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**Policy on Intellectual Property Commercialisation**

<b>Approved by</b>	Board of Governors		
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<b>Policy owner</b>	Intellectual Property and Spin-out Development Manager	<b>Impact assessed</b>	Yes
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## **1. PURPOSE**

The RGU Policy on Intellectual Property Commercialisation (this "Policy") provides guidance and directives necessary for the effective management, protection and commercialisation of intellectual property created through RGU research and other activity. This policy has four key objectives:

1. To ensure new knowledge and technology created at RGU are effectively transferred for the widest public benefit and the economic development of the region; local, national and internationally;
2. To encourage, serve, promote and strengthen the RGU research and wider regional development missions;
3. To foster the development of new innovative business models and practices for effective transfer of RGU intellectual property to the private sector; and,
4. To set out clear guidelines for determining the rights and obligations of RGU, the RGU community and third party sponsors of research at RGU.

## **2. BACKGROUND**

A key element of the impact of university innovation on society is the identification, protection and licensing of Intellectual Property (IP).

To ensure that the University can support an increase in 'public good' impact of innovations from research, teaching and learning or other activities in the University, it is imperative that policy and governance frameworks are in place to provide straightforward and transparent procedures to both incentivise and accelerate the process of invention disclosure, commercial licensing of IP assets and drive new company formation where appropriate.

The policy positions set out herein seek to ensure an easy to understand and transparent framework to IP disclosure and commercialisation which will incentivise both staff and RGU Schools to engage in the identification and highlighting of IP assets which may be commercialised.

This Policy is managed by the Entrepreneurship and Innovation Group (EIG), which under the Director for Entrepreneurship and Innovation is responsible for the processes that should appropriately identify, protect and manage RGU IP.

A primary goal for EIG is to develop and support an entrepreneurial culture within RGU. Accordingly, spinout creation will be the first consideration for any licensing of RGU IP when an applicable and appropriate opportunity is disclosed or otherwise identified.

This Policy is informed by international best practice and forms part of an intellectual property strategy in RGU which is seeking to:

1. Increase the number of invention disclosures of intellectual property from RGU staff.
2. Create a new repository of intellectual property that might be licensed to existing industry, to Scottish Small and Medium sized Enterprises, and/or to support the creation of RGU spinout companies.
3. Ensure that the terms of licensing are fair, transparent and incentivise start up activity, in particular, while also supporting industry.
4. Create a small but sustainable revenue stream for the University over time.
5. Support economic development in the North East and Scotland as a whole.
6. Support the branding and positioning of RGU as an "innovation university."

## **3. SCOPE OF THE POLICY**

This Policy covers Intellectual Property (IP) in all material concerning any of the University's activities whether research, consultancy academic or other including IP created using RGU facilities and resources

This Policy applies to all academic staff and other staff who may undertake the creation of intellectual property whilst under contract to the University and students enrolled in the Graduate School undertaking research degrees. For the purpose of this Policy, the persons considered to be bound by the terms of this Policy shall be referred to as the "RGU Community".

IP created by undergraduate students and taught postgraduate students is exempt save where the university specifically negotiates and agrees otherwise (for example in relation to projects involving 3rd parties).

Also excluded from the Policy are all companies located on RGU premises and their employees, unless otherwise provided by a separate written agreement.

This Policy shall not be interpreted to limit RGU's ability to meet its obligations under any contract or grant or other third party agreement of any kind.

This Policy supersedes the Intellectual Property Policy and the Commercialisation Reward Sharing Policy and should be read in conjunction with the Conflicts of Interest Policy.

#### 4. DEFINITIONS USED IN THIS POLICY

In this Policy:

- "Deductible Expenses"** means all RGU's costs incurred for the assessment, legal protection, maintenance, marketing and commercialisation of RGU Intellectual Property, including but not limited to, taxes, government fees and the costs of any legal proceedings by or against RGU (including any costs or damages assessed against RGU in any such proceedings);
- "Gross Revenue"** means all financial compensation received by RGU in exchange for sale or other transfer of RGU intellectual Property Rights, regardless of the form of payment. Gross revenue includes but it not limited to one-time fees and payments, running royalties and other forms of cash benefits, but excludes funds for sponsored research, ancillary services, leases, philanthropy and the like;
- "Inventors and Authors"** means all members of the RGU Community who conceive, reduce to practice, author or create Intellectual Property, or who qualify as inventors and authors under the intellectual property laws of any country where RGU may file for legal protection of Intellectual Property;

"Intellectual Property"	means the intangible rights to all discoveries, ideas, inventions, know how, processes, methods, copyright works, databases, technical data and other creative or artistic works. Legal rights in Intellectual Property are protected by various patent, copyright, database right, trademark, trade secret, and other Intellectual Property Right ("IPR") laws, codes and treaties internationally. Intellectual Property also includes the tangible embodiments of intellectual effort (" <b>Tangible Research Property</b> "), such as devices, models, machines, designs, instrumentation, circuits, computer software and hardware, biological materials, chemicals, other compositions of matter and records of research. In this Policy Intellectual Property is to be construed broadly and includes any new form of technology yet to be invented and any new <b>IPR's</b> applicable thereto;
"RGU Community"	means all persons who shall be bound by this Policy, namely staff under contracts of employment or other contracted and other persons who may participate in RGU research or utilise RGU facilities of resources;
"Net Revenue"	means <b>Gross Revenue</b> less <b>Deductible Expenses</b> , provided that where <b>Deductible Expenses</b> exceeds <b>Gross Revenue</b> , <b>Net Revenue</b> shall be zero;
"SME"	means a small to medium sized enterprise with fewer than 250 employees and annual turnover of less than £50m;
"Spin-out"	means a company which may or may not yet be incorporated) or other organisation (based partly or wholly in IP owned by the University and provided to the spin-out through a licence agreement;
"Start-up"	means a company (which may or may not yet be incorporated) or other organisation which being created to provide products or services based on know-how of staff or students which requires no access to University owned IP; and
"Traditional Academic Works"	means all scholarly or academic works, regardless of format, made independently and at an Author's initiative for teaching and other educational purposes, including all types of traditional and computer based teaching, learning and assessment material developed, modified and/or used in delivering RGU courses e.g. lecture notes, handouts, material placed on the web, other course material, case studies, assignments etc. This category also includes all fundamental research works made to meet RGU academic requirements. While <b>Traditional Academic Works</b> may also meet the definition of

**Intellectual Property** and have commercial value, they are created primarily for scholarly or academic purposes.

## **5. OWNERSHIP AND RIGHTS TO INTELLECTUAL PROPERTY**

### **5.1 RGU Ownership.**

Except as otherwise provided in this Policy, all IP conceived, reduced to practice, authored or created by the RGU Community shall be owned by RGU. For the avoidance of doubt, the University owns IP if:

- The IP was created by a person employed by the University where employment law presumes ownership to the employer or
- The IP owner has in writing assigned their rights to the University.

### **5.2 IPR Ownership Defined in a Contract Agreement**

This will normally, but not solely, be a part of a commercial or other contract agreement by the University with an external third party, for contract research, consultancy or other services where the IPR of each party will be set out in the contract. The contract will usually either apportion the IPR to the University, to a third party, or to both jointly. Where the contract is in respect of the University alone this will not prevent employees who have a legitimate interest benefiting from any University reward policy for that purpose.

### **5.3 Waiver in favour of Inventors and Authors.**

RGU may upon reasonable grounds, and with the approval of VPCRI, assign rights in IP to an Inventor or Author, subject to appropriate licences and compensation to RGU and to the extent permitted by law and any third party agreements.

### **5.4 Exception for Traditional Academic Work.**

Subject to any agreement with third party sponsors and collaborators, any member of the RGU community shall retain the right to use their Traditional Academic Works after he/she has left the University's employment. However the employee may not, having left the employment of the University, use any material(s) that have been produced and/or RGU 'branded' for a specific commercial purpose by or on behalf of the University, nor material produced and 'branded' for use on the Virtual Campus. This does not however preclude an employee using the specific intellectual content, which was produced or contributed by him/her, for other purposes, having left the University's employment.

The employee's rights of retention and use are dependent on him/her fulfilling his/her obligations. These include:

- fully complying with all University IPR policies and procedures; and
- making such material available to the University for (inter alia) teaching, learning, research and assessment purposes in its original form and thereafter on request in written form or electronically as required by the University.

RGU shall have a perpetual, non-exclusive, royalty-free licence to use such Works for research and educational purposes.

### **5.5 Exempt Intellectual Property.**

RGU shall have no rights to Intellectual Property made by members of the RGU Community on their personal time using personal resources, so long as such Intellectual Property is clearly outside the scope of their appointment with, and duties for, RGU and outside their areas of research interest. All exempt Intellectual Property must be

disclosed under article 6 and the burden of proving such exemption shall be on the Inventors and Authors.

#### **5.6 Student Intellectual Property**

IP created by undergraduate and graduate students on taught programmes of study is exempt, so long as it is not developed during the scope of employment by RGU, or governed by a third party agreement, or developed through use of RGU specialised resources and facilities, other than those incidental resources generally available to all the RGU Community. Students registered in the Graduate School undertaking research degrees shall be required to sign a Confidentiality and Intellectual Property Undertaking on induction where it is appropriate for them to do so. In such event IP created during the course of their research and which may be commercialised shall be subject to the provisions of Article 6.

#### **5.7 Copyright in Student Coursework.**

All copyright work made by students shall be treated as Traditional Academic Works, subject to RGU's perpetual, royalty free non-exclusive licence to have and to use copies of all such works, including graduate thesis or dissertations and related materials, for research and educational purposes.

#### **5.8 Acquisition of Third Party Intellectual Property.**

RGU may acquire rights to Intellectual Property from third parties, including Intellectual Property under Article 5.5, when to do so would substantially further RGU's research or economic development missions. Such transactions include but are not limited to the commercial licence of Intellectual Property from RGU partners. All such transactions shall be governed by their own terms rather than this Policy.

#### **5.9 Tangible Research Property.**

RGU encourages the public dissemination and broad educational use of research materials, including but not limited to software, firmware, data, biological materials chemicals and other tangible materials created by members of the RGU Community. No Tangible Research Materials shall be transferred from RGU to a third party without a written agreement, in the form of an appropriate materials transfer agreement.

#### **5.10 Copyright in Commissioned Works and Publications.**

RGU may engage staff to write for publication or produce copyright materials as part of their professional duties. For the avoidance of doubt, unless agreed otherwise in advance RGU shall own all such materials, but may provide licences and assignments thereof upon request.

#### **5.11 Copyright in Classroom Performances.**

All rights in oral presentations, lectures, performances and other live and online educational activities and audio, visual or digital recordings thereof, regardless of format, taught or developed for use of or by RGU or at RGU shall be the property of RGU. These presentations and the recordings thereof may not be reproduced, distributed, performed, or displayed without the permission of RGU, which must be obtained and approved through the EIG in conjunction with the relevant Head of School.

## **6. DISCLOSURE AND EVALUATION OF INTELLECTUAL PROPERTY**

### **6.1 Mandatory Disclosure.**

All IP made by members of the RGU Community, except Traditional Academic Works, must be disclosed to the EIG in a signed written document in an approved format. Disclosure must be made as soon as practicable and comply with any applicable third party agreement. Disclosures shall completely and accurately convey all relevant information in a thorough and timely manner and shall be signed by all Inventors and Authors. At the time of the disclosure and continuing thereafter, Inventors and Authors shall promptly disclose all potential conflicts of interest to the in accordance with the RGU Conflict of Interest Policy.

It is beholden upon the EIG to review all invention disclosures, to make the correct decision on whether it is indeed RGU intellectual property and if so what kind.

### **6.2 Publication and Patent Rights.**

The RGU Community is urged to consider the commercial potential of their work prior to submitting manuscripts, abstracts or other materials for publication or presentation to ensure no patent rights are compromise by public disclosure. Where materials are disclosed to the EIG within an approved Disclosure, the EIG shall expeditiously review such materials and, if patent applications are to be filed, proceed quickly to avoid undue delay in publication.

Where potential for a high-value patent is identified this will be treated on a case-by-case basis by the EIG.

### **6.3 Execution of Assignments.**

At the time of disclosure, or within the disclosure document itself, all inventors and Authors to the extent determined as such, shall execute formal written assignment to RGU and sign any other documents, such as patent filings that RGU may require to secure RGU's legal rights to IP and to comply with third party agreements.

### **6.4 Entrepreneur Assistance.**

To the extent reasonably possible, RGU shall assist the efforts of Inventors and Authors to form new companies by providing or facilitating technical assistance, patent advice and other services, including arrangement for licencing or other transfer of intellectual Property to or from third parties. Such assistance may be provided to Inventors and Authors of Intellectual Property that is exempt under Article 5.4 on terms to be agreed upon by the parties.

## **7. MANAGEMENT OF IP COMMERCIALISATION**

The Entrepreneurship and Innovation Group (EIG) will be responsible for the management and reporting of intellectual property activity, spinout development and their associated key performance indicators. This team will operationally manage the intellectual property system and commercialisation of IP arising from across the institution of the University as a whole.

In the main RGU will support Spinout activity subject to compliance with the following three critical process steps:

- The inventors or their founder teams have completed the RGU Conflict of Interest statements.

- The founder team, if they are RGU staff, have agreement from their direct superiors and Heads of School for this spinout activity.
- The inventors or their founder teams enter into appropriate operational agreements concerning, IP, founding equity and other necessary agreements pertaining to new venture creation.

A Spin-out may be declined if the business model or application:

- Is unlawful within the target market geographies being explored for commercial application.
- Breaches standard moral or ethical considerations of the target market geographies being explored for commercial application.
- Has the potential for bringing the University brand, image or positioning into disrepute.

The EIG will ensure compliance with these rules through due diligence in each instance. If there is any doubt or ambiguity the team will refer to the University Executive via the VPCRI and the Vice Principal for Research.

Where there are matters that relate directly or indirectly to the employment terms and/or conditions of an employee it is the policy also that the Director of Human Resources (or his/her authorised representative) shall be consulted.

## **8. INTELLECTUAL PROPERTY TRANSACTIONS AND REVENUES**

### **8.1 Categories of Licensee**

Invention is translated into real world innovation through the development of products and services that become adopted and used. Innovation based on University IP is delivered by licensing the IP to a third party (a Licensee).

For the purposes of this Policy we recognise three types of third party licensee; i) Existing large companies, ii) SME companies and iii) Spin-out companies.

For each category of third party licensee this Policy provides for Standard Licence Terms RGU shall set out in its negotiation with the respective third party. RGU IP for which commercial term licensing is inappropriate will continue to be made available on open-access terms per the SFC "easy access" initiative.

### **8.2. Standard License Terms to an Existing Large Firm ("Company"):**

- Initial fee of £50,000 from the Company for the licence payable to the University within 3 months of issue of the license.
- On commercialisation of a product arising from the licenced technology, the Company shall pay 5% of Net Revenue from the product that is created from the licence, or of the % of product that the license impacts.
- Company shall reimburse the University for any direct costs (Deductible Expenses) related to the intellectual property being licensed.

### **8.3. Standard License Term to a Scottish SME ("SME Company")**

- Initial fee of £10,000 from the SME Company is deferred for payment to the University until up to six months after a product with the licensed intellectual property has entered the marketplace.
- On commercialisation of a product arising from the licenced technology, the SME Company shall pay 3% of Net Revenue from the product that is created from the licence, or of the % of product that the licence impacts.

- SME Company shall reimburse the University for any direct costs (Deductible Expenses) related to the intellectual property being licensed. This payment may be deferred until six months after a product with the licensed intellectual property has entered the marketplace.

#### **8.4 Precedence to Spin-out Creation**

Where there is a potential conflict between the inventors or their designates to form a Spin-out company versus an existing firm licensing the IP, the inventors will have the first 'right of refusal' to initiate a Spin-out.

#### **8.5 Standard License Terms to a founder team/RGU Spin-out Company ("Spin-out Company")**

- The Spin-out Company will repay the University any direct costs (Deductible Expenses) related to the intellectual property. These payments will be deferred until the Spin-out Company achieves £500,000 of revenue in any given year at which point the University shall receive full reimbursement against direct costs within six months.
- The University will receive an initial 10% equity (ordinary shares) in the Spin-out Company.
- The University will ensure that the license grants non-voting, Board Observer rights for the Spin-out Board of Directors.
- £10,000 one-off milestone payment once sales in one financial year equal or exceed £500,000
- Additional one-off milestone payment of £25,000 once sales hit £1,000,000 in a given financial year
- Annual licence fee of 3% of net Revenues from the product that is created from the licence, or of the % of product that the licence impacts.

This license arrangement is to ensure that entrepreneurs are suitably motivated to start and grow businesses and contribute to regional and national economic development.

The above represent the core standard licence terms, which shall be provided to all Spinout company founder teams. Other aspects of the final licence terms such as field of use, sub-licencing and exclusivity shall be subject to case-by case consideration and formal agreement between the parties.

If the intellectual property is not developed within reason within twelve months of the license commencement date, the University has the option to take it back pending advice from the IP management in the University. This decision will be made by the EIG in consultation with the VPCRI and reported to the Vice Principal for Research and the Finance and General Purposes Committee.

#### **8.5 Disbursement of Revenue**

Revenues received by RGU through licencing of RGU IP shall be disbursed according to the following rules:

- 8.5.1 The milestone payments or royalty fees (but not the repayment of the Deductible Expenses such as the intellectual property costs to the University), shall be allocated as follows:
  - 5% is taken directly off the top to fund the IP system in the University (Technology Transfer function in the EIG) including funding for future IP costs.

- Of the remaining funds they will be disbursed within three months in the following way:
- 33.3% to the pool of IP Inventors and Authors.
- 33.3% to the research budgets of the School(s) to which the Inventors and Authors belong (split equally if more than one school).
- 33.3% direct to the University central funds.

8.5.2 Any funds from an equity liquidation event (e.g. a Spin-out company being sold) shall follow the system below and is paid in the last month of the fiscal year:

- 5% is taken directly off the top to fund the IP system in the University
- Of the remaining funds they will be disbursed within three months in the following way:

33.3% to the pool of IP Inventors and Authors.

33.3% to the research budgets of the School(s) to which the Inventors and Authors belong (split equally if more than one school).

33.3% direct to the University central funds.

For the avoidance of doubt; only Inventors and Authors who are not founders of a Spin-out Company will receive payments through the share of licensing income according to the above rules.

Inventors and Authors who become founding members of Spin-out Company would usually take a founding independent equity stake (shares) in the company. In such case, Inventors and Authors who hold independent equity stakes would not be eligible for any allocation of revenues that might arise from the University's founding equity holding.

## **9. POLICY GOVERNANCE**

### **9.1 Authorised Transactions**

The Director of Entrepreneurship and Innovation acting through the EIG is responsible for protecting, managing and commercialising IP owned by RGU or in which RGU has a beneficial interest, and insuring that technology transfer practices further RGU's economic development missions.

### **9.2 Institutional Responsibility**

The Director of Entrepreneurship and Innovation acting through the EIG shall always act in RGU's strategic and public interests to insure IP attains maximum public benefit to RGU. The EIG shall have sole discretion within the constraints of the IP Policy and available resources to determine which IP shall be patented or otherwise protected, and when appropriate, how it may be best exploited commercially or otherwise transferred.

### **9.3 Dispute Resolution and Appeal**

If one or more inventors or authors of IP object to RGU's ownership of IP or other interpretations of the IP policy, he or she may object in writing to the Director of Entrepreneurship and Innovation.

The claimant shall provide all information that may be helpful to a full and fair resolution of the issues.

Where there are matters that relate directly or indirectly to the employment terms of a staff member it shall remain the policy that the Director of HR (or authorised representative) shall be consulted. Where any dispute involves a research student the Head of Graduate School shall be notified.

The IP policy position in regard to dispute resolution and appeal, shall in no way limit any rights afforded under the RGU grievance or other policies.

#### **9.4 Exceptions and Amendments**

In an individual case, the Director of Entrepreneurship and Innovation may, with approval of the Principal, make an exception to the policy where to do so would be fair and equitable to the RGU community or the strategic interests of RGU. Such exceptions shall be reported to the FGPC at their next scheduled meeting.

The Principal may, upon notice to the Director of Entrepreneurship and Innovation propose such amendments of the IP Policy to the FGPC as may be deemed in the interest of RGU.

End