

## Policy for Intellectual Property and Rewarding Participation in Commercialisation

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# Policy for Intellectual Property and Rewarding Participation in Commercialisation

## 1. Introduction

The University of Glasgow (the University) is committed to encouraging its employees, students and others undertaking research activity at the University to consider the commercial opportunity for new research ideas or expertise to deliver benefits to the economy, society and culture at local, national and international levels.

The purpose of this policy document is to set out to such members of the University community the principles which govern the ownership, rights to use and share in the exploitation of any intellectual property (IP) they generate as part of their research and scholarship activities.

## 2. Terminology

For the purposes of this Policy the following definitions apply:

**Confidential Information:** information created in a confidential setting or disclosed under a duty of confidence, or any other information, which by its nature, should reasonably be considered as confidential including, without limitation, Technical Know-how and Trade Secrets.

**Employee:** an employee of the University.

**Intellectual Property or IP:** patents, utility models, rights to inventions, copyright, performers' and related rights, trade marks, business names and domain names, rights in get-up, goodwill and the right to sue for passing off, rights in designs, database rights, rights to use, and protect the confidentiality of, Confidential Information and all other intellectual property rights, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world; together with all intellectual creation capable of being protected by the foregoing.

**Members of the University Community:** Employees, Students, and Non-employee Personnel.

**Non-employee Personnel:** consultants, contractors, secondees to the University, interns, volunteers, agency workers, those working at the University under an honorary, affiliate, or visitor appointment, and any other natural persons conducting research activity at, or on behalf of, the University other than Employees and Students.

**Scholarly Materials:** scholarly works created by an Employee in the course of research or study including, without limitation, textbooks (unless such textbooks were developed using University-administered funds), academic articles, research papers and other written works intended principally for the purpose of scholarly publication, conference papers and presentations, theses and dissertations, works of non-fiction, fiction, novels and poems, films and sound

recordings, and works of art, in each case created by an Employee in the course of research or study, but excluding any such materials or part of them which are Teaching Materials.

**Student:** any student enrolled (or otherwise participating) on a course of study and/or research at the University of Glasgow.

**Teaching Materials:** materials created for the purpose of teaching and learning at the University including, without limitation, course guides, study and teaching guides, handouts and presentation materials (including, without limitation, lecture notes, scripts, plans, slides and other audio-visual materials and/or sound recordings used as part of teaching delivery), instruction manuals and assessment and examination questions. Excluding any material sourced from a third-party work protected by copyright. Employees are responsible for identifying any such third-party work including in teaching and learning materials and for obtaining all necessary written permissions from the owners.

**Technical Know-how:** unpatented technical information (including, without limitation, information relating to inventions, discoveries, concepts, methodologies, models, research, development and testing procedures, the results of experiments, tests and trials, manufacturing processes, techniques and specifications, quality control data, analyses, reports and submissions) that is secret, substantial (that is, significant and useful for the production, interpretation or use of the results) and identified.

**Trade Secret:** information which meets all of the following requirements: (i) it is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question; (ii) it has commercial value because it is secret; and (iii) it has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

**University IP:** IP owned, or to be owned, by the University in accordance with this policy.

### **3. Intellectual Property Ownership**

#### **3.1 Employee Ownership**

Under UK law as employer and via contracts of employment the University owns all IP generated by Employees in the course of their employment duties – irrespective of place and time of creation. The University has the right to protect and commercialise any Employee IP which it owns or where it has the permission of any joint owners to do so.

All Employees are permitted to use any IP created by them in performance of their normal research and teaching duties whilst employed at the University (subject to any relevant funder's Terms & Conditions and/or any contractual obligations entered by the University with third parties e.g. licensees).

### **3.2 Non-employee Personnel Ownership**

Where Non-employee Personnel generate IP in the course of research or study conducted at the University, it is expected that, in most circumstances, such IP should be owned the University. This is particularly the case where:

- (i) The University pays for, or otherwise provides or facilitates funding for the relevant activity;
- (ii) The University makes available premises, facilities, equipment, IT, consumables, or other materials for the purposes of the activity
- (iii) The University is subject to any third-party terms which require it to own the relevant IP; or
- (iv) The relevant activity otherwise relies on, develops, or reduces to practice, University IP.

Where reasonably requested to do so, and to the extent that the relevant IP is not already owned by the University, Non-employee Personnel will assign (or ensure the assignation of) the relevant IP to the University.

The University may, in exceptional cases, consider whether it is appropriate for such Non-employee Personnel to be offered rights to a share of any net income generated by the University from the commercialisation by the University of such IP, in the same manner as an Employee under this policy. Any such agreement should be captured in writing between the parties.

### **3.3 Student Ownership**

Students are not usually employed by the University and will, unless so employed or otherwise agreed, own any IP they create. There are situations where, in order for a Student to be involved in a particular activity, it may be necessary for the relevant Student to assign their IP to the University. Examples where Student IP may require to be owned by the University include, for example, where a Student is being sponsored by a third party that requires the Student to assign their IP to the University or to the sponsoring body, in accordance with the terms and conditions which apply. The same may apply if the Student wishes to work in an area where the University has valuable IP and/or where arrangements are in place with commercial companies in relation to the results of funded research.

In other cases, Students will be given the option to assign any IP to the University. Any Student who is required to assign their IP under this policy, or who otherwise chooses to assign their IP to the University, will formally assign their relevant IP to the University and will be granted the same rights as an Employee as set out in this policy.

### **3.4 Variations to Ownership**

There are a number of circumstances where the University varies its ownership of Employee IP either in compliance with a third-party funder terms and conditions or following negotiation of contractual terms. Common scenarios for variation of University ownership include where a research grant funder has this as a requirement of accepting the grant, a negotiated term in a contract with a commercial third party or under an agreement with a third-party joint IP owner

e.g. under the terms of an academic collaboration agreement or joint patent agreement. Regardless of ownership of the IP, the University requires access to all data generated using University resources and will retain the original raw data when an individual (Employee, Student or Non-employee Personnel) leaves.

### **3.5 Scholarly Materials**

The University waives its rights to ownership of any copyright in Scholarly Materials created by Employees except in respect of:

- (i) Computer programs created by Employees in the course of their duties (which includes, without limitation, software, source code, object code, preparatory design materials, firmware, any supporting documents, and all other works or material recorded or embodied in the software, including, without limitation, the audio or visual content in any screen displays in the user interface);
- (ii) Databases or aggregations of data and/or datasets (data commons and the like) created by Employees in the course of their duties;
- (iii) Works created by Employees for University administrative and/or operational purposes including, without limitation, reports, syllabuses, curricula, timetables, regulations, policies, handbooks, examination and assessment materials, promotional or marketing materials, and artistic works relating to the University's brands, logos, and the like;
- (iv) Technical specifications, technical designs, or other works created by Employees in the course of their duties which may be of assistance to the University in protecting or supporting the commercialisation of rights in patentable inventions, Trade Secrets, Technical Know-how, commercially exploitable products, or other innovations; and/or
- (v) Works created in the course of sponsored/funded research or work commissioned by, or in collaboration with, a third party, where the terms of such third party arrangement require the University to assign (or to own and license) copyright in such works to a third party. Where an exception applies, the University will retain its ownership rights to the relevant copyright.

Where ownership is waived by the University under this paragraph 3.5, and subject to the terms of the University's Research Publications and Copyright Policy with which each Employee must comply, the University shall retain a perpetual, irrevocable, worldwide, royalty free, non-exclusive right and licence (with the right to sub-license) to use, reproduce, modify and adapt the Scholarly Material for the promotional, educational, research and teaching purposes of the University and in any format.

## **4. Requirement for Confidentiality and Record Keeping**

All Members of the University Community should make every effort to keep all University IP confidential until discussions with the University have taken place and any opportunity to file for patent protection has been assessed. Disclosure or publication of IP prior to filing a patent application may harm or eliminate the opportunity to obtain patent protection for the invention.

Disclosure includes the IP being made available publicly in a written or oral format, including open access theses submitted in respect of a degree at the University or any other institutions; submissions to journals; conference papers; seminar contributions; poster presentations; correspondence and emails; and any discussions or conversations with third parties which are not covered by an obligation of confidentiality. If there is a need to disclose information relating to an invention prior to a patent application being filed, an appropriate non-disclosure agreement **must** be put in place.

For the purposes of protection and exploitation of any IP, it is likely that access will be required to the laboratory notebooks and other written records (including data and research results) generated by the relevant Member of the University Community. It is therefore best practice to keep full, accurate and up-to-date written records of all University IP which they create. Such records should be regularly signed off by the individual's line manager or supervisor and should be kept safe from unauthorised access and will be retained by the University when the individual leaves.

## **5. Rights to use of Employee Intellectual Property (IP)**

### **5.1 Employee Right to Use Intellectual Property (IP)**

All Employees are entitled to use any University IP created by them in the course of their normal duties whilst employed at the University, including in further research (e.g. grant applications, publications) and teaching related activities (subject to any other funders Terms & Conditions and/or any contractual obligations entered by the University with third parties e.g. licensees).

### **5.2 Use of Third-Party Intellectual Property (IP)**

By law, rights to use IP owned by third parties for research purposes are extremely limited and all Members of the University Community should be very careful if they are using or intend to use any IP created outside of the University in their research activities at the University. If any Member of the University Community receives a notification from any third party alleging that they have infringed the third party's rights in any IP, the individual should contact the IP & Commercialisation team within the Innovation Services Directorate immediately.

### **5.3 Teaching Materials**

The University owns all Teaching Materials and grants each Employee a royalty-free, non-exclusive license to use the Teaching Materials created by them for teaching or research purposes which are non-commercial only for as long as the Employee remains employed by the University.

If the individual ceases to be employed by the University, the individual may request a single copy of the Teaching Materials for his/her personal use and for teaching and research purposes which are non-commercial.

## 5.4 Leavers/Former Employees

Members of the University Community are not automatically entitled to use any University IP created by them after they leave the University. The University will consider reasonably any requests received from leaving or former individuals to use any University IP created by them for future academic and non-commercially funded research and teaching purposes. Where it is able and willing to do so, the University will normally grant a licence to the individual's new employer for this purpose. Any requests for licences should be directed to the IP & Commercialisation team within Research & Innovation Services Directorate who will liaise with the respective College(s) as appropriate.

Members of the University Community are reminded that by law they are bound to keep confidential any proprietary information owned by the University which is not in the public domain and are not permitted to use such information, or disclose it to third parties, after cessation of their activity at the University.

Regardless of ownership of the IP, the University requires access to all data generated using University resources and will retain the original data when a Member of the University Community.

## 6. Rewards for Participation in the Exploitation of University Intellectual Property

The University is committed to encouraging its Employees to participate in the commercialisation of its IP by licensing its technologies and creating new companies to maximise the societal impact of the University's research and scholarly activities. The University provides mechanisms by which those Employees that participate can share in any financial rewards from such activity.

The policy for rewarding Employee participation is described below.

### 6.1 University Licensing Income

Employees are entitled to share in net income received by the University from the licensing of University IP they created ( or are deemed to have made a material contribution to the creation of the IP, to third parties including a spin-out company in which they are a University Employee founder

For the purposes of this policy net income is defined as gross cash (e.g. upfront payments, milestone payments and royalties) paid by the licensee and received by the University under the terms of a license agreement **less** any external legal costs, external intellectual property evaluation/protection costs, or other deductions. Examples of 'other deductions' include revenue-share obligations to research funders e.g. Charities, under their grant funding terms and conditions or to joint IP owners where there is an obligation to share revenue.

In some cases, net income may include shares in the licensee. In such scenarios, if the employee does not receive the shares personally, then all shares are held by GU Holdings Ltd. And any share dividend payments or cash from the disposal of shares will be subject to this policy. Disposal of any shares will be at the sole discretion of GU Holdings Ltd.

The distribution policy for % share of net licensing income is set out below.

Net licence income	Employee(s)	College	Innovation Fund
Up to £250k	80%	10%	10%
£251k to £1m	70%	15%	15%
Greater than £1m	35%	32.5%	32.5%

### **6.1.1 Arrangements for Sharing Revenue where there is more than one Employee**

If more than one individual is involved in the creation and exploitation of the relevant IP, the Employees involved are solely responsible amongst themselves for determining the distribution of the Employee share of net licensing income. The University will not become involved in this determination.

No distribution of Employee net licensing income can be made until all the Employees involved have reached an agreement and agreements are in place between Employees and the University regarding these revenue sharing arrangements.

### **6.1.2 Employees No Longer Employed by the University**

Employees entitled to share in Employee net licensing Income may leave or retire from the University. It is each Employee's responsibility to ensure that the University is notified in writing at all times of his or her current address to where any revenue payments due to him or her may be sent. If the University is not given such current address details then they will be designated a 'missing individual' and all unclaimed revenue payments may be invested in a deposit account until such revenue payments are claimed. The University will not be a trustee of any such unclaimed revenue payments.

### **6.1.3 Death of an Employee**

In the case of the death of an Employee due a share of licensing income, that share will be payable to the estate of the deceased.

### **6.1.4 Unclaimed Employee Net Licensing Income Revenue**

Any Employee net licensing income remaining unclaimed for five years from the date the net income is received by the University will, after that date, be forfeited and will revert to the University, and will be distributed plus any net interest earned between the University and any others entitled to share in such revenue stream, excluding the missing individuals(s), on the same basis as set out above.

### **6.1.5 Tax and National Insurance Due on Royalties**

Where the Employees receiving a share of licensing income are employed by the University at the date of such receipt, the University's Finance Office will ensure that both the employer's and Employee's costs are remitted to the Inland Revenue. The statutory deductions for income tax and national insurance will be made, and Employees will receive the net amount via the payroll.



Non-Employees will receive the gross amount due to them. Such individuals must ensure that they are registered with the Inland Revenue for self-employed Schedule D status and will be legally responsible for their own tax arrangements in relation to any income received from the University.

## 6.2 Spin-out Companies

6.2.1 For the purposes of this Policy a spin-out company is defined as a company set-up with support of the University to commercialise university owned IP and in which the University has a shareholding. The University shareholding will be held by its subsidiary company GU Holdings Ltd. GU Holdings Ltd will manage the University shareholding in the spin-out companies and is responsible, at its sole discretion, for the disposal of University shareholdings.

Founding equity will be shared between University Employees and GU Holdings Ltd as follows:

Founder	% Shareholding
University (Held by GU Holdings Ltd)	up to 20%
University Employee Founder(s)	up to 80%

Variations:

- (i) Founding shareholdings between the University and University Employees will be agreed on a case-by-case basis with the University having no more than 20%. Each agreement will aim to align with the recommendations of the UK Government Independent Review of Spin-Out Company Terms (November 2023) including the USIT (University Spin-Out Investment Terms) Best Practice Guides produced by TEN-U
- (ii) The % of founding ownership of the spin-out venture held by the University and University Employees will vary where third party founders such as grant funding organisations, entrepreneurs or joint IP owners take a share of the founding equity prior to investment.

6.2.2 The Employee founder(s) will hold their shares in their own name and will be responsible for their own tax arrangements in relation to any shares held in the spin out venture. Founders are encouraged to take their own advice in relation to any tax consequences.

6.2.3 If there is more than one Employee founder they are responsible for agreeing distribution amongst themselves of Employee founder shares. The spin out company cannot be formed until this has been agreed.

6.2.4 Both Employee founders and GU Holdings Ltd prior to any investment, will dilute their shareholdings pro-rata if there is a need provide founding equity to engage executive talent or the company needs to create share option pools or to accepting third party investment (unless otherwise agreed).

## 7. Intellectual Property Not Commercialised by the University

If the University decides not to protect and exploit any University IP then the relevant Member of the University Community may request assignation of the IP they created. Subject to any terms and conditions in place with third parties, the University will reasonably consider such requests and, if approved, will assign the relevant IP to the requesting individual in return for 3% of all income arising from commercialisation e.g. royalty-earned and/or equity disposal and/or sub-licence income. The University will provide no support, financial or non-financial, to the individual in seeking to commercialise the relevant.

Version number	Reason for change	Date
1.3	Original policy	17 June 2014
2.1	Major revision to Policy to introduce more favourable terms for Founders	23 January 2024