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PATENT POLICY

This document outlines the guidelines to be followed for the patent process for the different research departments for the research work that needs to be patented.

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Introduction

Types of research and IP ownership with IIIT-H

- Internal Academic research

Intellectual property as a result of academic research, teaching engagement, thesis, paper publication, patent application, personal interest or having other objectives within the institute / research labs is **fully owned by IIIT-H**.

IIIT-H does not claim ownership of IP created by the faculty without using institute resources, and outside the scope of the institute research. However, if the faculty wishes they can offer their IP to the institute. The final decision remains with the IP committee in such cases.

- Government research grant/ Funded research

Intellectual property as a result of government research grant and government funded research is **fully owned by IIIT-H** unless there is a separate contract or MoU that prescribes otherwise.

- CSR funding/Nurture a lab funded research

Intellectual property as a result of CSR funding and/or nurture a lab funded research is **fully owned by IIIT-H** unless there is a separate contract or MoU that prescribes otherwise.

- Commissioned Research

Intellectual property as a result of commissioned research with IIIT-H by an entity will be as mentioned in below models of engagement.

The terms could be as following:

1.Open IP:

Intellectual property is owned by IIIT-H, while the entity has *license to use* from IIIT-H, the terms for which are as specified in the license agreement between the concerned entity and IIIT-H.

2.Joint IP:

Intellectual property is jointly owned between the concerned entity and IIIT-H with *mutually agreed terms on licensing*.

3. Exclusive IP:

Intellectual property is *owned by the entity* commissioning the research. IIIT-H has access for internal use and research.

- Commissioned Projects

Intellectual property as a result of commissioned research with IIIT-H by an entity will be as mentioned in below models of engagement.

The terms could be as following:

1.Open IP:

Intellectual property is owned by IIIT-H, while the entity has *license to use* from IIIT-H, the terms for which are as specified in the license agreement between the concerned entity and IIIT-H.

2.Joint IP:

Intellectual property is jointly owned between the concerned entity and IIIT-H with *mutually agreed terms on licensing*.

3. Exclusive IP:

Intellectual property is *owned by the entity* commissioning the research. IIIT-H has access for internal use and research.

- Co-Creation

A model specifically targeting new product possibilities- to be co-created along with a startup. This a variation of commissioned project, where the Research Center co-creates a new technology jointly with a startup (or a larger company), for equity considerations. It is a variation of conventional licensing model. Here the technology to be licensed is yet to be created. And will be co-created jointly with the licensee. IP will be treated on the lines of a commissioned research/projects.

- Co-Innovation

The source code IP belongs to the company in the case where it is created by any entity with knowledge inputs from Research center or faculty in IIIT-H.

- When patents filed, if patents are very specific to company use case they will belong to the company. IIIT-H has access for internal use and research. IP will be **fully owned by the Company**.
- If the patent has a much broader generic use beyond company's use cases, these will be **joint IP**. Intellectual property is jointly owned between the concerned entity and IIIT-H with mutually agreed terms on licensing.

- Collaboration

When one or more of the inventors are from other outside/an institute other than IIIT-H, the IP ownership needs to be decided on case to case basis.

Technology Transfer Office (TTO)

Primary Objective of TTO is to protect the IP rights & interests of the institute and its employees. The TTO shall facilitate the transfer of IP produced in the IIIT-H to appropriate bodies including the Industry, entrepreneurs, etc. and make all attempts to commercialize the IP. It shall provide a platform where IP meets potential user and financiers. TTO shall facilitate all technology transfer, technology assessment, technology showcasing and outreach at IIIT-H.

Functioning of TTO

- Protect Intellectual Property

TTO Identifies valuable IPs and take steps to protect them through various means, such as filing of patents. TTO Assist IIIT-H faculty and research centers in the patent filing process, and coordinate with IP consultants for the same. TTO Manage execution of MOUs, Agreements, Contracts for IP commercialization. TTO coordinates with the Institute IP Committee for IP protection decisions, IP policy and process improvements.

Note :Annexure 2 has detailed steps for Patent filing process

- TTO member and IP consultant meets faculty to discover technologies that can be eligible for Patent filing.
- The process enables faculty to disclose IP by filling Invention Disclosure Form (IDF). TTO handles all subsequent steps and patent office interactions for patent filing. As needed faculty will be consulted for required information.
- TTO will maintain records for filed patents and take care of the patent maintenance process on a regular basis.
- TTO Keep track of patent process and granted patents.
- TTO conducts various IP orientation and awareness programs e.g. newsletters.

- Cataloging Technology

TTO works with faculty and Research center to list down the technologies with potential applications from ongoing and completed research work. TTO will be

maintaining Technology catalog identifying use cases that will be applicable to industry or any organization. TTO will Assess the maturity levels and commercial readiness of technologies.

- Licensing Operations

The following fall under the ambit of licensing by TTO:

- Technology from the catalog (code/algorithm the lab has) - Any technology created by faculty within the institute having its potential application in industry.
- Patent (may or may not have code)
- Co-Creation - The Research Center co-creates a new technology jointly with a startup (or a larger company), for equity considerations. Here the technology to be licensed will be co-created jointly with the licensee.

Any technology that IIIT-H has ownership as per earlier definitions

- Assessed for commercial value and develop business case.
- Sales and marketing activities and events conducted.
- Opportunities for incentives and tax breaks beneficial to the institute identified.

TTOs ensure that technology transfer is smooth and quick as per the process mentioned in Annexure 2.

- Licensing models

IIITH uses the following licensing Model:

- One-time purchase
- Equity
- Revenue share
- Hybrid - Equity and Revenue sharing model for selected cases.

- Exclusivity

- Exclusive license - The parties agree that no other person/legal entity can exploit the relevant IPRs, except the licensee.
- Non-exclusive license - It grants to the licensee the right to use the IPRs, but on a non-exclusive basis. That means that the licensor can still exploit the same IPRs and he/she can also allow other licensees to exploit the same IP. Sublicensing is not preferred.

- Remuneration

Below is a model to be followed when determining the licensing remuneration. Where there are ranges the IP committee will decide the specific numbers.

- One-time purchase - Upfront one-time payment from corporates
 - The valuation will be determined by the IP Committee. To be determined by the market opportunity and other opportunity cost considerations.
- Revenue share (royalty) - 6% - 10% (Default 6%. IP Committee can override)
 - This will be fixed terms for transfer of existing technology
 - In special cases we can look at combination of Equity and revenue share
E.g. Split could be 3% equity and 4% revenue share totaling 7 %
- Equity - 6% - 10% equity from startups (Default 6%. IP Committee can override)
 - This will be fixed terms for transfer of existing technology
- Co-Creation - equity will be 10-15% plus research advisory fee for minimum two quarters. (Default 6%. IP Committee can override)
 - Here the research lab is helping create a new product. Equity will be determined based on the level of effort and proportion of our work in the total product. The final percentage will be approved by the IP Committee.
 - Research advisory could be around Rs. 75,000 per quarter.

The early buyback of equity & royalty is encouraged.

Institute IP Committee

The whole TTO office policies will be overseen by the Institute IP Committee. The IP committee will approve patent filing in US/EP/PCT application in multiple countries. All agreements, contracts for IP commercialization are to be approved by committee members.

The committee is formed by the Dean (R&D), and will comprise of senior members representing Outreach, Faculty, IIIT-H-Foundation's Executive Committee, and IP experts.

When reviewing any specific patent being filed, the inventor(s) would also be free to suggest names of faculty who are qualified to evaluate the invention. Who will be invited to that meeting as observers to advise the IP Committee.

- IP Committee Composition

The committee will comprise of a set of ex-officia institute positions and few external members.

1. Dean R&D (Prof. C.V. Jawahar)
2. Head TTO (Mr. Prakash Yalla)
3. Head Outreach (Prof. Ramesh Loganathan)

4. Faculty member (Prof. Vasudeva Varma)
5. Faculty member (Prof. Kavita Vemuri)
6. IIIT-H EC member (Prof. Raghu Reddy)
7. One External members

And One External Patent advisor (Mr. Arjun Bala - Patent agent & patent valuation analyst).

Additionally, any Subject Experts can be invited as needed when reviewing technologies.

- IP Committee Meetings

IP Committee meets at least once in a quarter to review, deliberate and approve the following: (tto is the convenor of this meeting)

- India Patent approval
- PCT, US/EU Patent or any other country patent filing
- TTO Policy changes
- IP Incentives and Rewards
(landscape, licensing , tech catalogue)

Note: Refer **Annexure 3** for guidelines to manage patents

Patent filing cost

All costs for IP protection are taken care of by the Institute. Table 1 gives a detailed overview.

Table 1 - Patent Filing Cost

<u>Description</u>	<u>Institute/ Research Center Contribution*</u>	<u>Inventor Contribution</u>
Indian patent where cost of filing < 1 lakh	100%	None
International patent / US patent where cost of filing > 1 lakh	100%	None

*The Institute/Research Center funding includes the faculty discretionary funds.

Patent filing Incentives

Once the final Patent is filed the inventors are eligible PDA list-2.

TTO creates a motivating environment for faculty and researchers to participate in IP programs, not limited to patent hall of fame, plaques, certificates, IP tours, events and get-togethers for inventors (filed & granted).

Revenue Share Model

Any technology created by the institute is possible only through the efforts of the faculty member involved, the research center in which the technology was created and of course the institute. Revenue share model is executed once the money hits the bank account and paid out at the end of the financial year after income tax deductions.

Any revenues received from these technologies will be shared between these three (Faculty, Research center and Institute) only after the cost of patent filing and handling is recovered by the Institute.

The TTO may engage with entities like CIE, iHub, RPF or any other agency approved by IP council to help commercialize the patent. Towards the handling costs 10% from the proceeds shall be shared with these entities. This amount shall be factored as patent costs.

The faculty share will be available for perpetuity. The policy expects faculty or the lab to spend time, intellect and resources to enable smooth licensing of technology. Revenue sharing ratio will be done as mentioned in Table 3:

Table 3 - Revenue sharing ratio

<u>Description</u>	<u>Percentage</u>	<u>Notes</u>
Faculty	50%	<p>Personal Compensation (25%) If multiple faculty members involved, then this amount will be divided amongst them. The distribution shall be based on the % agreed as documented apriori by inventors and submitted to TTO. The faculty is eligible for the remuneration even If they are no longer with the institute.</p>
		<p>Research Center / Lab (25%) This share is applicable to Research Center from which the technology is created. This may be used to provide remuneration to students, and support personnel who enabled development and licensing of technology in addition to utilization for lab infrastructure and projects. This comes under the purview of faculty discretionary authority (FDA)</p>
Institute	50%	<p>Institute (40%) Institute shall leverage the funds towards various goals to support institute's growth and social objectives.</p>
		<p>TTO Office (10%) To support TTO costs and sales incentives will be provided for by the Institute from the license proceeds.</p>

Annexure 1: Terms/Glossary (For the purpose of this policy)

Institute/IIIT-H/Research center:

International Institute of Information technology, Hyderabad.

IIIT personnel: The faculty, staff, researchers, students and others who are associated with any of the research activities of the institute, collectively called 'IIIT personnel'. This covers all programs and projects that are run at the institute.

Entity: Includes a person and a company or an organization, excluding IIIT/IIIT personnel.

Intellectual property: Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce.

IP is protected in law by, for example, patents, copyright and trademarks, which enable people to earn recognition or financial benefit from what they invent or create. By striking the right balance between the interests of innovators and the wider public interest, the IP system aims to foster an environment in which creativity and innovation can flourish.

Intellectual property covers – patent, copyright, trademark, design registration, trade secret, confidential information (submitted as reports).

“Research work” includes:

- (a) inventions patented or patentable under the Patents Act;
- (b) designs registered or registrable under the Designs Act;
- (c) software code
- (d) layout designs for integrated circuits protected under the Layout Designs Act
- (e) copyright protected under the Copyright Act in original literary works, software code, algorithms, dramatic works, musical works, artistic works, sound recordings, films, broadcasts, cable programmes and typographical arrangements of published editions.

Dispute Resolution:

In case of any disputes between IIIT-H and the inventor(s) regarding the implementation of the IP policy, the aggrieved party may appeal to the Director of IIIT-H. Efforts shall be made to address the concerns of the aggrieved party. The Director's decision in this regard would be final and binding.

Jurisdiction:

As a policy, all agreements to be signed by IIIT-H will have the jurisdiction of the courts in Hyderabad and shall be governed by appropriate laws in India.

Annexure 2: Process FlowsPatent filing process

All the inventors should give in writing their contribution to the invention, it is considered that they have no objection for a patent to be filed.

Inventor/Faculty needs to fill in the Invention Disclosure Form (IDF) and notify the TTO office. All subsequent steps and patent office interactions will be managed by the TTO. As needed faculty will be consulted for required information.

Overall patent filing phases and process flow is as follows:

<u>Initiating the patent filing</u>	<u>Responsible personnel</u>
IP Identification Phase (Pre-disclosure)	
<ul style="list-style-type: none"> TTO team member along with Patent counselor meets Inventor to identify ideas to be patented Share IDF (invention disclosure form) with Inventor to collect details for invention discussed in meeting 	TTO member, Patent Counselor and Inventor
Disclosure Phase	
Faculty provides information regarding the invention in the IDF.	Inventors
Initiate IP committee approval for patentability search process to an IP firm	TTO member & IP committee
Deliver a patent search report	IP firm
Patentability advice	IP counsel
Decision on patent filing in IN/US/EP/PCT application	TTO/ IP committee
Patent Filing Phase	
Patent application preparation & filing	IP firm
Providing relevant information to the IP counsel as required for preparing draft for filing. Few interactions of draft review and providing required inputs to IP Counsel	Inventors

If it is a provisional application, filing complete application within 12 months	TTO/IP committee, IP firm
Licensing Phase	
If IP (filed/granted patent) is to be licensed TTO, IP committee, and Inventor to take decision and initiate Licensing process	TTO, IP committee, and Inventor
Potential licensees submit the Technology Licensing Application Form. Licensing application is reviewed, and terms are decided	TTO
Initial Term Sheet is executed with the potential Licensee License agreement drafted with help of CS representatives. License agreement is executed, and Licensee makes the necessary payments and management of receipts.	TTO
Patent Maintenance Phase	
Office action response (OAR) /hearing	
Notifying TTO and inventors regarding patent office's comments	IP firm
Providing information to the IP counsel for preparing the response/hearing	Inventors
Filing office action response/attending hearing	IP firm
Notifying the grant of the patent	IP firm
General Norms to follow during all phases	
Preparing and filing relevant forms	IP firm
Payment of the government fee as & when applicable	Institute through the IP firm
Payment of the maintenance fee of the granted patents	Institute through the IP firm

- Based on the search report if the disclosure is deemed likely patentable by a patent counsel, it can be filed in India/US/EP/PCT application in multiple countries, for which approval is required from the IP committee.

- If the IP committee decides not to protect the IP rights (even those filed for protection in specific countries) the invention will be assigned to the inventor(s). The inventor(s) are free to choose to protect the work on their own.
- The annual maintenance of any patent filed will also be based on the decision of the committee.

Annexure 3: Managing Patents

What can be patented?

Any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent.

Provided that it fulfills the patent office's criteria of as mentioned below:

(a) Novelty

(b) Non-obviousness / has inventive step (Non-obvious to the person of average skill from the same field)

(c) Industrial application/Utility.

Who can file a patent?

Any IIIT Faculty can initiate patent filing if they consider the work to be novel, non-obvious and has utility. India patent applications are considered pre-approved when a patent request comes from a faculty member.

When patent can be filed?

Patent can be filed before a public disclosure in case of India, EP and other countries where absolute novelty is necessary. In US patent can still be filed within one year of public disclosure made by the inventor.

Having a working model is not necessary for filing a patent, although the working of the invention should be clearly described in the patent document.

Where to file

Where to file decision is based on patentability, valuation and market considerations.

India - We file in India first if the subject matter is patentable in India and if it is not published anywhere. Generally, we file a provisional application in India & take priority from Indian application to file in other countries. Software applications per se are not patentable in India.

US - Software applications are patentable in US, but lately USPTO has become more stringent. Filing in US is recommended for better chances at patentability, high enforceability and high

valuation of US patents. Filing in US is based on commercial considerations and patentability of the subject matter in US.

PCT application - PCT acts as a mailbox for getting a priority date for filing in multiple countries. With the same priority date, within 30/31 months the patent application can be filed in any of 176 countries under WIPO. Also, International search authority gives report on patentability, based on which decision on filing in multiple countries can be taken. Cost of filing in multiple countries after PCT filing is to be borne by the company/start-up.