

INTELLECTUAL PROPERTY & COMMERCIALISATION POLICY

Version No.	Description	Author	Approval	Effective Date
1.1	<p>University policy providing an overarching statement on Intellectual Property (IP) and Commercialisation.</p> <p>This Policy will replace The University Policy on Company Creation, Commercialisation and Investment</p>	Innovation & Industry Engagement	Senate 25/03/2020	

	<p>(Approved June 2012, amended by Executive Team, February 2015, amended by Court, November 2015).</p> <p>Court Minute 1321 ROYALTY INCOME (CM 1280) will be replaced by this Policy.</p>			
1.5	<p>Revised following ET/EIC endorsement</p>		Court 17/06/2021	17.6.2021
1.6	<p>Inclusion of definition of Investee Company</p> <p>Minor clarifications in Section 10.</p> <p>Clarification re Graduate Apprenticeships in Annex B.</p>		CCO 23/08/2021	

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Intellectual Property & Commercialisation Policy

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1. POLICY PURPOSE

Strathclyde is a leading international, technological University with a strong entrepreneurial culture and a rich history of innovators and entrepreneurs.

Employees and Students of the University of Strathclyde (the University) generate Intellectual Property (IP) in the course of their employment and studies respectively. This IP makes a valuable contribution to the body of knowledge relating to a wide range of disciplines.

Furthermore, certain IP generated by Employees and/or Students has potential for commercial exploitation and the creation of products and/or services for the public good. The commercial exploitation of this University IP can have a positive impact on the national and international economy, and may result in financial benefit to the University and the Employee and the Student concerned. In addition, Sponsors typically expect the University to make appropriate arrangements for the protection and exploitation of IP arising as a result of such funded research and/or knowledge exchange.

The purpose of this Intellectual Property & Commercialisation Policy (the "Policy") is:-

1. to provide guidance on the early identification of University IP;
2. to identify the appropriate protection strategy and
3. where relevant, to develop the effective route to exploitation, actively supporting both the creation and growth of Spin-out Companies and commercial licensing based on the intellectual assets of its Employees and Postgraduate Research Students.

This Policy applies to all Employees and Postgraduate Research Students of the University and in relation to the latter reference should be made to Section 14 of the Policy and Code of Practice for Postgraduate Research Study found [here](#). Arrangements for Undergraduate Students and Postgraduate Taught Students of the University are described in Annex B to this Policy. Any conflicts of interest arising in the context of IP is subject to the university Code of Practice on Conflicts of interest.

Scholarly Rights (as hereinafter defined) are specifically excluded from the scope of this Policy except to the extent that any such Scholarly Rights form part of University IP. Any Intellectual Property in the recording of teaching shall be dealt with in accordance with the University's Guidelines for the Recording and use of Pre-recorded Audio and Video Teaching Materials.¹

This Policy does not detail IP provisions that should be addressed in research collaboration agreements, strategic partnerships and initiatives but it is recommended that the IP & Commercialisation Team from IIE should be engaged with any teams across the University working on the aforementioned, to provide advice and guidance and ensure awareness of the IP Policy.

This Policy is to be reviewed at least every three (3) years.

2. TERMINOLOGY

For the purposes of this policy, the following terms are defined below:

¹ As these guidelines are still under consultation, the wording here will be reviewed once they have been finalised and approved.

Commercialisation	The route to market or method by which the IP is assessed, protected and exploited. The latter is normally through the licensing of IP to third parties and/or to the formation of spin-out companies.
Commercialisation Income	Payments received by the University from the licensing of its IP, e.g. royalties, fees (options, licence)
Costs	All costs associated with the protection and exploitation of IP including but not limited to, reasonable costs of marketing, patent protection, University financial support (e.g. IIE stage-gated process and Departmental/Faculty support) and third-party expert advice.
Distributable Income	Payments received by the University in exchange for rights to IP after deduction of Costs incurred by the University as defined above.
Employee	An Employee of the University.
Founder Inventors	An Employee or Student who makes an Invention and/or creates IP that is the subject of a licence to a University spin-out company and who holds equity in that University spin-out company as a private individual.
Intellectual Property (IP)	Patents, utility models, rights to inventions, copyright and related rights (including moral rights), trademarks, rights in designs, rights in get-up, business names and domain names, software algorithms and code (as a special case of copyright), data, databases, rights to use and protect the confidentiality of confidential information (including know-how and trade secrets), semiconductor topography rights and specialist types of IP protection such as plant breeders' rights.
IIE	Innovation and Industry Engagement Directorate
IIE IP & Commercialisation Team	The team within IIE that has responsibility for the University's IP & commercialisation activities
Invention	A novel or useful idea relating to processes, devices, machines, manufacturing or compositions of matter. It includes such things as new or improved devices, systems, software, circuits, chemical compounds, biomedical materials, mixtures etc. In lay terms, it is probable that an Invention has been made when something new or useful has been conceived or developed, or when unusual, unexpected or non-obvious results have been obtained and can be exploited. Inventions will most commonly be developed through science, engineering and clinical research, but can arise from any area of research or scholarship.

Inventor	An Employee or Postgraduate Research Student who makes an Invention or creates IP and/or an Undergraduate Student or Postgraduate Taught Student who has assigned IP to the University for the purposes of the University's commercialisation of that IP
Investee Company	A company in which the University has a shareholding.
Postgraduate Research Student	Any person who is registered as a postgraduate research student or doctoral candidate of the University.
Postgraduate Taught Student	Any person who is registered as a postgraduate taught student of the University.
Potentially Exploitable IP	An Invention or IP with potential for commercial exploitation and which may also be worth intellectual property protection (e.g. by patenting).
Realisations	The subset of Returns achieved when the University sells some or all of its shares in a Spin-out Company.
Returns	Realisations, dividends, loan repayments, loan interest and such other returns as may from time to time be received, but excluding royalty payments, rental payments, and other normal contractual payment obligations.
RKES	Research and Knowledge Exchange Services
Scholarly Rights	All copyrights in books and learned articles (including academic articles, conference papers, textbooks, theses and dissertations).
Spin-out Company	A company established with a view to commercialising IP originating at the University.
Spin-in Company	An existing company in which the University has a shareholding and may invest in on the basis of a future, long-term strategic relationship.
Sponsor	An external organisation to the University which provides funding towards certain of the University's research and knowledge exchange activities.
Stage-Gated Process	The process for reviewing commercialisation opportunities as detailed in Annex A.
Student	Any Undergraduate Student, Postgraduate Taught Student or Postgraduate Research Student.
Undergraduate Student	Any person who is registered as an undergraduate of the University.

Tangible Research Materials	This shall include, computer software, integrated circuit chips, computer databases, prototype devices, circuit diagrams, biological materials, engineering drawings, equipment and associated research data.
The Policy	Means this IP Policy
University Court	The University's Governing Body.
University IP	Certain IP generated by Employees and/or Students that has potential for commercial exploitation and the creation of products and/or services for the public good.
University Senate	The University's academic governing body which makes recommendations to University Court on matters relating to academic work, including the approval of University policies.

3. OBJECTIVES

The objectives of this policy are:

- To set out the principles that govern the University's approach to IP arising as a result of (i) an Employee's employment at the University and (ii) the studies of Postgraduate Research Students.
- To help identify Potentially Exploitable IP at an early stage, clarify its ownership and indicate sources of advice and guidance.
- To set out the process to be followed in order to implement effective exploitation of Potentially Exploitable IP for the benefit of the University, its Employees and its Postgraduate Research Students.
- To ensure that the rights and expectations of Sponsors are protected and met.

4 PRINCIPLES

- 4.1 Under UK Law, IP generated by employees in the course of their duties is the property of the employer. IP generated by University Employees in the course of their employment is the property of the University, except where there is a contract to the contrary, or unless the University has otherwise agreed in writing. This shall apply to University Employees whether or not their place of work is on the University premises including any Employees on placements unless a contract exists dictating otherwise.
- 4.2 The University's position is that research should be conducted for the benefit of society and should be published openly and widely, in order to make research findings available to the public. For research where there is no Potentially Exploitable IP, and no other barrier to publication, research findings can be published with minimum delay in line with academic norms. However, where there is Potentially Exploitable IP, publication and dissemination may be deferred for a short time pending decision on patent protection and exploitation. Employees, Postgraduate Research Students, Postgraduate Taught Students and Undergraduate Students should maintain the confidentiality of IP that they create until it has been decided if it is Potentially Exploitable IP.

- 4.3 Deferring as in 4.2 above may delay publication, including in written abstract or oral forms, but will not impact the process of PhD examination as examiners will be covered by confidentiality agreements, nor will it prevent publication once the appropriate protection arrangements have been made.
- 4.4 IP created by visitors, e.g. visiting academics, undertaking research at the University by invitation from any University Employee, will be governed by written agreement with the University (through the relevant Faculty/Department with support from IIE) that explicitly states the ownership of IP and such agreement must be in place prior to the commencement of such research. Where no agreement is in place, each party will own their own IP.
- 4.5 The University waives its right of ownership of copyright in Scholarly Rights for Employees and Students except where such rights have been created pursuant to a sponsored agreement or agreement with a third party provided that the University is hereby granted a perpetual and royalty-free licence to use such Scholarly Rights for non-commercial teaching, research and academic purposes. Where any Employee or Student wishes to exploit its Scholarly Rights in a way which could affect or impair the value of Commercial Rights in the same material (e.g. by publishing information which may be relevant to potential patent applications), this shall be subject to the University's prior approval. The University shall act reasonably in considering any request for approval.
- 4.6 IP created by Employees outside the normal course of their employment belongs to the Employee concerned, except where University resources have been used to create such IP. Where University resources have been used to create the IP (other than incidentally) the University will be the owner of the IP.
- 4.7 The University considers Potentially Exploitable IP to be a valuable asset that should be protected and exploited in the most effective way to ensure that it generates maximum benefit for society and that the appropriate financial return is received by the University and its Employees and Students (as appropriate).
- 4.8 All Potentially Exploitable IP must be identified by the Inventor and disclosed to the University as early as possible in accordance with Section 7.1 below.
- 4.9 The University is responsible for arranging and paying for the protection of Potentially Exploitable IP if it deems such IP to have commercial potential. For the avoidance of doubt, the University is under no obligation to seek protection of such IP.
- 4.10 The financial benefit from the exploitation of IP, after deduction of the Costs of protection, will be shared between the University, the Faculty(ies) and the Inventor(s) per Section 10, Distribution of Commercialisation Income and Returns, of this Policy (and replaces Court Minute CM1321, as amended by CM1721).
- 4.11 The contractual terms and conditions of the Sponsors giving rise to the IP must be complied with. It may well be that such terms and conditions grant right of ownership of IP arising from the sponsored activity to the Sponsor or provide that the Sponsor should share in any income arising from successful commercialisation of such IP.
- 4.12 The University, as owner of the IP, is responsible for determining the exploitation route and the related terms and conditions in consultation with the Inventor(s). The IP & Commercialisation Team in Innovation & Industry Engagement lead on this activity under the framework of the Stage-Gated Process (Annex A).
- 4.13 Tangible Research Materials embodying Potentially Exploitable IP and created in the course of University activities should only be transferred outside the University under the terms of a material transfer agreement (MTA) agreed by RKES, unless already covered by an existing agreement.

- 4.14 IP created by an Undergraduate Student who is not an Employee of the University normally belongs to the Undergraduate Student concerned in accordance with the University's IP Policy for Undergraduate Students and Postgraduate Taught Students which is included as Annex B. For Potentially Exploitable IP generated by an Undergraduate Student on projects that are either funded by a Sponsor or the University or where the Undergraduate Student has requested the University's support to license the Potentially Exploitable IP, Undergraduate Students will be asked to assign such IP to the University where this is necessary to allow the University to comply with the conditions of a Sponsor and/or exploit the relevant IP. In such cases Undergraduate Students will be offered revenue-sharing arrangements in line with those offered to University Employees and are encouraged to seek independent legal advice.
- 4.15 IP created by a Postgraduate Taught Student who is not an Employee of the University normally belongs to the Postgraduate Taught Student concerned in accordance with University's IP Policy for Undergraduate Students and Postgraduate Taught Students which is included as Annex B. For Potentially Exploitable IP generated by a Postgraduate Taught Student on projects that are either funded by a Sponsor or the University or where the Postgraduate Taught Student has requested the University's support to license the Potentially Exploitable IP, Postgraduate Taught Students will be asked to assign such IP to the University where this is necessary to allow the University to comply with the conditions of a Sponsor and/or exploit the relevant IP. In such cases Postgraduate Taught Students will be offered revenue-sharing arrangements in line with those offered to University Employees and are encouraged to seek independent legal advice.

5 CONFLICTS OF INTEREST

- 5.1. The University's Code of Practice on Conflicts of Interest governs how University Employees shall behave in order to identify and manage Conflicts of Interest appropriately. Notwithstanding that, this document seeks to describe the Conflicts of Interest which may arise in connection with IP commercialisation which include, but are not limited to, the following:
- An individual is an inventor of patents or creator of other IP whose value may be affected by the outcome of research in which they are involved.
 - An individual holds a position in an enterprise (e.g. as director) that may wish to restrict (or otherwise manage) adverse research findings for commercial reasons or not wish to publish the results of the research.
 - An individual having a financial interest or other personal interest in a spin-out or may have personal IP with which they are intending to create a start-up company.
 - An individual having a financial interest in the licensee (or proposed licensee) of University Intellectual Property.

6 ADVICE AND SUPPORT

- 6.1. The IIE IP & Commercialisation Team is experienced in the protection and exploitation of IP and provides services to the University and its Employees and Postgraduate Research Students on IP and related issues. These services include financial, commercialisation and administrative advice and support regarding IP issues including the identification of Potentially Exploitable IP; and the practical issues relating to patenting, copyright protection, licensing and company formation. These services include both funding and administering the filing of patent applications on

behalf of the University and its Employees and Postgraduate Research Students (and Undergraduate Students and Postgraduate Taught Students where IP has been assigned to the University under Clause 4.15).

- 6.2. The University's policy is for the Innovation & Industry Engagement Directorate (IIE) to assess all opportunities from the University's Employees and Postgraduate Research Students including, but not limited to, invention disclosures and to make an initial determination as to whether opportunities have commercial potential. Where commercial potential is evident, the Stage-Gated Process will be the criteria-based framework used to support such opportunities. Further detail can be found in Stage-Gated Process September 2019, Annex A. IIE will also determine, in consultation with the Inventors, whether the commercial potential of an opportunity is best exploited by licensing the relevant intellectual property to an existing company, or by the creation of a new company.
- 6.3. Founder Inventors seeking to form a Spin-out Company are advised to seek independent legal advice at an appropriate time. University guidance on forming a Spin-out company can be found here.

7 PROCESS

7.1. Disclosure and Assessment of Inventions

- 7.1.1. All University Employees and Postgraduate Research Students are expected to disclose Inventions to the University (via the IIE IP & Commercialisation Team) by completing an Invention Disclosure Form (IDF) using the inventor portal at <https://inteum.strath.ac.uk/InteumWeb/inventorportal/login.aspx> when, in their reasonable judgement, the Invention or IP is Potentially Exploitable. The Invention does not need to be at a mature stage of development and indeed early disclosure is encouraged. Where there are multiple Inventors the relative contributions of each should be noted in the relevant section of the IDF. No protection or commercialisation of the Invention or IP shall occur until the completed IDF is signed by all Inventors.
- 7.1.2. Employees and Postgraduate Research Students of the University may not use University resources including facilities, other Employees, equipment or confidential information for personal gain including making Inventions or the generation of IP which does not belong to the University. If University resources have been used to create Inventions or IP (other than incidentally) other than in the normal course of employment of study and no separate arrangement has been made between the University and the Inventor, the Employee will be deemed to have agreed to transfer ownership of such Inventions or IP to the University.
- 7.1.3. Disclosure of Inventions to the IIE IP & Commercialisation Team should be as early as possible, but normally at least four weeks prior to any planned or proposed disclosure to any third party, including at meetings or conferences, etc. This is to enable suitable steps to be taken to assess and provide guidance on protecting such Inventions or IP prior to disclosure since it is not possible to apply for patent protection following disclosure.
- 7.1.4. The IIE IP& Commercialisation Team will assess each disclosure received normally within one month and discuss potential exploitation routes with the relevant Inventor(s). This assessment will include a discussion with the Inventor(s) on their respective inventive contribution(s) to the IP and consideration of any requirements of the Sponsors where relevant.

- 7.1.5. The decision on whether to protect the disclosed IP, to enable further development with a view to licensing such IP to a third party or the formation of a University Spin-out Company, is supported by the Stage-Gated Process.
 - 7.1.6. If a view is reached that the Invention or IP is not Potentially Exploitable or a decision is taken not to proceed with patenting or other commercial exploitation and the Inventor wishes to pursue the matter personally, then IIE on behalf of the University, may assign ownership of the Invention or IP to the Inventor(s) subject to any reasonable terms and conditions necessary to protect the University e.g. in relation to the requirements of the Sponsor which gave rise to the Invention or IP.
 - 7.1.7. For the avoidance of doubt, if IP is assigned to Inventor(s) under Clause 7.1.6, then the University shall no longer be responsible for any subsequent costs of the protection of such IP following assignation to the Inventor(s). The terms of the assignation of University IP to the Inventors shall clearly state; In consideration for assignation of the IP, the Inventors shall share with the University 10% of any future revenue (typically meaning the gross revenue, of any nature whatsoever, generated by the Inventor(s) from (i) the commercialisation by licensing or otherwise of the Patent Rights; or (ii) any other arrangement through which any third party is granted any right to use any of the Patent Rights, including, in each case, any proceeds from stocks and shares received in lieu of any licence fees, royalties or other payments) from the commercialisation of the IP, after the deduction (pro rata) of both parties reasonable costs of marketing, patent protection and other relevant costs. In such circumstances, the University and the Inventor(s) shall enter into an assignation and revenue sharing agreement to this effect.
- 7.2. Exploitation outcomes
- 7.2.1. Decisions regarding the exploitation route and negotiations regarding exploitation will be conducted by the IIE IP & Commercialisation Team in consultation with the Inventor(s). The IIE IP & Commercialisation Team will act on behalf of the University, as owner of the IP. The relevant Head of Department/School and/or Executive Dean should be notified and consulted, where appropriate. Individual Inventors will be fully consulted, but because of the potential for conflict of interest, any final decision regarding exploitation will rest with the IIE Director on behalf of the University. Should the Inventors remain dissatisfied with the decision reached, the matter can be referred to the IP Resolution Group (see Clause 10 below).
 - 7.2.2. The IIE Directorate will be responsible for decisions regarding patent protection, filing of patent applications and related IP protection methods at its own cost unless otherwise agreed with a Department and/or Faculty. Should the Inventors remain dissatisfied with the decision reached, the matter can be referred to the IP Resolution Group (see Clause 10 below).
 - 7.2.3. For the avoidance of doubt, IP that is deemed to have commercial potential can include IP that cannot be protected by patenting in addition to IP that is protectable by patents (or some other method of IP protection deemed appropriate by the IIE IP & Commercialisation Team).
 - 7.2.4. Inventors will be kept fully informed by the IIE IP & Commercialisation Team of decisions regarding the IP and Inventors are expected to do all things necessary to allow the University to seek and register rights in the IP.
- 7.3. Commercial exploitation of IP shall be at the discretion of the University and typically by licensing IP to an arms' length partner as in Section 8 or by licensing to a Spin-out

Company vehicle set up for the purposes of such exploitation as it deems appropriate (Section 9).

- 7.4. All IP under management by IIE IP & Commercialisation Team, including patented IP, will be reviewed periodically in conjunction with Inventors to determine whether the costs of retention within the portfolio continue to be justified in the context of market information and technology performance.
- 7.5. If as a result of such a review of a particular IP asset, a case cannot be made to retain the IP in the University portfolio, the IIE IP & Commercialisation Team may elect to abandon such IP. Should the Inventors remain dissatisfied with the decision reached, the matter can be referred to the IP Resolution Group (see Section 10 below).
- 7.6. IP abandoned as described under Section 7.5 may be assigned to Inventors should they wish to pursue protecting and commercialising the IP independently of the University. In such circumstances, the Inventors shall share revenues with the University as described in Clause 7.1.7 above.

8 LICENSING AND ASSIGNATION

- 8.1. Licensing and assignation of University IP will be undertaken by the IIE IP & Commercialisation Team and on commercial terms as appropriate, which will typically include both upfront fees and royalties.
- 8.2. Licensing aims to ensure effective exploitation of IP. IP will normally be licensed to third parties (including new companies formed to exploit the IP). Assignation of IP may be considered where this is demonstrably the most effective way of exploiting the IP.
- 8.3. Licensing arrangements must always provide for the University's future use of IP for its core activities of academic research, teaching and publication and assist the University's wider national and international objectives as well as having a positive impact on society.
- 8.4. Licensing arrangements will be restricted to specific, existing elements of IP which can be readily identified. 'Pipeline' agreements giving third parties rights to IP to be developed in the future will not be entered into. However, options to acquire rights to future IP and further improvements may be agreed subject to additional negotiations taking place.
- 8.5. In order to ensure maximum exposure of IP to the market place, where possible, licences will generally be non-exclusive and may relate to specific fields of application and/or geographical territories. Exclusive arrangements may be made where this optimises exploitation of the IP.
- 8.6. The University, its Employees and Postgraduate Research Students are expected to apply reasonable judgements and to act reasonably in relation to the identification of IP and its exploitation. Where the chosen exploitation route is a licence to an existing company, the IIE IP & Commercialisation Team, supported by the Inventor(s) will prepare non-confidential disclosures; seek to identify potential licensees; draft, negotiate and execute licences; and liaise with the Finance Department to arrange the distribution of Distributable Income made in accordance with University policies.
- 8.7. In circumstances where there is more than one element of IP (either patented or otherwise) that is to be licensed to a third party, the IIE IP & Commercialisation Team will discuss the respective contributions of the IP that is the subject of a licence agreement, with the relevant Inventors.
- 8.8. Licences will be approved through the Stage-Gated Process, or directly via the IIE Director, and resources may be made available to opportunities following this route. Financial resources made available can be recovered under the Distribution of Commercialisation Income and Returns (section 10, below).

- 8.9. It is the role of IIE to invoice licensees for payments due under licensing arrangements.
- 8.10. Unless agreed otherwise, the cumulative Commercialisation Income (following the deduction of all unrecovered costs) received by the University from licensing of its IP will be distributed as per the Court Minute on Royalty Income (CM1321), via payroll for Inventors that are still employees or direct payment for those no longer in the employment of the University
- 8.11 Any tax liabilities falling on the Inventors will be their sole responsibility and the University will not be held liable in this regard.
- 8.12. This policy allows for the transfer of the payment of royalty income to an Inventor's estate in the event of his or her death. The duration of such will be limited to the period during which the University would, under normal circumstances, be sharing with the Inventor.

9 SPIN-OUT COMPANY CREATION

- 9.1. The Director of IIE will have the delegated authority of University Court to approve the formation of Spin-out Companies, subject to the provision of an adequate Business Plan and certain threshold conditions regarding viability, governance and demonstration of third-party commercial buy-in (such as investment offers and/or binding commitments to place orders allowing the company to be financially sound for up to 18 months from spin-out). Any decision to approve the formation of a Spin-out Company will be made and authorised by the IIE Director as part of the Stage-Gated Process (see Annex A), following consultation with the Enterprise & Investment Committee (EIC), and shared with the Executive Team for information, and counter-signed by the University's Chief Commercial Officer.
- 9.2. As part of its approval of a spin-out company formation (see Annex A), the University may allocate up to £30k cash to Spin-out Company teams' pre-formation, to be used in agreement with IIE. Upon spinning-out from the University may allocate up to the difference between any sum already used pre-formation and £30k to the Spin-out Company. Notwithstanding clause 9.4 below, the University will not typically participate in seed rounds.
- 9.3. The University will take a 20% equity stake post-seed round in return for the University's commercialisation support (including, but not limited to, any financial and non-financial support pre-formation or cash allocated at spin out), irrespective of the overall value of a seed round, if present.
- 9.4. Commercial investment by the University in seed rounds (beyond the aggregate allocation of £30k from the Stage-Gated Process) may be sought via Strathclyde Inspire Entrepreneurs Fund (SIEF) Such investments, where approved, will be on commercial terms. Subsequent investments may be made by Strathclyde Inspire Investment Fund (SIIF), under its governance processes, through the Enterprise and Investment Committee (EIC).

10 DISTRIBUTION OF COMMERCIALISATION INCOME & RETURNS

- 10.1 The University's policy with respect to the disbursement of Commercialisation Income (including but not limited to licence fees, option fees, milestone fees, royalties and sales of equity **where the equity is held explicitly in lieu of cumulative royalties**) from University-owned Intellectual Property Rights ("IPRs") is:
 - (i) all costs separately itemised in advance in writing (agreed in writing by IIE, the relevant Faculty Dean(s)/Head of Department(s)/School(s), and any other

affected resource managers. Where the Faculty Dean/Head of Department is a member of the Spin-out Company team, this would be considered a conflict of interest and so the statement of costs should be countersigned by an appropriate senior officer of the University. A final version of this statement will be produced at the date of formation of the Spin-out Company and this version will be used as the basis for future disbursement of Returns) and attributable to a University source (such as a Central Budget, a Faculty or Departmental Budget) which are used to translate research into a commercial proposition, together with all professional costs incurred in protecting the relevant IPRs shall be a first charge on 80% of any Commercialisation Income received;

- (ii) the remaining 20% of Commercialisation Income (or a higher % where the costs still to be recovered are less than 80% of the Commercialisation Income) will be treated as Distributable Income;
- (iii) the Distributable Income will be shared as set out below, in such a manner that the sums due to the inventor(s), the University and the Faculty will be calculated in a cumulative fashion (rather than, for example, on an annual basis).

Distributable Income due to Inventor(s) will be subject to income tax and national insurance (paid net of this). The Inventor share will also be net of employer national insurance.

<u>Cumulative Distributable Commercialisation Income</u>	<u>Inventor(s)</u>	<u>University</u>	<u>Faculty</u>
up to £250,000	80%	0%	20%
£250,001 - £1,000,000	65%	15%	20%
over £1,000,000	50%	30%	20%

- (iv) in relation to Distributable Income that would ordinarily have been shared with an inventor who is deceased at the time the payment becomes due shall be made to the inventor's estate.
- (v) this policy shall apply to all Commercialisation Income received subsequent to the date of this policy being agreed by Court, irrespective of whether any Commercialisation Income has been received prior to the date of the policy.
- (vi) no retrospective adjustments will be made in relation to Commercialisation Income received prior to the date of the policy.
- (vii) this policy shall be deemed to replace all applicable provisions of University Court Minutes CM.1321 and CM.1675.

10.2 The University's policy with respect to the disbursement of Returns (meaning Realisations, dividends, loan repayments, loan interest and such other returns as may from time to time be received, but excluding royalty payments, rental payments, and other normal contractual payment obligations. For the avoidance of doubt, "Realisations" are the returns achieved when the University sells some or all of its shares in an Investee Company) is:

- (i) all Costs separately itemised in advance in writing (agreed in writing by IIE, the relevant Faculty Dean(s)/Head of Department(s)/School(s), and any other

affected resource managers. For Spin-out Company formations where the Faculty Dean/Head of Department is a member of the Spin-out Company team, this would be considered a conflict of interest and so the statement of costs should be countersigned by an appropriate senior officer of the University. A final version of this statement will be produced at the date of formation of the Spin-out Company (and this version will be used as the basis for future disbursement of Returns) and funds should be attributable to a University source (such as a Central Budget, a Faculty or Departmental Budget) which are used to support the spin-out company formation (including but not limited to : Identifiable direct costs incurred by the relevant Department in supporting the Opportunity and otherwise unrecovered; Monies awarded by the Stage-Gated Process and otherwise unrecovered; Patent costs incurred and otherwise unrecovered; Legal costs incurred pre-formation) shall be a first call on any Returns received;

- (ii) in the event that the Returns are less than the Costs, then disbursement will be pro-rata to Costs incurred by each area, except when a contract dictates otherwise.
- (iii) where the University has invested through EIC, or some other University investment vehicle, to obtain, maintain or increase an equity position, then the University will disburse the Returns on a pro-rata basis. There will be an initial call on Returns to address any investment made by the University to date which will be returned at its current value with the remainder being split as per the table below (iv).
- (iv) in the event that the Returns are greater than the Costs, then the excess – i.e. what remains after the recovery of all Costs will be split as follows. Distributable Returns due to the Inventor(s) will be subject to income tax and national insurance (paid net of this). The Inventor share will also be net of employer national insurance:

<u>Total Distributable Returns</u>	<u>Inventor(s)</u>	<u>University</u>	<u>Faculty</u>
Investee Company (Spin-out)	20%	60%	20%
Investee Company (non-Spin-out)	-	80%	20%

- (v) where the Investee Company is a Spin-out Company, 20% of Total Distributable Returns will be shared between the Inventors recorded at the time of the Invention Disclosure, in line with the revenue sharing agreement.
- (vi) this policy shall apply to all Returns received subsequent to the date of this policy being agreed by Court irrespective of whether any Returns have been received prior to the date of the policy.
- (vii) no retrospective adjustments will be made in relation to Returns received prior to the date of the policy.
- (viii) this policy on Returns will only apply to Spin-out Companies formed after Court Minute 3717, adopted in June 2005.
- (ix) where the inventors are from multi-disciplinary teams, any disbursement to Faculties will be by relative contribution as agreed at the time of the Invention Disclosure or by any subsequent income-sharing agreements.
- (x) for the avoidance of doubt, this policy does not apply to Realisations of equity where the University has taken equity in lieu of a royalty or as consideration for

- some other service rendered. Such income will usually be treated as though it was royalty income and in accordance with Section 10.1 (above) of the Policy.
- (xi) in so far as Realisations under this policy are negotiable, IIE shall negotiate such Realisations on the University's behalf, contracting with independent advisers where IIE judges this to be appropriate, and in all cases where it is considered that the potential income from Realisation accruing to the University could exceed £0.5M. The costs of such independent advice will be borne by the University. Where possible, IIE will ensure that as far as reasonably possible, the parameters of such negotiations are discussed fully by EIC in advance of any negotiation taking place in order that the EIC's view can be taken into account in informing IIE's actions.
 - (xii) as dividends from shares held in Spin-out Companies are infrequent and usually of low value, it is not considered worth the effort of the financial manipulations needed to disburse small amounts of money to a diverse range of stakeholders. Except where the IIE Director considers that exceptional circumstances apply, dividends received by the University will be credited against Strathclyde Inspire Entrepreneurs Fund.
 - (xiii) this policy shall be deemed to replace all applicable provisions of University Policy on Company Creation, Commercialisation and Investment (Approved June 2012, amended by Executive Team, February 2015, amended by Court, November 2015).

11 PORTFOLIO MANAGEMENT

- 11.1 The University's policy in relation to the portfolio of companies in which the University holds shares will be reviewed regularly by the EIC and any changes in the policy in relation to portfolio management will be recommended by EIC to the University Court.
- 11.2 The current policy on portfolio management can be summarised as follows:
- The University will maintain a close working relationship with portfolio companies, seeking to add value to the company and its relationship with the University.
 - The University will seek to appoint a Non-Executive Director at the point of company formation and will take up this right in all cases where the University is the sole or lead investor.
 - Where this right is exercised, the University's policy is to appoint independent Non-Executive Directors, acceptable to the Company Founders, who can add value to the Company's business.
 - The University will retain the right to have an Observer attend board meetings and liaise with the Company as required.
 - The policy is that the EIC will oversee the portfolio companies which either (i) have been invested in at the EIC's recommendation or which (ii) are in, or come into, the existing portfolio and IIE/EIC agree have the potential either to be invested in again by EIC or to provide significant returns.
 - In relation to the sale of shares the University's policy is that this falls under the remit of EIC (terms of reference for EIC, which are contained within the

University's Regulations, are available on the University website) and will be considered on a case by case basis.

12 DISPUTES

- 12.1 In the event that there is a dispute between an Inventor and the University, for example ownership of IP, decisions re patent protection or commercialisation routes, the matter will first be discussed between the Inventor and the Head of the IP & Commercialisation Team who will involve third party professionals as required, e.g. patent agents, to offer their opinion as required. If this does not result in a resolution of the dispute, the matter will be referred to the IP Resolution Group IPRG, which is the decision-making body when a dispute has been raised. Referrals to IPRG will be made by the Head of IP & Commercialisation. IPRG will be chaired by the Associate Principal (Research & Innovation) and will also include Deputy Associate Principal (Research, KE & Innovation), Executive Dean (relevant faculty) (or nominated representative) and IIE Director.

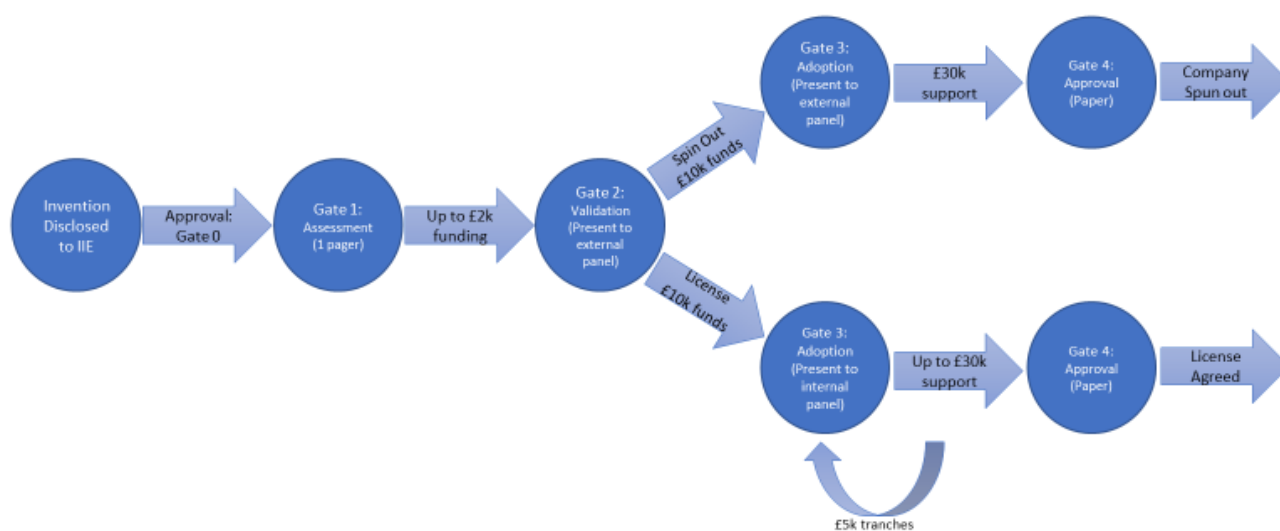
- 12.2 The IP Resolution Group (IPRG) which will be convened by email when a referral is made. If there is a need to discuss the matter in person, arrangements will be made for either on on-line or in-person meeting. It is not envisaged that the Group will convene more frequently than every six months.

ANNEX A – Stage Gated Process 2019

Stage-Gated Process

Overview

The stage-gated process has been implemented to support commercialisation of University-owned intellectual property developed by staff and Post-Graduate Researchers (PGRs). The outcome of these Opportunities will typically be the formation of a new spin-out company or a licence agreement with a third party. The process has four gates which must be passed in order to access the resources available to support onward development/progression of the Opportunity through the pipeline. Currently, monthly review meetings are held to consider submissions to each gate.



Gate 1

Gate 1 approval is based on a high-level understanding of an Opportunity and crucially the ownership status of Intellectual Property that has been disclosed through the invention disclosure portal. Gate 1 consists of a short paper submission which is championed by a Commercialisation Manager/BDM.

At this Gate, the Opportunity Team must meet the following criteria

- Invention disclosure complete
- Informal prior art (web) search undertaken
- Understanding of potential benefits in at least one market sector

The decision will be made by the IP & Commercialisation Team at their regular monthly meetings.

A positive decision will release a budget of up to £2k for the Opportunity team to use for related activity such as meeting with patent agents and undertaking a prior art search to determine if there is potential for IP protection.

The first spend from the budget is to be made within 6 months from approval and the final spend within 12 months from approval.

Gate 2

Gate 2 approval is based on more detailed information about the commercial potential of the Opportunity; the next steps for the Opportunity and the commitment of the Team to supporting commercialisation. This requires the Team to present to panel of 3 external members with early-stage commercialisation experience and IP knowledge. At this stage the Team do not have to decide whether the route to commercialisation is licensing or spin-out company formation.

At this Gate, the Opportunity must meet the following criteria

- Clear IPR position;
- Market sector(s) defined and quantified at high level;
- Lead in technical Team identified; and
- Indicative plan to reach Gate 3

The decision will be based on recommendations made by panel members.

A positive decision will release a budget for up to £10k for the Opportunity Team to use for activity that will progress the team towards meeting the criteria for Gate 3.

The first spend from the budget is to be made within 6 months from approval and the final spend within 12 months from approval.

Gate 3 – Spin Out

For spin-out Opportunities, the Team must receive written (email) approval from the relevant Head of Department/School and Faculty Dean, that they are supportive of the Opportunity progressing with the support of Strathclyde employees and should include confirmation of the time commitment that will be allocated. In addition, approval will be subject to a commercial champion having been identified. At Gate 3, a paper will be submitted one week in advance and the team will present a 3-minute pitch to a panel of 3 external members who will assess the opportunity and approve that spin-out is the most appropriate route.

At this Gate, the Opportunity must meet the following criteria

- One or more quantifiable markets are identified, together with routes to market;
- Roles and names (or vacancies) for all key people required for progress towards Gate 4 are provided;
- All time commitments of academic staff are stated;
- An indication of any additional University resources that may be required (e.g. any access to equipment); and
- A clear plan for progressing to Gate 4 with commercial and technical milestones and indicative timescales.

The decision will be based on recommendations made by panel members. A positive decision will release an allocation of funding of up to £30k to support the commercialisation plan.

Gate 3 – Licence

If a team decides that licensing is the most appropriate route for the Opportunity and that funds are required to secure a licence deal, they have the option to present to the IP & Commercialisation Team, for an equivalent level of support as is available for Gate 3 – Spin-out.

The decision will be based on recommendations made by panel members. At this Gate, it must be demonstrated how the funds will deliver tangible progress with respect to securing a licence deal.

Gate 4 – Spin-out

The final gate for Spin-out companies involves the submission of a paper championed by the commercialisation manager for final approval. This paper will be reviewed by the IP & Commercialisation Team with the decision made by the Head of Commercialisation and the Director of IIE.

At this Gate, the Opportunity must meet the following criteria:

- All roles in Founding Team are identified with names, biographies and a statement on the terms and involvement (financial and time) of all University staff;
- Clear statement of where the proposed company will trade from and on what terms; in the case that University space or equipment is required, the terms on which this has been agreed or is made a condition subsequent;
- Statement that terms for access to all relevant University IPRs are agreed;
- All other proposed conditions subsequent are listed; and
- Statement of all University resources deployed to date in support of the Opportunity.

A positive decision means the opportunity is approved and requires a signature from the Director of IIE and countersigned by the Chief Commercial Officer and the company can be formally spun out. The balance of Gate 3 funds can be transferred to the company upon spin-out. The University will take a 20% equity stake in the company post-seed funding.

Gate 4 – Licence

The final gate for licensing consists of approval for a licensing deal by the Head of IP & Commercialisation (to be signed by the Director of IIE).

At this Gate, the Opportunity must meet the following criteria:

- Due Diligence Exercise completed on Licensee(s);
- Prior agreement of licensing terms;
- Business plan/ Commercialisation Plan has been provided by the Licensee(s); and
- Summary of the licence agreement, including risk assessment, prepared by the IP & Commercialisation manager.

Meeting Schedule and Structure

A meeting will be held each month during the academic year, from September to June.

The typical agenda for each meeting is as follows:

9.30am – Gate 1 papers - internal panel only

10.00am – Gate 2 presentations - internal plus external panel members and opportunity teams (presenting). Maximum of 4 presentations

1.00pm – Break for external panel members; Gate 3 Licence - internal panel only, when required

1.30pm – Gate 3 Spin-out - internal plus external panel members and opportunity teams. Maximum of 2 opportunities

2.30pm – Gate 4 internal panel only. Maximum 1 opportunity

3.00pm – Portfolio Review – IP & Commercialisation Team

Additional Papers

A further paper on Governance & Decision Making is also available.

ANNEX B - IP Policy for Undergraduate Students and Postgraduate Taught Students

This Policy describes the rights of Undergraduate Students and Postgraduate Taught Students at the University to own Intellectual Property that is created by Undergraduate Students and Postgraduate Taught Students during their time of study at the University.

Undergraduate Students and Postgraduate Taught Students should make sure they check and understand the position on ownership of Intellectual Property at the outset of any project, placement or other arrangement.

For the avoidance of doubt, this Policy does not apply to Graduate Apprenticeship Students. Arrangements for Graduate Apprenticeships should be discussed with the Education Enhancement Team and the IP & Commercialisation Team.

1. INTRODUCTION

Intellectual Property is a term used to describe legal rights that can exist in ideas generated and works created by individuals. These rights can have value and may be exploited for commercial and other purposes. It is likely that during the course of their studies or research programmes Undergraduate Students and Postgraduate Taught Students will create work in which Intellectual Property rights arise and this policy will apply.

The most common Intellectual Property rights that might arise include copyright, design rights, patents and trademarks.

2. STUDENTS COVERED BY THE POLICY

This Policy applies to all Undergraduate Students and Postgraduate Taught Students registered with the University. It also applies if a registered Student is employed by the University or by another organisation.

3. THE BASIC PRINCIPLE

Undergraduate Students and Postgraduate Taught Students are not University Employees and therefore the University does not automatically own Intellectual Property generated by Undergraduate Students and Postgraduate Taught Students during their degree course.

Undergraduate Students and Postgraduate Taught Students will own the Intellectual Property they create through course work or research whilst registered as Undergraduate Students and Postgraduate Taught Students at the University. This means they are free to exploit this Intellectual Property as they choose, subject to any wider legal constraints that apply.

There are, however, some important exceptions which are set out below, when the University does require ownership of IP generated by an Undergraduate Student or Postgraduate Taught Student. In such situations the University requires Undergraduate Students and Postgraduate Taught Students to assign (transfer ownership of) their Intellectual Property to the University. Undergraduate Students and Postgraduate Taught Students will be asked to assign IP to the University where this is necessary to allow the University to comply with the conditions of the Sponsor and/or exploit the IP. In exchange, the University undertakes to treat Undergraduate Students and Postgraduate Taught Students in the same way as a member of staff for the purposes of sharing any revenues arising from the commercial exploitation of that Intellectual

Property. This is done by applying the University's revenue sharing arrangements to the Undergraduate Student and Postgraduate Taught Students as if they were an Employee (Section 8.9 of University's IP Policy).

4. EXCEPTIONS

4.1 Context

Research projects form a part of many degree programmes at both undergraduate and postgraduate level. Such projects are usually proposed by members of academic staff and will often be connected in some way to that academic's on-going research interests. Undergraduate Students and Postgraduate Taught Students may join a team to investigate one particular aspect of a much larger research programme. This is usually of great benefit to the Undergraduate Student and Postgraduate Taught Student. Rather than starting afresh, they can draw on the considerable expertise, reputation and infrastructure of the research group and thereby get a valuable head start in their research project. There are, however, some important Intellectual Property issues associated with inviting Undergraduate Students and Postgraduate Taught Students to work closely with existing research teams.

4.2 Undergraduate Students and Postgraduate Taught Students participating in a research project funded by a third party

Any organisation funding (or otherwise contributing to, or supporting) a research project (the Sponsor) might make it a condition of funding that any Intellectual Property rights generated during the project will belong to the Sponsor or are available for open access and/or exploitation. In such cases Undergraduate Students and Postgraduate Taught Students will be bound by the terms and conditions of any external funding agreement which the University has entered into as though they were a member of the University's academic staff. In addition, the University may require the Undergraduate Student or Postgraduate Taught Student to sign Confirmatory Assignment agreements to formally recognise that such IP rights belong to the University to allow the University to transfer such Intellectual Property to the Sponsor unencumbered.

In other cases, the Sponsor might formally require the Undergraduate Student or Postgraduate Taught Student to assign the Intellectual Property rights created by the Undergraduate Student or Postgraduate Taught Student to the Sponsor directly (or to another party) before the research starts, or at some other point during the duration of the research project, or at its conclusion. Where this assignment event occurs, the Student will be bound by the terms imposed by the Sponsor.

The University or a Sponsor may also require the Undergraduate Student or Postgraduate Taught Student to enter into a confidentiality agreement if the research involves the Student having access to confidential information.

4.3 Undergraduate Students or Postgraduate Taught Student participating in a research project supported by the University

Some courses and research projects require Undergraduate Students or Postgraduate Taught Student to work with or be supervised by academic members of staff or may use substantial resources of the University (specialist equipment and materials). It is recognised that in the course of such activities:

- i. The academic member of staff might contribute the ideas or concept underpinning the work that the Undergraduate Student or Postgraduate Taught Student may further develop, or
- ii. Undergraduate Students or Postgraduate Taught Student may join existing research teams during the course of their studies

Any Intellectual Property created or developed by the Undergraduate Student or Postgraduate Taught Student through interactions of this nature will be deemed to be owned by the University, who will then treat the Undergraduate Student or Postgraduate Taught Student as it does an eligible member of University staff. This will entitle the Undergraduate Student or Postgraduate Taught Student to receive a share of any net income that arises through the exploitation of the Intellectual Property. The share of the net income (also more commonly known as ‘royalties’) is determined by the level of the contribution made by the Undergraduate Student or Postgraduate Taught Student. The University policy on distribution of net income received from the commercialisation of IP is detailed in the main body of the University IP Policy at Section 8.9.

4.4 Undergraduate Students or Postgraduate Taught Student on placements

An organisation that offers an Undergraduate Student or Postgraduate Taught Student placement might make it a condition of the offer that any Intellectual Property rights created by the Undergraduate Student or Postgraduate Taught Student during the placement will belong to the organisation and not to the Undergraduate Student or Postgraduate Taught Student. The Undergraduate Student or Postgraduate Taught Student may be required to assign the rights to the organisation offering the placement or to the University.

4.5 Undergraduate Students or Postgraduate Taught Student employed by the University or another organisation

If an Undergraduate Student or Postgraduate Taught Student is employed or sponsored by the University or any other organisation(s) at any time during their course or during their participation in a research programme, the University or the employer(s) or Sponsor(s) might own or claim ownership in the Intellectual Property created by the Undergraduate Student or Postgraduate Taught Student during the course of such employment. As a matter of general law, employers own the Intellectual Property rights created by their Employees. It is also possible that a Sponsor will have a separate agreement with the Undergraduate Student or Postgraduate Taught Student or with the University under which the Sponsor claims ownership in any Intellectual Property created by the Undergraduate Student or Postgraduate Taught Student.

The University may require the Undergraduate Student or Postgraduate Taught Student to assign the Intellectual Property rights to the University, who may also exercise this right to protect the interests of the employer or Sponsor.

The University may also require the Undergraduate Student or Postgraduate Taught Student to enter into a confidentiality agreement if the course or research involves the Undergraduate Student or Postgraduate Taught Student having access to confidential information.

5 RESPECTING THE INTELLECTUAL RIGHTS OF OTHERS

Undergraduate Students and Postgraduate Taught Student must respect the Intellectual Property rights of others. This means Undergraduate Students and Postgraduate Taught Students must not knowingly claim rights in work created by others, whether academics, Postgraduate Students, Postgraduate Taught Students, Undergraduate Students, or third parties, or copy such work without the owner's permission.

6 DISPUTES

In the event that there is a dispute between an Undergraduate Student or Postgraduate Taught Student and the University, for example ownership of IP, the matter will first be discussed between the Inventor and the Head of the IP & Commercialisation Team who will involve third party professionals as required, e.g. patent agents, to offer their opinion as required. If this does not result in a resolution of the dispute, the matter will be referred to the IP Resolution Group IPRG, which is the decision-making body when a dispute has been raised. Referrals to IPRG will be made by the Head of IP & Commercialisation. IPRG will be chaired by the Associate Principal (Research & Innovation) and will also include Deputy Associate Principal (Research, KE & Innovation), Executive Dean (relevant faculty) (or nominated representative) and IIE Director.

The IP Resolution Group (IPRG) which will be convened by email when a referral is made. If there is a need to discuss the matter in person, arrangements will be made for either on-line or in-person meeting. It is not envisaged that the Group will convene more frequently than every six months.