

Operational rules for the Intellectual Property Committee of the University of Iceland and Landspítali University Hospital

Approved by the UI University Council 7 February 2013.
Revised version approved 19 November 2015, 3 October 2019 and 5 May 2022.

1. General

1.1. In accordance with the law, one of the roles of a university is to promote advances in the fields of science, scholarship and technology and also to transfer skills and knowledge to students and wider society. Universities aim to strengthen the infrastructure of Icelandic society and its standing in an international context, in order to protect the interests of future generations. In accordance with the law, the role of Landspítali University Hospital is to provide services in all recognised fields of medicine and nursing, with priority given to research and development. The exploitation of research conducted at the University of Iceland and Landspítali University Hospital is important in this context and enhances well-being and knowledge within society.

1.2. The Intellectual Property Committee of the University of Iceland and Landspítali University Hospital operates in line with the institutions' strategies. These operational rules are intended to elaborate on the Intellectual Property Committee's statement of duties, and to provide a framework for the committee's primary responsibilities.

2. Scope

2.1. The Intellectual Property Committee works for both the University of Iceland and Landspítali University Hospital.

2.2. These operational rules apply to all staff, students (who accept payments from the institutes), research grant recipients or anyone else (hereafter jointly referred to as staff/employees) who have produced an invention/innovation in the course of their work and been involved with a specific project or research assigned to them or overseen by the institutions, regardless of whether the individual in question is in a part-time or full-time position. The same applies to staff inventions/innovations which were created with the use of resources from the University of Iceland or Landspítali University Hospital, including funding, premises, materials, equipment or other working facilities. Should these parties work for both the University of Iceland and Landspítali University Hospital, this shall not affect their rights and obligations. The Intellectual Property Committee shall determine the division of financial rights between the institutions where they overlap, having assessed the contribution of each institution.

2.3. When referring to an employee, these rules generally apply to a research team within the institutions, since often more than one employee is involved with an invention/innovation.

2.4. The term 'invention', in the context of these operational rules, applies to patentable inventions, in accordance with the Patents Act no. 17/1991. The term 'innovation' applies to, e.g., discoveries, scientific theories, mathematical methods, business procedures, skills, design or anything else that does not fall under the term 'invention' in the legal sense, see the Patents Act no. 17/1991, or is not considered patentable.

2.5. When a third party provides funding or other support for research at the University of Iceland and/or Landspítali University Hospital, it must be recognised that the institutes may have entered into a contractual relationship with that party. This contract may entail exemptions from these operational rules. The institutes are required to inform the Intellectual Property Committee of the content of any contracts with third parties involving such exemptions.

3. Main rules

3.1. The rights of staff regarding inventions and innovations shall be in accordance with the Act on Respecting Employees' Inventions, no. 72/2004, and the main principles of Icelandic labour law. The general rule is that the inventor has the first right to any intellectual property that he or she creates. The employer (institute) may, however, demand that the employee transfer the rights to the intellectual property, should it fall under the scope of these rules, see Article 2.2. In return for his or her contribution, the employee has a right to receive a fair proportion of the profits from the exploitation of the invention/innovation.

3.2. In accordance with the Act on Respecting Employees' Inventions no. 72/2004 and the main principles of Icelandic labour law, the University of Iceland and Landspítali University Hospital have the right to commercially exploit an invention/innovation that falls within the scope of these rules.

3.3. The institutions may demand a share of the profits in cases where individuals, companies or institutions wish to use the name or logo of the institution in order to associate their operations with those of the institution. It serves the interests of the University of Iceland and Landspítali University Hospital to ensure that their names and logos are used correctly and in an appropriate manner.

3.4. When a contract is made between an institution and an employee regarding the division of profits from the employee's invention/innovation, in all cases the employee retains the right to be identified as the author of the idea, and must be mentioned as such in promotion of the invention/innovation and sale of the product.

3.5. These operational rules are not intended to affect staff's normal publishing rights, for example with regard to books or articles. Inventions/innovations, however, must generally not be published earlier than three months after the invention/innovation was disclosed to the Intellectual Property Committee, without the express permission of the committee. When the University of Iceland and/or Landspítali University Hospital acquire the rights to an invention/innovation, the Intellectual Property Committee shall contact the authors regarding their plans for publication.

3.6. The University of Iceland and Landspítali University Hospital, together with other universities, public research institutes and the Ministry of Higher Education, Science and Innovation, are partners of the Technology Transfer Office Iceland. TTO Iceland works with technology transfer for partner organisations. The Intellectual Property Committee may engage TTO Iceland to work on exploitation of inventions/innovations submitted to the committee.

3.7. The employee is required to assist the Intellectual Property Committee and, as applicable, TTO Iceland in the patenting / technical transfer process for the invention/innovation, since it is in the interests of all parties to ensure the protection of rights and a profitable technical transfer. The employee must also inform the committee and, as applicable, TTO Iceland of any potential

conflicts of interest. The employee is required to respect any obligations which may result from a licensing agreement or any other contract concerning technical transfer.

4. Disclosure to the Intellectual Property Committee

4.1. Staff who are specifically required to conduct research as part of their job, in accordance with the law and/or their contract of employment, and students who conduct research as part of their studies at the University of Iceland and/or Landspítali University Hospital, must consider the possible technical transfer of the results of their research. If an employee believes that an invention/innovation may be patentable or suitable for technical transfer, the employee must disclose the relevant information to the Intellectual Property Committee. Staff must seek the opinion of the Intellectual Property Committee if they are in doubt over whether a project falls under the committee's purview.

4.2. The Intellectual Property Committee shall process information submitted on the potential technical transfer of an invention/innovation and communicate their intended response within three months. It is the employee's responsibility to account for the funding of the project and ensure that all information submitted to the committee is satisfactory. The confidentiality of this information whilst it is being processed shall be in accordance with the Act on Respecting Employees' Inventions no. 72/2004, the Government Employees Act no. 70/1996 and further provisions given in the employee's contract with the institution.

4.3. Staff may request rights to the invention/innovation in cases where the Intellectual Property Committee decides not to apply for a patent, withdraws a patent application before a patent is awarded, or abandons an awarded patent. The same applies if the committee decides to abandon any other technical transfer project. The Intellectual Property Committee may grant these rights if it is in the interests of the institutions to relinquish the invention/innovation, and in such cases shall surrender all related interests. The Intellectual Property Committee's decision to surrender an invention/innovation may be subject to the following conditions, made in a contract with the employee:

- a) When and if the employee receives income from the invention/innovation, he or she shall repay the Intellectual Property Committee's financial outlay, e.g. the cost of legal advice, patents, contracts and measures intended to make the invention/innovation marketable.
- b) The University of Iceland and/or Landspítali University Hospital shall receive a share of the real income from the invention/innovation (i.e. remaining income after financial outlay has been repaid), deducted from the share due to the employee or a company owned by the employee. This share applies only to that income which the employee receives for the invention/innovation, not to income or funding which the employee has received for research and development. In the case of the income of a company owned by the employee, the profits due to the University of Iceland and/or Landspítali University Hospital shall be divided proportionally, in accordance with items a-d, Article 5.3.1.
- c) The University of Iceland and/or Landspítali University Hospital shall receive shares in a start-up company. The University of Iceland is authorised to transfer its shares to the Sprotar holding company of the University of Iceland.

4.4. The Intellectual Property Committee monitors and gathers information on the research and collaborative projects with which the University of Iceland, Landspítali University Hospital or their staff or students are involved, in particular contracts concerning intellectual property rights.

5. Technical transfer

5.1. The decision to demand transfer of rights

5.1.1. The Intellectual Property Committee shall decide on behalf of the University of Iceland and Landspítali University Hospital to demand the transfer of an invention/innovation and the manner in which the invention/innovation is exploited. The Intellectual Property Committee is responsible for making decisions on the filing, revocation and cancellation of patent applications as well as determining the response to comments from the patent authorities and objections. The Intellectual Property Committee also has the final say over the content of agreements concerning exploitation of inventions/innovations. The Intellectual Property Committee may at any time waive the right to exploit an invention/innovation or suspend the patenting process.

5.2. Contract on financial rights

5.2.1. If the Intellectual Property Committee decides to exploit an invention/innovation, a written contract on financial rights concerning the exploitation of intellectual property must be signed by the employee in question and the chair of the Intellectual Property Committee, acting on behalf of both the University of Iceland and Landspítali University Hospital.

5.2.2. The contract on financial rights shall stipulate to what extent the employee surrenders to the University of Iceland and/or Landspítali University Hospital the financial rights connected to the invention/innovation. Contractual transfer of rights means that the institutions acquire said rights, and the authority to come to an agreement with a third party regarding them. Both parties to the contract are required to respect the other's rightful interests when handling the financial rights addressed in the contract, e.g. if contracts are made with a third party.

5.2.3. In the case of research work involving more than one employee, or when the contribution of students or assistants could entitle them to a share of the financial rights, the managers of the research project are responsible for ensuring that agreements are made regarding every individual's share of potential profits before disclosing the invention/innovation, at the very latest before the contract is made with the University of Iceland and/or Landspítali University Hospital.

5.2.4. If another university or research institution was involved with the invention/innovation, the parties must seek to come to an agreement on the right to use the invention/innovation and the division of profits before the contract is made with the University of Iceland and/or Landspítali University Hospital. The profits due to the University of Iceland and/or Landspítali University Hospital shall be divided in accordance with Article 5.3.

5.3. Division of financial returns

5.3.1. For an invention/innovation falling under the scope of these rules, the general rule for the division of profits resulting from the invention/innovation shall be as follows:

- a) Employee – 35% Should more than one employee have financial rights regarding the invention/innovation, income should be divided between them equally, unless an alternative agreement has been arranged in advance. If the income will be divided unequally, the Intellectual Property Committee must be informed of this.
- b) Employee's research work – 10%
- c) Employee's structural unit¹ – 10%

¹ Structural unit may apply to a faculty, institute or department.

d) The University of Iceland and Landspítali University Hospital – 45%, allocated in part to the Intellectual Property Committee, as determined by the rector of the University of Iceland and/or the CEO of Landspítali University Hospital, as applicable. TTO Iceland shall receive 5% of profits that result from licensing agreements entered into by TTO Iceland; this share is deducted from the undivided share of the University of Iceland and Landspítali University Hospital.

5.3.2. In spite of the general rule outlined above, the Intellectual Property Committee may take other factors into consideration when determining the division of profits from the invention/innovation, e.g., different parties' contributions to the invention/innovation or the way in which the work (facilities, appliances, equipment, labour) has been funded.

5.3.3. The financial profits from exploitation of an invention/innovation by UI and/or Landspítali University Hospital staff are paid to the Intellectual Property Committee, which then pays the relevant parties their share. Only the net profits from the technical transfer are eligible to be divided amongst the parties, i.e. the sum which remains when all expenses incurred by the invention/innovation and its technical transfer have been paid.¹

5.3.4. When a company is founded based on an invention/innovation covered by these rules, the Intellectual Property Committee may enter into a contract with the company on the use/transfer of inventions/innovations, stipulating the following:

- a) That the start-up company shall repay the Intellectual Property Committee's financial outlay, e.g. the cost of legal advice, patents, contracts and measures intended to make the invention/innovation marketable.
- b) That the University of Iceland and/or Landspítali University Hospital shall receive a share of the real income resulting from the invention/innovation (i.e. income after financial outlay has been repaid), deducted from the share due to the company. The profits due to the University of Iceland and/or Landspítali University Hospital shall be divided proportionally in accordance with Article 5.3.1.
- c) The University of Iceland and/or Landspítali University Hospital shall receive shares in a start-up company. The University of Iceland is authorised to transfer its shares to the Sprotar holding company of the University of Iceland. If compensation for use/transfer of inventions is solely in the form of shares, the share of the University of Iceland and/or Landspítali University Hospital shall generally not be less than 10% in total. In determining shares, the Intellectual Property Committee shall examine the contribution of each individual party to the development of the invention/innovation and the way in which the work (facilities, equipment, appliances, staff) has been funded. If the institutions are expected to make a contribution in the form of further work during the employee's normal working hours, use of the institutions' facilities or anything else, a separate agreement must be made concerning their increased share of the company. The rector, on behalf of the University of Iceland, and the CEO of Landspítali University Hospital shall sign contracts confirming the institutions' share in the company.

¹ These expenses could, for example, be due to originality analyses, patent applications and other work in the patenting process, e.g. advice and the cost of protecting licences, the cost of market research and trade agreements with third parties, or direct research and development costs required to make the invention/innovation marketable.

5.3.5. When an invention/innovation does not fall under the scope of these rules, but the employee or collaborating party nevertheless wishes to use the name(s) of the University of Iceland and/or Landspítali University Hospital in connection with it, the University of Iceland and/or Landspítali University Hospital should receive a share that corresponds to their contribution. Generally, the share due to the University of Iceland and/or Landspítali University Hospital should be a total of 10% of the income resulting from the invention/innovation, or a 10% share in any start-up company that may be founded based on the invention/innovation. However, the Intellectual Property Committee may deviate from this general rule if they believe the contribution of the University of Iceland and/or Landspítali University Hospital corresponds to a different percentage. In such cases, it is assumed that the institutions will not be involved in any other way. The University of Iceland is authorised to transfer its shares to the Sprotar holding company of the University of Iceland.

5.4. Registration of intellectual property rights

5.4.1. Should the Intellectual Property Committee decide to obtain the rights to an invention/innovation, the committee shall generally ask TTO Iceland to protect this invention/innovation through appropriate registration of intellectual property rights, if the Intellectual Property Committee believes that this will be advantageous in exploiting the invention/innovation. In such cases, TTO Iceland will manage the writing, submission and follow-up of patent applications.

5.4.2. Registered intellectual property rights may apply to patents, design, trademarks, plant varieties or copyright (in the USA and Canada).

5.4.3. At least once a year, the Intellectual Property Committee shall evaluate whether registered intellectual property rights should be maintained.

5.5. Choosing to exploit an invention/innovation

5.5.1. On the basis of data from TTO Iceland and, as the case may be, other parties, the Intellectual Property Committee shall assess whether it is advisable to exploit an invention/innovation by granting a license or selling the intellectual property. The Intellectual Property Committee may recommend or agree that a company be founded based on an invention/innovation and, as applicable, that a licensing agreement be signed with the company. The Intellectual Property Committee may also decide to collaborate with a company, individual or university that has the requisite specialist knowledge and resources. Such collaboration may lead to a licensing agreement, the founding of a subsidiary company or a long-term business relationship. The Intellectual Property Committee and TTO Iceland shall consult with staff on the exploitation of the invention/innovation, but final decisions, including the content of any contracts, rest with the committee.

5.5.2. The Intellectual Property Committee shall assign the work of exploiting an invention to TTO Iceland, as applicable. This work includes assessing originality, patentability, the market, competition and costs; management and administration of intellectual property; marketing inventions and initiating discussions with third parties; and making agreements on the exploitation of inventions, e.g. through licensing or sale of intellectual property. The Intellectual Property Committee may also assign TTO Iceland responsibility for working on the foundation of a start-up company based on the invention.

5.5.3. On behalf of the University of Iceland and/or Landspítali University Hospital, the chair of the Intellectual Property Committee shall sign licensing agreements and contracts concerning the sale of intellectual property. Financial profits resulting from licensing agreements or the sale of intellectual property shall be divided amongst parties in accordance with Article 5.3 of these rules.

6. Interpretation of and changes to the operational rules

6.1. The Intellectual Property Committee is responsible for interpreting these rules, and the committee shall rule on any points of doubt that may arise concerning its operations.

6.2. The Intellectual Property Committee shall generally review these operational rules every three years, and should it consider there to be cause for change, the committee shall submit a proposal to this effect to the University Council and the CEO of Landspítali University Hospital for approval.