

CONFIRMED BY
KTU rector's order No. A-185
issued on April 2 , 2014

REGULATION ON MANAGEMENT OF KAUNAS UNIVERSITY OF TECHNOLOGY INTELLECTUAL PROPERTY AS WELL AS ON TECHNOLOGY TRANSFER

I. GENERAL PROVISIONS

1. The purpose of this regulation is to set provisions and procedures for management of intellectual property rights, which are being created by employees and students of Kaunas University of Technology (hereinafter referred to as the University) as well as for the transfer of technology.

2. The Regulation has been prepared following the Statute of Kaunas University of Technology, Law on Higher Education and Research of the Republic of Lithuania, Patent Law of the Republic of Lithuania, Law on Copyright and Related Rights of the Republic of Lithuania, Law on Designs of the Republic of Lithuania, Law on the Legal Protection of Topographies of Semiconductor Products of the Republic of Lithuania, Law on Trade Marks of the Republic of Lithuania and other legal acts.

3. Definitions, which are used in this document:

Employees –persons who work at the University under employment contracts, including long and short term visiting lecturers and post-doctoral students

Students –persons who study at the University under study agreements or study under exchange programs. The term applies to students of first, second and third cycle of studies.

Intellectual property (IP) – the rights to the results of intellectual activity: literary, scientific, artistic and other works, objects of industrial property, computer programs, databases, know-how and other.

Objects of industrial property – inventions, industrial designs, trademarks, service marks, names of legal entities, domain names, topographies of semiconductor products. The rights to industrial property objects are registered and confirmed by patent or certificate.

Author – the person who has created an object of intellectual property.

Invention – the result of technical creation: object, process or method, which was not known before.

Patentable inventions – inventions of any field of technology are patentable if they are new, contain an inventive step and can be applied in industry. The following cannot be regarded as inventions or may be excluded under some national law systems: discoveries, scientific theories and mathematical methods, external images of the products, the plans of games, intellectual or economic

activities, rules and methods, as well as computer programs, ways of provision of information, human body or its element in natural environment, including the sequence of gene or its parts in any stages of its formation. This list might differ in different countries. For example, in the USA patents are issued for computer programs as well as designs and also for methods of doing business.

Patent – a form of legal protection of inventions. A Patent is granted by national or international patent institutions. In general it is a legal monopoly right, limited by time, territory and scope. It gives the owner right to prevent others from making, using, importing or selling the invention without permission.

Topography of a semiconductor product – a series of related images, representing the three-dimensional pattern of the layers of which a semiconductor product is composed. Each image has the pattern or part of the pattern of a layer. The image may consist of standard marking symbols, various conventional signs and other graphic images.

Design – the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colors, shape, texture and/or materials of the product itself and/or its ornamentation.

Trade mark – any sign capable of distinguishing the goods or services of one person from those of other persons and capable of being represented graphically.

Objects of copyright – original literary, scientific and artistic works, as foreseen in Law on Copyright and Related Rights of the Republic of Lithuania. Copyrights apply automatically after a work has been created and do not require registration.

Computer program – a set of instructions expressed in words, codes, schemes or in any other form capable, when incorporated in a computer-readable medium, of causing a computer to perform a particular task or bring about a certain result; this definition also includes preparatory design material of such instructions, provided that the said set of instructions can be created from it.

Object of related rights – the performance of a work, including direct (live) performance and its sound or visual fixation, a phonogram, the first fixation of an audio-visual work (film), radio and (or) television broadcast of a broadcasting organization.

Object of Sui generis – databases

Database – a compilation of works, data or any other material arranged in a systematic or methodical way and individually accessible by electronic or other means, except for computer programs used in the making or operation of such databases.

Commercial (trade) secret – any kind of potentially commercially valuable information, not known to the general public which confidentiality is being safeguarded by its keeper. A non-patentable invention may be safeguarded as a commercial secret.

Know-how – totality of any kind of knowledge, which is related to its owner’s experience and competencies. *Know how* does not fall within the meaning of industrial property and is not being registered. *Know how* may be licensed. *Know how* plays a significant role in the commercialization process of IP.

Tangible property – tangible property, related to the objects of intellectual property: engineering drawings, prototype devices, equipment, chemical and biological materials.

License – a legal permit from the owner of the rights (the licensor) granting to the user of the work, (the licensee) some or all of the related exploitation within a specified territory in the way and under the conditions agreed upon in the licensing agreement. Licenses may be either exclusive, non-exclusive or sole.

Technology transfer – within the meaning of this Regulation technology transfer means the transfer of intellectual property rights from the University to business and other partners. It applies to the registered as well as not registered intellectual property. In general, technology transfer consists of the following stages of scientific research and development (R&D): creation of knowledge and technologies together with business enterprises as well as their direct transfer by licensing or selling intellectual property, establishing spin-off or start-up companies.

Spin-off company – a new joint stock (limited liability) company, founded in order to implement University’s intellectual property results, where one of the shareholders is the University.

Start-up company – a new joint stock (limited liability) company, founded in order to implement intellectual property results. Two types of start-up companies are possible:

1. where the University has licensed its IP to the company for a royalty, but does not hold shares in the company;
2. companies, which are founded on the base of the intellectual property, which belongs to the students of the University.

II. KEY (STRATEGIC) PROVISSIONS ON MANAGEMENT OF INTELLECTUAL PROPERTY AND TECHNOLOGY TRANSFER

4. To consider technology transfer as a part of the University’s strategic mission.
5. To keep University’s rights to IP, which is being generated, to protect and use IP, in order to get as much as possible social and economic benefit.
6. To promote the internationalization of the University in the field of technology transfer and IP exports.
7. To ensure adequate awareness and transparency of IP management and technology transfer issues among employees and students, to create favorable conditions for the commercialization of scientific results.

8. To ensure as wide as possible publicity and dissemination of scientific results, provided that provisions of IP protection are not being breached.

III. OWNERSHIP OF INTELLECTUAL PROPERTY INDUSTRIAL PROPERTY, COMMERCIAL SECRETS AND KNOW-HOW

9. The University owns economic rights to the objects of industrial property, commercial secrets and know-how as well as to the related property, generated by employees and students, provided that they have been created:

9.1. while executing their duties or fulfilling their work functions, foreseen in labour contracts, descriptions of duties and other internal documents of the University;

9.2. with use of University's experience, financial support, equipment and premises, unless it is determined otherwise (e.g. by a project contract or a contract with a company).

10. While performing joint scientific research and development (R&D) as well as other projects with business entities and other partners the provisions on intellectual property management, its use and possession shall be set in the agreement between the parties beforehand. Depending upon financial and intellectual contribution of the parties the following options of the possession of intellectual property are possible:

10.1. The University owns economic rights to the generated intellectual property and a license is granted to the contractor or the sponsor to use the results in certain field. Recommended license fee is 5-12 percent from the products to be manufactured and/or sold on the bases of the licensing agreement. License may be either exclusive or non-exclusive. Moreover, there may be foreseen a possibility for the contractor or the sponsor to negotiate for assignment of rights to the generated intellectual property in the future. This option is applicable when scientific component and/or academic interest prevails in the project, when IP, which is being generated, is based upon the University's Background and intellectual as well as financial contribution of the contractor or the sponsor is small.

10.2. The contractor or the sponsor owns economic rights to the generated intellectual property and a right to use the generated results for the purposes of academic teaching and academic research, including publications, may be granted to the University or not. When a right to use the generated results for the purposes of academic teaching and academic research is granted, it is necessary to ensure that the sponsor's or the contractor's confidentiality requirements and procedures on intellectual property management will not be breached. This option is applicable in cases when works of research and technological development (R&D) are being performed upon specific order of the contractor or the sponsor, covering the entire cost of the work.

10.3. The University and the contractor or the sponsor jointly own rights to the generated intellectual property. Provisions on how intellectual property is divided between the parties (including each party's share), shall be set in the agreement beforehand. This option is applicable in corporate (joint) projects, where the partners jointly generate IP and share expenses.

IV. COPYRIGHT AND RELATED RIGHTS

11. Economic rights to copyright objects of the study process, created by employees (such as study programs, descriptions of study modules, conspectus of lectures, methodological tools except for textbooks and monographs), to the objects of related rights shall belong to the University for 5 years after their creation, economic rights to computer programs and databases, created by employees and students shall belong to the University forever, provided they have been created:

11.1. while executing their duties or fulfilling their work functions, as foreseen in employment contracts, descriptions of duties and other internal documents of the University;

11.2. with use of University's experience, financial support, equipment and premises, unless it is determined otherwise (e.g. by a project contract or a contract with a company).

12. Economic rights to textbooks, monographs, scientific articles, conference thesis, papers, chapters of books and similar works, created by employees, shall belong to the authors, unless otherwise is foreseen in the copyright agreement, under which an extra royalty is being paid to the author. If the University finances publication of textbook or monograph, the economic rights shall belong to the University for the period, set in the agreement.

13. On expiration of the agreement, in which economic rights to intellectual work were assigned to the University, the employee (author), who has intentions to transfer his/her economic rights to other institution, shall inform the head of University's department, where he/she is employed, in order to make sure that the University is not interested to prolong the term of assignment of economic rights.

14. The students own economic and moral rights to their study papers – final thesis, dissertations, course papers, scientific articles, conference theses and etc. except when created:

14.1. with the use of University's experience, financial support, equipment and premises, as provided in paragraph 9.2 of this Regulation or;

14.2. with the use of the University's means, subjected to copyright restrictions.

To publish study works as described in paragraphs 14.1. and 14.2, a student may only upon the approval of the scientific project manager. The University keeps a non-exclusive license to publish works, created by the students.

15. When a work is created by two or more employees and/or students in joint creative endeavour, they shall be regarded as co-authors. Each co-author has a right to use a part of a joint

work, which has autonomous meaning, at his/ her discretion, unless otherwise is foreseen in the co-authors agreement. A part of a joint work shall be considered as having an autonomous meaning if it may be used independently of the other parts of that work.

V. RIGHTS DEFENCE

16. During the period of intellectual property rights disposal the University undertakes to protect its copyrights, related rights, sui generis, patent, design and intellectual property rights to other IP objects according to the order prescribed by law. The author is responsible for originality of IP object. In case plagiarism or breaches of third party rights occur, disciplinary sanctions may be applied to the author according to the order established in the University. In case the University suffers material damage the author who is in charge for this violation shall compensate it.

17. If the University has waived its rights to IP objects or has transferred them to the author, he/ she is responsible for their protection.

VI. CONFIDENTIAL INFORMATION

18. Confidential information includes:

18.1. information of scientific research prior to publication (empirical data, conceptual provisions, diagrams, schemes, intermediary results, generalizations, computer programs, drawings of prototypes);

18.2. descriptions on disclosure of inventions;

18.3. R&D agreements, memorandums of understanding, technical assignments, estimates, reports, the names of employees who performed the agreements and their contacts;

18.4. applications of the projects;

18.5. patent applications, industrial design applications prior publication;

18.6. licensing agreements;

19. Researchers do not have the right, without prior written permission of the University to disclose or transfer confidential information to third parties as described in the paragraph 18 of this Regulation, except when:

19.1. scientific research is carried out in accordance with R&D agreements financed by domestic or foreign entities. In this case, confidential information may be disclosed only to the contractor under the conditions agreed upon in the agreement;

19.2. scientific research is carried out to implement international programs and funded projects, having specific requirements for publishing research results;

19.3. a researcher decides to publish them or use in conference report. In this case, confidential information of scientific research described in paragraph 18 is disclosed only to the extent needed for

publication. Extent permitted for publication must be agreed with project manager prior to publication.

20. Prior to the disposal of research data which is considered as confidential information, every employee or student must be first instructed by the Project manager or the head of department, where the research was carried out.

21. The “Need to know” principle must be followed by University researchers, when exchanging empirical data which is considered as confidential information.

22. Prior to interaction with third parties the non-disclosure agreement (Annex 2) or any other form of such agreement proposed by the other party and coordinated with the responsible University employee must be signed.

23. The researcher, designated for execution of a contract, is responsible for compliance with confidentiality obligations under the R&D contracts financed by domestic and foreign entities or under the contracts of international programs and funded projects.

VII. INTELLECTUAL PROPERTY MANAGEMENT AND TECHNOLOGY TRANSFER

24. All intellectual property management and technology transfer processes are coordinated and administered by the National Innovation and Entrepreneurship Center (NIEC). The responsibilities within NIEC are distributed as follows:

Intellectual property management group – IP management: registration, protection, negotiation of licensing conditions, development of Entrepreneurial culture;

Technology transfer group – development and transfer of an internationally recognized technologies, commercialization of University’s R&D results and science-business cooperation;

Entrepreneurship development unit – management of spin-off and start-up companies developing innovative products, promotion of entrepreneurship and innovation culture;

Management unit – organizes and executes development of a system for managing an Open Access Center (OAC).

Intellectual property management and its commercialization is carried out in accordance with the “*stage-gate*” model, which includes disclosure of IP, initial assessment, concept development and the final evaluation stages.

25. All the stages of evaluation are carried out by the Technology Transfer Commission (hereinafter referred to as the Commission). The Commission on Technology Transfer is formed of: Director of NIEC, Vice-rector for Research, Head of Intellectual property management group, Head of Technology Transfer group, Head of Entrepreneurship Development Unit and Director of Department

of Research Affairs. Science-business experts might be also invited to the Commission upon the demand for a deliberative vote by the decree of Director of NIEC.

VIII. DISCLOSURE OF INTELLECTUAL PROPERTY

26. An employee or a student, who has created an object of industrial property or other IP object, which is being protected in the form of commercial secret, which economic rights belongs to the University, shall immediately inform NIEC Intellectual Property Management group in writing:

26.1. Inventions are recorded electronically by filling an invention disclosure form (Annex 1). A printed and signed copy of the document generated must be delivered to the Intellectual Property Management group.

26.2. Information about other IP objects (industrial design, topography of a semiconductor product and etc.) shall be provided in a free written form to the NIEC Intellectual Property Management group.

26.3. An employee or a student must ensure that data of measurements, laboratory records and other information, related to the creation of IP, which is listed in paragraph 26 of this Regulation, is properly stored in order to determine the circumstances of IP object creation.

26.4. The head of University department, which performs scientific activities, must ensure timely disclosure of information, listed in paragraph 26.

26.5. Strict confidentiality requirements apply to the information, listed in paragraph 26 of this Regulation.

VIII. INITIAL ASSESSMENT

27. During the first stage – initial assessment – the Commission analyzes patents and scientific publications, related to the IP disclosed in paragraph 26 of this Regulation, decides in what form should the disclosed IP be protected and makes an assessment of the commercial potential. The Intellectual Property Management group must inform the author of the disclosed invention in writing about the prospective form of IP protection, not later than one month from the date when an invention disclosure was received.

IX. RE-EVALUATION

28. In order to select and develop only the inventions with highest commercial potential the disclosed IP is being evaluated periodically. During this phase the following tasks are performed: forming the demand of patent portfolio, assessing prototyping capabilities, setting the directions of further commercialization – licensing, initiating new research contracts with business entities, establishing start-up or spin-off companies and etc.

29. The commercialization process is coordinated by the NIEC Technology transfer group, in case of business establishment – Entrepreneurship development unit.

30. Commission meetings are held, and decisions are made in accordance with the following procedure:

30.1. Commission meetings are held at least once every two months. However, NIEC Director may initiate additional meetings as needed. The NIEC Technology transfer group shall be responsible for the minutes of the meetings. .

30.2. Commission shall make decisions by a majority of votes of members present. The meeting of the Commission is deemed to be legitimate if attended by at least 1/2 of all Commission members. In case the votes of the members are distributed evenly, the final decision will be made by the chairman of the Commission.

30.3. All the members of the Commission shall sign declaration of confidentiality, which form is provided in Annex 2.

30.4. Researchers are informed at least quarterly about the state of their invention or business idea: decisions of Commission, course of commercialization and etc.

X. REGISTRATION OF INTELLECTUAL PROPERTY

31. The University seeks patent protection only for commercially viable inventions. Publication of scientific research information may prevent the patenting process, so it is important that a patent application is filed prior to any publication.

32. When the decision is made to patent and register industrial property in the name of the University, an employee or a student shall provide all the information, necessary for this process, to the NIEC Intellectual Property Management Group.

33. Patent applications are filed and represented by patent attorneys. The Intellectual property management group administrates intellectual property protection process, which includes coordinating the procurement process of patent attorneys, communication with patent attorneys, preparation and submission of patent applications and timely payments of patent maintenance fees.

34. If the University owns rights to industrial property it undertakes to pay fees for patent drafting, application and registration, fees for issue of patent or registration certificate and renewal fee for the third year of patent or registration certificate renewal. The University will pay the state fee for the fourth year or later years of patent renewal only in cases of IP object commercialization (when memorandum of understanding or other information about cooperation with potential licensees is provided).

35. The documents of industrial property objects registration (patents, trademarks, certificates of industrial design, etc.), licensing (including *know-how*) and sales agreements shall be registered and stored in accordance with the procedures established by the University.

36. Objects of copyright, which rights belong to the University, shall be registered and the originals of these works shall be stored in subdivisions, where they have been created. The works shall be transferred to the authors upon expiration of the University's rights to the copyrights objects.

37. Objects of intellectual property shall be recorded as intangible property in the accounting referring to standard No 13. "Intangible property" on public sector accounting and financial accountability, confirmed by the order No. 1K-495 of Finance Minister of the Republic of Lithuania on May 31, 2009. The value of intellectual property, as intangible property and the related tangible property, shall be determined in accordance to the order set in the University.

III. ESTABLISHMENT OF SPIN-OFF AND START-UP COMPANIES AND COORDINATION OF THEIR ACTIVITIES

38. In case there is a potential to establish a spin-off or a start-up company for the commercialization of IP, which has been disclosed in accordance to paragraph 26, the business plan for a new company must be prepared. Preparation process is coordinated by NIEC Entrepreneurship Unit.

39. While making the decision on University's participation in management of a new company or terms of IP licensing these provisions shall be followed:

39.1 Establishment of spin-offs:

39.1.1. The University will normally act a passive shareholder in a spin-off company. To ensure the new company is eligible for SME support the University's stake will not normally exceed 20%.

39.1.2. University's contribution into the company can be either monetary or non-monetary – with intellectual property. Usually the University's contribution to the capital of spin-off company is granted IP license. Terms of licensing are set in accordance to the determined value of intellectual property evaluated by independent experts or by other relevant considerations.

39.1.3. Employees or students of the University who are inventors of IP, which is being contributed to the spin-off company normally become shareholders of the spin-off company. However, they cannot be employed as executive officers of the spin-off company.

39.1.4. In order to avoid conflict of interests, administrative staff of the University having influence on management and funding of research and innovations, members of NIEC and persons related to them cannot be shareholders, board members or executive officers of a spin-off company,

except in those cases where the persons listed above are the authors of IP and the permission is granted by the governing body of the University.

39.1.5. The CEO of a spin-off company should preferably have experience in business. The CEO may be fully or partly remunerated through company shares.

39.1.6. NIEC shall coordinate signing and negotiating provisions of shareholders agreement. Among other provisions of this agreement shall be the following key clauses: contribution of the University, contribution of the businessman or business entity and forms of their active participation in the management of the spin-off company, weight of shareholders in the formation of governing bodies, the order of dividend distribution, forms and terms of the University's withdrawal from the spin-off company, liability of the shareholders.

39.1.7. Rector or his/her authorized representative signs documents of the spin-off company establishment and shareholders agreement (or preliminary shareholders agreement) in the name of the University. Representative from the University shall be delegated to shareholder meetings and/or management board of the spin-off company by the rector's order.

39.2. Establishment of start-ups:

39.2.1. University may decide not to participate among the shareholders of a company. In this case the new company is considered as a start-up. University grants an IP licence to a start-up company. Licensing conditions shall be stated in licensing agreement.

39.2.2. In case a start-up company is established on the base of the intellectual property owned by the students of the University, no license agreement is applied if conditions provided in paragraphs 14.1 and 14.2 of this Regulation are satisfied.

40. If the University is providing support for spin-off or start-up companies, like facilities, consultancy, etc., terms of such support should be defined by a separate agreement between the company and the University.

41. Preparation of documents related to the establishment of start-up or spin-off companies is coordinated by NIEC Management Unit. For further businesses development is responsible NIEC Entrepreneurship development unit.

VI. PRINCIPLES ON SHARING OF FINANCIAL BENEFITS

42. After the University acquires economic rights to the object of intellectual property it may pay one-off royalty to the authors. The value of royalty depends upon economic value of certain object and benefit, which the University may receive from the use of this object. The royalty and terms of its payment shall be set in the agreement, signed between the author and the University no later than within six months after the application for a patent or other intellectual property object is filed. Royalty shall not be paid in cases when the employee's work functions include creation of

intellectual property objects and for the performance of these functions the employee has received or is receiving enlarged salary.

43. In case of licensing or sale of patents, designs, topographies of semiconductor products and from other intellectual property objects or know-how income as well as from the dividend payments of the spin-off companies (after deduction of the expenses, which the University incurred or will incur for the protection of certain object of intellectual property) is distributed according to the following scheme:

Total net revenue	Author(s)	University
Up to 100 000 Lt.	60%	40%
Over 100 000 Lt.	40%	60%

XIV. FINAL PROVISIONS

40. Regulation may be amended, supplemented or repealed by Rector's order.

41. When creating intellectual property University employees are required to follow the principles of public and private interests established in public and private interests procedure of Kaunas University of Technology, approved by order of the Rector, and avoid conflict of interests.

42. For infringement of this Regulation, University employees and students shall be liable in accordance to the procedures provided in internal University documents and legal acts of the Republic of Lithuania.

Amendment was drafted by: E.Kazanavičius, A.Šačkus, R.Gatautis, K.Duoba, M.Petraité, L.Balaševičius, R.Dalinskienė, T.Bukelis, T.Suslavičius, V. Kaunelienė
