

## EXPLOITATION OF INTELLECTUAL PROPERTY PROCEDURE

### 1. INTRODUCTION

University employees produce intellectual property (IP) in the course of their research and scholarship. Some IP has significant potential for commercial exploitation, which can be of financial benefit to both the University and the employee(s) concerned. In addition, our research sponsors expect the University to make arrangements for the exploitation of IP.

The objectives of this procedure are:

- To set out the principles that govern the University's approach to potentially exploitable IP arising from research and scholarship by our employees;
- To help employees to identify potentially exploitable IP at an early stage;
- To set out the procedure to be followed to ensure that such IP is effectively exploited for the mutual benefit of all parties;
- To ensure that the rights and expectations of sponsors are protected and met.

### 2. PRINCIPLES

The University's approach to the exploitation of IP is governed by the following principles:

- 1) Under UK law, IP generated by employees in the course of their employment is the property of the University unless otherwise agreed;
- 2) IP created by employees outside the course of their employment may belong to them except where it has been created using University resources, facilities, employees, students or background IP. Where University and other resources have been used to create the IP, the employee will be deemed to have agreed to transfer such IP to the University;
- 3) IP created by a student, who is not an employee of the University, belongs to the student concerned except where it has been created using University resources, facilities, employees, students or background IP. Students will be asked to assign IP to the University where it is created as part of a research project funded by a third party. In these circumstances, students may be offered revenue sharing arrangements;
- 4) The terms and conditions of the sponsors of the research giving rise to the IP must be complied with.

### 3. PROCEDURE

#### A. Disclosure and Assessment of IP

Employees are responsible for identifying potentially exploitable IP at an early stage and disclosing this to the University's Enterprise Services without delay. The University, as owner of the IP, will assess whether the IP is exploitable and decide upon the most suitable means of achieving this.

Enterprise Services are experienced in the protection and exploitation of IP and can provide advice to any employees who are unsure whether a piece of IP is likely to be exploitable.

## **B. Outcomes**

If Enterprise Services consider the IP exploitable, they will decide upon the most appropriate route to achieve this in consultation with the Dean of School and the employee who created it. In light of the potential for conflict of interest, the final decision will rest with the University.

The employee who created the IP is expected to cooperate fully with Enterprise Services on this process and will be given due recognition for this.

The University is responsible for paying for and arranging protection of IP unless otherwise agreed.

The financial benefit from the exploitation of IP after deduction of the costs of protection and any agreed payments to third parties, will be shared between the University, the School(s) from which the IP originates and the employee(s) who created it.

## **Licensing**

Where the chosen exploitation route is a licence to an existing company, Enterprise Services will seek to identify potential licensees, negotiate and draft licences; and receive and distribute payments.

Unless otherwise agreed, after deductions of the costs of protection (based on Full Economic Costing), the payments received from licensing the IP will be distributed to the Employee(s), School(s) and University on a fair and transparent process of identifying appropriate contributions.

## **Formation of a new company**

In some cases, the preferred exploitation route may be to set up a new company. In these circumstances, the following procedure will be followed:

- 1) The Inventors will prepare, with the help of Enterprise Services, a brief proposal for forming a company, the other options that have been considered and outline a business plan;
- 2) The proposal will be evaluated by a panel convened by the Associate Vice Principal (Research and Enterprise) consisting of the Head of Enterprise Services, Chief Finance Officer and the appropriate Dean(s) of School;
- 3) The panel may give its recommendation to Vice Principal (Academic) to approve formation of the company, to reject the proposals and provide reasons for this; or to invite the Inventors to submit a further case;
- 4) If the Vice Principal (Academic) gives its approval for the company to be formed, it will normally be on the basis that any equity holding belongs to the University and the founders of the company in proportions to be agreed at the time having regard to the different contributions being made. However the standard proportion due to the University will normally be 23% post seed funding.

- 5) Founders who are employees of the University and who do not move into employment with the company and receive shares in the company are entitled to a share of distributable payments under the revenue sharing arrangements set out above as their share (or part of their share) of the financial benefit from the IP.
- 6) Both the University and the founders will agree on any future dilution in their respective share holdings because of recruitment of company management and financial investment.

### **C. Decisions and Review**

#### **Ownership**

Disputes about the ownership of IP shall be referred to an independent expert to be agreed between the employee and the University. If agreement is not reached on the choice of expert within 30 days, the expert shall be appointed by the President of the Law Society of Scotland.

The expert's fee shall be paid by the University in the first instance but shall ultimately be the responsibility of the part held by the expert to be the owner of the IP. If it is decided that the University owns the IP, the expert's fee shall be deemed to be a cost incurred in protecting and exploiting the IP concerned.

#### **Exploitation**

Final decisions relating to the exploitation of IP, including the terms and conditions of licensing arrangements, rest with the Head of Enterprise Services or his/her nominee. Final decisions relating to company formation rest with the Vice Principal (Academic) or his/her nominee. Where an employee does not agree with a decision, they must first try to resolve the matter informally through discussions with the decision maker.

If it is not possible to resolve the matter informally, the following procedure must be followed:

- 1) The employee should set out their concerns in writing to their line manager within two weeks of (a) being notified of the decision by the University or (b) a failure to agree. This written complaint should include a summary of the issues, specify the outcome that they are seeking and confirm what steps they have taken to resolve the issue informally;
- 2) The manager receiving the complaint will appoint a reviewer to consider the matter, in consultation with the Head of Enterprise Services. The reviewer will normally be at least of equal seniority to the employee's line manager, have appropriate expertise in the exploitation of IP, have had no prior involvement in the case, and their appointment should not give rise to any potential conflict of interest.
- 3) The reviewer will write to the original decision maker to advise them that a complaint has been received. A copy of the complaint should be provided to the decision maker.
- 4) The reviewer will confirm how they intend to carry out the review to both parties. At a minimum, this will involve meeting with the parties and considering any relevant documentation.
- 5) The employee has the right to be accompanied to meetings as part of the formal review process, by either a workplace colleague or a trade union representation.

- 6) The reviewer will either (a) confirm the original decision or (b) recommend an alternative solution.
- 7) The reviewer will summarise their findings and any recommendations in a written report and send this to the manager who appointed them as soon as possible, and normally within four weeks of the complaint.
- 8) The employee's line manager will inform both parties of this outcome in writing. Where an alternative solution has been recommended, the decision maker will be asked to confirm whether they are willing to accept this recommendation and if not, to give reasons.
- 9) The employee will have the right to appeal the reviewer's findings or the original decision maker's response through the appeals process, which is set out in the University's Grievance Procedure.

Procedure Author – Head of Enterprise Services	Procedure Owner – VP and PVC (Academic)
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