

## Who owns the knowledge?

### A note for charities that support research

As funding gets ever tighter and competition ever fiercer, universities are increasingly keen to use their research output as a means to produce further income. This note discusses some of the issues that a charity supporting or collaborating in a research programme should bear in mind to ensure that the charity can claim ownership of the intellectual property that results from the research ("Arising IP") and can influence the future use of or participate in the exploitation of the research output. Of course, there is only the space available here to consider the general issues.

#### Intellectual property - ownership:

Ownership is the key to future control and use of Arising IP. The terms of the research agreement should make it clear who owns this new IP, who can use it in the future and for what purpose. It is reasonable to expect that a charity that has supported the research should have rights in the Arising IP and should be able to make use of it, whether for further research purposes or for commercialisation. A research agreement might deal with this in a number of ways, depending upon the circumstances:

#### Assignment – the transfer of ownership to the funder

An absolute assignment of ownership of the Arising IP from the university to the charity is the best possible outcome for the charity as it gives the greatest freedom to use the Arising IP.

However, it is often necessary to look behind the assignment document itself. The actual research will have been performed by university staff. It is usually the case, but not always the case, that the university will claim ownership of IP created by its staff. The university's IP policy will confirm this. In any event, it is prudent to ensure that the research agreement makes the university responsible for obtaining any rights in the Arising IP that the individual researchers may have so they too can be transferred to the charity.

Not all assignments are absolute. The assignment may be qualified by a number of conditions. It may come at a price in recognition of the contribution made by the university to the creation of the Arising IP. There may be a reservation of rights to the university permitting ongoing research use of the Arising IP (see Intellectual Property – research use below).

Assignment does not necessarily give the charity complete freedom. Further assignments may be required if the research is ongoing. The assignment will probably impose ongoing obligations on the charity in terms of registration and maintenance costs of the Arising IP. There may also be continuing obligations to pass revenue from commercialisation back to the university or to expend a minimum amount of money and effort to develop and exploit the Arising IP in the future.

#### Licence – the limited authorisation to use

Here, the university remains the owner of the Arising IP but permits the funder to use the Arising IP on specific terms. The charity does not acquire ownership of the Arising IP and the university may be able to terminate the licence. It is entirely possible that the licence will grant the charity all the rights over the Arising IP that it needs but a licence is always vulnerable to termination of the licence leaving the charity empty handed and with no right to use the Arising IP. Whether a licence is an acceptable approach will depend upon the relative bargaining power of the charity and the university and on the actual terms of the licence: how restricted is the permission to use and how easy is it for the university to terminate the licence?

#### Option – opportunity to take a licence in defined circumstances

This approach may be appropriate where the charity does not want to commit to the costs of entering a licence at the outset of the research project, for example because it is not clear whether the research will be a success. Instead the charity has the option to take a licence in the future if it wishes and if certain conditions are satisfied. It is important that the research agreement clearly states how and when the option can be exercised.

#### Intellectual property – publication and confidentiality:

Universities need their academics to publish articles in peer reviewed journals. Publications raise the university's profile and help in the never-ending search for funding. Academics need to publish to advance their careers. Unfortunately, making research results publicly and freely available often amounts to commercial

suicide. Research agreements must address confidentiality and the thorny issue of publication of data and results. Any confidential or commercially sensitive information that is contributed to the research by the charity should be defined and identified as such and it should be made available to the university on the basis that it can only be used to further the specific research. If it is used in the course of the research there is a significant risk that it would be cited in associated publications. Few universities will (or can) accept a complete prohibition on the publication of results but it is sensible to require proposed publications to be submitted to the charity in advance to permit the charity to require amendments to protect confidentiality or a limited delay in publication to allow the charity to assess the potential of the Arising IP and to apply for relevant protections where appropriate.

## Intellectual property – research use

The university's raison d'être is research and the university will be keen to continue to use its research results. This can be achieved by granting the university a non-exclusive licence permitting the continued use of the Arising IP or other results for academic research. However, this licence should be restricted to non-commercial use so as to avoid the university being in a position to perform contract research on behalf of the funder's competitors – in effect giving commercial parties backdoor access to the Arising IP. The licence should be non-transferable to ensure that the university is not in a position to authorise others to use the Arising IP or results.

## Warranties

Not all universities will contemplate providing warranties but it is always worth asking, especially if you are proposing to exploit the Arising IP. A warranty gives some comfort that the Arising IP is 'clean' and can be used with only minimal risk. Depending upon the circumstances, it is prudent to request warranties addressing:

- » the origins of the Arising IP;
- » the extent to which other parties may have an interest in the Arising IP or a right to use or to publish it;
- » whether using the Arising IP will, or is likely to, infringe the rights of any third party;
- » whether the university had permission to use any IP on which the Arising IP is based; and
- » whether the university has or will obtain and pass on any permission that is needed to make full use of the Arising IP.

## Commercialisation

The university technology transfer office may be better placed to market and exploit the Arising IP, for example, where the Arising IP has commercial applications that are outside of the charity's field. If the university takes the lead in commercialising, it is vital to ensure:

- » that the charity has sufficient rights to use the Arising IP freely in its own field; and
- » that there are robust revenue sharing and auditing provisions in place to protect the charity's commercial interests.

## Termination

Research agreements can remain in place for many years – leaving the charity carrying a commitment to fund research far in excess of original expectations. Frequently, this is a symptom of the fact that the research is a success. But, the charity should be wary of accepting an automatic renewal clause and should consider retaining the right to terminate the agreement, for example if the preferred academic leaves the university, if the research is proving unsuccessful or if the charity's priorities change. The termination provisions should address issues such as ongoing staff costs where the university has retained researchers for the particular piece of research, ownership of and/or permission to use partly developed IP, ownership and control of any equipment purchased (or necessary) specifically for the purposes of the research and ongoing obligations of confidentiality.

## Conclusions

While universities and charities can, and do, work closely and constructively together, their interests are not always aligned. A well thought out research agreement will impose a mutually acceptable structure onto the research and will form a solid foundation for a successful relationship between the university and the charity. We at Henmans have considerable experience of protecting the interests of our charitable clients and a deep understanding of the priorities of universities. If you would like to discuss the issues raised in this note or any other related queries that you have, please do not hesitate to contact us.

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