

Exploitation of Intellectual Property Procedure

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Procedure Owner – Pro Vice Chancellor (Research & Innovation)

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1. INTRODUCTION

Our Employees and Students produce 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. Certain IP generated by Employees and/or Students has potential for commercial exploitation, which can have a positive impact on the economy as well as generating a financial benefit for the University and the Employee or Student concerned. In addition, Funders 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 procedure is to:

- Set out the principles that govern the University's approach to potentially exploitable IP arising from research and scholarship by our Employees or Students;
- Help Employees identify Potentially Exploitable IP at an early stage;
- Set out the procedure to be followed to ensure that such IP is effectively exploited for the mutual benefit of all parties;
- Ensure that the rights and expectations of Funders are protected and met.

This Procedure applies to all Employees and Students of the University. Arrangements for Undergraduate Students and Postgraduate Taught Students of the University are set out in Annex A of this Procedure. Resolution of any conflicts of interest arising in the context of IP is covered in section 3.26 of this document.

Scholarly Rights are specifically excluded from the scope of this Procedure except to the extent that any such Scholarly Rights form part of University IP.

2. PRINCIPLES

- 2.1 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 the University has otherwise agreed in writing. This shall apply to University Employees whether or not their place of work is on University premises including any Employees on placement unless a contract exists dictating otherwise.
- 2.2 IP created by Employees outside the course of their employment belongs to them except where it has been created using University resources, facilities, other Employees, students or background IP. Where University resources have been used to create the IP (other than incidentally), the Employee will be deemed to have agreed to transfer such IP to the University.
- 2.3 Where there is Potentially Exploitable IP, publication and dissemination may be deferred for a short time pending decision on patent protection and exploitation. Employees and Students should maintain the confidentiality of IP that they create until it has been decided if it is Potentially Exploitable IP.
- 2.4 Undergraduate Students or Postgraduate Taught Students will normally own the intellectual property generated by them during their programme of study at the University. There are some exceptions to this, and further explanation is given at Annex A. Students will normally be advised if there are different arrangements applicable to their programme. Intellectual Property created by Postgraduate Research Students will normally belong to the University. Postgraduate Students are

informed of this in the [Doctoral College Handbook](#). 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.

- 2.5 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).
- 2.6 All Potentially Exploitable IP must be identified by the Inventor and disclosed to the University as early as possible in accordance with this Procedure.
- 2.7 The University is responsible for arranging and paying for the protection of Potentially Exploitable IP if it deems such IP to have commercial potential but is under no obligation to seek protection of such IP.
- 2.8 The financial benefit from the exploitation of IP, after deduction of the Costs of protection, will be shared between the University, the School(s) and the Inventor(s), so long as the Inventors are not already benefitting from allocated shares in the company.
- 2.9 The contractual terms and conditions of any external funders 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 funded activity to the funder or provide that the funder should share in any income arising from successful Commercialisation of such IP.
- 2.10 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 Business Innovation (BI) team will lead on this activity under the framework of the Stage-Gated Process set out in this Procedure
- 2.11 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 BI, unless already covered by an existing agreement.

3. PROCEDURE

- 3.1 Employees are responsible for identifying Potentially Exploitable IP at an early stage and disclosing this to the University's BI team without delay.
- 3.2 The University, as owner of the IP, will assess whether the IP is exploitable and decide upon the most suitable means of achieving this.
- 3.3 The BI team 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.
- 3.4 If the BI team 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.

- 3.5 As part of the due diligence on IP protection, the BI team will instruct an external IP attorney to perform a search or searches to establish whether the invention is novel (i.e. it has not been previously invented and protected). When the IP attorney provides a positive opinion on novelty this establishes the confidence to proceed to filing a Patent application which the BI team will do when satisfied that there is a good commercial opportunity to exploit. This expert opinion also provides the due diligence on whether the University have the freedom to operate when exploiting the IP (i.e. that the University are not infringing any third party IP)
- 3.6 The employee who created the IP is expected to cooperate fully with the BI team on this process and will be given due recognition for this.
- 3.7 The University is responsible for paying for and arranging protection of IP unless otherwise agreed.
- 3.8 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.
- 3.9 Where the chosen exploitation route is a licence to an existing company, the BI team will seek to identify potential licensees, negotiate and draft licences; and receive and distribute payments.
- 3.10 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
- 3.11 Where the preferred exploitation route may be to set up a new company, the inventors will prepare, with the help of the BI team, a brief proposal for forming a company, the other options that have been considered and outline a business plan;
- 3.12 The proposal will be evaluated by a panel convened by the Pro Vice Chancellor (Research & Innovation) consisting of the Head of Business Innovation, Vice Principal (Finance and Infrastructure), Head of Legal Services and the appropriate Dean(s) of School;
- 3.13 The panel may give its recommendation to Pro Vice Chancellor (Research, & Innovation) to then take to Vice Chancellor's Executive (VCE) approve formation of the company, to reject the proposals and provide reasons for this or to invite the Inventors to submit a further case;
- 3.14 If the VCE gives 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 be no more than 25% post seed funding.
- 3.15 These arrangements will be negotiated via Pro Vice Chancellor (Research & Innovation) on a case-by-case basis.
- 3.16 The detail of the transfer to the company and the return to the University will be negotiated by the Head of Business Innovation and agreed with Pro Vice Chancellor (Research & Innovation), Vice-Principal (Finance and Infrastructure, Head of Legal Services and the appropriate Dean(s) of School before Heads of Terms are presented to VCE for final approval.

- 3.17 Immediately before or after the company has established, it is common that they will look to raise funding either through either new equity or loan capital. The University can choose to participate in this investment as an arms-length transaction. This would need to be approved under the category of “Capital Investment – un-budgeted” within the Scheme of Delegation Financial Authority (Appendix 2 of [UWS Financial Regulations](#)).
- 3.18 To facilitate the approval of such an investment, the Head of Business Innovation will require to confirm:
- a. The level of protection or extension of the University’s shareholding in the company and
 - b. An assessment of risk supported by an independent expert either engaged directly or through the lead Investors if appropriate.
 - c. The reputational impact of the University participating (or not) in the transaction.
- 3.19 Founder Inventors 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.
- 3.20 Both the University and the Founder Inventors will agree on any future dilution in their respective shareholdings related to recruitment of company management and financial investment.
- 3.21 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.
- 3.22 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.
- 3.23 Final decisions relating to the exploitation of IP, including the terms and conditions of licensing arrangements, rest with the Head of Business Innovation or his/her nominee.
- 3.24 Final decisions relating to company formation are presented by the Pro Vice Chancellor (Research & Innovation) or his/her nominee to VCE for approval. Where an employee does not agree with a decision, they must first try to resolve the matter informally through discussions with the decision maker.
- 3.25 As part of any spin out agreement, the University will have the right to appoint to the company board either an Observer or Director. The right to appoint an observer results from a spin out agreement which does not include any direct financial investment into the company (i.e. transfer of only IP, equipment and access to University resources) whereas the right to appoint a director results from direct investment in the form of equity or debt (i.e. investment of share or loan capital by University).

- 3.26 If it is not possible to resolve the matter informally, the following procedure must be followed:
- d. The employee should set out their concerns in writing to their line manager within two weeks of (i) being notified of the decision by the University or (ii) 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.
 - e. The manager receiving the complaint will appoint a reviewer to consider the matter, in consultation with the Head of Business Innovation. 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.
 - f. 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.
 - g. 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.
 - h. 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.
 - i. The reviewer will either (a) confirm the original decision or (b) recommend an alternative solution.
 - j. 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.
 - k. 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.
 - l. 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

4. GLOSSARY OF TERMS

Term	Description
Business Innovation Team	The team within that has responsibility for the University's IP & Commercialisation activities
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 spinout companies
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/School support) and third party expert advice
Employee	An individual with a contract of employment with 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 spinout company and who holds equity in that University spinout company as a private individual
Funder	An external organisation to the University which provides funding towards certain of the University's research and knowledge exchange activities
Intellectual Property (IP)	Patents, utility models, Inventions, copyright and related rights (including moral rights), trademarks, rights in designs, rights in get-up, business names and domain names, computer software including algorithms and code data, databases, technical knowhow and trade secrets.
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
Postgraduate Research Student	Any person who is enrolled as a postgraduate research student or doctoral candidate of the University

Postgraduate Taught Student	Any person who is enrolled 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)
Scholarly Rights	All copyrights in books and learned articles (including academic articles, conference papers, textbooks, theses and dissertations)
Student	Any Undergraduate Student, Postgraduate Taught Student or Postgraduate Research Student
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
Undergraduate Student	Any person who is enrolled as an undergraduate student of the University

ANNEX A - IP Principles for Undergraduate Students and Postgraduate Taught Students

This document describes the rights of Undergraduate Students and Postgraduate Taught Students at the University to own Intellectual Property that is created by them 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.

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 THIS ANNEX

These principles apply 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. GENERAL DIRECTION APPLIED

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

Undergraduate Students and Postgraduate Taught Students will normally 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 a Funder and/or exploit the IP. In exchange, the University undertakes to treat Undergraduate Students and Postgraduate Taught Students in the same way as an Employee for the purposes of sharing any revenues arising from the commercial exploitation of that Intellectual Property.

4. EXCEPTIONS

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.

- a. **Undergraduate Students and Postgraduate Taught Students participating in a research project funded by a third party** – A Funder might make it a condition of funding that any Intellectual Property rights generated during the project will belong to the Funder 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 Funder unencumbered.

In other cases, the Funder 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 Funder 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 Funder.

The University or a Funder 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.

- b. **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 Employee. 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.

- c. **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.
- d. **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 Funder will have a separate agreement with the Undergraduate Student or Postgraduate Taught Student or with the University under which the Funder 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 Funder.

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 they must not knowingly claim rights in work created by others, whether academics, Postgraduate Research 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 arising from this Procedure, for example in relation to the ownership of IP, the matter will first be discussed between the Student and the Head Business Innovation 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 treated as an IP dispute between an Employee and the University as described in section 3.20 of this Procedure.