



NHS Management Executive
St. Andrew's House
Edinburgh EH1 3DG

Telephone 0131-244 2320
Fax 0131-244 ~~XXXX~~ 2285

Dear Colleague

POLICY FRAMEWORK FOR THE MANAGEMENT OF INTELLECTUAL PROPERTY WITHIN THE NHS ARISING FROM RESEARCH & DEVELOPMENT

Summary

1. The Management Executive has adopted a policy framework for the management of Intellectual Property within the NHS in Scotland arising from Research & Development (R&D) funded by the R&D Support Fund. This framework will help ensure that Intellectual Property derived from NHS R&D is owned and exploited in the best interests of the NHS, and Scotland as a whole, by those best able to do so.

Action

2. NHS bodies engaged in R&D funded by the R&D Support Fund (particularly NHS Trusts and Family Health Services independent contractors) should review their arrangements for the management of Intellectual Property in the next 10 months and ensure that satisfactory arrangements, in line with the attached Policy Framework are in place as soon as possible thereafter and no later than June 1999.

3. This Framework can equally be applied to Health Boards and GP Fundholders.

4. NHS bodies not currently in receipt of funding from the R&D Support Fund but who expect to apply for funding in the future should note the Policy Framework for information.

The Policy Framework requires NHS bodies to:-

4.1 review their R&D funding arrangements to ensure that their contracts properly cover the ownership of and continued access to Intellectual Property and arrangements for sharing any profits generated by its exploitation;

4.2 review their R&D management arrangements to ensure that they are in a position cost effectively to exploit any Intellectual Property that they themselves own, where this is appropriate;

April 1998

Addressees:

For action:

NHS Trust Chief Executives
General Managers, Health Boards
R&D Lead Officers

For information:

General Manager, Common Services Agency
General Manager, Health Education Board for Scotland
General Manager, State Hospitals Board for Scotland
Executive Director, SCPMDE

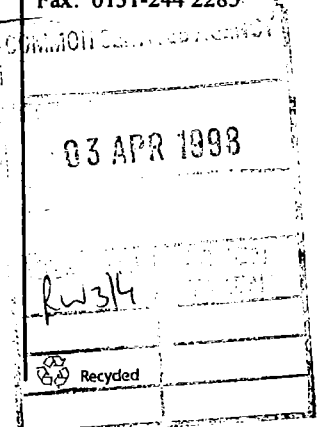
Enquiries to:

Alan Woodhouse
Room 227b
St Andrew's House
EDINBURGH EH1 3DG
Tel: 0131-244 2259
Fax: 0131-244 2285

Bill Dempster
Room 223
St Andrew's House
EDINBURGH EH1 3DG
Tel: 0131-244 2077
Fax: 0131-244 2285

Further copies from:

Gill Lindsay
Room 227a
St Andrew's House
EDINBURGH EH1 3DG
Tel: 0131-244 2244
Fax: 0131-244 2285



4.3 respond to further advice on good practice for exploiting Intellectual Property when such reviews are complete.

Background

5. At all levels the NHS invests heavily in R&D. The primary purpose of this R&D is to improve the service which the NHS provides by promoting evidence-based policy and practice within the Service.

6. From time to time, NHS funded R&D will produce results which are not only a valuable contribution to the evidence base, but which can be commercially exploited. This might be in the field of new healthcare technology, IT software or copyright on literature.

7. Such Intellectual Property represents a potentially valuable asset which should not be disregarded. If properly protected and then exploited, intellectual property can benefit health in general and be a source of income for the NHS and additional wealth to the country.

8. In addition, and contrary to widespread belief, there is no conflict between the protection of Intellectual Property and proper dissemination of the findings of research. Indeed the opposite can be true. It is, for example, a condition of applying for a patent for a new product or process that details of it are made public.

9. To ensure that Intellectual Property is exploited and properly managed within the NHS in Scotland, the Management Executive has developed a policy framework for the Management of Intellectual Property within the NHS arising from research funded by the R&D Support Fund. It is intended to provide a coherent Framework which:-

9.1 sets out roles and responsibilities;

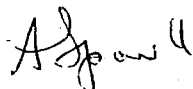
9.2 ensures that the NHS benefits from the Intellectual Property it helps to create;

9.3 promotes the effective dissemination and uptake within the NHS of the results of R&D.

A copy of this Framework is attached to this letter.

10. This document is intended to provide a broad framework only. The management of intellectual property is a highly specialised and complex field and expertise is scarce. Detailed guidance for researchers and managers will be available soon. This will cover good practice, technical and legal issues. The Chief Scientist Office will also be arranging a programme of Intellectual Property training to assist in implementing the Policy Framework.

Yours sincerely



DR ALISON SPAULL
Director
Chief Scientist Office

POLICY FRAMEWORK FOR MANAGING INTELLECTUAL PROPERTY IN THE NHS

1. The Intellectual Property which arises from Research and Development (R&D) funded by the NHS is a potentially valuable resource both for the NHS and for the country as a whole. The NHS has a responsibility to help ensure that this Intellectual Property can be appropriately exploited either within the NHS or by others, although this remains a subsidiary objective to securing the proper dissemination and take up of new knowledge.

1.1 Intellectual Property means products of creativity or innovation (such as patents, trademarks or copyright) which do not exist in a physical, tangible form.

1.2 There will rarely be a conflict between the exploitation of Intellectual Property and the appropriate dissemination and take up of new knowledge to help improve the service which the NHS provides. However, should such a conflict arise, the best interests of NHS and the country as a whole should prevail.

2. Intellectual property arising from R&D funded by the NHS should normally be owned by those people best able to exploit it. This will generally be the organisation carrying out the R&D. It is the responsibility of NHS bodies to ensure that the question of ownership is properly dealt with in any contracts they issue for R&D.

2.1 When an NHS body (for these purposes, an NHS Trust or a Family Health Services Independent Contractor) commissions R&D it should make sure that the contract for the work contains, wherever appropriate, explicit agreement about the ownership of any resulting Intellectual Property.

2.2 Ownership of Intellectual Property should normally rest with those best able to exploit it. In general this will be the organisation contracted to carry out the R&D, whether that is a University, a commercial organisation or another NHS body. The contractor organisation is almost certainly, most familiar with the work and best placed to assess and act on any opportunities for exploitation.

2.3 NHS bodies should normally only seek to retain ownership of Intellectual Property where they believe that the contractor is not in a position adequately to manage the Intellectual Property, or where there are good grounds for thinking that the NHS body itself, or some other party, is better placed to exploit it.

2.4 Exceptionally, there may be other cases where NHS bodies should retain Intellectual Property, despite the potential that exists elsewhere for exploitation, if there is an overriding public interest.

3. The NHS should benefit from the profits of any commercial exploitation of Intellectual Property derived from R&D that it has funded, even where the Intellectual Property itself is to be owned by people or organisations outside the NHS.

3.1 NHS bodies should ensure, wherever appropriate, that an agreement to this effect is included in the contracts they issue for R&D.

3.2 This will generally be in the form of a requirement on the contractor to take reasonable steps to ensure identification and exploitation of Intellectual Property, and an agreement that the NHS body concerned will be entitled to an appropriate share of any subsequent profits.

3.3 The size of such share will vary from case to case according to the relative contribution of the NHS body, the owner of the Intellectual Property and other interested parties.

4. NHS bodies are responsible for the cost effective exploitation of any Intellectual Property which they own. They should do this in a way which minimises speculative financial investment from public funds and which does not detract from their primary role in the NHS. In general, as much as possible of the financial risk of exploitation should be assumed by a private partner.

4.1 NHS bodies may occasionally retain Intellectual Property arising from R&D they commission from others. They may also own Intellectual Property because they themselves have been contracted by another body to carry out R&D.

4.2 In addition, NHS bodies should ensure that they own any Intellectual Property arising from work funded by and carried out within their own organisation with their staff. Where staff hold joint appointments with Universities, a policy on ownership of Intellectual Property arising from their work will need to be agreed locally between the parties.

4.3 Exploiting Intellectual Property involves both costs and risk, either directly or indirectly (for example through the maintenance of patents). It will by no means always be appropriate or cost-effective to seek to protect and exploit potential Intellectual Property. The resources that NHS bodies devote should be commensurate with the likely benefits and with other calls on their funds. This can only be determined locally in the light of relevant circumstances.

4.4 Few NHS bodies have the expertise themselves actively to exploit Intellectual Property in a commercial way, and for the vast majority it will be inappropriate for them to develop such capacity. As a general rule, NHS bodies should seek to minimise the risk they take on, by assigning or licensing Intellectual Property to commercial or other organisations able and willing to meet all or most of the costs of exploitation in return for a greater share of any subsequent income.

4.5 Before using their powers to generate income by exploiting Intellectual Property NHS bodies will carry out any consultation with other interested parties required by statute.

5. To provide an incentive for the appropriate and cost-effective exploitation of Intellectual Property, NHS bodies will in general be able to retain any income they generate.

5.1 This general approach is subject to normal NHS financial disciplines, such as those relating to trading surpluses. It will also be subject, in exceptional cases, to the use by the Secretary of State of powers to expropriate excessive balances from NHS Trusts.

5.2 To provide a similar incentive within their own organisation, it is permissible for NHS bodies, in appropriate circumstances, to establish schemes for giving their employees reasonable financial rewards, linked to the commercial success of Intellectual Property.

6. The NHS Executive will be responsible for ensuring that Intellectual Property within the NHS is managed in accordance with this Policy Framework.

6.1 It will be a condition of R&D Support Funding for NHS Providers that they act in accordance with this Policy Framework when using that funding. The NHS Executive will not require a share of profits from Intellectual Property developed as a result of R&D funded by NHS Trusts using their NHS R&D Support Funding. Such revenue sharing will, however, be a condition of R&D Support Funding contracts with Family Health Services independent contractors and voluntary or private sector healthcare providers.

6.2 The Chief Scientist Office will provide advice to NHS bodies in setting up arrangements for managing IPR. CSO may be able to assist NHS bodies to obtain technical and legal advice where necessary and to find suitable partners for exploitation.