

WATER RESEARCH COMMISSION

BENEFIT SHARING POLICY

ABSTRACT

This Benefit Sharing Policy aims to encourage the commercial development of intellectual property works for public use and benefit, and to provide for the equitable distribution of financial rewards and other benefits derived from intellectual property. Typically this requires that the **WRC** grant one or more enterprises a license to further develop, use, or sell those works and inventions.

WRC has established this Benefit Sharing Policy ("this Policy") for the management of the commercialization of intellectual property created within the scope of WRC-funded projects to:

- ❑ Promote, preserve, encourage and aid scientific investigation and research;
- ❑ Provide organizational structures and procedures through which inventions and research results made in the scope of WRC-funded projects may be made freely available to the public domain, as well as through channels of commerce;
- ❑ Establish standards for determining the rights and obligations of the WRC, Contractors, Researchers (e.g., inventors, developers, authors) and licensees with respect to intellectual property made or created in the course of WRC-funded projects;
- ❑ Encourage, assist and provide mutually beneficial rewards to the WRC, Contractors and Researchers for the commercialization of intellectual property rights under this Policy;
- ❑ Ensure compliance with applicable laws, regulations and public policy; and
- ❑ Enable the WRC to award equitable research funding at all levels of research.

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1 DEFINITIONS

- 1.1 Certain terms are used in this document with specific meanings, as defined in this section. These definitions do not necessarily conform to customary usage.
- 1.2 As used in this policy, the feminine gender includes the masculine gender, singular or plural, wherever appropriate.
- 1.3 In this Policy, unless the context indicates otherwise:

“**Assignee**” means the **Contractor** and/or another party who wishes to exploit the **WRC’s** proprietary **Intellectual Property** rights in terms of a technology transfer agreement;

“**Background Intellectual Property**” means intellectual property belonging to the **WRC**, the **Contractor**, the **Assignee** or any other party to a Technology Transfer Agreement, that existed prior to the commencement of the relevant Technology Transfer Agreement;

“**Contractor**” means an entity or a natural person who has undertaken and completed appropriate research and investment in water-centred knowledge and innovation within the scope of a **WRC-funded research project**;

“**Direct Expenses**” are the costs associated with the protection and licensing, maintenance and administration of **Intellectual Property**. Such costs do not include the salaries or other overhead costs of the **Contractor, Researcher** or the **WRC**;

“**Fundamental Mission of the WRC**” is to facilitate research and investment in water-centred innovation and the generation and dissemination of knowledge for the public good;

“**Intellectual Property**” means any and all rights vesting in technical information, any invention, processes, information and/or know-how, improvements, copyrightable works, designs and trade secrets, including, but not limited to, records of confidential information generated or maintained, data, test results, bibliographies, research findings, organisms, cells, DNA sequences and other biological materials, whether in written or electronic form, raw or derived, in the form of text, multimedia, computer programs, spreadsheets, formatted fields in records, forms within files, databases, graphics, digital images, compositions, and executions of processes, developed by **Researchers** and/or **Contractors** within the scope of **WRC-funded projects**;

“**Intellectual Property Policy**” means the **WRC’s** policy on the creation, ownership, protection and dissemination of **Intellectual Property** which came into effect on 7 October 2003, available at www.wrc.org.za;

“**National Water Security**” means issues related to securing, preserving or improving national water resources, basic water supply, basic sanitation, irrigation and other water-related quality of life issues which are deemed to be in the public interest;

“**Net revenue**” is that revenue that remains after all **direct expenses** have been deducted from any revenue received in terms of a technology transfer agreement;

“**Researcher**” means faculty, staff, and other persons employed or contracted by the **Contractor**, or the **Contractor** herself, whether full- or part-time; and/or any other persons, including a student, a student employee, a graduate student, a post-doctoral fellow, and a non-employee (including visiting faculty, affiliate and adjunct faculty, industrial personnel, fellow, etc.) who participated in the creation or generation of applicable **Intellectual Property** and/or knowledge in the scope of a **WRC-funded Project**;

“**this Policy**” means the **WRC’s** policy for the sharing of benefits derived from commercial exploitation of the **WRC’s Intellectual Property**;

“**WRC**” means a statutory entity with legal personality established in terms of Section 2 of the Water Research Act No. 34 of 1971;

“**WRC-funded projects**” means a project with well-defined outcomes related to research and investment in water-centred innovation which are funded and awarded by the **WRC** and duly completed by the **Contractor**.

2 PRINCIPLES

- 2.1 **WRC** welcomes agreements with the **Contractor** and/or other third party for the dissemination and commercialisation of the **WRC’s Intellectual Property**, provided that these are consistent with the **WRC’s Fundamental Mission** and the principles of **this Policy**.
- 2.2 The **WRC** shall determine the sharing of benefits under this Policy. That determination shall take into account the **Fundamental Mission** and interests of the **WRC**, the public good, public policy, and the rights of **Researchers** and the **Contractor** to share in benefits.
- 2.3 Commercial exploitation of the **WRC’s Intellectual Property** shall aim to facilitate the widest possible dissemination of research results and the transfer of technology and will aim to support South African innovation and competitiveness.

- 2.4 The **WRC** may, at its discretion, license the **Intellectual Property** exclusively or non-exclusively, on a royalty, or royalty-free basis. In exercising this discretion, the **WRC** shall take the interests of the public into account.
- 2.5 Where it may be necessary to make it economically feasible for an enterprise to undertake the commercial development and production of **Intellectual Property** the **WRC** may, subject to the conclusion of a negotiated benefit sharing agreement, assign all rights and title to the **Assignee** to enable it to commercially exploit the **Intellectual Property**, save for the right enabling the **WRC** to disseminate new knowledge as provided for in clause 7 below.
- 2.6 Any agreement to commercially exploit or to transfer the ownership of **WRC's Intellectual Property** must be in writing, and shall be subject to **this Policy** and to the **WRC's Intellectual Property Policy**.
- 2.7 The **WRC's** share of any **Net Revenue** under **this Policy** will be used to further the **Fundamental Mission** of the **WRC**.

3 RIGHTS & OBLIGATIONS OF RESEARCHERS

- 3.1 **Contractors** and/or **Researchers** shall assist the **WRC** to commercialise such **Intellectual Property** by providing such assistance as may be reasonably necessary throughout the technology transfer process to protect and effectuate transfer of the **Intellectual Property**.
- 3.2 **Contractors** and/or **Researchers** shall be compensated for their assistance on an hourly basis at an agreed rate.
- 3.3 A **Researcher** shall have the right to be identified, or to refuse to be identified, as the inventor or creator of the **Intellectual Property** by the **WRC** and by **Assignees**, except as required by law.
- 3.4 **Researchers** shall retain the right to pursue related research and creative activities, to determine methodologies, to draw conclusions and to disseminate information, except to the extent that these rights are restricted by considerations affecting the effective and proper protection of the **WRC's Intellectual Property**.

4 OBLIGATIONS OF WRC

The **WRC** shall be responsible for the protection and maintenance of all **Intellectual Property** including the payment of all renewal fees for patents, registered designs or registered trade marks up to the date of assignment, if applicable, unless otherwise agreed to by the parties.

5 INCOME SHARING

The **WRC** shall share royalties and other **Net Revenue** derived from the licensing of **Intellectual Property** and other transfers of technology (including the assignment and licensing of non-patented technology, material transfer agreements, etc.) with the **Contractor**.

6 REVENUE DISTRIBUTION

6.1 The **Net Revenue** will be accepted, monitored and distributed by the **WRC's** Intellectual Property Manager.

6.2 If the **Contractor** is a public-funded institution of higher learning, the **Net Revenue** and all monetary proceeds from the transfer or commercialisation of applicable **Intellectual Property** shall, subject to clause 6.4, be distributed as follows, unless otherwise provided for by the law or the contractual obligations of the parties:

6.2.1 The **Contractor(s)**, or the **Contractor's** successors in title, shall receive fifty percent (50%) of the **Net Revenue** arising from applicable **Intellectual Property**.

6.2.2 The **WRC** shall receive fifty percent (50%) of the **Net Revenue** arising from applicable **Intellectual Property**.

6.2.3 The distribution of the **Contractor's** share of **Net Revenue** among **Researchers** and Colleges, Schools and Departments shall be determined according to the **Contractor's** policies. Those policies shall ensure that the distribution equitably reflects the role of the **Researchers** and Schools and Departments in the development of applicable **Intellectual Property**.

6.3 If the **Contractor** is not an institution of higher learning, the formula for revenue distribution will be subject to negotiation between the parties.

6.4 Factors concerning the development of particular **Intellectual Property** may warrant an alternative distribution of net revenue. These factors may include:

6.4.1 The **Background Intellectual Property** contributed by the **WRC** and/or the **Contractor**;

6.4.2 Any intellectual property rights of third parties;

6.4.3 The complexities of a specific technology;

6.4.4 The obligations undertaken by **Researcher(s)** in the commercialization agreement;

- 6.4.5 The obligations undertaken by the **Contractor**, the **Researcher** and/or the **WRC** in the technology transfer agreement;
 - 6.4.6 Regulatory requirements; and
 - 6.4.7 Any other factors deemed applicable by the **WRC** and/or the **Contractor**.
- 6.5 The alternative allocation of revenues shall be the subject of a separately negotiated written agreement between the parties concerned.

7 LICENSES FOR USE BY THE WRC

- 7.1 The **WRC** shall retain a non-exclusive, royalty-free license to use such **Intellectual Property** in the fulfilment of its **Fundamental Mission**, including a non-exclusive, royalty-free license for non-commercial research and public dissemination of knowledge.
- 7.2 Such license shall not include the right to exploit the **Intellectual Property** for profit.

8 LICENSES FOR NON-COMMERCIAL RESEARCH AND TEACHING BY THE CONTRACTOR

- 8.1 The **Contractor** shall be entitled to a non-transferable, non-exclusive and royalty-free license to use the **Intellectual Property** for non-commercial research and teaching, provided that the **Contractor** is a public-funded institution of higher learning.
- 8.2 The purpose of such research licence is to facilitate basic academic research.
- 8.3 The **WRC's** Intellectual Property Manager shall, if possible, assist **Contractors** in securing such licenses.

9 CAPABILITY BY ASSIGNEE

- 9.1 The **Assignee** must demonstrate technical and financial capabilities to commercialise the **Intellectual Property** and must be able to meet regulatory requirements for the introduction of the technology into the marketplace and to satisfy adequately the market demand for the technology.
- 9.2 In exceptional circumstances an exclusive licence may be granted to a **Assignee**, provided that:

- 9.2.1 the **Assignee** submits an acceptable development and commercialization plan prior to the conclusion of the licensing agreement; and
 - 9.2.2 The **WRC** will have the right to terminate such exclusive license if the **Assignee** has not adequately commercialized and/or developed the technology within five years from the date the licence was granted, unless the parties agree in writing to a different period of termination.
- 9.3 The **Assignee** shall not have the right to assign the benefits of the licence or to grant any further sub-licences without the prior written consent of the **WRC**. It is noted that this consent will not be unreasonably withheld.

10 ASSIGNMENT OF WRC'S RIGHTS

- 10.1 The **WRC** may assign its rights to **Intellectual Property** in favour of the **Contractor** and/or third parties only if the assignment of such **Intellectual Property**:
- 10.1.1 would enhance the transfer of the knowledge into useful applications for the public benefit;
 - 10.1.2 assist the development of South African innovation and competitiveness;
 - 10.1.3 does not raise a conflict of interest;
 - 10.1.4 is consistent with the **Fundamental Mission of the WRC**; and
 - 10.1.5 is not in conflict with the **WRC's** obligations to third parties.
- 10.2 An assignment in terms of clause 10.1 shall be subject to a separately negotiated written benefit sharing agreement between the **Contractor** and the **WRC**.
- 10.3 Where the **Contractor** is the owner of **Intellectual Property** in terms of clause 10.1 above, the **WRC** shall:
- 10.3.1 Retain the right to fulfil its obligations to publicly disseminate information regarding water-centred innovation to the public;
 - 10.3.2 Retain a royalty-free licence to use the **Intellectual Property** for basic research; and
 - 10.3.3 Retain a reversionary (or walk-in) right where the execution of agreements in terms of clause 10 poses a threat to **National Water Security**.

11 WRC ADMINISTRATION OF COMMERCIALIZATION OF INTELLECTUAL PROPERTY

- 11.1 Responsibility for the interpreting **this Policy** and for resolving disputes concerning the interpretation and implementation of **this Policy** resides with the **WRC's** Intellectual Property Manager, subject to other policies adopted by the **WRC**.
- 11.2 Primary responsibility for managing the commercialisation of applicable **Intellectual Property**, resides with the Intellectual Property Manager of the **WRC**.
- 11.3 All communication in performing this administrative task must be recorded in writing.
- 11.4 **This Policy** may be implemented or supplemented in any way consistent with its terms and those of other **WRC** policies.
- 11.5 In the event that exceptional circumstances require any exception to the terms of **this Policy**, such exceptions shall require the written consent of the CEO of the **WRC**.
- 11.6 The CEO shall, when practical, seek the advice of the **WRC** Board prior to approving any amendments of, or exceptions to, the terms of **this Policy**. When prior consultation is impractical, the **WRC's** CEO shall promptly notify the Board of any exceptions to the terms of **this Policy**.
- 11.7 **This Policy** shall not apply to existing written agreements between the **WRC** and/or **Contractors** and **Researchers** and any other external organization or individual, concerning the development, legal protection, or commercialisation of specific **Intellectual Property**, and entered into prior to the date on which **this Policy** is adopted by the Board of the **WRC**.
- 11.8 If an existing written agreement is renewed, revised, or amended after the date on which **this Policy** is adopted, reasonable attempts shall be made to ensure that such agreement complies with the requirements of **this Policy** as of the date on which it is renewed, revised, or amended.

12 NOTIFICATION

The **WRC** shall inform its stakeholders of the terms of **this Policy** as soon as efficiently possible after its adoption, any amendments thereof and at regular intervals thereafter.

13 EFFECTIVE DATE

This Policy shall take effect from 9 September 2005.