

IUM POLICIES AND GUIDELINES FOR INTELLECTUAL PROPERTY RIGHTS AND COMMERCIALISATION

SECTION 1

INTRODUCTION

1.1 Introduction

- 1.1.1 This policy seeks to clarify the position of intellectual property rights generated and developed by IUM staff. Consistent with the policy of the IUM to produce academic excellence in teaching, research, consultancy and the dissemination of knowledge, it is felt that a comprehensive policy on these rights is important. The basic philosophy behind this policy is the IUM's vision as espoused in Surah *al'Alaq*, verses 1-5.
"Proclaim! [Or Read] In the name of thy Lord and Cherisher, Who created --Created man, out of a [mere] clot of congealed blood: Proclaim! And thy Lord is Most bountiful, He Who taught [The use of] the Pen, Taught man that which he knew not".
- 1.1.2 The above Qur'anic verse is clear that seeking information and learning is an '*amanah*' from Allah. The prompt and open dissemination of the results of IUM's research and free exchange of information among scholars are essential to the fulfillment of IUM's obligations as an institution committed to excellence in education, research and intellectual pursuit.
- 1.1.3 In order to have open dissemination of knowledge, the encouragement of academic excellence among the staff should be the immediate target. Academic excellence can be promoted through the recognition of intellectual property rights. In this context, IUM is emphatic that the originators of ideas deserve certain recognition over their brainchild. This is in line with Surah *al-Mujadalah*: 11, where it is stated to the effect:
"Allah will raise up to (suitable) ranks (and degrees) those of you who believe and who have been granted knowledge".
- 1.1.4 This policy seeks to provide a research environment in which researcher's rights are nurtured, protected and enhanced. Although IUM is striving towards the commercialisation of the research findings of its researchers but this object would be subordinate to education and research policy of IUM. As the dissemination of information is not to be delayed beyond the minimal period, it is, therefore, necessary to define and protect the rights of the parties.

1.2 Objectives

1.2.1 The IIUM's objectives with regard to intellectual property are:

- To provide an environment which nurtures excellence in research and education by recognising the rights of the originator of ideas,
- To provide a framework which facilitates the staff and students identify and preserve intellectual ideas and endeavour;
- To preserve the moral rights of the originators of intellectual ideas by conserving the integrity of their research output and finding,
- To suggest a scheme whereby the IIUM and its staff members can participate in the exploitation of the produce of their intellectual pursuit and foster technology transfer;
- To allow for various forms of commercial exploitation of intellectual property created within IIUM,
- To recognise and reward the efforts of the originators of ideas through the creation of schemes which guarantee their 'fair share' in the financial returns of their intellectual pursuit.

1.3 Definitions

1.3.1 **'IIUM staff'** shall mean a staff who is under a contract of employment or service (including apprenticeship) with the University and shall include visiting, adjunct and part-time staff.

1.3.2 **'Intellectual property'** includes:

- Patents
 - Copyright
 - Industrial Design
 - Trade Marks and Service Marks
 - Trade Secrets
 - Integrated Circuits
 - Plant Variety
 - Utility Models
- as defined under relevant statutes.

1.3.3 Patent

A 'patent' is a grant issued by the Malaysian Patent Registry giving an inventor the right to exclude others from making, using or selling the invention within Malaysia. Only inventions which are novel, involve an inventive step and capable of industrial application are patentable in Malaysia. An invention is "an idea of an inventor which permits in practice the solution to a specific problem in the field of technology". The Patents Act 1983 requires that all application for patents must be submitted to the Patents Registry at the Ministry of Domestic Trade and Consumer Affairs. (for guidelines on the

procedure of patenting, see the Ministry of Domestic Trade and Consumer Affairs' Guidelines on Patent Application).

It is important to note that not all research output will be considered as inventions. Some of them are in the state of raw technology, which has to be further developed into commercial products. Nevertheless, many of the university's research activities can potentially be developed into inventions.

1.3.4 **Copyright**

'Copyright' protects original literary, dramatic, musical and artistic works as well as entrepreneurial copyright such as sound recordings, cinematograph films, television and sound broadcasts, cable programmes and publisher's rights in published editions of works. Copyright protects only the expression of a work and not the ideas or themes conveyed in the work. The law does not impose any registration requirements for copyright works. It is advisable, however, to assert copyright protection as a notice to others. The common method of asserting copyright ownership is the use of © followed by the author's name and place of publication.

1.3.5 **Design**

'Design' refers to the external features or shape of a registrable product and for the purposes of this policy the following definition of design under the Industrial Designs Act 1996 is adopted:

Design means:

- features of shape;
- configuration;
- pattern or ornament;
- applied to an article by any industrial process or means,
- being features which in the finished article appeal to and are judged solely by the eye; and
- must not be a method or principle of construction,
- must not be features of shape of configuration, which is dictated solely by function.

1.3.6 '**Trade secrets**' includes proprietary and confidential product, financial, marketing, manufacturing, organisation, technical and any other data of that nature and comprise not only written information, but also information transferred orally, or such information transferred visually, electronically or by any other means.

1.3.7 **Integrated circuit**

The definition of 'integrated circuits' under the Layout-Designs of Integrated Circuits Act 2000:

'Integrated circuits' means a product, whether in its final form or in an intermediate form, in which the elements, at least one of which is an active element, and some or all of the interconnections are integrally formed in and on, or in or on, a piece of material and which is intended to perform an electronic function.

1.3.8 **Plant Variety**

The definition of plant variety under the Protection of New Varieties Bill 2001 shall be adopted.

‘Plant’ means any living organism in the plant kingdom but excludes any microorganism;

‘Variety’ means a plant grouping within a single botanical taxonomy of the lowest rank-

- (a) which can be defined by the expression of the characteristics resulting from a given genotype or a combination of genotypes;
- (b) which can be distinguished from any other plant grouping by the expression of at least one of the said characteristics; and
- (c) which can be considered as a unit with regard to its suitability for being propagated unchanged.

1.3.9 **‘Marks’** are commonly adopted to identify the origin of goods and services. This policy will govern both trade marks and service marks.

SECTION 2

SCOPE OF INTELLECTUAL PROPERTY RIGHTS

2.1 Intellectual Property developed by Staff

2.1.1 In view of the Government's directive on the guidelines on the management of Intellectual Property Rights in Higher Educational Institutions (clause 5), the University has proprietary rights over all intellectual property developed and generated by the staff members provided that:

- (i) It is developed in the course of his/her employment with IIUM.**
- (ii) It is made possible by the use of the University's research fund, or the facilities, materials and resources administered by the University.**

2.1.2 The University will not claim any right over the intellectual property if it has been developed outside his/her working hours by the inventor/author and is not related to his/her official duties in the University. The staff may, however, agree to transfer his/her intellectual property rights to the university on mutually agreed terms and conditions.

2.1.3 Books, articles and other scholarly publications, or popular novels, poems, musical compositions, or other works of artistic imagination which are created by the personal effort of faculty, staff member and students outside their assigned area of research and which do not make significant use of IIUM's administered resources will belong solely to the researcher.

2.1.4 The university will not claim any rights over textbooks developed in conjunction with class teaching unless they are fully sponsored by the IIUM.

2.1.5 The University has rights over 'course materials' created by the staff member in the course of his/her employment with the IIUM. However, the staff members are free to use the 'course materials' for purposes of teaching and instruction in IIUM.

2.1.6 Any technical data, ideas and technical know-how obtained by the staff members and related parties during the currency of a sponsored research cannot be communicated to outsiders without the express consent of the University. These parties owe a duty of confidentiality to the university.

2.1.7 An application for the registration of trade marks and service marks can only be made by the University on the recommendation of Intellectual Property Committee. Any trade and service marks relating to goods and services developed at IIUM within the purview of sec. 2.1.1 above will be owned by IIUM. This section applies '*mutatis mutandis*' to designs, patents and other intellectual property rights which require registration as a mode of protecting them.

2.2 Students' Research

2.2.1 The IIUM will not claim ownership of intellectual property created by enrolled students in pursuit of their studies except where:

- the generation of the property has involved substantial use of institutional resources and/or services beyond that which is ordinarily provided to students; or
- the property forms part of intellectual property generated by a team of staff and students of which the student is directly or indirectly a member; or
- the property has been generated as the result of project specific funding provided by or obtained from the institution.

2.2.2 The ownership of students' theses belongs to the authors. Most of the theses are unpublished and are susceptible to illegitimate reproduction by others. There must be a copyright declaration form inserted in the thesis, even though copyright exists automatically. The students will grant the right to the library to manage the work.

2.2.3 Patentable information may be contained in post-graduate academic thesis based on a project written for examination. Where the information is patentable, the following procedure shall be adopted:

- (a) The staff concerned shall inform the Centre for Postgraduate Studies and the Dean of the Kulliyyah concerned to request the University to withhold access to the thesis under a procedure known as 'cold storage'.
- (b) The A & R will inform the examiners and request that the thesis is of a confidential nature and not to be freely circulated. The Centre for Postgraduate Studies will also withhold the thesis from being placed and catalogued in the library;
- (c) The staff member and the Dean of the Kulliyyah concerned will have six months to make a disclosure and a patent application according to the procedures as outlined in section 3.2.7 below. If the University, upon appraisal, decides to proceed with the application, the thesis will be withheld until such time the patent is issued. In the event, however, that the staff member fails to apply for the patent within the period specified and an acceptable request to justify an extension of 'cold storage' is not received, the thesis will be released in accordance with the normal procedures of the Centre for Postgraduate Studies.

2.3 Protection of Intellectual Property

2.3.1 The IIUM will seek to protect the intellectual property rights of its staff members and students by:

- i. offering a 'fair share' in the commercial exploitation of the property as set out in section 4.6.1 below,
- ii. recognising and safeguarding the moral rights of the authors of the work.

2.3.2 Where the IIUM makes a claim to ownership of intellectual property generated by students under section 3.2.7 below, it will ensure:

- i. that the claim will not be allowed to interfere with the assessment of the student's academic performance.
- ii. that the students are treated in accordance with the provisions of this document.

- 2.3.1 Normally the IIUM would not consider assisting a student to patent an invention or register other intellectual property created by the student unless the student was prepared to assign the intellectual property rights to the IIUM in accordance with this policy. If a student is a member of a team responsible for a patentable invention, he will be treated in the same position as members of staff in the team as far as patent rights are concerned.
- 2.3.2 The university has a right to request staff, employees and students who are leaving the university upon completion of their tenure to transfer their intellectual property rights as defined in section 2 above to the university authorities subject to 'fair' remuneration.

2.4 Joint Research Projects

- 2.4.1 Research funded by the government or any governmental ministries is subject to the government policies and directives. If the fund is provided without any express proprietary claims, the university shall assert ownership rights over the research output.
- 2.4.2 Where there are joint research projects with other universities, the other participating universities shall have joint ownership of such research output with IIUM, if so specified.

2.5 Research Collaboration with Outside Organisations

- 2.5.1 Subject to specific agreements between the parties on the ownership of the Intellectual property rights, the general guidelines pertaining to research collaboration are as follows:

i. Industrially sponsored Projects

For intellectual property arising from an industrially-sponsored project at the University where full funding towards specific objectives of the research is provided by a company, the company as sponsor together with the author/inventor (s) will be granted a first option to an exclusive royalty-bearing licence to any intellectual property rights arising from the research.

ii. Collaborative R & D Agreement

If the collaborative R & D arrangement involves a research agreement which defines explicitly the products and processes and, where the contributions to the research and the benefits from it are shared between the University and the company, the University will either own the intellectual property rights as in normal circumstances or, it will jointly own the intellectual property rights with the company. In both instances, the company will be offered the right (not necessarily exclusive) of first refusal to exploit the technology through a licensing agreement.

iii. Research Project Under MOU

In the case of a research project arising from an umbrella arrangement that is covered by an MOU where the companies or organisations support research across a strategic business interest in which specific research objectives are progressively defined in the light of technical and commercial developments, the University will own the intellectual property rights and the companies will be

offered the right (not necessarily exclusive) of first refusal to exploit the technology through a licensing agreement.

iv. University Funded Project

The University will own the intellectual property rights if the project is fully funded by it. Companies will be offered the technology for commercialisation or further downstream development.

2.5.2 In all the circumstances mentioned above, the Technology Licensing Unit or the R & D Unit reserves the right to determine the terms and conditions which will be negotiated with the industry sponsor.

2.6 Technology Developed by Non-Employees

2.6.1 Any non-employee, who has extensively used the facilities provided by the University to develop any technology, will also be subjected to the terms and conditions laid down in this document.

SECTION 3

ADMINISTRATION OF INTELLECTUAL PROPERTY

3.1 Duties of the Staff Member

- 3.1.1 All staff & related parties should accept the principles of ownership of research output as stated under this policy.
- 3.1.2 It is the duty of such staff member to report to the Research Board of any inventions, technical data, copyright works and designs, which have been developed in the course of research in sufficient details and as soon as practicable after the relevant facts have come to their knowledge.
- 3.1.3 The University has a right to take a disciplinary action against a staff member who does not disclose any intellectual property developed by him/her as required under section 3.1.2 above.
- 3.1.4 The staff member shall provide all information and render all assistance to the University in all phases of the maintenance of intellectual property and/or commercial exploitation of the intellectual property as the University may from time to time require.
- 3.1.5 The Intellectual Property Committee will determine the commercialization of the research output. There should not be any publication or announcement regarding any inventions until the registration of the patent is completed or until the Intellectual Property Committee decides not to register the patent and send it back to the inventor.
- 3.1.6 It is the duty of the staff member and related parties to keep all reports and relevant data pertaining to the research confidential until all the intellectual property rights are identified.
- 3.1.7 The staff member owes a duty to the University not to contravene any intellectual property rights owned by others. In such cases, the staff member agrees to indemnify the IIUM for any dispute involving intellectual property rights.

3.2 Administrative Procedure

- 3.2.1 Any staff that has developed any of the inventions described in section 2.1.1 above and wishes to have any of such inventions commercially exploited, such staff must promptly disclose in Disclosure of Intellectual Property Form, the full details of such invention or other intellectual property to the Dean of the Kulliyyah concerned through his/her Head of the Department.
- 3.2.2 The Dean of the respective Kulliyyah shall refer the matter to the Intellectual Property Committee. The Intellectual Property Committee will make an initial assessment of the invention, and if warranted consult independent experts and negotiate with any commercial parties.
- 3.2.3 The Intellectual Property Committee shall comprise of the members of the Research Board of the IIUM and two/three other persons knowledgeable in Intellectual Property to be appointed by the University for the purposes of assessment.
- 3.2.4 A personal interview may be arranged with the researcher(s). The following factors must be taken into account in such assessment.
- To gain a personal account of the potential of the research finding.
 - To determine whether complete 'prior art' search has been conducted,
 - To determine whether the researcher has established any links with private entities which have interest in the research findings.
- The Committee will make a decision on whether to recommend the research findings for further development or commercialization.
- 3.2.5 After the initial assessment process is completed, the matter will be referred to the Intellectual Property and Commercialisation Unit. Such Unit will be responsible for taking steps to retain and maintain intellectual property rights by the University. The Unit will also be responsible to enter into joint venture projects or licensing agreements with outside bodies to commercialize the research output.
- 3.2.6 The University shall within six (6) months from the date of the form submitted by the staff member confirm in writing to the staff member whether or not the intellectual property will be patented, licensed, registered and/or otherwise commercially exploited.
- 3.2.7 The staff member and related parties shall at all times maintain confidential the details of the intellectual property in accordance with the Confidentiality and Disclosure policy set out in 3.1.6 above, in particular during the period when the University is assessing the viability of patenting, registration and/or licensing or otherwise commercially exploiting the Invention.
- 3.2.8 If the Intellectual Property Committee decides not to apply for the registration of intellectual property rights or not to commercially exploit the intellectual property disclosed by the staff member pursuant to section 3.1.2 above, the staff member shall be entitled to file for patent rights and/or procure the commercial exploitation of the intellectual property at his/her own expense.

SECTION 4

COMMERCIAL EXPLOITATION OF INTELLECTUAL PROPERTY

4.1 Possible Modes of Commercialisation

4.1.1 Commercialization of research may take in the form of:

- (a) **Licensing**
(Technology Licensing /Trademark Licensing)
- (b) **Assignment**
(Selling off the IP Ownership)
- (c) **Trade Sales**
(Selling Products)
- (d) **Creation of spin-off companies**
(Dedicated to taking research to the market where takes the most timely transfer of technology)
- (e) **Franchising**

4.2 Commercialisation Interest by Staff Member

4.2.1 Any decision relating to the commercialization of the research output must be done with the express consent of the Research Management Centre.

4.2.2 Any such recommendation will be based upon a carefully considered judgment that the commercial exploitation of Intellectual Property developed by IIUM staff will provide the highest public benefit.

4.2.3 A researcher should inform the university if he undertakes an R&D project through joint-research with other institutions/agencies. It is imperative that the rights and duties of both parties are set beforehand and communicated to the Research Management Centre.

4.2.4 The university may request prior agreement(s) being made by the researcher with a third party to avoid any conflict of ownerships/rights.

4.2.5 The university may request the parties involve, to enter into more than a set of agreement to cover several matters related to the negotiations.

4.3 Equity Participation

4.3.1 The University may accept equity as one form of payment for license rights. Equity that represents a fair valuation of the technology may be accepted as a substitute for cash value when licensing IIUM technologies.

4.3.2 In no circumstances will the university act as lead investor. The university will only be involved in any commercialization project as a passive investor.

4.3.3 The equity participation of the researcher could be in the form of the value share of the invention, and need not necessarily be in monetary form.

4.3.4 The equity share of the University would vest in the University or the department in which the research is undertaken. In no circumstance could personal equity share is allowed.

4.3.5 All equity shares will be negotiated by the Dean of Research Management Centre and managed by the Centre according the agreed percentage as outlined in clause 4.6.1 below.

4.4 Directorship Participation

4.4.1 Participation as a director in a spin-off company could only be undertaken to represent the University or the department's interest. In no circumstances could personal position is allowed.

4.5 Up Front Payment / Royalty

The university may request upfront payment or the payment of royalties or for both when an agreement is reached with a third party. The income resulting from the royalties shall be divided according the agreed percentage as outlined in clause 4.6.1 below.

4.6 Distribution of Financial Returns

4.6.1 Where the IIUM derives any financial return from the commercial exploitation of intellectual property, it is the duty of the IIUM to offer a 'fair share' of the income to its staff member according to the provisions set out below. This will provide further motivation to the university staff towards creativity and innovations.

All the necessary expenses for the registration of patents or the commercial exploitation of other intellectual property rights shall be borne by the University. The net income (after the deduction of costs) shall be appropriated by the university and divided according to the following percentage:

- (a) 80% to the inventor
- (b) 20% to the university

The inventor/author is considered as the major recipient to any income derived from their research finding as a token of their intellectual input and creative effort. In this way, research activities and innovation among university staff could be enhanced.

The following will be considered as costs and are deductible from the gross income derived from the exploitation of intellectual property rights.

- (a) the cost for the registration and the maintenance of patents, industrial designs and trade marks including legal fee;
- (b) the total expenses of the research project;
- (c) legal fees incurred in any dispute relating to intellectual property rights,
- (d) any future costs for the protection of intellectual property rights.

4.6.2 Unless there is an agreement to the contrary, where more than one inventor/author is involved, the University shall distribute the net income as mentioned in section 4.6.1 above, on an equal basis.

4.7 Agreement with Third Parties

- 4.7.1 The IIUM may enter into agreement with a third party for the purpose of commercialisation of its intellectual property as defined in section 2 above. Where ownership of intellectual property is shared with the inventor/author, his/her consent must be obtained before any such agreement is entered into.
- 4.7.2 In negotiating such an agreement the IIUM must, as far as practicable, ensure:
- i. that the inventor/author is consulted appropriately; and
 - ii. that the terms of the agreement are consistent with the principles set out in the provisions of this policy.
- 4.7.3 An agreement reached by the IIUM with a third party may include assigning the rights in the intellectual property to the third party in return for an up-front payment or for the payment of royalties or for both.

4.8 Dispute Resolution

- 4.8.1 If any dispute arises in the interpretation of the provisions of this document, the same shall be referred to the Rector of IIUM for his decision which shall be final and conclusive.
- 4.8.2 If any dispute arises in relation to the implementation of the provisions of this document, the same shall be referred to a panel of arbitrators whom the university authorities deem fit.

4.9 Amendment of Policy

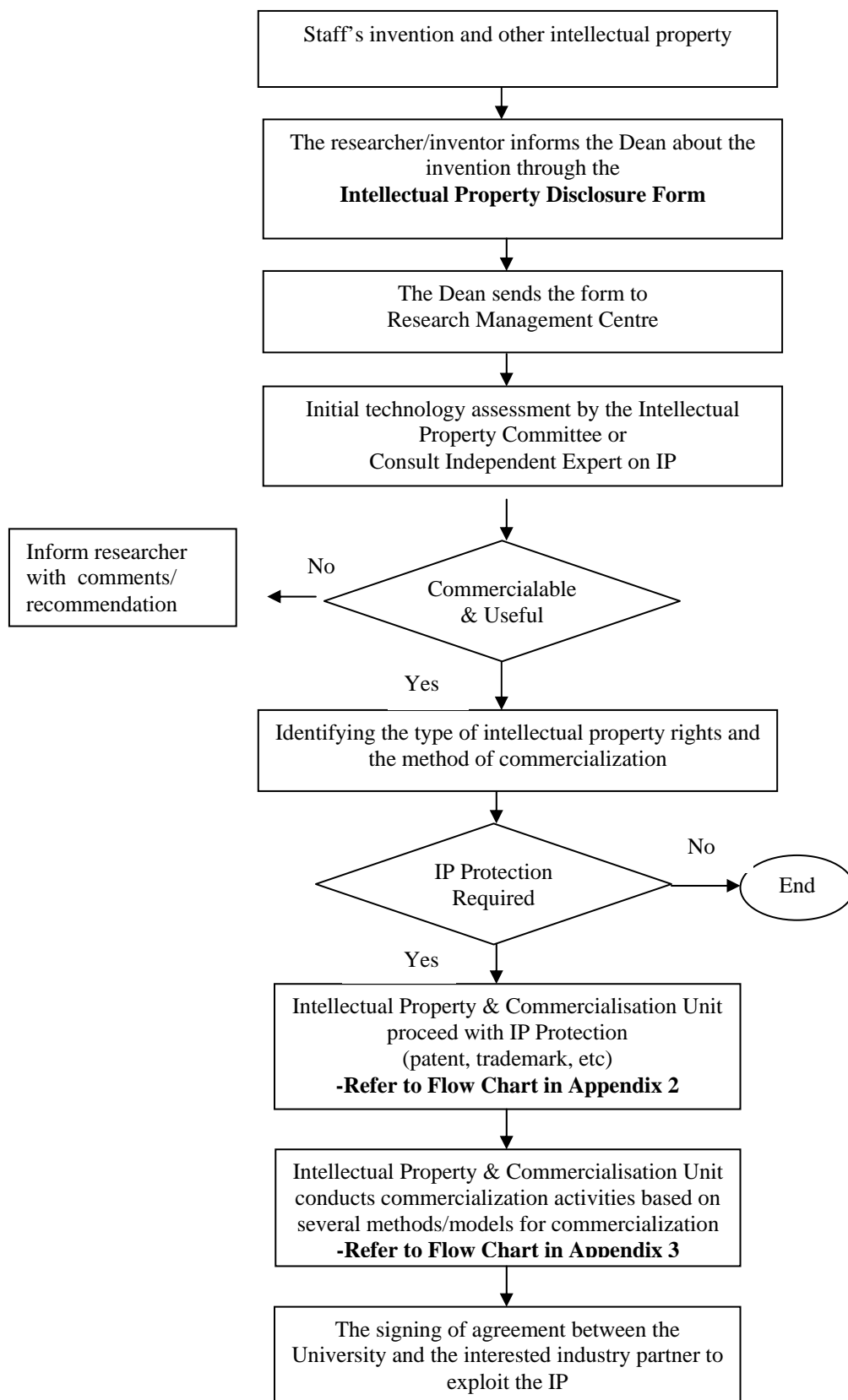
- 4.9.1 This policy document may be amended by the IIUM from time to time. The IIUM shall undertake to notify staff members as soon as is practicable of the amendments so made. The amendments shall come in force from the date the amendments have been announced by the University to take effect, notwithstanding that the staff members have not been actually notified.

4.10 Waiver of Rules Contained in the Policy.

- 4.10.1 The IIUM shall have the discretion to waive any or all of the provisions of this policy as and when warranted in a particular case. However, a waiver on one occasion and for a particular case shall not constitute a precedent for future cases.

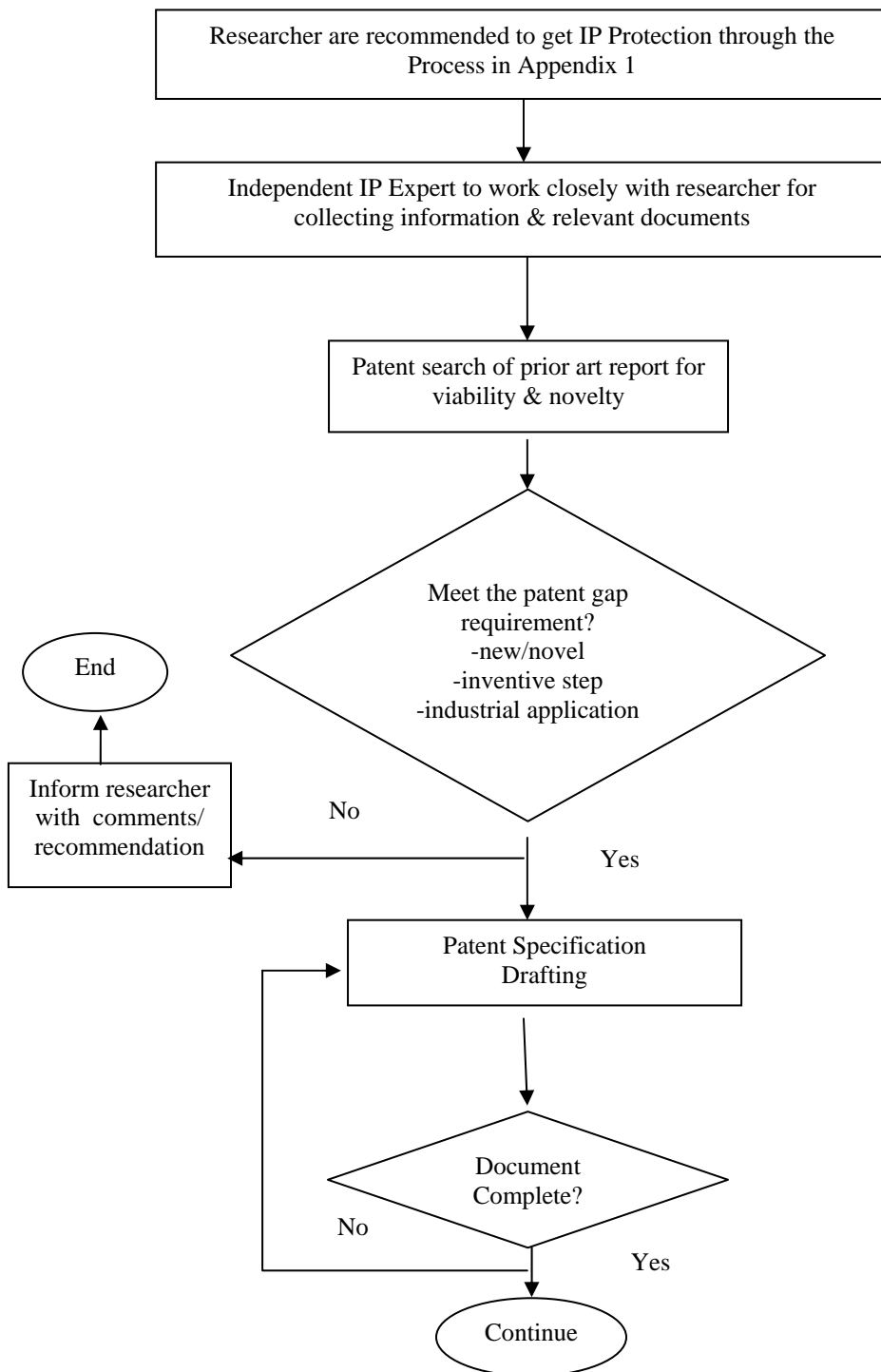
APPENDIX 1

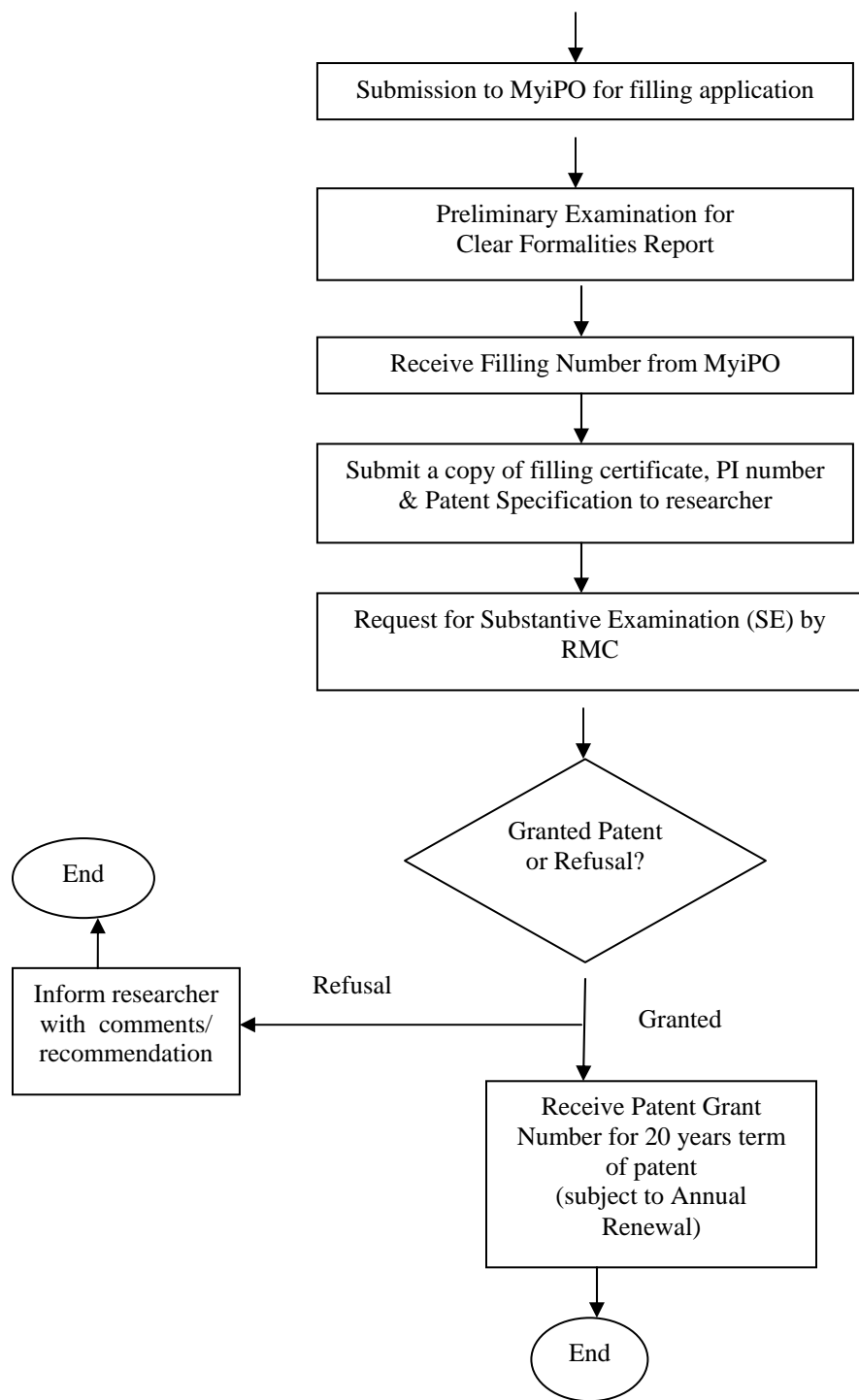
Brief Flow for the Administration of Intellectual Property Rights & Commercialisation



APPENDIX 2

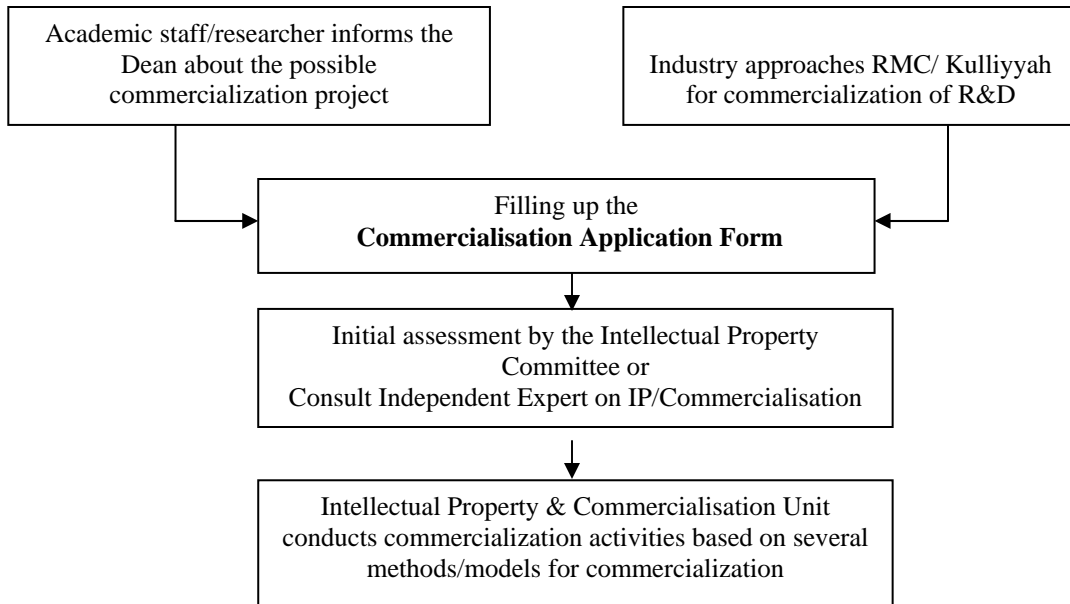
Brief Flow for IP Protection for Patent



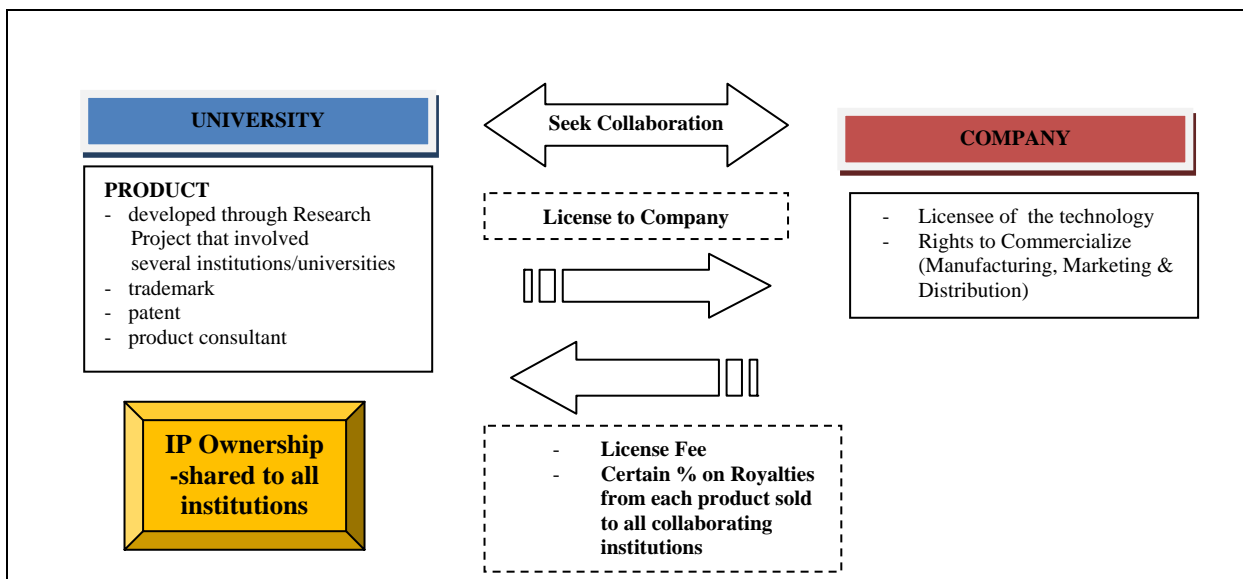


APPENDIX 3

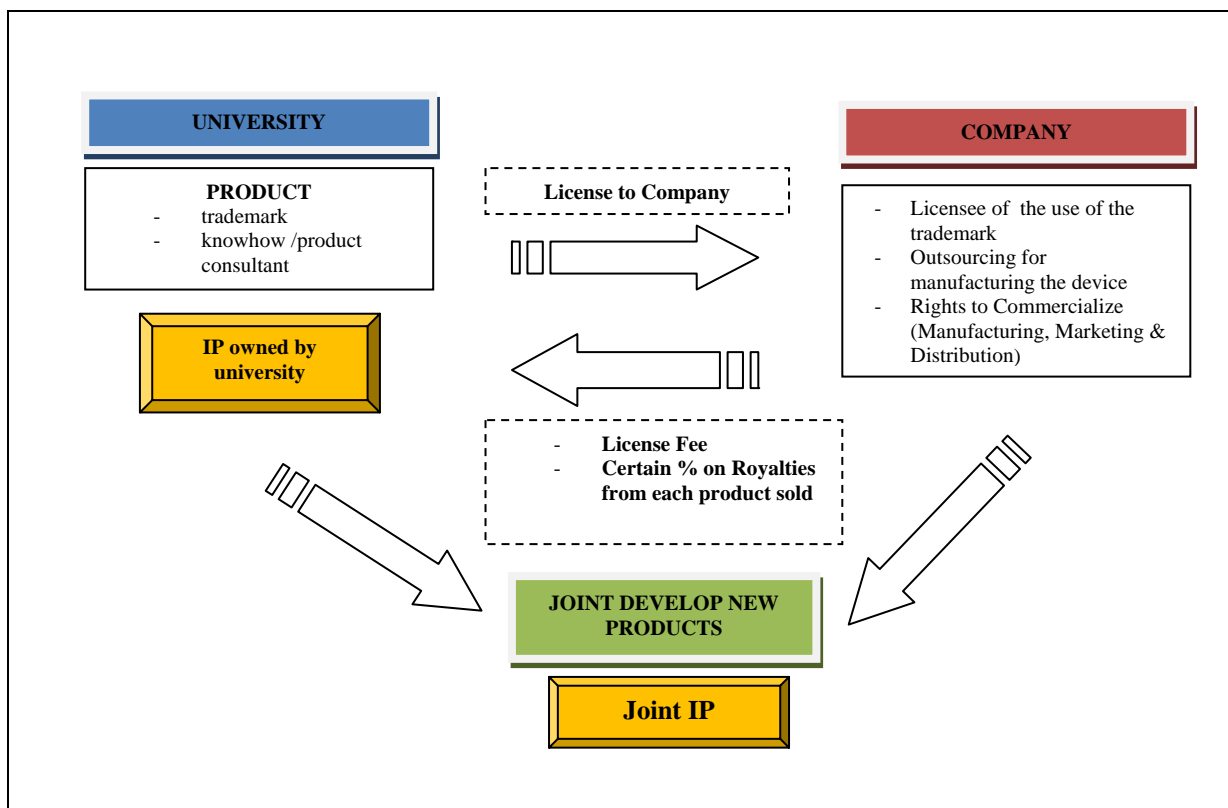
Methods for Commercialisation



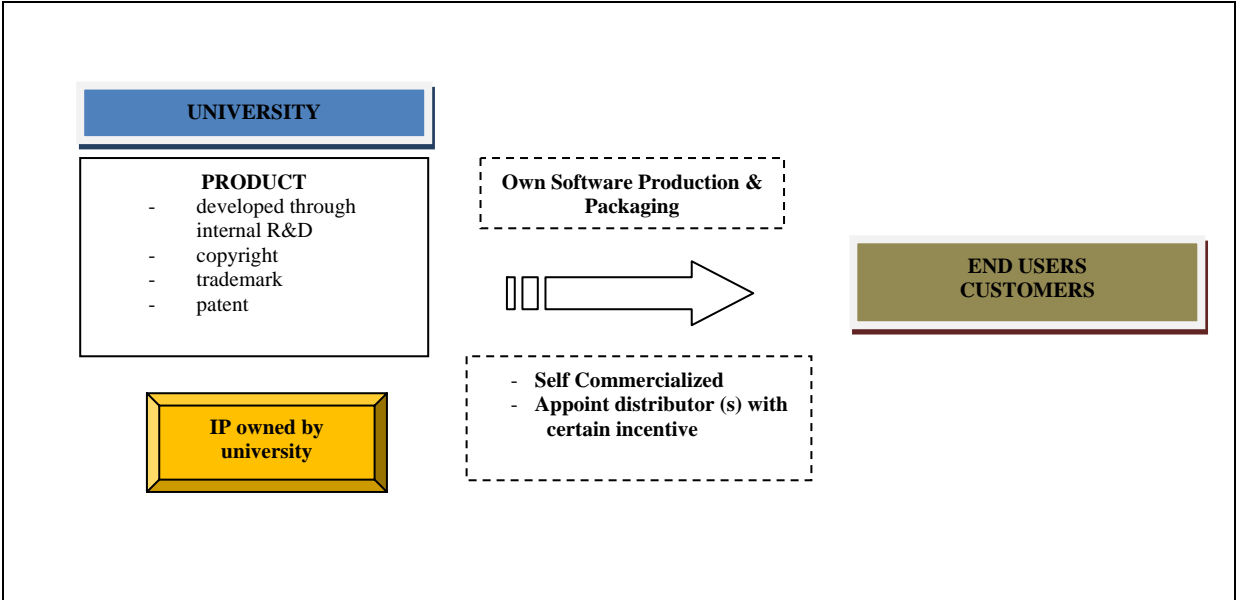
MODEL 1
Technology Licensing / Joint Venture: GranuMas



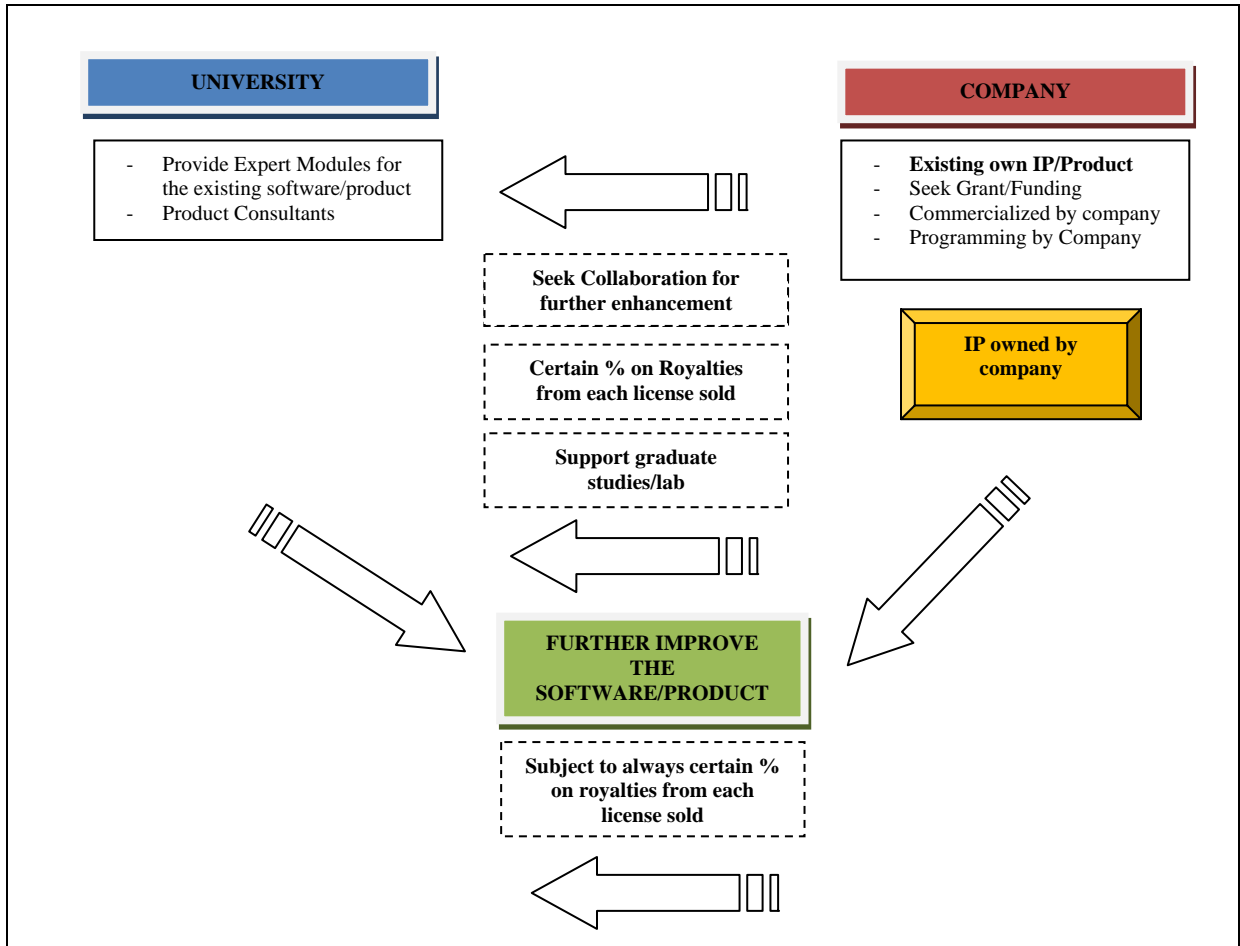
MODEL 2
Trademark Licensing/ Joint Venture: IUMyfix



MODEL 3
Direct Sales: ROTAS

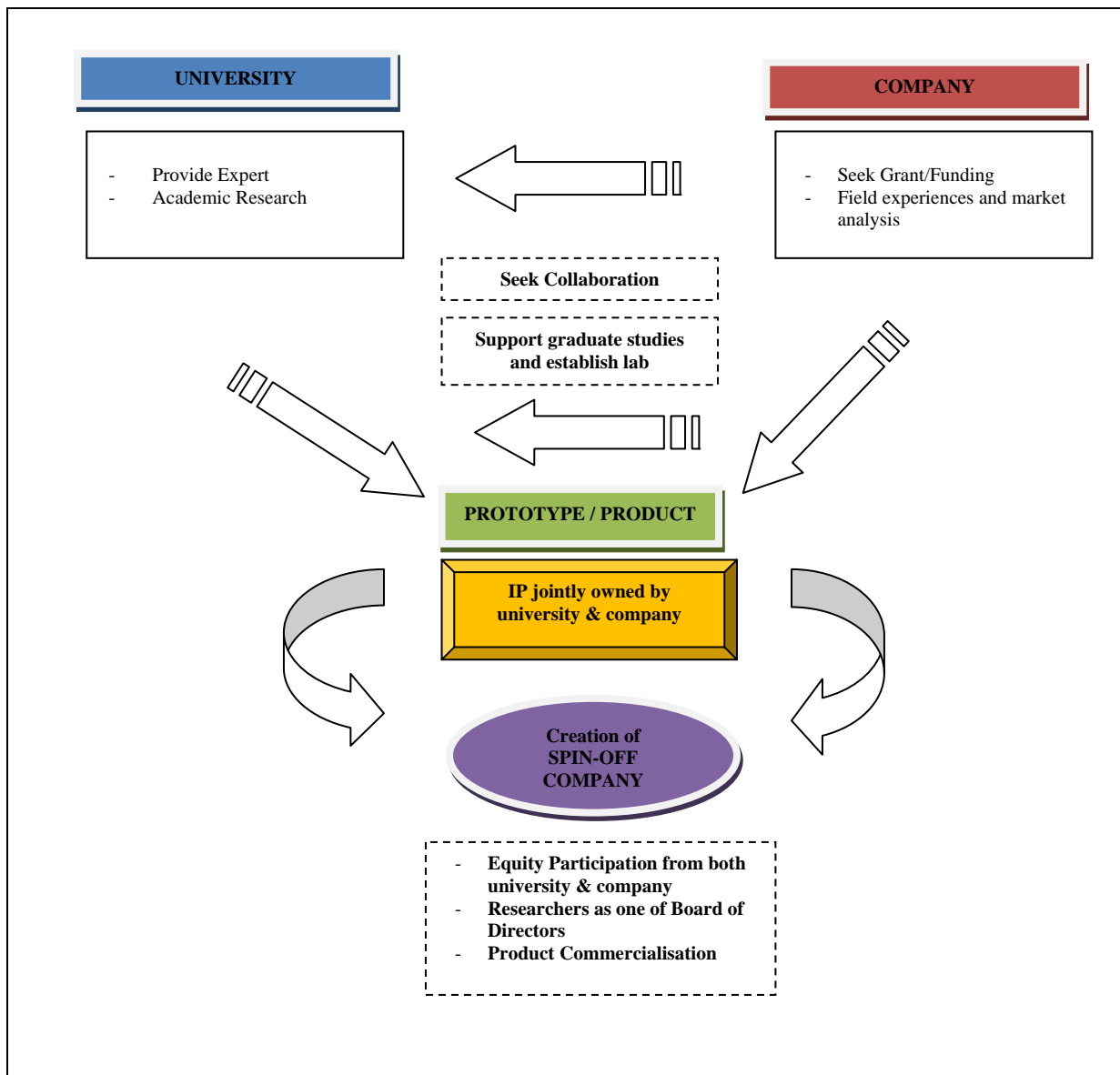


MODEL 4
Product Development Collaboration: Amaryllis

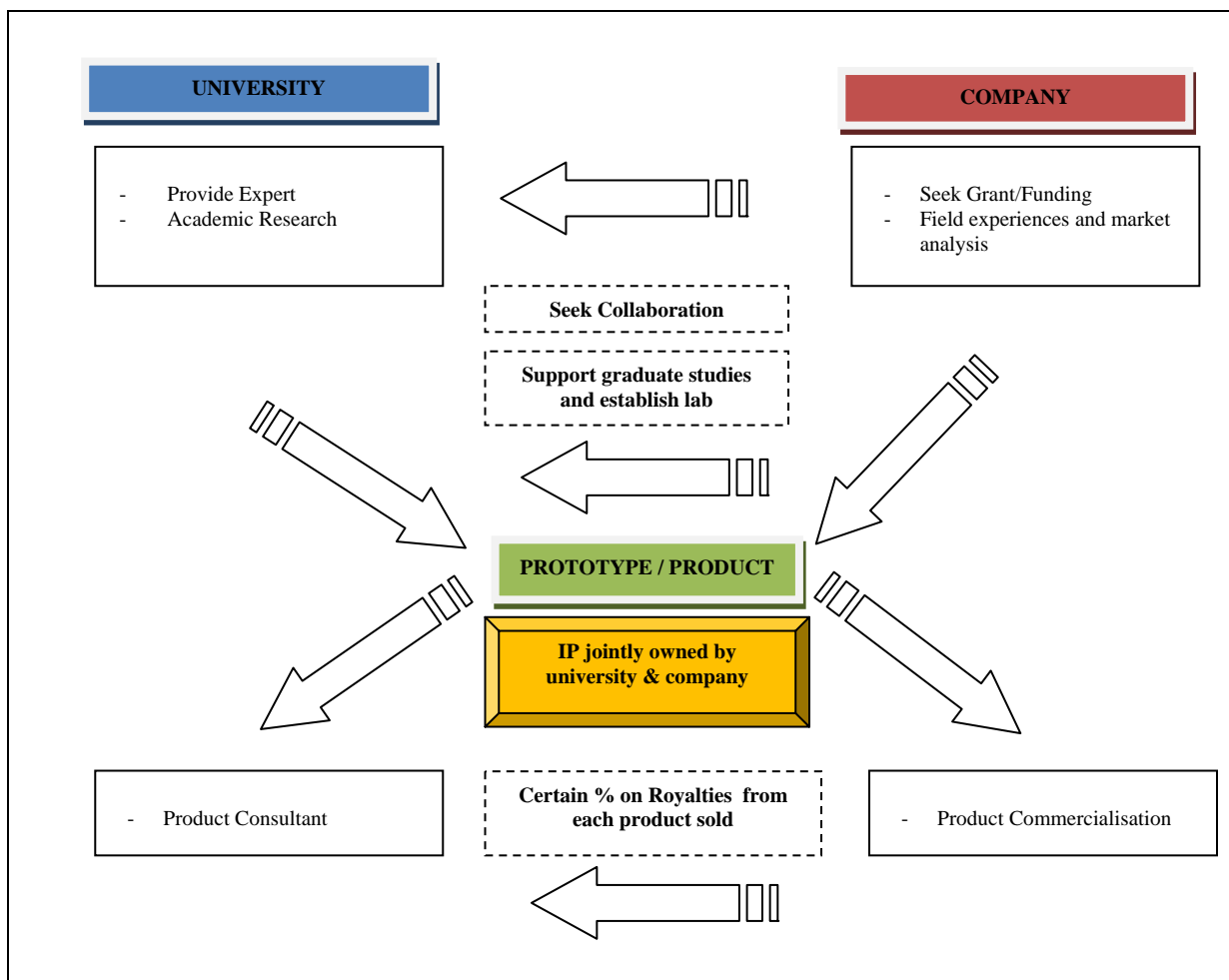


MODEL 5

Collaboration on New Research Project (Active Involvement): eTechnoFund



MODEL 6
Collaboration on New Research Project (Passive Involvement)



OTHER POSSIBLE MODELS

- **Assignment (selling Off IP)**
 - **Franchising**