the Inventors and Royalty payments the TTU shall be guided by the provisions of this Policy document as mentioned herein after.

## **7 REGISTRATION OF PATENTS**

### **7.1 Filing of Patents in Sri Lanka**

Inventors who wish to file for Patents and thereafter offer them for commercial exploitation shall first refer the inventions by the Conception record mentioned in this policy document through the Head to the respective SDD who will submit those for the approval of the TTU.

All employees of the Institute associated or engaged with any activity of the Institute shall treat all IP related information as confidential. Such confidentiality shall be maintained until that information is requested or demanded by the Institute or its disclosure is authorized by the Institute, unless such knowledge is in the public domain or is generally available to the public.

### **7.2 Filing of applications in foreign countries**

The TTU may consider requests for registration of Patents in foreign countries, based on the merit of the IP. However the final decision would be with the Board of Management may be, pursuant to a recommendation from the TTU. In filing a foreign patent application ITI shall initially file a home application, followed by filing of PCT application through WIPO.

## **8 REVENUE SHARING**

It is understood that, legally, ITI is not obliged to share earnings from the commercialization of IPRs generated by its employees as part of their normal course of duty.

However the Board may decide to distribute part of the lump sum payments received as earnings from commercialization of IPRs, according to the scheme suggested below:

Case	Net earnings	ITI share	Inventor's share	Section Share
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1	For the first amount Q	85%	10%	5%
2	For the next amount Q	85%	7.5%	7.5%
3	For amounts more than Q	85%	5%	10%

It is suggested that amount Q be initially fixed at Rs One Million for the time being.

In the event the inventor being a consultant the revenue sharing would be pursuant to an agreement being entered into and at the discretion of the TTU.

In collaborative activities the agreement entered into with ITI shall govern the basis for sharing of revenue.

Co-inventors and collaborators of IP shall sign a Distribution of IP Earnings Agreement, which shall specify the percentage distribution of earnings from IP to each co-inventor/collaborator.

It would be advisable to limit the number of co Inventors to not more than three for any IP generated at ITI.

ITI may at any time by mutual consent revise the Distribution of IP Earnings Agreements mentioned above.

## **9 ROYALTY PAYMENTS**

A Royalty for the period of the validity of the Patent or any other period as determined by the TTU should form a part of the Agreement.

## **10 CONFIDENTIALITY & PUBLICATIONS BASED ON IP**

All employees of ITI shall assign IPs created by them to the Institute or to any organization decided by the Institute, and keep those IP as confidential information. This confidentiality shall extend even after retirement, termination and resignation from the Institute.

As IPs created by the employees are the property of the Institute, publication of any research related to IPs should be first approved by the TTU. Hence no employee shall be permitted to publish any of IP or potential IP material without obtaining the permission of the TTU first.

## **11 COMMERCIALISATION OF IP**

- 11.1** The inventions of the inventors shall not be offered for commercial licensing unless a patent or a relevant IPR application is filed or a decision made regarding other forms of IP protection by the TTU.
- 11.2** The Institute shall always execute a Non Disclosure Agreement (NDA), prior to any negotiation being carried out for commercial exploitation of Patents or other IPRs.

## **12 GENERAL**

All Patented inventions shall be kept alive by the Institute, only in the event that those patents have an ultimate commercial value.

Those technologies that are not decided for patenting may be protected as confidential information/Trade Secrets.

Where the TTU is of the view that the Patenting of a particular Intellectual Property generated, although is useful for the institution, country or its people, would not be commercially viable, ITI would operate a Scheme to recognize the efforts of the researchers and scientists of ITI in the generation of such Intellectual Property.

It is essential that those IPs that should be protected are kept secret until such applications are filed. It shall be the duty of the inventors to first obtain the approval of the TTU, in the event their inventions are to be published or disclosed resulting those inventions to be in the public domain.

## **13 INFRINGEMENTS, DAMAGES, LIABILITY AND INDEMNITY INSURANCE:**

As a matter of policy, ITI shall, in any contract between the licensee and ITI, seek indemnity from any legal proceedings including without limitation for manufacturing defects, production problems, design guarantee, up gradation and debugging obligations.

ITI shall also ensure that ITI personnel have an indemnity clause built-into the agreements with licensee(s) while transferring technology or copyrighted material to licensees.

## **14 CONFLICT OF INTEREST**

The inventor(s) are required to disclose any conflict of interest or potential conflict of interest in the event of transferring Technology/Licensing Intellectual Property. If the inventor(s) and/or their immediate family have a stake or have received any financial or in kind benefit in a licensee or potential licensee then they are required to disclose the stake or benefit they and/or their immediate family have in the Licensee.

A license or an assignment of rights for a patent to a Licensee or an Assignee in which the inventors have a stake shall be subject to the approval of the Chairman of the Board of Management of ITI.

## **15 DISPUTE RESOLUTION**


In case of any disputes between ITI and the inventors regarding the implementation of the IP policy, the aggrieved party may appeal to the Board of ITI and efforts shall be made to address the concerns of the aggrieved party in consultation with the IPRC Committee. The decision of the Board of ITI in this regard would be final and binding.

## **16 JURISDICTION**

As a policy all agreements to be signed by ITI in respect of IPs owned/Jointly owned by the institute will have the jurisdiction of the courts in Sri Lanka and the Law applicable will be prevailing appropriate laws in Sri Lanka.



## 17 CONCEPTION RECORDS

 Industrial Technology Institute Form: D/CR/V1.0 Date of issue: 03/06/2009
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### CONCEPTION RECORD (CR)

1. Draft No: .....
2. Date CR created: *(date and time)* .....
3. Title: .....
4. Abstract: .....  
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5. Prior Art: .....
6. Value of the invention: *(if this proposal is implemented, what would be its value to the country/ITI. Include details you may have on economics, risk assessment, market attractiveness, strategic or resource fit and competitive position)*

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.....

7. Note Book No: .....

8. Page: .....

9. Inventor(s)-Name: .....

10. Attached to: .....

11. Detailed description: *(objective. Non limiting examples, details, utility, advantage new features)*

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12. What next steps do you recommend:

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13. Inventor(s) Full legal name(s), Address & Phone Number:

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14. NIC Number(s): .....

15. Inventors Signature: .....Date: .....

We certify that the above invention was disclosed to us on the date given above and we are well acquainted with the inventor(s) who place the signature(s) in person.

Witness Signature/Name /Date:

No 1: .....  
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No 2: .....  
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Received on: .....

Director/CEO:.....

Conception Record No: .....

Date of entry in the Conception Record Register: .....

Institute Secretary: .....

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