



## **Addendum to the Set of Guidelines Dealing with IPR and Students**

### **VSNU and NFU**

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Assignment: National KTO consultations NFU VSNU

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Co-readers: The National KTO consultations NFU VSNU and the VSNU Landelijk Juristen Overleg [Lawyers Consultation Committee Dutch universities] are involved in the creation of the Addendum to the Set of Guidelines Dealing with IPR and Students. Part of the drafting of the Addendum was a field consultation of more than forty stakeholders, concerning students and student entrepreneurs, researchers and delegates from the trade and industry.

If this English translation shows discrepancies or leads to differences of interpretation, the Dutch original will be decisive.

## **Addendum to the Set of Guidelines Dealing with IPR and Students**

### **1. Purpose of the Addendum to the Set of Guidelines Dealing with IPR and Students**

The purpose of the Addendum to the Set of Guidelines Dealing with IPR and Students (hereinafter: '**Addendum**') is to present a clear framework for the relationship between the student and the university and/or the university medical centre (hereinafter: **UMC**). This Addendum is to be seen as a complement to the extant 'Set of Guidelines Dealing with Intellectual Property Rights (IPR) for academic start-ups', dated July 2016 (hereinafter: '**Set of Guidelines Dealing with IPR for academic start-ups**').

The Set of Guidelines Dealing with IPR for academic start-ups focuses on intellectual property right(s) (hereinafter: '**IPR**') within the relationship between start-up and university, including the academic staff. Building on this, it prompted the need for a clarification of the rules concerning IPR focused on the relationship between the student and the university and/or UMC. This Addendum stemmed from that need.

The IPR, which covers various areas of law, is characterized by a strong casuistic practice, which is why the Association of Universities in the Netherlands (hereinafter: '**VSNU**') chose to use this Addendum to highlight certain casuistry, specifically those cases in which interpretation can and will differ. These examples will, where appropriate, clarify the functioning of the IPR, which can thus contribute to communicating to students about what they can expect from the university in relation to IPR. Where this Addendum deviates from the Set of Guidelines Dealing with IPR for academic start-ups, this Addendum must be regarded as leading in the relationship between student and university.

For universities, the usual VSNU 'apply or explain' principle applies to the interpretation of this Addendum.

### **2. Principles**

#### **2.1 General principles on ownership**

In principle, the Student is the Right-holder of the IPR that he/she has independently developed. This principle pertains to all types of works and Reports, such as developed concepts, software or a thesis, for example.

In principle, the university is the Right-holder of the IPR developed by a Student, if this Student has signed a transfer agreement or waiver declaration to that end, showing the Student's consent.

There may also be shared IPR, whereby both the Student and the university are Right-holders. As this often creates an undesirable situation for both parties, the Addendum offers a number of possible solutions with the aim of preventing the formation of shared IPR, such as by making arrangements (Paragraph 2.2) or by offering a substitute assignment (Paragraph 2.3). A university may also decide to further specify the directions in which solutions should be sought in the event of shared IPR in its own IPR policy.

Arrangements are also needed if cooperation is sought with a third party, for instance when Students wish to carry out a Traineeship or a Study Activity within a Research project of the university, in which third parties may or may not be involved, or in the event that Students wish to carry out a Traineeship and/or a Study Activity with third parties within the framework of the educational programme.

In the case of a Traineeship, these arrangements will then be laid down in a traineeship agreement between the university, the Traineeship Provider and the Student. The university may also be the Traineeship Provider, in which case the traineeship agreement is concluded only between the Student and the university in question. The traineeship agreement may contractually deviate from the aforementioned starting principles as to whom the Right-holder is.<sup>1</sup>

#### **2.2 Duty to provide information and duty of effort for the university and the Student**

During the course of their studies, Students may come into contact with the development of results on which IPR rest or may rest. It is therefore important that students are aware of what this entails and what this means for their personal legal position. The university has a duty to inform the Student in such a way as to enable the Student to make a well-informed decision on matters concerning the development and transfer of results on which IPR rests

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<sup>1</sup> At the same time, traineeship agreements may also be standardised agreements. At the time of drafting this Addendum, VSNU is also working together with various stakeholders, both from the trade and industry as with students, on a standard traineeship agreement that may be taken into use nationwide in the near future. In anticipation of the final version of the standard traineeship agreement, the definitions set out in this Addendum have already been revised in line with this standardised agreement.

or may rest. Universities will each decide how the information provision on such a decision will be organised – this might be by means of a lecture, an instruction video and/or documents published on the university website. It is also important for Students to know who they can contact within the university for any questions relating to additional information on this subject.

The university has a duty of effort to make timely arrangements with the Student, for example, if it has been established prior to a research endeavour, as in the case of a Research Project, that the university or a third party is to become the Right-holder of the IPR generated during the course of the research. If it can be reasonably expected that such a situation is to occur, the university has a responsibility to contact the Student about this. However, in order to make proper use of the rights he/she accrues, the Student also has a responsibility to act expeditiously and to constructively cooperate so that a timely and appropriate solution can be found in all cases.

It is recommended that the university and the Student make these arrangements beforehand, in writing, and where possible, in a standardised form,<sup>2</sup> particularly before the Student is to be involved in a Research Project or other university research in which third parties are involved and/or which comprise public-private partnerships. Arrangements on IPR will often already have been made in these situations between the university and the party or parties involved. Also, confidentiality, not least, will play a considerable role here. As such, making arrangements in retrospect, meaning when there may already be IPR, is an unsatisfactory situation for both the university and the Student.

The university and its staff, but also the Student, have a responsibility to act proactively and constructively, and may be reminded thereof by parties in order to avoid having to make arrangements in retrospect. Consciously not making decisions or not wanting to make arrangements, whatever the outcome of the arrangements may be, should not be an end in itself. Nor is it desirable for education and/or research to experience any delay by not cooperating in finding a solution. The Student is and may be expected to provide the university clarity on whether or not he/she is willing to transfer the IPR, within a reasonable period of time and before results may arise which could lead to IPR. Also, this allows the university a reasonable period of time left to effect a substitute assignment, for example.

### 2.3 Substitute assignment

Making timely arrangements in no way implies that the Student may be forced to transfer his/her IPR. In the event that the Student does not wish to transfer his/her IPR for the university curriculum or for part of the university curriculum, the Student must be given the opportunity to carry out an equivalent assignment within the context of education, without the transfer of IPR generated by him/her being a requirement. This means that the possibility of passing a course should not entail the obligation for the Student to transfer his/her share of the IPR that may be generated to the university. Students who do not want to transfer their IPR must be provided with the opportunity to make this known to the university in advance and to then complete the course, for example by working on a fictitious case, as a substitute assignment. It is recommended to establish an internal policy on this issue.

### 2.4 What if the Student is the Right-holder of the IPR?

If the Student is the Right-holder of the IPR, the Student is then free to independently dispose of the IPR and, insofar as protection does not already arise by operation of law, the Student may independently apply for IPR protection, possibly with the help of an external authorised representative. The Student may also make use of the options provided by the university that promote entrepreneurship among Students.

Furthermore, the Student may also request the university to protect his/her IPR, for example by means of a patent application by the university. The university will remain free in its choice whether or not to accept this request and the conditions, and should that be the case, the compliance thereof. If, in return for the patent application, ownership is transferred to the university, it is reasonable that, were the same Student to have ambitions to start a business on the basis of this IPR, the university should then provide scope for this within the current frameworks,<sup>3</sup> for example by means of an exclusive licence to this company, on terms to be agreed in accordance with market conditions.<sup>4</sup>

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<sup>2</sup> Asking a Student to sign such a document prior to enrolment could be considered an extra-statutory restriction of the right to enrol as set out in Section 7:37 in conjunction with Section 7:50 of the Higher Education and Research Act (Dutch acronym: WHW). Though this could trigger legal discussions, it is recommended to not make and document arrangements until the enrolment has taken place, for safety's sake. Even then, the Student needs to be well-informed about the contents, its necessity and the consequences of signing or not signing the document.

<sup>3</sup> The starting point for any agreement must be that a Knowledge Institution's contribution to a start-up should be based on non-discriminatory grounds. Refer to: the Set of Guidelines Dealing with IPR for academic start-ups; Framework and conditions for these variables, page 5.

<sup>4</sup> Framework for State aid for research and development and innovation (2014/C 198/01).

## 2.5 What if the university is the Right-holder of the IPR?

If the university is Right-holder of the IPR (refer to Paragraph 3 of the Legal Framework), and/or the Student has transferred his/her (part of) the IPR to the university in advance and an invention is made, this Student will then be regarded as inventor or co-inventor.<sup>5</sup> This means that he/she will usually also be subject to the university's IPR Implementing regulations, as further specified in Paragraph 3.2,<sup>6</sup> which subsequently means that this Student is entitled to Reasonable Compensation. Reasonable Compensation is understood to mean that Students, in the same way as academic staff members who are also regarded as inventors/authors, share in the future proceeds of the IPR, in accordance with the relevant IPR Implementing Regulations in force at the university in question. The same applies to types of IPR other than patents, such as copyright-protected materials. In addition to the Reasonable Compensation, the Student will also be entitled to be named as the inventor, co-inventor, author or co-author.

Students who want to start up a company and make use of the university's IPR can make further arrangements with the relevant department within their university, provided the university is entitled and willing to do so, meaning that the IPR is not encumbered or promised to a third party.<sup>7</sup> Herein usually lies a role for the Knowledge Transfer Office (hereinafter: '**KTO**') of the university. Students may furthermore make use of the facilities made available by the university to promote entrepreneurship among Students. Former students and alumni can also make arrangements with the KTO or the university's legal department regarding the use of the university's IPR, provided the university is both entitled and willing. They are treated in this respect on an equal footing with other external entrepreneurs.

## 3 **Legal Framework**

### 3.1 Context

Intellectual property is defined very broadly. It includes all knowledge, products, processes, procedures, protocols, ideas and research results, etc., generated within the university domain. A part thereof can be protected by IPR.<sup>8</sup> This could involve, for example, an invention laid down in a patent, a design laid down in a model, or copyrights on works of literature, science or art such as books, articles, software, music, videos and detailed concepts or game concepts. In some cases, there may also be protection through a duty of confidentiality.<sup>9</sup>

For many types of IPR, the general principle is that the creator, author or inventor is also the Right-holder of the resulting rights. However, there are a number of exceptions to this general principle. This Addendum takes a closer look at patent right, model right and copyright, also often applicable to software, as these IPR are the most frequent in the relationship between the Student and the university.<sup>10</sup> In practice, it does not always appear to be clear who the Right-holder is. For example, if a Student, following intensive instructions according to a step-by-step plan or project or assignment proposal<sup>11</sup>, carries out an assignment for an invention by the academic staff member, it could be that the academic staff member is the inventor or co-inventor and that the university must, as such, be regarded as a Right-holder or co-Right-holder.

### 3.2 The exceptions

#### *The patent right*

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<sup>5</sup> Apart from making an invention, creating work such as software, for example, could also be protected by copyright.

<sup>6</sup> These regulations may vary per university in terms of title and content. Also refer to the Appendix Additional definitions.

<sup>7</sup> Students who want to start up a company or who have started a business are treated as market players. The market player, namely the start-up or the start-up being incorporated, pays a remuneration to the Knowledge Institution, in the form of upfront payments, milestone payments, exit payments and/or Royalties, for example. Payment can also be made in the form of shares. Refer to: The Set of Guidelines Dealing with IPR for academic start-ups; Framework and conditions for these variables, pages 5 and 6.

<sup>8</sup> Set of Guidelines Dealing with Intellectual Property Rights (IPR) for academic start-ups, page 4.

<sup>9</sup> Though not the same as intellectual property right, the Dutch Act on the Protection of Trade Secrets is, in fact, relevant within this context in view of the public-private partnerships that universities enter into.

<sup>10</sup> Other important rights applicable within the universities include database rights, chip rights, trademarks, plant breeders' rights, the so-called related rights, the protection of undisclosed confidential information on know-how and corporate information (trade secrets), the regime of the 'Wassenaar Arrangements' and the Nagoya Protocol. However, it has been decided to limit the discussions in this Addendum to a discussion of the three most common areas of law.

<sup>11</sup> This depends heavily on the circumstances of the case in question. Reference is made to a more scientific cooperative relationship, involving creative research as opposed to initial educational support (teaching didactics), which the Student should have within the context of the educational programme.

The main rule in Dutch patent law is that the inventor has the right to patent the invention. There are three exceptions to this rule, namely for employees (Section 12(1) of the Dutch Patents Act), trainees (Section 12(2) of the Dutch Patents Act) and academic staff (Section 12(3) of the Dutch Patents Act).

The rationale behind these exceptions of Section 12 is as follows: the company or the university offers the inventor the framework and the support, enabling the making of the invention. It also encourages reflection on the problems in the field of work and traineeship in which the invention is made. Furthermore, these exceptions are in line with the fact that an employment relationship implies that the benefits accrue to the employer and that the employee receives wages in return.

#### *Reasons for exceptions with respect to Employees (Section 12(1) of the Dutch Patents Act)*

Under Section 12 of the Dutch Patents Act, the right to apply for a patent for inventions made by an employee in service accrues to the employee, unless the nature of the employment entails that he/she applies his/her particular knowledge to make inventions of the same kind as those covered by the application.

#### *Reasons for exceptions with respect to interns (Section 12(2) of the Dutch Patents Act)*

The right to apply for a patent for inventions made by the Trainee who carries out work for a Traineeship Provider within the context of an educational programme accrues to the Trainee Provider, unless the invention is unrelated to the subject of the work.

The right to apply for a patent for inventions made by a Student in the role of a Trainee, who carries out work for another party within the context of an educational programme, accrues to the party that has made the trainee position available, unless the invention is unrelated to the subject of the work. This regulation is in line with the principle, mentioned at the beginning of this paragraph, that the work provides the framework and the support to arrive at the invention and that it encourages reflection on the subject.

A second principle is that, in addition to the education and training of the Student or the Trainee, training activities serve to promote the interests of the organisation where the trainee support takes place. It follows that where there is a direct link between the work and the invention, the right to a patent accrues to the Trainee Provider providing the training position.

#### *Reasons for exceptions with respect to academic staff (Section 12(3) of the Dutch Patents Act)*

The right to patent accrues to the university to which the academic staff belongs. The restriction 'within the framework of work' does not apply. The provision of Section 12(3) applies to all staff members employed by the university.

#### *An inventor, but not a Right-holder*

The provisions of Section 12, paragraphs 1, 2 and 3 are of a regulatory nature. They thus provide for a derogation. However, Section 12(6) does stipulate that if the employer, the university or a third party is the Right-holder of a patent, the inventor is then entitled to a fair sum for missing out on the patent if the inventor cannot be deemed to find compensation for the loss of the patent in the salary or pecuniary allowance received by him or in a special allowance to be received by him. Section 12(7) of the Dutch Patents Act also shows that the provision of paragraph 6 has obligatory force, meaning that any derogations are to be deemed null and void. According to the universities, this means that the Students are also entitled to a fair sum if they have transferred their rights to the university or a third party. This Addendum refers to a fair sum as Reasonable Compensation, but this has the same meaning.

#### *IPR Implementing regulations*

Universities usually have IPR Implementing regulations set in place for academic staff designed to having the academic staff member receive a share if the university receives a net income. Although the university's valorisation considerations play a primary role in the choice of what happens with the patent, it seems reasonable to allow a Student, being the inventor, to be eligible for these IPR Implementing Regulations if this choice of valorisation leads to net income for the university. Therefore, if the Student transfers his/her share to the university, the Reasonable Compensation could be participation in the IPR Implementing regulations applicable to academic staff, as if the invention were made by a Student in the capacity of an academic staff member.<sup>12</sup>

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<sup>12</sup> The means received by the university, being the net means, thus income minus the costs incurred, will then be divided between the Inventor or Inventors, the research group concerned or the department and the institution as a whole, for example.

Depending on the university's valorisation considerations, another option would be to agree with the Student that he/she obtains a role in the realisation of the chosen valorisation direction, in accordance with the Set of Guidelines Dealing with IPR for academic start-ups. This could, for example, involve a licence for a start-up in which the student is or is to be involved, such as in the capacity of employee, shareholder and/or adviser of that start-up. However, it will be clear to both the Student and the university that for the realisation of the chosen valorisation direction, safeguarding the implementation in society in order to create social impact must always prevail over personal interests and/or profit maximisation.

#### *The design right*

The exclusive right to a design will in principle accrue to the person who filed the registration of the design. However, there may be those 'more' entitled to this right. Under Article 3.7(1) of the Benelux Convention on Intellectual Property (hereafter: BCIP), the original designer may, under certain circumstances, claim the design right or invoke the invalidity of the registration of the filing. Under Article 3.8(1) of the BCIP, the employer is deemed to be the designer if a design has been developed by an employee in the execution of his/her duties, unless otherwise agreed. The same rule applies under Article 3.8(2) of the BCIP if a design has been created on commission. The commissioning party will be deemed to be the Right-holder, provided that the commission was given with a view to commercial or industrial use of the product in which the design is incorporated. Article 3.29 stipulates that the copyright relating to the design will belong to the party deemed to be the designer, namely the employer or the commissioning party.

Whereas the copyright is acquired by creation, the exclusive right in a design will not be acquired until its registration has been filed.<sup>13</sup> A Student will therefore be the Right-holder of a design right if the model has been registered for filing, unless otherwise agreed.

#### *The copyright*

The general starting principle underlying the copyright is for the author or creator (the Right-holder) of the work to have the exclusive right to publish and reproduce that work. There are some exceptions to this principle relating to work that results under the responsibility and supervision or work that is the result of teamwork (Section 6 of the Dutch Copyright Act, Dutch acronym: 'Aw') and the Copyright Law for Employers (Section 7 of the Aw). Responsibility and supervision means that the 'hand and the brain' carry out separate work, the work is therefore carried out fully according to the instructions given. Section 6 of the Aw can therefore only rarely apply to the relationship between the author (the Student) of a Report and their teacher, meaning that the copyright is thus usually vested in the Student. In the case of co-authorship or teamwork, the copyright belongs to the joint authors. The option of having the Student participate in the university's IPR Implementing Regulations in exchange for the transfer of the IPR could then also be considered for copyrights.

#### *IPR on Reports versus IPR arising from underlying results*

The copyright on the writing produced by the Student, the Report, rests with the Student. However, this may be independent of the IPR following generated results during a Research Project or Traineeship. The IPR arising from the results generated as part of a Research Project or Traineeship often accrue to the university or the Traineeship Provider, if stipulated by the Trainee Provider.

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The student inventor then benefits from this as a private person. Refer to: the Set of Guidelines Dealing with IPR for academic start-ups, Inventor's Regulations, page 10.

<sup>13</sup> Incidentally, it is not always necessary to register a design right for filing. There is also the possibility of a European unregistered Community design. The length of such an unregistered right comprises three years from the time it is first exhibited to the public.

## The Appendix Additional definitions

The Set of Guidelines Dealing with IPR for academic start-ups includes a glossary in Appendix 1. The definitions below are a supplement to this Addendum, intended solely for application within this Addendum.

**Research Project** – Research projects, including applied, industrial or fundamental research, of the university, such as 1) research projects set up by the academic staff member and paid for by a personal grant of the academic staff member, 2) public-private partnerships with third parties including (non-profit) companies and/or other knowledge institutions and 3) internationally and/or nationally funded research projects, whether or not with third parties such as companies and/or other knowledge institutions.

**Right-holder** – The legal entity and/or natural person to whom an item, a good or a right belongs.

**Reasonable Compensation** – This Addendum understands Reasonable Compensation to mean the amount and manner of compensation for the transfer of the Student's IPR or his/her share therein to a university, as laid down in the IPR Implementing regulations of the university in question. This term is also understood to mean 'fair sum', as set out in Section 12(6) of the Dutch Patents Act.

**Traineeship** – Practical training which forms part of the curriculum and for which the Student earns ECTS.

**Traineeship Provider** – The organisation offering the traineeship.

**Student** – The person who has been enrolled as a student with the university and who, as such, has been issued a student number. Student in any case refers to the Student who is enrolled for a Bachelor's programme, a Master's programme, Master's elective or Honours class. A doctoral candidate or PhD Student is not considered a Student within the meaning of this Addendum.<sup>14</sup> It is further to be noted that the student assistant is an employee of the university within the framework of his/her work as student assistant and a Student aside from this position.

**Study Activity** – All curricular compulsory and non-compulsory study activities, other than a Traineeship, including activities arising from an (optional) course to be carried out by the Student. To study and graduate is subject to the rules and regulations applicable at the university, such as teaching and examination regulations (OER), whereby Reports are made available by the university in the university's repository where possible. Reports may be assessed by the Educational Review Committee on the basis of quality and accreditation of the educational programme in question.

**IPR Implementing regulations** – The existing regulations within universities and UMCs for making inventions. These regulations also include the compensation mechanism, refer to the definition of Reasonable Compensation as included in this Appendix Additional Definitions. This compensation is usually calculated as a percentage of the net proceeds (proceeds minus the patent costs) and is shared between the Inventor or Inventors, the research group and the institution as a whole. These regulations may vary per university in terms of title and content. For example, some universities refer to these regulations as the 'inventor's regulation', the 'patent regulation', the 'compensation for inventions and software regulation' or the '1/3 regulation'. Within the context of this Addendum, software is also considered included in this.

**Reports** – Publications such as papers, traineeship reports, graduation reports (meaning a thesis or a dissertation), reports, essays, lab and research reports.

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<sup>14</sup> At present, there are differences in types of PhD students such as: the PhD student with an employment contract, the grantee, the external PhD student as well as the new type of PhD student currently being introduced as a nationwide experiment. As such, the rights of the types of PhD students will be explained by the policies of the universities themselves and will not be taken into account in this Addendum.