



GUIDELINES

on Protection, Licensing or Selling of Intellectual Property Owned by a Research Institution

This educational material has been developed by RTU Innovation and Technology Transfer Centre in cooperation with Patent Attorney Artis Kromanis, Ltd "Pētersona Patents – AAA Law"

These Guidelines have been developed as an explanatory material for the personnel of Riga Technical University (hereinafter – RTU) involved in creation of intellectual property (hereinafter – IP).

The Guidelines present the main steps to be taken for commercialising intellectual property:

1

IDENTIFICATION



2

**DOCUMENTATION
OR REGISTRATION**



3

**LICENSING
OR SELLING**



RTU guidelines and prerequisites regarding creation and use of intellectual property are laid down in “The Policy for the Management and Use of Intellectual Property Rights of Riga Technical University” approved by RTU Senate at the meeting on 29 October 2012 (hereinafter – RTU IP Policy).



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Identification of Intellectual Property

Identification of intellectual property authorship

Creative activity of any person (author) results in producing a work. The created work can be literary (article, video), scientific (methods, equipment, system) or artistic (choreography, sculpture). Copyright belongs to the author as soon as the work (literary, scientific or artistic) is created, regardless of the fact whether it is completed. Within the framework of creative activity, it is required to identify the authors of the work to be commercialised.

Identification of ownership of intellectual property rights

The author has inalienable author's moral rights to the work, whereas economic rights pertaining to the work belong to RTU in compliance with RTU IP Policy and Employment Contract and/or Student's Agreement.

Based on RTU IP Policy and the consequential contractual relationships, for example, Employment Contract and/or Student's Agreement, economic rights to the works created by RTU employees and students belong to RTU.



Work created by the author

Moral rights

Economic rights

To the authorship – the right to be acknowledged as the author.

To make public, publish, publicly perform, distribute, transmit and translate the work.

Inalienable copyright

Transferrable copyright



Acknowledged and mentioned as the author in compliance with RTU IP Policy

In compliance with RTU IP Policy and Employment Contract and/or Student's Agreement with RTU, economic rights belong to RTU, unless stipulated otherwise by valid legal enactments, agreements with employees or students, or agreements with cooperation partners. In compliance with RTU IP Policy, authors receive remuneration for incomes received as a result of the commercialisation.

Example

The author in the patent application is presented as the inventor, as he/she has inalienable rights to be acknowledged as the author.

Example

RTU in the patent application is presented as the applicant, since it is the holder of economic rights.



Formalization of intellectual property for commercialisation purposes

Formalization of IP for commercialisation purposes includes registration or documentation of the identified work in one of the IP object forms described in Chapter 2. Only the registered (documented) IP can be a licensable or sellable object (movable property).

Commercialisation is a transfer of knowledge and technology (or intellectual property) to the business environment. The purpose of commercialisation is to make an invention accessible to a wider public. At RTU, commercialisation takes place by concluding an agreement on granting or selling (assignment) of rights for using intellectual property.

Maintaining confidentiality

Special attention should be paid to the terms and conditions of confidentiality, as publication of the work can later harm its novelty in order to obtain a patent or register a design. Publication can also impede documentation of know-how, as public information cannot serve as know-how, which is information of the classified nature. Public disclosure of information can also harm the already concluded contractual relations (for example, publishing confidential information obtained from cooperation partners), which can result in legal and financial sanctions.

Patent search

Patent search is one of the first steps in successful drafting of a patent application. Its purpose is to find out the prior art in order to clearly identify the characteristic (different) features of the created invention object in the patent application.

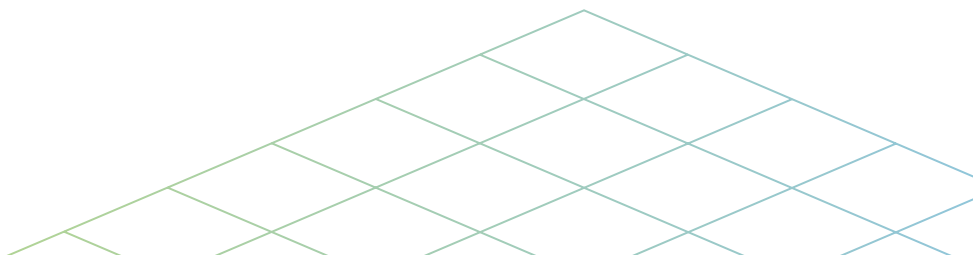
The prior art is formed of any published article (publication, book, booklet, etc.), video, presentation, published patent applications or registered patents, etc. Analysis of the results of patent search provides valuable information on the novelty of the invention and the inventive step.

It is recommended to do patent search also prior to commencing a research that involves development of a new solution, for example, while drafting a project application, this way reducing a possibility that a solution that lacks novelty is created in the process of research.

Freedom-to-operate analysis

In contrast to patent search, freedom-to-operate analysis includes analysis of other patent applications and patents in order to find out whether the developed solution does not infringe or has already infringed any person's exclusive rights, i.e., a patent.

It is recommended to make provisional freedom-to-operate analysis prior to starting a research and also at a later stage, when a commercial product has already been developed.



02 Intellectual Property Objects and their Documentation or Registration

Copyright

Form of intellectual property formalization – documentation

Copyright belongs to the author as soon as the work (literary, scientific or artistic) is created regardless of the fact whether it is completed. In Latvia, there is no institution to register copyright. The fact of copyright has to be fixed and executed by the copyright creator (the author) themselves or by its right holder – RTU. For example, the fact of copyright can be documented by publishing the work. However, it is important to remember that the publication will include information to be further protected with a patent, which can harm the novelty of the invention object. In turn, the fact of copyright for a computer program can be fixed by indicating copyright in the code and the software license.

Copyright is protected by the Copyright Law and the Criminal Law.

Know-how

Form of intellectual property formalization – documentation

Know-how is a package of practical information, resulting from experience and testing and is secret (is not generally known or easily accessible), substantial (significant and useful for product manufacturing or service provision) and identified (described sufficiently generally, allowing to check whether it corresponds to the secrecy and substantiality criteria). Know-how shall be documented observing confidentiality.

Examples of know-how

Object of know-how	Documentation of know-how
Process description for obtaining a certain mixture that describes the steps to be taken to obtain it.	Know-how is documented as a route card of the technological process, with an indication on confidentiality.
Software element that improves operation of a radar.	The program code is fixed in a certain file of restricted access.
Technical drawings providing information on the design and composition of a radar that are supplemented with a description regarding the selection of certain elements (why these elements are selected rather than others).	Know-how is documented as drawings with specifications and a descriptive part in the electronic or paper format, with an indication on confidentiality.
Description of the experience in the use of certain methods for faster detection of water contamination.	Description fixed in the electronic or written form, which describes in detail the steps to be taken and the methods to be applied for faster detection of water contamination, with an indication on confidentiality.

Documentation of know-how involves certain preliminary activities. There must be a clear indication on the process of information circulation (who and under what conditions one can get access to this information, how it is stored and released for circulation) and terms and conditions of confidentiality (whether the parties involved are informed what confidential information is and know how to work with it).

Know-how is protected by the Trade Secret Protection Law, the Copyright Law, and the Criminal Law.



Patent

Form of intellectual property formalization – registration

Patent can be obtained for an invention object, which can be industrially used (in manufacturing, agriculture or another field of the national economy), is new (has not been published earlier) and has a certain inventive step (the invention is not an obvious solution for an expert in the respective field).

Patentable and non-patentable inventions

Patentable inventions

Device (equipment, system); method (process, technology); substance; composition of substances; biological material

Non-patentable inventions

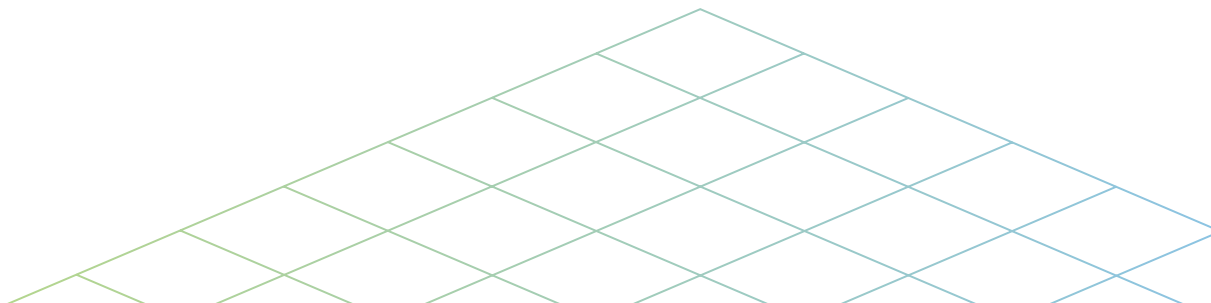
Discovery; scientific theory; mathematical method; aesthetic solution (since it is protected by design registration); plans; intellectual activities; commercial activities or game rules and techniques; computer programs (as they are protected by copyright); a presentation of information; invention the use of which would be contrary to public order or morality; therapeutic or surgical methods of treatment which are used in manipulating with human or animal body.

Patent granting

Protection of an invention object with a patent includes several sequentially taken steps.

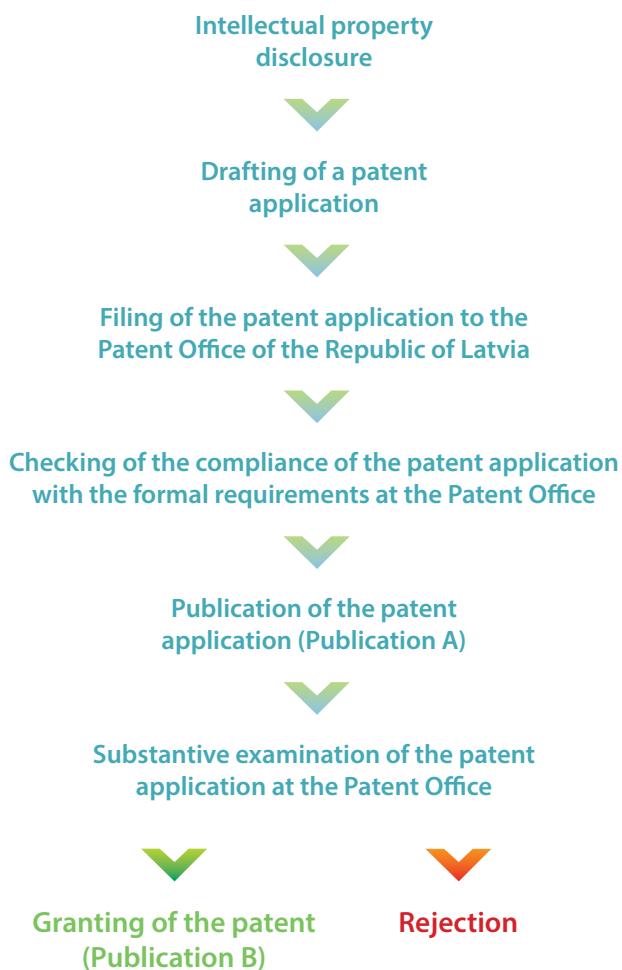
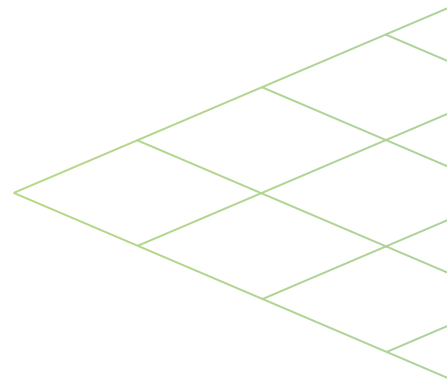
1. A patent application has to be drafted, where an object of invention to be protected is described clearly and fully. During the patent application drafting phase, it is recommended to perform patent search in order to find out the prior art and characteristic/differing elements of the invention object.
2. A patent application is filed to the Patent Office of the Republic of Latvia. Filing of the patent application is followed by its first expert examination, when compliance with formal requirements are checked. This stage is completed with the publication of the patent application (Publication A). The patent application becomes public, it can be used for commercialisation purposes, i.e., to license or sell an invention. After the publication of the patent application, substantive examination is conducted. As a result of this examination, the patent is either granted (Publication B) or the patent application is rejected.

Patents are protected by the Patent Law.





Patent application process at RTU



Confidentiality is observed.

Disclosure of the invention does not harm the patentability of the submitted patent application.

At the moment the patent application is published, it becomes a movable property and can be used as an object of licensing. Later the patent also becomes a movable property.

Intellectual property disclosure form, detailed description of the patenting process, and regulatory enactments are available on webpage www.inovacijas.rtu.lv in section "Intellectual Property".



Design

Form of intellectual property formalization – registration

Registration of a design can be done by applying for registration of the external image of the product, which is new (has not been published earlier) and which has an individual character (general impression it leaves on an informed user differs from the general impression left on such user by any other design).

In the European Union, unregistered designs are also protected. Protection of unregistered designs is in force for three years from the day when the respective design pattern becomes publicly available (published).

Design is protected by the Law on Designs.

Trade mark

Form of intellectual property formalization – registration

Trade mark is an expression used to distinguish goods or services of an enterprise from goods or services of other enterprises. Trade mark can be verbal (consisting of letters, words, or figures), graphic (image, drawing), spatial (shape of goods or packing), combined (combination of the aforementioned elements) and special (sound, light, odour, etc.).

Trade mark registration can be obtained by applying a trade mark that ensures identifiability with regard to the specified goods or services and that has not been previously registered.

Trade marks are protected by the Trademark Law.

Other objects of intellectual property

Form of intellectual property formalization – registration

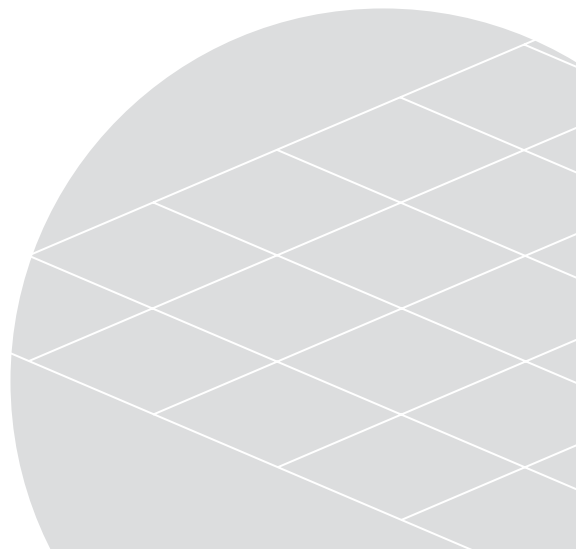
Topography of semiconductor products.

Plant breeder's certificates.

Registration of indications of geographical origin of agricultural and food products, name of the place of origin and guaranteed features.

In terms of the Civil Law, all of the aforementioned IP objects are equalled to the rights to movable property and can serve as objects of licensing or selling.

The process of application of the RTU patent, design and trade mark is determined by the "Procedure for Processing of an Employee's or Student's Application and Decision-Making Regarding RTU Ownership for Intellectual Property".





03

Licensing or Selling of Intellectual Property Objects

Only documented or registered IP objects can be licensed or sold, as only such IP objects are equalled to movable property. A license object can be a copyright object (for example, process description, prototype photos, drawings, computer programs), know-how documented in the tangible form, patent application publication, patent, trade mark registration, design registration and/or design non-registered in the European Union.

The essence of licensing

License is a permit for using intellectual property granted by the IP right holder to another person. The usage permit is granted by concluding a license agreement, where the terms and conditions of usage, purpose, territory, remuneration, and duration are stipulated. With the termination of a license agreement, the permission to use the IP objects provided in the license also expires.

License allows the IP object owners to retain control over their IP objects, as only a permit to use the IP objects is granted with a license, and they are not transferred in full.

Confidentiality in the process of negotiations

In the event prior to concluding a license agreement contractual parties exchange confidential information, it is recommended to conclude a confidentiality agreement.

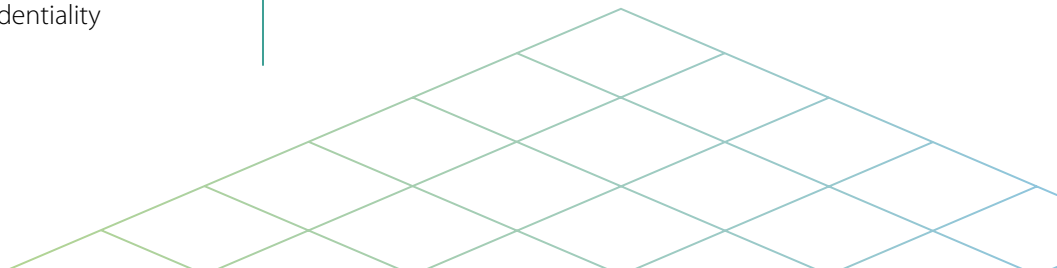
Types of licenses and main provisions to be included in the license agreement

Non-exclusive license

License is considered to be non-exclusive if RTU (licensor) when granting the IP object usage rights to another person (licensee), retains the right to use this IP object itself. Simultaneously, an non-exclusive license for the same IP object can be granted for use to other licensees.

Exclusive license

License is considered to be exclusive if the licensee obtains exclusive rights for using the IP object in accordance with the provisions of the license agreement. However, RTU may retain the right to use the IP object to the extent allowed by the license agreement.





Other significant provisions to be included in the license agreement

License operation territory

License stipulates the territory where RTU allows the licensee to use the licensed IP. The provided operation territory allows RTU to agree with the licensee on the geographical distribution of the IP usage. For example, RTU intends to restrict the IP usage to a certain territory. In such a case, such territorial restriction can be provided in the license.

Rights and obligations of the Licensor and the Licensee

The essence of the license is to give a permit by the IP object owner to use the licensed IP object with no sanctions. During the license operation, the parties exchange confidential information. Therefore, confidentiality provisions should be included in the license agreement.

It is significant to observe the provision pertaining to issuing sub-licenses within the framework of the existing license, as this way the licensor can lose control over the licensed object. An opportunity of sub-licensing is not favourable to the licensor.

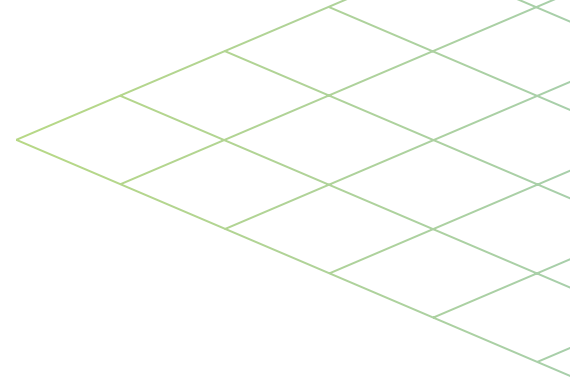
When licensing IP objects, especially invention patents and software, it is significant to anticipate conditions for further possibility to make improvements of the licensed object or prohibit them. It would be in the interests of the licensor to prohibit making any improvements to the licensed object within the framework of the license or, at least, to anticipate that plans to make improvements should be agreed upon separately.

License fee and payment procedure

The type of the license fee is set by an agreement between the parties. The most common types of license fees are provided in the table. The payment procedure is organised in such a way that the license fee is paid based on the invoice presented by the Licensor.

Type of license fee	Advantages (+) / disadvantages (-)
License fee as a single payment with a fixed deadline.	<div><div>+</div><div>Immediate gain.</div></div> <div><div>-</div><div>It may turn out that the object justifies its commercialisation to such an extent that royalty payments would result in a larger gain.</div></div>
License fee as royalty from the licensee's incomes obtained from the sold licensed products /services.	<div><div>+</div><div>Significant gain if the license object justifies its commercialisation (generates significant turnover).</div></div> <div><div>-</div><div>No immediate gain. No forecasted incomes.</div></div>
Combined payment which includes regular payments and royalty.	<div><div>+</div><div>Immediate and/or forecasted gain.</div></div> <div><div>-</div><div>Can become a big burden for the licensee encumbering conclusion of a license agreement.</div></div>





The nature of selling

When selling an IP object, the owner sells it to a new owner for an agreed remuneration.

In contrast to the license selling results, IP objects come into possession of a new owner and the previous owner loses full control over them.

Licensing

Rights are granted to use (take on lease) IP objects for an agreed license fee.



To lease IP objects for a certain period.

Selling

Economic rights for IP objects are transferred (sold).



To fully assign IP objects.



Example 1. Commercialisation of the patented technology

Intellectual property identification	
IP identification The IP objects that are created as a result of a research (or project) are listed.	An invention is created, for which Latvian patent application No. LVP20210000XX is submitted, and after expert examination, Latvian patent No. LV16XXX is granted.
Identification of the IP authorship The authors of each identified IP object are specified.	The invention described in the patent has been created by RTU employees within the scope of their responsibility under employment contract. Thus, RTU employees are provided as inventors – the authors in the patent.
Identification of the IP ownership The owner economic rights of the IP copyright are identified.	Thus, RTU is the holder of Latvian patent No. LV16XXX, as RTU employees are the invention authors. Respectively, RTU is provided as the owner in the patent.
Documentation or registration of intellectual property objects	
Formalization of IP for commercialisation purposes The required steps to document or register research (or project) results are taken so as to make them available for licensing or selling.	Latvian patent No. LV16XXX is granted, which is a lawful movable property available for licensing (leasing) or selling. For example, Latvian patent No. LV16XXX is provided as a license object in the license agreement.
Licensing or selling of intellectual property objects	
IP licensing or selling As a result of commercialisation, RTU may license or sell the entire created IP or a part thereof in favour of a new owner.	RTU performs licensing or selling of Latvian patent No. LV16XXX.



Example 2. Commercialisation of several objects of intellectual property

Intellectual property identification

IP identification

The IP objects that are created as a result of a research (or project) are listed.

- * Latvian patent application No. LVP20210000XX on the developed device and its control is submitted. Thus, it is a Latvian patent application. Following the performance of certain procedures, a Latvian patent will be granted.
- * A method for performing technical procedures has been invented, which is secret. Thus, it is know-how.
- * Equipment has been invented, which can be leased to enable the licensor of the patent application and the know-how to use it for technology acquisition. Thus, it is technology provision.

Identification of IP authorship

The authors of each identified IP object are specified.

- * The authors of Latvian patent application No. LVP20210000XX are Jānis Krūze and Pēteris Karote. In turn, RTU is the patent application submitter (owner).
- * The method has been developed by Jānis Krūze and Kārlis Šķivis.
- * The device has been developed by Jānis Krūze, Pēteris Karote and Kārlis Šķivis, as well as Ltd Viens, as commissioned by RTU.

Identification of the IP ownership

The owner economic rights of the IP copyright are identified.

- * Jānis Krūze, Pēteris Karote and Kārlis Šķivis have employment contracts with RTU, which prescribe that economic rights for the copyright on research results obtained using RTU resources, belong to RTU.
- * In turn, Ltd Viens has a cooperation agreement with RTU (customer of the work) on the device development, which stipulates that all copyright economic rights are transferred to the customer's ownership. Thus, IP owner is RTU.

Documentation or registration of intellectual property objects

Formalization of IP for commercialisation purposes

The required steps to document or register research (or project) results are taken so as to make them available for licensing or selling.

- * Latvian patent application is already an initial document for registration – the patent application number is known (but not published). Only a published patent application is a movable property, which is licensable or sellable.
- * Jānis Krūze and Kārlis Šķivis have to document the developed method. Then the description of the method follows. Persons who are already informed about this method are known.
- * The developed device has to be registered in the RTU system.

Licensing or selling of intellectual property objects

IP licensing or selling

As a result of commercialisation, RTU may license or sell the entire created IP or a part thereof in favour of a new owner.

- * RTU, when formalizing the aforementioned IP, creates the IP portfolio, which consists of the following objects: the Latvian patent application and know-how.
- * In turn, the developed device is an additional object that can serve as technological provision in the license agreement in implementation of the licensable IP object.
- * If RTU opts for IP assignment, RTU can sell the aforementioned Latvian patent application, know-how and the developed equipment.



Documents regulating protection of RTU intellectual property:

- Policy for Management and Usage of Intellectual Property Rights of Riga Technical University
- Procedure for Processing of an Employee's or Student's Application and Decision-Making Regarding RTU Ownership for Intellectual Property

All documents are available on webpage www.inovacijas.rtu.lv in section "Intellectual Property".

Protection and management of RTU intellectual property is ensured by **Innovation and Technology Transfer Centre**.

When using information available herein, a reference to Riga Technical University and the authors is compulsory.

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This informative material is intended for RTU researchers, academic personnel and other stakeholders who need information about commercialisation of intellectual property.

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