

# Ownership of Intellectual Property by Funding Agencies in Canada

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University researchers typically look to several sources to help fund their research including private industry, federal and provincial grants and non-profit or charitable organizations. Researchers should be aware of any ownership claims that are attached to any funds they receive. In many instances, the University automatically owns any Intellectual Property (IP) that is developed in the University. As a result, researchers do not have IP rights to assign or license the IP to granting agencies. We have previously published a study that examined the ownership of IP policies at nineteen Canadian Universities.<sup>1</sup> The present study was undertaken to examine the Intellectual Property policies of non-profit organizations (NPOs) and Federal and Provincial agencies in Canada.

Generally, charitable or NPOs have a mandate to promote scientific research, teach, educate, service and often advocate with a result that there is improved diagnosis, treatment and rehabilitation of a particular disease. This is accomplished primarily by supporting professional development of researchers and by funding excellent research. The mission of NPOs is not to support research for financial gain. If monies are to be amassed they are to be shared with the constituency and / or reinvested in the programmes of the organization.

We have reviewed the policies regarding ownership of IP of sixteen NPOs ([Tables 1 & 2](#)). The results shown in [Table 1](#) reveal that about half the organizations lack an established policy for ownership of IP. Of the organizations that do have a policy, the detailed aspects of the policies vary widely as does the degree of sophistication. For example, the Canadian Diabetes Association (CDA), the Heart & Stroke Foundation of Canada (H&S) and the Ontario Mental Health Foundation (OMHF) retain ownership of the IP themselves ([Table 1](#)). However, the conditions of that ownership vary. For example, OMHF only retains ownership if the institution does not have a policy in place or that policy is unacceptable to OMHF. The creation of the policies at the organizations is an evolving process. The dynamics are influenced by a variety of factors including government incentives to create partnerships between academic institutions and the private sector.

A number of the NPOs lack an established IP policy including the Kidney Foundation, the Lupus Foundation, the Muscular Dystrophy Association of Canada, the Thyroid Foundation and the Terry Fox Foundation. Others, like the Canadian Lung Foundation, are in the process of re-evaluating their IP policy.

An effort was made to examine the correlation between the monetary contribution to research by a particular NPO and the presence of an established IP policy at that same organization ([Table 3](#) & [Graph 1](#)). The results indicate that there appears to be no correlation between these two indices.

We also reviewed the IP policies of federal and provincial granting agencies. The results reveal that typically, federal and provincial agencies do not claim ownership of the IP themselves ([Tables 4 & 5](#)). However, federal contracts sponsored by the federal government require that the IP vests in the Crown.<sup>3</sup>

The lack of a Canadian unifying policy governing ownership of IP can create tremendous challenges for those attempting to undertake collaborative interactions with universities, agencies and the private sector industries.

This is particularly onerous for Networks of Centres of Excellence (NCE). These interactions can be funded by granting councils, industry and NPOs, each with its own policy as to ownership of IP. It is not uncommon to have as many as eighteen universities participating in one network.<sup>2</sup> The universities are left to their own devices to negotiate an Internal (Network) Agreement that effectively deals with IP as between the NCE and the universities often with tumultuous results.<sup>2</sup>

We also examined the distribution of net revenue subsequent to assignment of IP to the NPO. The data reveal that the policies for patents, know how, software and copyright dictate substantially different results. The NPOs vary in their position with regard to the ownership of the IP and the ability to exploit the creation. Several of the NPOs require disclosure of any discovery with potential commercial value. These include CCFE, CDA, H&S and OMHF.<sup>3</sup>

It is understandable that charitable NPOs may be reluctant to be perceived by the public as for-profit organization, if they actively pursue management of the IP that ensues as a result of the monies they provided to fund the research. Historically, NPOs have been viewed by the public to be involved in charitable and benevolent causes. From a legal perspective, an NPO has to make certain that its income covers its expenses. If the income exceeds its expenses, then it may be perceived as a for-profit organization. However, as long as the profit is used to accomplish the mission of the organization, the organization remains a non-profit association.

With a view to this issue, NPOs, who have decided to reap in the profits of commercialization of creations funded by their grants, have stated in their policies that the fruits of the IP will be shared with the constituency or all the downstream royalties will be reserved for re-investment in the research programs of the organization under consideration.

Given that charitable NPOs are accountable to their donors and the community as a whole, a return on the investment made by the donors to be re-invested into the programs of the NPOs is compelling. As the level of sophistication in the management of their IP grows, it is anticipated so will the commercialization strategies of the charitable or NPOs.

It is clear from the data collected herein and the previous study<sup>1</sup>, that there is no country-wide policy with respect to ownership of IP by Canadian Universities or by granting agencies. Researchers need to be cognisant of ownership or licensing arrangements regarding their research before entering into any agreements or contracts with NPOs. In instances where the University owns the IP, the researcher should contact their Technology Transfer Office to review any agreements that may impact their IP rights.

Obtaining IP rights is critical to the success of any invention in biotechnology. Inventors are often advised to file their application before any public disclosures are made to avoid harming any potential patent rights. In addition, inventors should be cognisant of any agreements that may be contrary to the existing IP policy at their Institution or that may affect their IP rights. In some cases, the best solution for a given researcher or research project may be to assign the IP rights to an NPO in exchange for funds to continue the research. In other cases, this may not be the optimal scenario. It is important to at least consider the matter.

We wish to thank all the NPOs, agencies, universities and research institutes that have generously provided us with information facilitating the collection of these data. We do not claim this data to be comprehensive.

## ENDNOTES

- 1.N.V. Ketis, J. Rudolph & M. Gravelle, [Ownership of IP in Canadian Universities](#) , (1998) December issue of AUTM Newsletter.
- 2.W. Kondro, Spat Over IP Threatens Canadian Networks (1997) 275 Science 922.
- 3.Data available on our web site, [www.bereskinparr.com](http://www.bereskinparr.com) or by contacting Dr. Ketis at [nketis@bereskinparr.com](mailto:nketis@bereskinparr.com) .

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