

# **POLICY ON OWNERSHIP, PROTECTION AND EXPLOITATION OF INTELLECTUAL PROPERTY FOR EMPLOYEES.**

**Effective from 1<sup>st</sup> August 2018**

---

## **1. Purpose**

The purpose of this Policy is to set out the University's position concerning the ownership, protection and exploitation of Intellectual Property ("IP") created during the course of research and related activities.

## **2. What is covered by the policy?**

This Policy governs the management, protection and commercial exploitation of University IP. It provides guidance in order to promote the early identification and protection of such University IP and successful commercialisation for the benefit of society, the University, the Employees concerned and the funder (where applicable). Certain terms used in this Policy have specific meaning as defined in Appendix A.

## **3. Who does the policy apply to?**

- 3.1 This Policy is applicable to all University Employees including those on temporary, visiting<sup>1</sup> and part-time contracts.
- 3.2 Unless specified otherwise, in a separate agreement signed by the University, all IP developed by Employees of the University in the course of their normal duties of employment, or in the course of specifically assigned duties, will belong to the University. IP produced by an Employee outside the course of their employment will usually belong to the Employee. This is in accordance with the Copyright, Designs and Patents Act 1988 and the Patents Act 1977.
- 3.3 IP created by a Student who is not an Employee of the University is covered by separate policies which can be found at Appendix I.<sup>2</sup>

## **4. Roles and responsibilities**

This Policy will be managed by the Executive Director of Finance and approved by Council. Its interpretation will be the responsibility of the Legal and Intellectual Property team and its implementation will be the responsibility of the Business Development and Enterprise team ("BDE").

## **5. Policy**

- 5.1 IP is the output of intellectual, creative and innovative activity and can include software, data and databases, 'apps', technical know-how and trade secrets, inventions, written work, designs and images. IP can be given legal protection through a variety of registered or unregistered intellectual property rights (IPR) such as patents, design rights, database rights, copyright,

---

<sup>1</sup> For guidance on IP and visiting researchers see Appendix G.

<sup>2</sup> IP created by a Student belongs to the student concerned. Students will be asked to assign IP to the University where this is necessary to allow the University to comply with conditions of the sponsors of the research and/or exploit University IP. In such cases Students will be offered revenue-sharing arrangements in line with those offered to Employees (see 5.11 and Appendix C).

confidentiality or trademarks. IP can exist without such legal protection typically in the form of know-how. Like other forms of property IP is an asset with value, which can be used as security, to leverage funding, be traded, bought, sold and licensed.

- 5.2 The University, as a charitable and publicly-funded body, is obliged by law to take reasonable measures to maximise the returns on its assets, including IP. The University is, however, committed to sharing with its Employees who have generated IP which is subsequently Commercialised, the benefits of such Commercialisation.
- 5.3 It will apply to any IP that is disclosed to the BDE on or after the Effective Date. If IP disclosed after the Effective Date is Commercialised as part of a package of IP disclosed prior to the Effective Date, the Faculty PVC of the relevant Faculty will decide upon a fair division between the previous applicable IP policies and this version of the Policy, and his / her decision shall be final. In the event of IP generated across Faculties, the PVC Research Strategy and Resources ("PVC RSR") shall also be involved and will make the final decision in the event of any dispute
- 5.4 This Policy should be read in conjunction with the University's Conflict of Interest Policy and Finance Regulations.
- 5.5 This Policy applies to IP capable of industrial and commercial application. It does not apply to IP in Creative Works<sup>3</sup> or IP in teaching materials.<sup>4</sup>
- 5.6 The University position is that the output of all research should be widely disseminated for public benefit and (subject to limited exceptions) the University has granted its Employees the freedom to publish academic publications. For research which does not have commercial potential and where there is no other restriction to publication, there should be the minimum delay in the publication of research outputs. However, where there is the potential to commercialise IP, there may be a need to keep the details confidential for a reasonable period of time. This allows for the IP to be assessed and, where appropriate, for registered protection to be applied for, such as by patents or registered designs.
- 5.7 If information needs to be shared with another party, then the information must be disclosed under an appropriate confidentiality agreement ("CDA") to be processed through the University Legal and Intellectual Property team. More details can be found in Appendix G.
- 5.8 Unless given express permission from the University<sup>5</sup>, Employees are not authorized to enter into negotiations or agreements with Third Parties in relation to University IP.
- 5.9 Employees must inform the BDE<sup>6</sup> about potentially commercially valuable IP as soon as it is identified, prior to any proposed disclosure to any Third Party, in sufficient time to allow for appropriate evaluation and protection of the IP prior to disclosure. It is not possible to successfully apply for a patent or registered design rights in most territories after disclosure. The details of the process for evaluating and commercialising IP can be found at Appendices B and D.

---

<sup>3</sup> The University waives its rights to IP in creative works.

<sup>4</sup> IP created in teaching materials is governed by the "Design Right and Copyright of Teaching and Learning Materials: Policy on ownership and use" (see paragraph 6).

<sup>5</sup> Specific authorisation to negotiate in relation to University Intellectual Property has been delegated to Legal and Intellectual Property team, Grants and Contracts and BDE.

<sup>6</sup> Employees should inform BDE about potentially commercially valuable IP by submitting an Opportunities Form to BDE as specified in Appendix D.

- 5.10 If the University makes the decision that it does not want to commercialise or maintain an interest in IP, then it may negotiate to assign such IP to the Originators, on terms to be agreed.
- 5.11 In the event that an opportunity is commercialised by licence or assignment, the Originators will receive a share of revenues received by the University from the exploitation of IP, other than through the creation of a Spin-Out in accordance with Table A (below) and the process set out in Appendix C. In the event that an opportunity is commercialised through the formation of a Spin-Out the Originators will normally receive shares in the Spin-Out in accordance with the provisions of Appendix C.

**TABLE A**  
**Distribution of Net Income from royalties**

<b>Net Income (cumulative)</b>	<b>Originator (s)</b>	<b>University</b>
First £5,000	100%	
Next £195,000	50%	50%
Next £9.8m	40%	60%
All income above £10m	20%	80%

- 5.12 The University shall make every reasonable effort to resolve fairly and by negotiation all issues raised in relation to the implementation of this Policy. Disputes relating to the interpretation of this Policy will be resolved in consultation with the Head of Legal and Intellectual Property and disputes regarding the implementation of this Policy shall be resolved in consultation with the Director of Business Development and Enterprise as required. Disputes regarding the decisions made by the Head of Legal and Intellectual Property or the Director of Business Development and Enterprise shall be submitted to the University's IP and Spin-Out Committee. The decision of the committee shall be final in such events.
- 5.13 The employment relationship between the University and each of its employees is set out in the contract of employment. This Policy does not form part of the contract or employment but it will apply both to the University and to all its Employees. It is the responsibility of all Employees to familiarize themselves with this Policy and ensure that they are in compliance with its processes and procedures.
- 5.14 For queries on the legal interpretation of this Policy, the contact is Head of Intellectual Property and Legal. For queries on the operation of this Policy, the contact is Director of Business Development and Enterprise.

## 6. Related regulations, statutes and policies

- Finance Regulations
- UG and Taught PG Intellectual Property
- Confidentiality and Intellectual Property (including Inventions) and Results for Research Students
- Design Right and Copyright of Teaching and Learning Materials.
- Design Right and Copyright of Learning and Teaching Materials and Confidentiality – Learning and Activities provided by individuals not employed by the University, including Visiting Staff.
- Declaration of External Interests and Conflict of Interest Policy

## 7. Definitions and Procedure to implement the policy

- Appendix A: Definitions
- Appendix B: Process for the evaluation and commercialisation of IP
- Appendix C: Distribution of income from royalty or equity realisation arising from commercialisation of University IP.
- Appendix D: The Faculty-level process; guidance for academics.
- Appendix E: Support for Spin-out companies.
- Appendix F: Process for commercialising IP through Spin-outs.
- Appendix G: Intellectual Property rights for Visiting Researchers.
- Appendix H: Links to forms, guidance and other information

## 8. Monitoring and reporting on compliance

*What monitoring will be undertaken to determine how effectively the policy is implemented and where any results will be reported?*

What will be monitored?	Frequency	Method	Who by	Reported to
Patents applied for, granted, maintained and licenced	Annually	Written Report	Faculty BD teams	IP and Spin Out Committee
University Equity Schedule	Annually	Written Report	Finance and Planning	Finance Committee and others
Investigation of non-compliances	Ad Hoc	via Fraud and Financial Misconduct Policy	Internal Audit in first instance	Audit Risk and Assurance Committee

## 9. Failure to comply

Breach of the Policy may be a disciplinary matter for Employees. The University will consider all options available to it, and may, if necessary, take legal action against the Employee who has acted in breach of this Policy.

<b>Document control information</b>
-------------------------------------

**Does this replace another policy?** This Policy will replace the policies on “Intellectual Property for University Staff” 2013, the policy for “Intellectual Property Rights for Visiting Researchers” 2013, and the “Policy on University staff involvement in Spin-Out companies 2012.

**Approval**

**Approved by:** Council **Date:** 11/02/2020

**Effective from:** 11th February 2020

**Review due –** Every two years in consultation with the relevant University bodies.

**Responsibilities**

**Executive sponsor:** Executive Director of Finance

**Policy owner:** (This maybe an officer or Committee) IP and Spin Out Committee

**Person(s) responsible for compliance:** Heads of School supported by Faculty Deans and Business Development and Enterprise Team

**Consultation**

Version	Body consulted	Date
5	Council	16/7/2018
6 Appendix J added - no other changes	IPSOC	30/1/2020
6	Council	11/2/2020

**Equality, Diversity and Inclusion Analysis:**

**Does the policy have the potential to impact on people in a different way because of their protected characteristics? Yes/ No/ Unsure**

If yes or unsure please consult the Diversity Team in HR for guidance

**Initial assessment by:** Martin Cox **Date:** 23/7/18

**Key changes made as a result of Equality, Diversity and Inclusion Analysis**

**Document location**

<https://newcastle.sharepoint.com/hub/res/Pages/intellectualproperty.aspx>

## APPENDIX A: Definitions

Certain terms used in this document have specific meanings as defined below.

<u>Term</u>	<u>Description</u>
BDE	Business Development and Enterprise which is a unit in the University which is responsible for decisions regarding, and the administration of, potentially commercially valuable IP.
Commercialisation	Any form of commercialisation of IP, including assignment, licensing or the disposal of any other interest, whether in return for cash or payment in kind or any other form of value, but does not include the delivery of courses by the University or any of its subsidiary companies, in each case whether on their own or in collaboration with a Third Party. "Commercialise", "Commercialisable" and "Commercialised" shall be construed accordingly.
Creative Works	Books or learned articles, artistic or musical works, sound recordings, films or broadcasts, works protected by design rights, trademarks.
Effective Date	The date specified in paragraph 9 of the Policy.
Eligible Costs	Eligible costs may include, without limitation, patent costs, payments to funders of the original research, Third Party collaborators or any Third Party with a legal interest in the IP that are deducted as a direct cost and any other costs that the University is entitled to deduct.
Employee	All members of the University, namely <ul style="list-style-type: none"> <li>• Employees of the University</li> <li>• Academics/ researchers working on a contract basis</li> <li>• Employees working at partner NHS Trusts<sup>7</sup></li> <li>• Administrative and professional personnel</li> <li>• Personnel working on a contract basis</li> <li>• Honorary academics and visiting researchers<sup>8</sup></li> </ul>
Intellectual Property (IP)	Inventions, computer software, data, databases, technical know-how and trade secrets. Large banks of data collected in the course of research are also covered here only if they may reasonably be considered to have the potential for exploitation. This policy does not apply to Creative Works except to the extent that any Creative Works forms, part of an Invention.
IP and Spin Out Committee	A sub-committee of Executive Board which oversees the University's IP portfolio and considers and authorises Spin Outs.

<sup>7</sup> The University will ordinarily own IP generated by staff working with the NHS Trusts that it partners with, unless specific agreements state otherwise.

<sup>8</sup> Honorary academics and visiting staff involved in research at the University will be required to sign an agreement assigning any of the IP that they create to the University. (see Appendix G)

Invention	A novel or useful idea relating to processes, machines, manufacturing or products.
Inventor	The person or persons who contribute to the inventive step of a patentable Invention.
Net Income	The amounts of Revenues available to be shared between Originators and the University after deductions of Eligible Costs.
Opportunities Form	A form to be filled in by an Originator to provide details to BDE of a potential commercial opportunity or intellectual property which has potential commercial value. Full name: Business Opportunities Form ("BOF"), available on the University intranet
Originator	Includes (i) Inventor of an Invention, (ii) creator of copyright work, or design which qualifies for registered or unregistered design right ( including topography right), (iii) person who takes the initiative in obtaining, verifying or presenting the contents of a database, (iv) breeder, or discoverer and developer, of a plant variety or (v) developer of know-how which is of standalone importance separately from other IP (ignoring copyright in works which describe such know-how); who is an Employee at the time of such (i) Invention, (ii) creation, (iii) obtaining, verifying or presenting, (iv) breeding or developing or (v) know-how development.
Revenues	The cash or non-cash considerations received from third parties by the University resulting from intellectual property agreements (e.g licensing, assignment or sale transactions) for University IP; but shall exclude funds or other consideration received for either sponsored research activities or ongoing IP protection costs.
Spin-Out	A company established or (if it is to all intents and purposes dormant) made active with a view to Commercialising IP originating at the University (whether on its own or with other IP).
Student	Means any person: <ul style="list-style-type: none"> <li>• registered as an undergraduate, or taught or research postgraduate student of the University, or;</li> <li>• following any University course as if such a student;</li> </ul>
Technology	A package of IP, protected by various rights, which are Commercialised together; e.g (i) more than one patent, copyright or know-how licensed to a Third Party will be classified as one Technology; or (ii) if the same or similar package of IP licensed to more than one Third party e.g. by licences in different fields or territories, or multiple non-exclusive licences, then they are classified as one Technology.

Third Party	A body the University does not control, directly or indirectly, whether by means of holding shares, possessing voting power or exercising contractual powers in or over that body.
University	The University of Newcastle upon Tyne, trading as Newcastle University

## APPENDIX B: Process for the evaluation and commercialisation of IP

### 1. PROCESS FOR EVALUATING AND COMMERCIALISING IP

- 1.1 The BDE will carry out an initial assessment of the disclosed opportunity normally within one calendar month<sup>9</sup> of receipt of disclosure in order to advise on the most appropriate method of protecting any IP disclosed and provide an initial assessment of the most suitable commercial exploitation route. This assessment will also take into account any requirements of the sponsors of the research or other Third Party rights.
- 1.2 Decisions regarding the most suitable commercialisation route and negotiations regarding commercialisation will be conducted by authorised representatives of the University, under the authority of the University's IP and Spin-Out Committee. This will usually be at a Faculty-based 'Commercial Opportunities' meeting (FMS and SAgE) or "Innovation and Engagement Group" meeting (HaSS) chaired by the relevant Faculty member of the IP and Spin Out Committee. The Originators and Head of Units will be fully consulted, although the final decision belongs to the University. Further details of this process are given in Appendix C.
- 1.3 Commercialisation of IP will be limited to specific, existing and identifiable IP. The University will not usually enter into agreements with Third Parties in relation to IP that is to be developed in the future. Options to obtain rights in future IP and improvements may be agreed subject to additional consideration being given.
- 1.4 There are three main exploitation routes open to the University:
  - a) **Licensing** the IP directly – see Section 2 below
  - b) **Assignment** of the IP to an external party. This involves the transfer of ownership in the IP from the University to an external party ("Assignee") usually in return for an up-front payment or a share of revenues that the Assignee makes from exploiting the assigned IP, or a combination of both.
  - c) **Forming a Spin-Out**– see Section 3 below.

### 2. LICENSING OF IP

- 2.1 Licensing involves the University ("Licensor") retaining ownership of its IP and granting permission to a third party ("Licensee") to use the IP. A licence can be granted in three main ways. First, the licence could be exclusive, so to the exclusion of all others being able to use the rights in the IP, including the Licensor (although the University will usually retain the rights to use the IP for teaching and research purposes). Second, the licence could be a sole licence, whereby the rights can be used by the Licensor and Licensee. Finally the licence could be non-exclusive i.e the Licensor is able to licence the rights to multiple parties.
- 2.2 Typically, the Licensee would be an organisation or company that is well established in the field of the licensed IP, and has a strong market presence in that field. The Licensee is responsible for developing and commercialising the IP and an agreed percentage of commercial revenue

---

<sup>9</sup> these timelines will be dependent on the referring academic providing BDE with all the necessary information in a timely manner.

generated through its commercialisation of the IP is paid to the University and distributed in accordance with the policy outlined in Appendix C.

- 2.3 The details of any licence arrangement will vary depending on the technology, scale and nature of the market and other factors. Detailed negotiations will be led by a Business Development Manager (“BDM”) and the commercial heads of terms reported to the Faculty’s Commercial Opportunities meeting or Innovation and Engagement Group meeting– see 1.2 above - prior to adoption and signature

### **3. SPIN-OUT COMPANIES**

- 3.1 The University has standard terms and conditions regarding the apportionment of equity share, staff involvement in spin-outs and licensing arrangements for the IP. The details of this package can be found at Appendix C and 3.5 below. Any significant deviation from these terms and conditions will require the approval of the IP and Spin-Out Committee.
- 3.2 The University has also developed a standard, and rigorous, process for supporting and approving the formation of a Spin-Out. This process is given in Appendix F. Any deviation away from this process is to be approved by BDE and the IP and Spin-Out Committee.
- 3.3 The University expects and actively encourages founder academics to take an active role in their Spin-Out. Usually it is expected that this involvement will be in the form of a chief technical, scientific officer or other advisory role in the Spin-Out. The University would normally agree to the founder academic undertaking such roles in the Spin-Out whilst still an employee of the University, although the founder academic may leave the employment of the University to undertake such a role if they prefer. The University would not normally agree to the founder academic taking the position of a chief executive officer (“CEO”) or equivalent, whilst remaining an employee of the University. The University therefore operates Spin-Outs under 3 models (3.3.1-3.3.3 below), of which the second is typically the most appropriate:
  - 3.3.1 one of the founder academics chooses to leave the employment of the University to become CEO or equivalent of the Spin-Out and the University agrees that the academic has the necessary skills to be a success in that role; or
  - 3.3.2 the founder academics continue to pursue their academic careers together with an agreed (time and terms) involvement with the Spin-Out (see Appendix E) and the University, in full consultation with the academics, identifies and recruits an external CEO to run the business; or
  - 3.3.3 In exceptional circumstances and for a limited time period, the University may accept an arrangement outside of 3.3.1 or 3.3.2.
- 3.4 Once a company has been spun-out the University has the option to take a part in its management by taking a position on the board of the Spin-Out either as a director or observer. It may however decide not to take an active part in the company management and instead adopt an arms-length relationship, requesting routine reports from the board on the Spin-Outs progress and voting at annual general meetings and extraordinary general meetings in accordance with the company’s articles. The University will not usually invest directly in its Spin-Outs but can assist with building relationships with early stage investors and venture capitalists.

- 3.5 The normal University share of any Spin-Out on formation (prior to seed investment) will be 40% with the founder academics share being 60%. Where appropriate, the University will split its shares with other contributing organisations and research funders on terms to be agreed on an individual basis. If the Spin-Out model 3.3.2 is adopted the founder academic(s) will be expected to split their shares with the external CEO recruited to run the company. In all cases the proposed initial shareholding is to be approved by the IP and Spin-Out Committee, (see 3.7 below).
- 3.6 The University will normally only cover patent costs up to £15K as part of its contribution to the process. Where patent costs expended, pre-Spin-Out, exceed the £15k threshold covered by the University (Appendix E) the University will enter into a dialogue with the academic founder(s) regarding repayment of those costs. Reimbursement of the costs exceeding £15k could, following negotiation, be by repayment over time; royalty payments over time; or increased equity to the University.
- 3.7 Creation of a new Spin-Out, and the associated licensing of University IP into the Spin-Out, can only proceed after approval by the IP and Spin-Out Committee. The committee will critically assess the following criteria prior to giving its approval:
- 3.7.1 is the proposed company's business plan robust and viable;
  - 3.7.2 is there a capable management team;
  - 3.7.3 is the funding requirement realistic and achievable;
  - 3.7.4 does the company have freedom to operate (are all internal and external clearances in place);
  - 3.7.5 have all internal and external rights been accommodated;
  - 3.7.6 does the future involvement of the founder academic have school/ faculty approval; and
  - 3.7.7 is the equity split acceptable.
- 3.8 The process for creating Spin-Outs can be found at Appendix F.
- 3.9 Where an Employee receives an equity stake in a company e.g. Spin-Out, then this will replace any arrangements that would otherwise have been made for the Employee to receive any proportion of royalty income.
- 3.10 While exercising its rights as a shareholder to ensure that any external funding of the Spin-Out is offered on reasonable grounds, the University would not normally subscribe to the funding round.
- 3.11 The University recognises the problems and potential conflicts associated with anti-dilution clauses and hence, under normal circumstances, will accept pro-rata dilution of its shareholding in order to enable the Spin-Out to secure venture funding.

## **APPENDIX C: Distribution of income from royalty or equity realisation arising from commercialisation of University IP**

- 1.1 The University is responsible for collecting Revenues and, notwithstanding Third Party obligations, these shall belong to the University. The University has a policy of granting a share of the Net Income to Originators of IP. The University retains more of the Net Income if such sums are of such a substantial amount that it would not be appropriate for the University, as a charitable organisation, not to reinvest the returns according to the University's charitable objectives.
- 1.2 Where more than one Originator has contributed to the generation of IP they collectively shall agree and propose to the University how they will share the Net Income from Commercialisation to reflect the personal contribution of the Originators. In the case of Inventions, the named Inventors may make recommendations to the Faculty Pro-Vice-Chancellor about how s/he apportions shares of Net Income to individuals who have contributed to the Invention but who are not legally defined as Inventors; under such circumstances these individuals will also be classified as Originators of the IP. The Faculty PVC will, in consultation with the PVC RSR, and taking into account the proposals and recommendations of the Originators, determine how shares of Net Income should be apportioned between Originators. In making such determination the Faculty PVC and PVC RSR may, but are not obliged to, seek external technical input in order to inform the decision, such technical input not being binding on any decision made. The Faculty PVC and the PVC RSR will also consider whether an equality impact assessment is required in relation to any proposed decision. In the event that any Originator does not agree with the decision of the Faculty PVC regarding the apportionment of Net Income between Originators, then the Originator may appeal through the University grievance process<sup>10</sup>.
- 1.3 Net Income is divided between Originators and the University as illustrated in Table A in paragraph 5.11 of the Policy. This is the total payable by the University in respect of Originators. The decision of when to release Net Income to the Faculty will rest with the Executive Director of Finance. The University will always be willing to consider arrangements to reinvest royalties in further research in the department/group concerned. The determination of when Net Income is available to share and in what proportion between Originators, as appropriate, will rest with the Faculty PVC. In the event that two or more Faculties contribute to the generation of IP then the PVC's of the contributing Faculties will agree when Net Income is available to share and in what proportion. In the event of dispute between the PVCs the matter will be decided by the PVC RSR.
- 1.4 The calculation is applied to each Technology, so all income from Commercialisation projects relating to that particular Technology is recorded and aggregated.
- 1.5 Where the licensing or sale of rights is to data generated during a clinical research project, the share of Net Income due to the Originators is not permitted to be taken as personal payment unless authorized by the relevant Faculty PVC. Any Net Income due will be transferred to a nominated cost centre for reinvestment into research.
- 1.6 The use of the University's share of the revenue for all Net Income up to a cumulative £1m will rest at Faculty level. Although the University would usually wish to see academic research

---

<sup>10</sup> The University "Grievance Policy" can be found at <https://newcastle.sharepoint.com/hub/hr/Pages/grievance.php.aspx>

groups and units benefit from IP Commercialised arising from their research, all decisions on allocation to the Faculty, academic unit and research group will be made by the Faculty PVC. The internal University distribution of any Net Income with a cumulative value over £1m will rest with Executive Board, in consultation with the Faculty.

- 1.7 The University will make payments to Originators in arrears, no more than once every three months and no less than once a year. Where the Originator is an Employee payment will be made via the University payroll after deduction of the University's National Insurance contribution and any other tax applicable at the time of payment (such as, but not limited to, UK income tax). Alternatively the Originator may opt to have the relevant payments paid into their research support account at the University.
- 1.8 Non-Employees will receive the gross of tax 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.
- 1.9 It is the responsibility of individuals who may be entitled to payments under this Policy to ensure that the University is informed in writing of his or her current address where any payments due to him or her may be sent. If the University cannot make payments because it does not have current address details then revenue payments which cannot be paid will be held in a bank account until such revenue payments are paid. The University will not be a trustee of any such unclaimed revenue payments.
- 1.10 Any payments not distributed for five years from the date the revenue is received by the University will revert to the University.
- 1.11 Following the death of an individual due a share of licensing income, that share will be payable to the estate of the deceased.

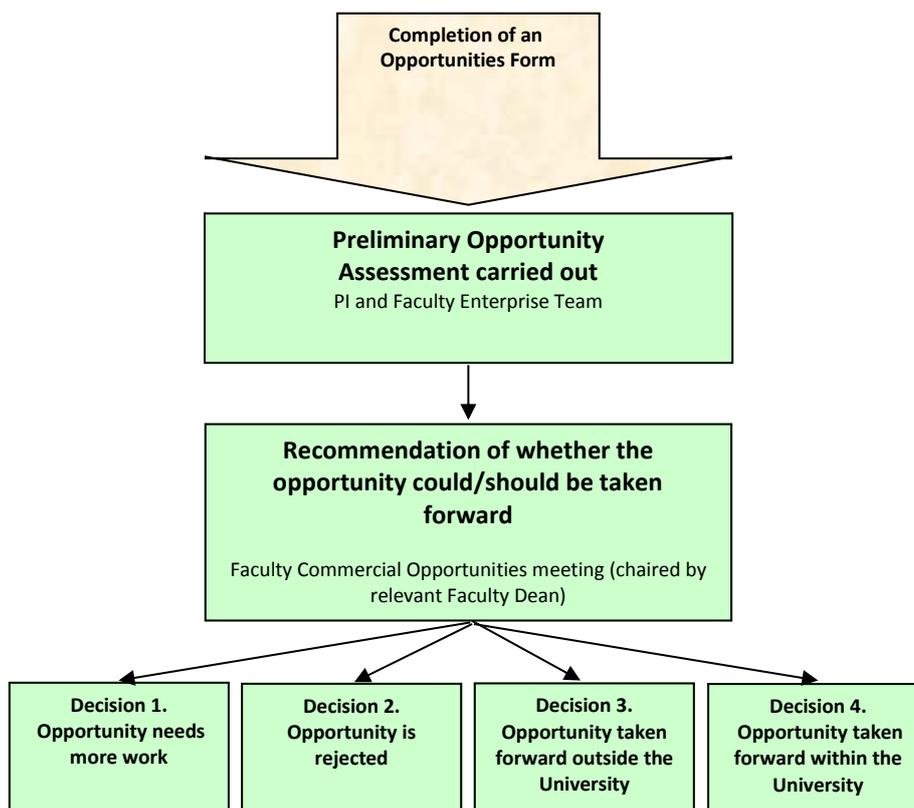
## **2 Distribution of Shares (equity)**

- 2.1 Where University IP is Commercialised using a Spin-Out, the Originator(s) will receive their share of benefits as equity in the company. They will not also receive income from any royalty payments, but will receive income from any future realisation of equity value, in the form of dividend payments or through sale of any of their shares in the spin-out.
- 2.2 Where equity value is realised by the University, in the form of dividend payments or from a sale of shares, net sale proceeds after recoupment of costs (including applicable taxes) will be distributed by the Faculty PVC, in accordance with the principles outlined in 2.1 above, and subject to approval from the Executive Director of Finance. Net Sale proceeds over £1 million will be distributed as directed by Executive Board.

## APPENDIX D: The Faculty-level process; guidance for academics

### Initial steps of evaluating IP

Before you commit to what can be significant amounts of time and effort into exploiting an interesting research output, the BDE will work with you to carry out an initial assessment of the opportunity to ensure that there is real application for such research outputs. This initial process is depicted below.



The first step is to download and complete the relevant [Business Opportunities Form](#) in order to outline what your new invention or opportunity is. It really helps us if you provide as much information as possible at this stage including any preliminary results, supporting data and/or manuscript drafts of proposed publications.

Once your Business Development Manager (BDM) has received your completed Opportunities Form, we will work with you to fully evaluate your opportunity, perform the necessary due diligence, prior-art searches, determine the technology's potential application and market and importantly summarise the opportunity's commercial and/or societal worth.

These findings are captured within a 'Preliminary Opportunity Assessment' which once complete – and you will be fully involved in the process, including sign-off of the final version - is discussed at the Faculty's 'Commercial Opportunities' meeting or "Innovation and Engagement Group" meeting, chaired by the relevant Faculty Dean or Associate Dean, for a decision as to which opportunities are taken forward. You will be very welcome should you wish to attend, as will your Head of Academic Unit. There are a large number of factors that determine whether Faculty resources are committed to help to take a particular opportunity forward, including:

- the potential for commercial and societal impact
- the scale of the application or size of market
- your interest in taking the opportunity or technology forward
- the barriers to entry to the market
- the availability of expertise in the relevant field or access to commercial partners
- the availability of finance/funding to develop the opportunity
- the prevailing regulatory climate

Depending on the nature of your opportunity, the recommendation will be one of four possible outcomes:

1. The results of research are not in a form to exploit directly at this present time and further work is needed before proceeding further.
2. The opportunity is not something the Faculty feels could/should be taken forward.
3. There is potential in the opportunity although the best route to development is external to the University (e.g. via a student start-up company with help from the Careers service).
4. The opportunity can be taken forward within the University with the associated support and advice from BDE.

### **University IP development projects**

Where a Faculty has agreed to take your opportunity forward, the relevant BDM will work closely with you to take steps to protect the ideas underpinning the new technology. There are numerous ways of protecting the core IP, some of which arise automatically and some of which are secured through a formal application and registration process. The BDE and BDM will work with you to secure the most appropriate protection.

BDE will work with you to formulate a development strategy to take what is usually an early stage discovery to a demonstrable product or service which can be exploited through an external party. This development work often involves securing proof-of-concept or translational funding to de-risk the technology and again the Enterprise Teams can help you win these focussed developmental funds.

## APPENDIX E: Support for Spin-out companies

The University, principally through its BDE and Legal teams, provide support to a prospective Spin-Out both before and after the company creation stage.

Support can be across a number of areas but will typically include the following.

### 1) Pre Spin Out:

- An exclusive, royalty free licence to commercially exploit specific University IP, in exchange for shares in the Spin-Out;
- Where required, assistance in the recruitment of a business manager (typically a CEO) to take the business forward through the investor readiness and, subsequently, the company trading phases;
- Provision, if available, of a Northern Accelerator grant to assist in such recruitment;
- Signposting and introductions to sources of seed capital funding;
- Provision and utilisation of Spin-Out legal documentation;
- The securing of required background legal agreements with other collaborators and / or licensors;
- Payment normally, of up to £15,000 of historical patents costs;
- General business and business planning assistance and guidance.

### 2) Post Spin Out:

- Subject to approval by the relevant Head of Unit, a consultancy contract for one of the founder academics to work for the Spin-Out, free of charge, on a 20% FTE basis for the 12 months post Spin Out company formation<sup>11</sup>;
- Subject to approval by the relevant Head of Unit and with regard to the University's Health and Safety responsibilities provision of suitable, and limited, University facilities, including space, access to available equipment, general (not specific) technical support, in which the Spin-Out can operate, free of charge, for up to 12 months post Spin Out company formation; and the option of an extension at reasonable (cost recovery) rates for up to a maximum two years further; Approval will be in the form of a legal document indicating the relevant roles and responsibilities of the Spin-Out and University working together.<sup>12</sup>;
- Provision of non-executive director assistance to the Spin-Out on a case by case basis as required by the University or requested by the Spin-Out.
- Any further University resource which the Spin-Out wishes to access will be subject to the negotiation of commercial terms for such access.

---

<sup>11</sup> Provision of such consultancy beyond the 12 month period will be on the basis of commercial terms agreed between the Spin-Out company and the relevant Unit.

<sup>12</sup> Provision of such facilities beyond the 12 month period will be on the basis of commercial terms agreed between the Spin-Out and the relevant Unit, with legal occupancy agreements managed by the University's Estates Service and Health and Safety arrangements managed by the University's designated Health and Safety officers and in accordance with the University's Health & Safety management standard for Third Parties

## APPENDIX F: Process for commercialising IP through Spin-outs

### **Phase 1**

Discussion / agreement of optimum commercialisation route. This is an iterative process.

Options – spin-out, licence, other



### **Staff involved – Phase 1:**

Lead: Director of Business Development and Enterprise.

Support: Relevant Faculty Dean of Business Development (or equivalent), academic(s), BDM, Head of Company Creation



### **Phase 2 – Spin-out route agreed / management solution**

Options:

- a) Company run by one of founding academics (if approved and if prepared to give up academic career post spin-out);
- b) External brought in to be CEO

In the event that Founder does not intend to work full time in Spin-Out Enterprise Team / Founder / Head of Commercialisation engage external potential CEO to help develop Spin-Out



### **Staff involved – Phase 2**

Lead: Head of Company Creation.

Support: Director of Business Development and Enterprise academic(s), BDM.



### **Phase 3A – Business Case developed**

CEO, assisted by Head of Company Creation and BDM develops business case.

**Staff involved – Phase 3A**

Lead: Head of Company Creation.

Support: Director of Business Development and Enterprise, academic(s), BDM.



**Phase 3B – Clearances obtained**

In parallel with Phase 3A, all necessary clearances obtained in respect of IP, grants and other funding, collaborators etc. These will include: IP to be licensed clearly identified; all creators of IP identified; any encumbrances/ freedom to operate issues identified (e.g. funder permissions/ joint owners/ third party rights); conditions of funders (on grants etc) agreed and addressed; compensation for creators of IP who are not founders agreed; required Faculty / Unit approvals obtained, e.g. academic time, use of university facilities.



**Staff involved – Phase 3B**

Lead: BDM

Support: Legal, academic, Head of Company Creation.



**Phase 4 – Legal sign off**

Head of Legal signs off the proposed submission to IP and Spin Out Committee based on the assessment of Phase 3B above. Sign off will either confirm that all agreements / permissions are in place or indicate areas of conditionality in respect of the sign-off.



**Staff involved – Phase 4**

Lead: Head of Legal

Support: BDM, Legal, Head of Company Creation.

### **Phase 5 – Equity Casework Submission**

A submission is made to IP and Spin Out Committee. There are 8 elements of the submission / approval process:

- a) Business plan - must be robust, realistic and give a commercial return (exit);
- b) Management solution viable;
- c) All IP issues addressed, company has freedom to operate;
- d) Rights of all internal and external participants have been addressed;
- e) Funding requirement realistic and achievable;
- f) Academic involvement and other use of NU resources approved by Head of Unit;
- g) Equity split acceptable;
- h) Confirmation of Head of Legal sign-off (Phase 4) in respect of items c and d only.



### **Staff involved – Phase 5**

Lead: Head of Company Creation  
Support: BDM, Head of Legal, Legal, Head of Faculty Enterprise team



### **Phase 6 – Spin-out legals**

Agree heads of terms for spin-out legals.  
Produce / agree all contracts, typically  
Shareholders agreement; Licence agreement(s); Articles of Association;  
Consultancy agreement with academic(s); Facilities access agreement.  
Also, unless already addressed at Phase 3B, any agreements required with other participants / stakeholders / funders.  
Possibly – initial seed funding agreement  
Completion of the Third Parties health and safety arrangements and Occupancy Checklist, where University accommodation is being used



**Staff involved – Phase 6**

**General**

Lead: Head of Legal

Support: BDM, Legal, Head of Company Creation.

**Seed funding agreement**

Lead: Head of Company Creation

Support: BDM, Legal, Head of Legal.

## **APPENDIX G:**

### **Intellectual Property rights for Visiting Researchers**

The position of visiting researchers is that funding for their visit may arise from a large number of sources, and clear conditions with respect to IP are the exception rather than the rule. Much depends on whether their funder or employer has an explicit agreement with the University. Where this is the case, the visiting researchers must agree to be bound by those conditions, and this agreement should be in writing.

More complex situations arise where the visitor is either self-funded, employed or funded by an agency with which we have no agreement. There is also the added risk that the reports often required by such agencies may lead inadvertently to premature disclosure. This is a particular problem where, as is often the case, the visitor joins a research group which may seek to protect IP accumulated over some time, and which could be jeopardised either by disclosure or even by disagreement as to the author of the decisive inventive step. Where a visiting researcher joins a group actively engaged in research likely to lead to Commercialisable intellectual property, the Group Leaders, Principal Investigators, or Supervisors where the visitor is supervising a research student, must seek to rationalise the IP position with the visitor before work starts. In particular, the visiting researcher must agree in writing to be treated, during his/her stay, as a member of the University's staff, with all IP generated during the stay vested with the university in return for agreement that his or her interests will be protected in the same way as for University staff.

Accordingly, all visiting researchers on appointment at Newcastle University shall be required to sign the appropriate form as set down in the guidance notes "Explanatory notes relating to Confidential Information, Intellectual property and Publication agreements for Associate, Visiting and Guest members of staff engaged in research (Visiting Researchers)" which may be found at:

## Appendix H: Links to forms, guidance and other information

### Forms & Policy

- Download a [Business Opportunities Form](#):
- Request a [Confidentiality \('non-disclosure'\) Agreement](#) and/or to receive comments on a draft agreement sent by an external party:
- Request a [Material Transfer Agreement](#) (Incoming)
- Request a [Material Transfer Agreement](#) (Outgoing)
- University's [Consultancy policy](#):

### For any other help with commercial interactions:

- Faculty of [Medical Sciences](#)
- Faculty of [Humanities and Social Sciences](#)
- Faculty of [Science, Agriculture and Engineering](#):

### Key Contacts

Head of Legal and Intellectual Property – Andrea Wright Watkinson  
[andrea.wright-watkinson@newcastle.ac.uk](mailto:andrea.wright-watkinson@newcastle.ac.uk)

Director of Business Development and Enterprise – Mr Martin Cox  
[Martin.Cox@newcastle.ac.uk](mailto:Martin.Cox@newcastle.ac.uk)

## NEWCASTLE UNIVERSITY

### **Policy Statement on Confidentiality and Intellectual Property (including Inventions) and Results for Research Students: Policy on ownership and use**

#### **Context**

Universities are expected to seek opportunities to exploit for social or economic benefit research funded in whole or in part from public funds including the Research Councils. If the University is to do this effectively it needs to ensure that it has ownership or retains appropriate rights in all its intellectual property including that generated by its Research Students in pursuance of their Student Project.

Accordingly, this Policy applies to Research Students, these being students who are working towards a Newcastle University award through research either in the form of a doctorate or a research masters.

In securing the assignment of intellectual property from the Research Student the University seeks to protect its ability to exploit the results of its research programmes. This could be seriously jeopardised if ownership of part of the results lay outside the University.

Whilst most Research Students work extensively in a team environment on aspects of major projects there are a growing number of Research Students who conduct their research independently. This group includes those students, particularly international, who may be sponsored by an employer and conduct their research at their Institution's or an employer's facility.

This makes it especially important to differentiate between Research Students who conduct their research independently and those Research Students who are engaged in projects where either the use of public funds or obligations to a funder apply in order to identify where it is both necessary and appropriate for ownership of IPR emanating from projects to be owned by the University.

The Patents Act 1977 and the Copyright, Designs and Patents Act 1988 state respectively that ownership vests in the employing organisation when (and only when):

- an invention is made in the course of an employee's normal or specifically assigned duties
- a 'work' (i.e. anything that is the subject of the copyright protection, including computer software) is made by an employee in the course of his or her employment, subject to any agreement to the contrary

Unlike academic staff, Research Students are not employed by the University and so their work does not automatically fall under the terms of these Acts. It is therefore important to agree the relationship of the Research Student to the University with regard to ownership and rights of the University and the Research Student in relation to that of Intellectual Property.

Where the Intellectual Property is assigned to the University the University will grant to the Research Student the same rights as it grants to its own staff in relation to any future revenue that may accrue from commercialisation activities. Any revenue due to a Research Student on this basis would, as for a member of staff, be in proportion to the intellectual contribution the Research Student has made to the research.

This Policy sets down that Research Students agree that, as a condition of being accepted for admission to the University, they accept that they may be required to assign the IP

associated with the project that they conduct in pursuance of their University award ("Student Project") to the University and, upon request, they will sign documents and do all things necessary to give effect to that assignment.

In addition, where necessary and appropriate, and having met the criteria as set out in Appendix 1, a formal assignment of intellectual property from Research Student should be sought. In those instances where the criteria have been met the Project Supervisor shall notify Research and Enterprise Services either through the Enterprise Teams or the Legal Team. Research and Enterprise Services shall, in discussion with the Project Supervisor, consider the justification for an assignment of IPR and, where appropriate, a Research Student will be asked to sign two copies of an Intellectual Property Rights assignment, one for their retention and one to be retained by Research and Enterprise Services with a copy to Student and Academic Services to be held on the Research Student's file.

This Policy Statement does not aim to deal exhaustively with all possibilities but sets a framework within which decisions can be reached in individual cases. Any dispute concerning the interpretation and application of this Policy will normally be referred to the Director of Research and Enterprise Services in the first instance.

Advice and support in relation to the operation of this policy may be obtained by contacting [legal.services@newcastle.ac.uk](mailto:legal.services@newcastle.ac.uk).

## **Policy**

In order to permit Research Student involvement in major research projects led by University Academic staff ("University Project") it is necessary that we align the basis for student involvement in such work with that relating to University staff.

Research Students who register with Newcastle University accept as a condition of their admission to the University that should they be afforded the opportunity to be involved in, or access information from, research projects led by University academic staff ("University Project"), they would:

- treat all information received through the University Project as confidential, entering into a confidentiality agreement on request from the University, and only disclose such results as are agreed with the Project Supervisor on the University Project; and
- on request, assign to Newcastle University any and all interest they may have in intellectual property rights (e.g. patents, copyright) generated by the Research Student alone or jointly with others in pursuance of their Student Project.

In consideration of the above the University agrees that:

- the Research Student will be appropriately acknowledged on any publications that arise from the Student Project in line with academic practice; and
- in the event that the Research Student made an inventive contribution which led to the filing of a patent application or generated software of commercial interest s/he will benefit from a share of any commercial revenues that the University receives in accordance with its policy on commercial revenue sharing with its own academic staff.

To heighten awareness, the Faculties should reinforce awareness of this policy during the appropriate induction session and through documentation provided to Research Students.

Where a Research Student proposes a Student Project that is either:

- Integral with or contributes towards a University Project that is subject to terms and conditions that are imposed by an external funder or sponsor; or
- rely upon information being made available from a University Project that is subject to terms and conditions that are imposed by an external funder or sponsor

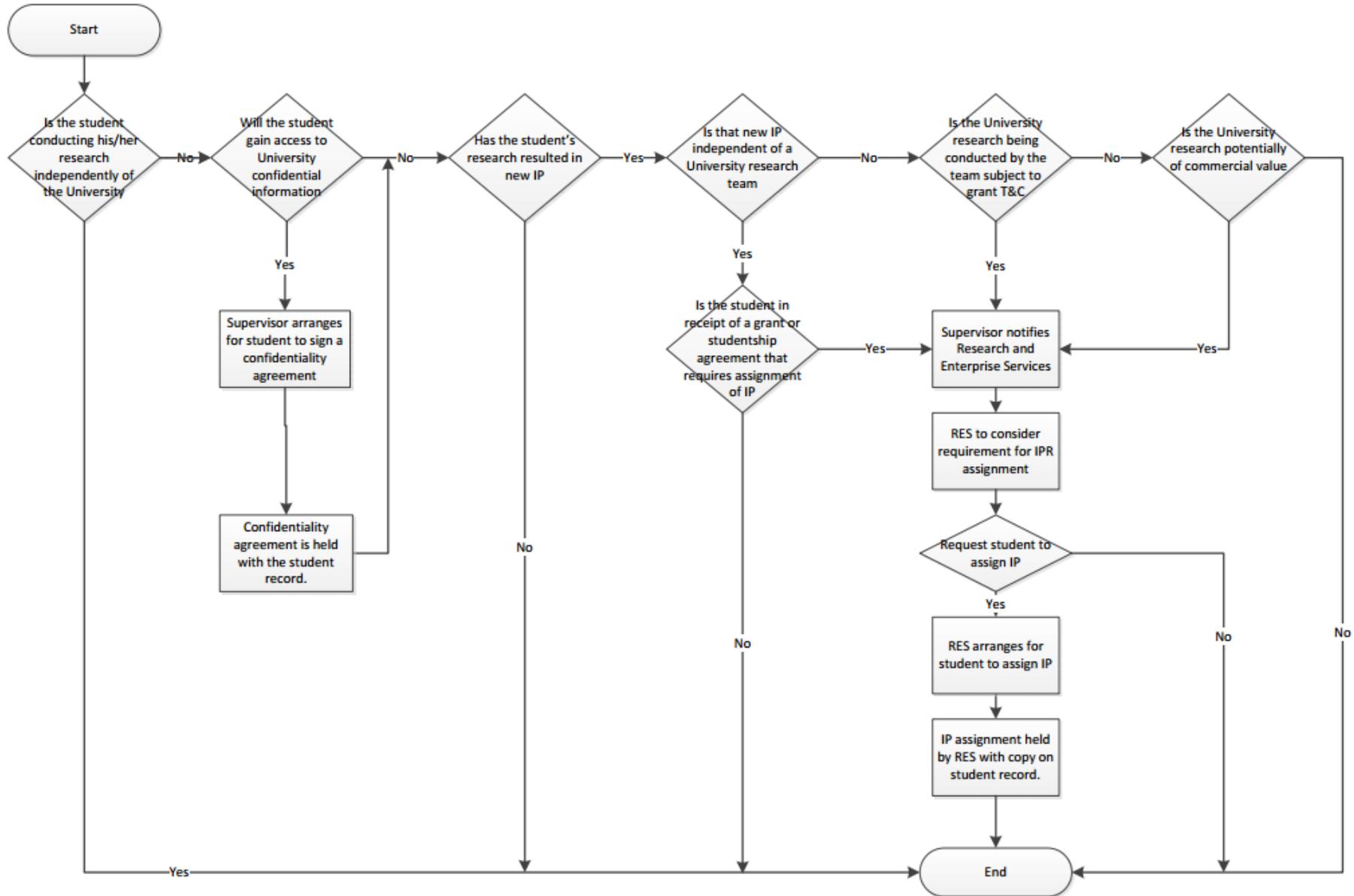
They will be reminded by the Project Supervisor of the applicability of this Policy, to which they will have already agreed in principle by signing the Learning Agreement at the outset of their studies, and be advised that Student Project approval and progress is subject to compliance.

As necessary and appropriate, following notification by the Project Supervisor, Research and Enterprise Services shall seek an assignment of IP from Research Students.

Intellectual Property as dealt with under this policy would not apply to the creation of or contribution towards literary and artistic works.

Policy Effective from	17 July 2014
Approval	Chair's action on behalf of ULTSEC
Approval	URC on 14 July 2014
Policy/Procedure owner	RES
Author	Alan Tuck
Last Reviewed	17 July 2014

Appendix 1



Employee Stock Options Schemes.

- 1) As a general policy, Newcastle University supports the use of employee stock option schemes as a means of incentivising, retaining and potentially recruiting key staff.
- 2) Newcastle University expects to be consulted and its approval required for the set up of all employee stock option schemes and the granting of all options therefrom while its shareholding is above 10% of total equity.
- 3) Newcastle University will treat each proposal on a case by case while applying the following guidelines:
  - a. The quantity of stock options granted should not normally be more than 10% of the total equity of the business. Stock options should not be granted to founders as a means of essentially circumventing the university's equity policy. Stock options should be used to incentivise and retain non-founder employees.
  - b. The reward of stock options to non-staff stakeholders in the business, while not embargoed, will need to be justified on a case by case basis.
  - c. There needs to be reasonable justification for an employee stock option scheme being one of the first "orders of business" for a fledgling spin-out business.

Policy author: David Huntley

Effective from:

Approved by: Council 10th

February 2020