

Appendix to
HSE Directive No. 6.18.1-01/0506-
03, dated June 5, 2013

Approved by HSE Academic Council
Minutes No. 45, dated April 26, 2013
with amendments enacted by Minutes
No. 7, dated June 24, 2016

REGULATIONS
on Financial Incentives under the Intellectual Property Rights Policy
of National Research University Higher School of Economics

Moscow
2013

Part 1. GENERAL REGULATIONS

1. Legal Framework and Scope of These Regulations

1.1. These Regulations are in compliance with the Civil Code of the Russian Federation.

1.2. These Regulations define financial incentives with respect to the development and commercialization of intellectual property created at National Research University Higher School of Economics (hereinafter, “HSE”, or the “University”), as well as the basis and procedure for its respective application.

1.3. The objectives of these Regulations include the following:

1.3.1. boosting creative processes and efforts among the University’s staff;

1.3.2. ensuring equitable distribution of income generated by the University as a result of its use of intellectual property rights;

1.3.3. increasing authors’ respective interest in the practical application (i.e., introduction and commercialization) of intellectual property that they have developed.

1.4. The aim of these Regulations is building efficient incentive mechanisms that can encourage authors to create intellectual property, as well as be involved in the practical use of such property.

2. Types of Financial Incentives for Intellectual Property

2.1. These Regulations define two (2) types of financial incentives within intellectual property rights:

2.1.1. a lump sum payment for research and technological results (hereinafter, a “**Lump Sum Incentive**”) (the basis and procedure for this incentive is established by Part 2 of these Regulations);

2.1.2. payment of a share in the University’s income from exercising an exclusive right to intellectual property, or a right to obtain a patent (hereinafter, a “**Share in Income**”) (the basis and procedure for this incentive is set by Part 3 of these Regulations);

2.2. Other types of payment connected to intellectual property rights and not stipulated in these Regulations may be defined by the University’s internal bylaws and independent contractor agreements between HSE and its employees. Such bylaws and independent contractor agreements shall take precedence over financial incentives stipulated by these Regulations unless otherwise specified therein.

2.3. Pursuant to Paragraph 2 Section 1 of Guidelines for the Payment of Remuneration for Service Inventions, Service Utility Models and Industrial Prototypes enacted by a Decree of the Government of the Russian Federation No. 512 dated June 6, 2014, these Guidelines shall not cover any relations between the University and its employees arising hereof, and therefore respective conditions for payment of remuneration, including the amount of remuneration and the procedures for its assignment and payment shall not apply.

3. Persons Entitled to Financial Incentives

3.1. Subject to the terms stipulated by Part 2 of these Regulations, the right to receive a Lump Sum Incentive is granted to those authors of intellectual property who are, at the moment of occurrence of said grounds, acting as:

- full-time faculty members at HSE;
- full-time research fellows at HSE;

- other full-time HSE employees (provided that such employees work as instructors or research fellows at the University for not less than one-fourth FTE).

An authorized HSE unit, indicated in Clause 3.4 hereof, shall send an enquiry to request the current status of HSE employees to the head of the University's HR Office via corporate email. Based on the information and data provided by the HR Office, the Authorized Unit shall then establish an employee's eligibility for the Lump Sum Incentive.

3.2. Subject to the terms set by Part 3 of these Regulations, the right to receive a Share in Income shall be granted to those creators of intellectual property who are, at the moment of occurrence of said grounds, acting as University employees.

3.3. HSE employees shall not be eligible for any financial incentives if they transfer their exclusive rights or their right to obtain a patent for said intellectual property to the University under an agreement (-s) or if such exclusive rights arising out of execution of a contract/agreement should be transferred to HSE according to Russian legislation (with possible exceptions indicated in Clause 4.1.3 hereof).

3.4. The Unit for Legal Support of Research and Intellectual Property under the HSE Legal Support Office (hereinafter, the "**Authorized Unit**") is authorized to administer measures with respect to all relevant financial incentives.

3.5. The Vice-Rector charged with coordinating intellectual property management (hereinafter, the "**Coordinating Vice Rector**") is authorized to decide on financial incentives with respect to intellectual property rights.

Part 2. LUMP SUM INCENTIVES

4. Grounds for Granting a Lump Sum Incentive

4.1. The grounds for granting a Lump Sum Incentive include the following legal facts (all criteria indicated below must be met at the same time):

4.1.1. intellectual property was created by a person (persons) mentioned in Clause 3.1 of these Regulations (hereinafter, the "**Author(s) of a Scientific and Technological Property**"), including co-authors, along with such property being protected or protectable in legal terms as software, databases, integrated circuit topographies, inventions, utility models, industrial designs, know-how, etc.;

4.1.2. a written notice confirming that intellectual property had been created was sent by the Author(s) of a Scientific and Technological Property to the Authorized Unit, and this notice was signed by the head of the HSE subdivision where the Author(s) of the Scientific and Technological Property is (are) employed;

4.1.3. the exclusive rights to said intellectual property shall be assigned to:

- the University;
- the University jointly with a third party(s);
- third party (parties) – so that the University can fulfil its obligations stipulated by a relevant research, development or technological work agreement, or by any other agreement between HSE and a third party (parties).

4.2. Documents confirming the assignment of exclusive rights to said intellectual property to the persons mentioned in Clause 4.1.3 of these Regulations shall include the following: certificates and patents issued according to procedures established by a federal executive body charged with regulating intellectual property and the patent authorities of foreign states, as well as a trade secret directive issued by HSE.

4.3. If necessary, the Authorized Unit may perform an evaluation of said intellectual property along with the documents submitted by the Author(s) of a Scientific

and Technological Property in order to prove the grounds for providing a Lump Sum Incentive. The procedure and timeframes for performing such evaluations are established in other HSE internal bylaws.

5. Amount and Source of Lump Sum Incentives

5.1. The amount of a Lump Sum Incentive shall be defined on the basis of the type of intellectual property created by the Author(s) of a Scientific and Technological Property and shall come to:

5.1.1. ten-thousand (10 000) roubles for a software programme;

5.1.2. ten-thousand (10 000) roubles for a database;

5.1.3. ten-thousand (10 000) roubles for an integrated circuit topography;

5.1.4. twenty-thousand (20 000) roubles for a utility model;

5.1.5. twenty-thousand (20 000) roubles for an industrial design;

5.1.6. thirty-thousand (30 000) roubles for an invention with a patent thereon obtained solely in the Russian Federation;

5.1.7. forty-thousand (40 000) roubles for an invention with a patent thereon obtained in one (1) or more foreign states;

5.1.8. twenty-thousand (20 000) roubles for a trade secret (know-how).

5.2. An Author(s) of a Scientific and Technological Property may nominate any number of intellectual property items for Lump Sum Incentives within a given calendar year (with the exception of software programmes where this number is limited).

An Author(s) of a Scientific and Technological Property may nominate up to two (2) software programmes for Lump Sum Incentives per calendar year.

5.3. If a given intellectual property item is regarded as having special scientific and technological value, which is thus proven by relevant documentation, the University's Coordinating Vice Rector, on the basis of a recommendation by the Authorized Unit, may make a decision to boost the size of a Lump Sum Incentive with no maximum limit.

5.4. If two (2) or more Authors of a Scientific and Technological Property have created a given intellectual property item and they signed no agreement on sharing funds obtained as a financial incentive, the Lump Sum Incentive shall be distributed in equal shares.

If the relative volume of the input on the part of every Author of a Scientific and Technological Property into the aforementioned intellectual property item is indicated in the submitted notice on the creation of protectable intellectual property, such incentive sums shall be distributed among the Authors of the Scientific and Technological Property in proportion to the size of their input.

If a person does not meet the criteria set forth in Clause 3.1 of these Regulations, but has been involved in the creation of the given intellectual property along with the person(s) recognized as the Author(s) of a Scientific and Technological Property pursuant to these Regulations, the given Lump Sum Incentive shall be paid to the Author(s) of the Scientific and Technological Property in shares defined according to this Clause.

5.5. If complex and/or composite intellectual property is created with the participation of a significant number (more than 10) of HSE employees, or if this property requires regular updates owing to its nature, the Lump Sum Incentive shall be disbursed in full to the HSE subdivision where the Authors of the Scientific and Technological Property are employed.

If HSE employees from various HSE subdivisions have been involved in the creation of a complex and/or composite intellectual property, the Lump Sum Incentive

shall be distributed subject to an agreement among the heads of the involved subdivisions, or, if no agreement has been reached – in equal shares. Upon request submitted by the head of a given HSE subdivision, which provided employees for the creation of complex and/or composite intellectual property, the proportion of the shares may be altered as per the size of the input made by staff from the given HSE subdivision. The Coordinating Vice Rector shall make a decision in regards to the alteration of the share proportion with due consideration of the opinion of the heads of all HSE subdivisions, which provided employees for the creation of complex and/or composite intellectual property.

If a staff member (staff members) involved in the creation of a complex and/or composite intellectual property is (are) employed at several HSE subdivisions, the Lump Sum Incentive, or an appropriate part thereof, shall be disbursed to the subdivision, whose operations were most closely related to the creation of a given intellectual property. The Authorized Unit shall verify any such connections given the area of research conducted by the relevant subdivision, the terms of independent contractor agreements, HSE's regulatory and other documents, which outline the functions of the subdivision responsible for doing relevant works, and other given circumstances, along with those related to the creation of said intellectual property.

A head (heads) of an HSE subdivision (subdivisions) may, at their own discretion, distribute the Lump Sum Incentive among the employees involved in creating/updating intellectual property depending on the level of their creative involvement in creating/updating the aforementioned property. If the level of creative involvement on the part of respective employees cannot be established, the Lump Sum Incentive shall be distributed equally among them.

5.6. In the execution of the terms stipulated by Clauses 5.4 and 5.5 of these Regulations, the Authorized Unit may require that the Author(s) of a Scientific and Technological Property and the heads of the involved subdivisions submit an agreement (agreements) on sharing funds obtained as a financial incentive with respect to intellectual property.

The recommended template for such an agreement is presented in Appendix 1 to these Regulations.

5.7. Lump Sum Incentives shall be paid out of the University's central budget.

6. Procedure for Lump Sum Incentive Payments

6.1. When the grounds stipulated by Clause 4 of these Regulations emerge, the Authorized Unit shall, within one (1) month from the date of the occurrence of such grounds, initiate preparations for a draft Lump Sum Incentive payment directive.

A draft directive must be approved by the HSE Accounting Office and HSE Planning and Finance Office.

6.2. The Lump Sum Incentive is assigned once for one (1) intellectual property item. The Lump Sum Incentive shall not be taken into consideration when calculating the average salary/wage.

6.3. The Coordinating Vice Rector may make a decision against paying a Lump Sum Incentive:

6.3.1. in case of termination of employment relations between the University and the Author(s) of the Scientific and Technological Property as of the date of occurrence as per the grounds stipulated by Clause 4 of these Regulations;

6.3.2. in case of failure to observe other provisions set by the University's internal bylaws within its intellectual property rights policy.

6.4. In case a decision not to assign Lump Sum Incentive is taken, subject to one of the provisions set by Clause 6.3.2. of these Regulations, the Authorized Unit shall, in writing, notify the Author(s) of said intellectual property within one (1) month from the date when this decision is made and provide an explanation of the reasons for such a decision.

6.5. If a Lump Sum Incentive is assigned to the Author(s) of a Scientific and Technological Property as a result of their illegal actions, including submission of inauthentic information and/or receipt of a payment for one and the same intellectual property twice, the University shall make deductions from the salary/wage of the Author(s) of the Scientific and Technological Property in an amount equal to no more than twenty percent of the overall salary/wage of the relevant Author of the Scientific and Technological Property, subject to the labour legislation of the Russian Federation.

Part 3. SHARE IN INCOME

7. Grounds for the Emergence of a Right to a Share in Income

7.1. The persons mentioned in Article 3.2 of these Regulations (hereinafter, the “**Author(s)**”) shall be eligible to a Share in Income, provided that all the following criteria are met:

- subject to HSE’s internal bylaws, the conclusion of a license agreement, an agreement on the transfer of an exclusive right or on the transfer of the right to obtain a patent related to any intellectual property, including works of science, literature, and art, with the University holding the exclusive right to obtain such patent, and
- the receipt of funds by HSE under the aforementioned agreement.

7.2. A right to a Share in Income may not emerge, or the emerged right shall be forfeited:

7.2.1. if the right to use said intellectual property is granted or the exclusive right/ the right to obtain a patent is transferred under an agreement (contract), which directly implies the creation of said intellectual property, including research, development or technological work agreements, subcontractor agreements, etc.;

7.2.2. if labour relations between given Author(s) and HSE are terminated;

7.2.3. upon expiration of a 10-year period from the date when the University concluded the agreement mentioned in Clause 7.1 of these Regulations, with payments made as regular installments (royalties) under this agreement, regardless of its effective period unless a longer term for the Author(s) eligibility to obtain a Share in Income has been set by a separate agreement between HSE and the Author(s);

7.2.4. if the right to use said intellectual property is granted or the exclusive right/ the right to obtain a patent is transferred under an agreement (contract), concluded with the Author(s) of said intellectual property or third parties together with the Author (s) of said intellectual property.

8. Total Share in Income

8.1. The amount of the due and payable Share in Income shall be determined based on the University’s net income, i.e., the total amount of money obtained by HSE on a one-off or regular basis, subject to the agreements mentioned in Clause 7.1 of these Regulations, after deduction of its expenditures on:

8.1.1. HSE's acquisition of rights to intellectual property, both held by a third party(s) and required to create the intellectual property in question;

8.1.2. the attachment of the University's exclusive right, including expenditures related to state registration and/or deposit if possible under the legislation of the Russian Federation;

8.1.3. payment of fees, duties, and other similar compulsory payments for the protection of intellectual property documentation;

8.1.4. an independent assessment of the price of the exclusive right, along with the right to use said intellectual property;

8.1.5. the University's fulfilment of tax obligations and other mandatory payments in connection with the execution of agreements related to the said intellectual property.

Tax obligations and other mandatory payments made in connection with the transfer of Share in Income to the Author(s) shall be covered from the amount of the aforementioned Share in Income.

8.2. HSE's net income shall be distributed as follows:

8.2.1. the University's share shall come to fifty (50) percent;

8.2.2. the share held by the HSE subdivision where the given intellectual property was created shall come to twenty (20) percent;

8.2.3. the Author(s)'s share shall come to thirty (30) percent.

8.3. The Author(s)'s Share in Income, as defined in Article 8.2.3 of these Regulations, may be increased by ten (10) percent out of the University's and the HSE subdivision's shares in equal parts respectively when the Author(s) has (have) independently found and been able to bring in contractors under agreements as set by Clause 7.1 of these Regulations, which has been properly documented (e.g., a commercial offer on the part of the contractor).

8.4. If two (2) or more Authors create intellectual property without any prior written agreement on sharing the funds obtained as a financial incentive, their due and payable Share in Income shall be distributed in equal shares.

If the relative volume of each Author's input into the said intellectual property is established in a relevant notice on the creation of the protectable intellectual property, the respective Share in Income shall be distributed in proportion to the said size of their input.

If a person who does not meet the criteria set forth in Clause 3.2 hereof is involved in the creation of the given intellectual property, the Author's Share in Income shall be established in line with the provisions of this Clause.

8.5. If the Author(s) is (are) employed at various HSE subdivisions, the share established as per Article 8.2.2 of these Regulations shall be disbursed to HSE subdivision, whose operations were more closely related to the creation of the given intellectual property. Such a connection shall be established as per Article 5.5 of these Regulations.

8.6. If there are two (2) or more Authors (e.g., employees of different HSE subdivisions engaged in generating intellectual property), the Share in Income, as set by Article 8.2.2, shall be distributed, subject to agreement among the heads of the relevant subdivisions, or, if no agreement was reached – in equal shares. Upon submission of a request by the head of the HSE subdivision where the Authors are employed, the proportion of such shares may be altered as per the volume of their respective input into the given intellectual property. The Coordinating Vice Rector shall make a decision on the alteration of respective shares with due consideration of the opinion of the heads of all HSE subdivisions where the Authors are employed.

8.7. When using exclusive rights to complex and/or composite intellectual property, as defined in Clause 5.5 of these Regulations, the share set by Clause 8.2.3 shall be disbursed to the subdivision where the Authors are employed. The head of the given subdivision may, at their own discretion, distribute the Share in Income among employees involved in creating/updating the intellectual property, depending on the extent of their creative involvement in creating/updating the aforementioned property. If the level of creative involvement on the part of individual employees cannot be established, the share, as set by Clause 8.2.3 of these Regulations, shall be distributed equally among such persons.

In case complex and/or composite intellectual property is created by employees from different HSE subdivisions, the Share in Income, as set by Clause 8.2.2, shall be distributed among the aforementioned subdivisions, as per Clause 8.6 of these Regulations.

8.8. The share set by Clause 8.2.2 of these Regulations shall, in full, or, given Clause 8.6 of these Regulations, in the appropriate amount, be assigned to the University if:

8.8.1. intellectual property has been created outside the scope of standard operations carried out by a given HSE subdivision (e.g., work completed by University employees on a project basis, participants of project-based study groups, temporary creative teams, etc.);

8.8.2. the relevant HSE subdivision had been closed down by the time the right to the Share in Income emerges, or by the time of this share's receipt.

8.9. If a subdivision had been restructured by the time the right to a Share in Income has emerged, this share, as per Clause 8.2.2, shall be distributed in line with a decision of the Coordinating Vice Rector made with due regard of the opinion of the head (heads) of its legal successor (successors).

8.10. During the performance of the terms stipulated by Clauses 8.4 – 8.6 of these Regulations, the Authorized Unit may require that the Author(s) and head (heads) of the relevant HSE subdivision (subdivisions) submit an agreement (agreements) on sharing funds obtained as a financial incentive with respect to a given intellectual property.

A recommended template for such agreements is presented in Appendix 1 to these Regulations.

9. Payment Procedure for a Share in Income

9.1. HSE may conclude agreements on the distribution of income from the use of an exclusive right to intellectual property with the Author(s) of such property as set by Clause 7.1 hereof. If such an agreement has not been concluded, income shall be distributed as per these Regulations.

9.2. When the grounds set by Clause 7 of these Regulations emerge, the Authorized Unit shall initiate the procedure for paying a Share in Income Incentive.

For this purpose, the Authorized Unit shall initiate a draft directive on the distribution of shares in income, which must be approved by the HSE Accounting Office and HSE Planning and Finance Office and shall subsequently be signed by the Coordinating Vice Rector. This directive must be accompanied by an official memo containing calculations with respect to the distribution of income generated by the University in accordance with the grounds established in Clause 7.1 hereof.

9.3. A Share in Income is not taken into account when calculating a given average salary/wage.

9.4. A Share in Income shall be paid to the Author(s) on the basis of the funds obtained, subject to an appropriate agreement as set by Clause 7.1 of these Regulations, as long as such funds have been actually received by University, no later than within three (3) months after the end of every calendar year during which the funds were actually received by HSE.

9.5. The Authorized Unit may send enquiries to HSE's Accounting Office in order to obtain information about funds received under agreements set by Clause 7.1. of these Regulations.

9.6. The Author(s) of the intellectual property who have concluded a relevant agreement as specified in Clause 7.1 of these Regulations may request information to confirm the actual receipt of funds by the University, subject to said agreement, upon sending an enquiry to HSE's Accounting Office not more often than once during a calendar year.

Part 4. FINAL PROVISIONS

10.1. Receipt of payment as defined by these Regulations cannot deprive the University's employees of their right to receive academic bonuses, subject to the requirements and terms specified in HSE's appropriate internal bylaws.

10.2. These Regulations and all amendments thereto shall be approved by the University's Academic Council and become effective once they have been enacted by the Rector's directive.

10.3. These Regulations shall apply in regards to intellectual property, for which a proper notice has been sent to the Authorized Unit within four (4) months from the effective date of these Regulations as follows:

10.3.1. Article 8.2 shall read as follows:

8.2. The University's net income shall be distributed in the following manner:

8.2.1. HSE's share shall come to thirty (30) percent;

8.2.2. the share of the HSE subdivision where the respective intellectual property has been created shall come to forty (40) percent;

8.2.3. the Author's (Authors') share shall come to thirty (30) percent.

10.3.2. Article 8.3 shall not be applied.

10.4. These Regulations are binding upon all HSE staff members.

**AGREEMENT
on Sharing Funds Obtained as a Financial Incentive
as per HSE's Intellectual Property Rights Policy**

Moscow

Date _____

We, _____, undersigned, being _____ the co-authors of intellectual property _____ (type of intellectual property), the exclusive rights to which (right to obtain a patent) is owned by National Research University Higher School of Economics (HSE), hereby agree that the incentive due to us for the creation and use of intellectual property shall be distributed as follows:

Name of Author	Title, HSE Subdivision	Author's Share
Total		100%

We hereby confirm that:

- the intellectual property is free of third party rights;
- no obligations are in place to distribute financial incentives for the use of intellectual property among third parties.

_____ (name)
 _____ (name)
 _____ (name)

HSE subdivision where the intellectual property was created

HSE Subdivision	Share of HSE Subdivision
Total	100%

_____ (full name of the head of HSE subdivision)
 _____ (full name of the head of HSE subdivision)
 _____ (full name of the head of HSE subdivision)