



## **Policy for Intellectual Property and Rewarding Participation in Commercialisation**

## 1. Introduction

The University of Glasgow is committed to encouraging its employees 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 University employees 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 private information, which by its nature, should be treated as confidential, including technical know-how and trade secrets.

**Employee:** University of Glasgow staff, officers, consultants, contractors, individuals seconded to the University or working under an honorary contract or other visiting appointment at the University, interns, volunteers, casual workers, agency workers and other individuals contracted to work on University matters.

**Intellectual Property (IP) Rights:** 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 (including technical know-how and trade secrets) 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.

**Scholarly materials:** textbooks (unless such textbooks were developed using University administered-funds), academic journal articles, conference papers and related presentations, theses and dissertations, popular non-fiction, novels and poems, but excludes any such materials or part of them which can be defined as Teaching Materials. For the purposes of this policy, computer software, firmware and databases are excluded from this definition.

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

**Teaching and learning materials:** Teaching Materials created within the University of Glasgow or created on behalf of the University of Glasgow that are intended to be used or accessed by Students for the purposes of their course of study including course guides, handouts and presentation materials (including lecture notes, slides and other audio-visual materials), instruction manuals and assessment and examination questions. Excluding any material sourced from a third-party works protected by copyright. Employees are responsible for identifying any such third-party works

including in teaching 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.

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

#### **3.1 Employee Ownership**

Under UK law as employer and via contracts of employment the University of Glasgow 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 the course of their normal research and teaching duties whilst employed at the University (subject to any other funders Terms & Conditions not conflicting with any contractual obligations entered by the University with third parties e.g. licensees).

#### **3.2 Student Ownership**

Students are not employed by the University and will own any IP they create unless otherwise agreed. Examples where student IP may 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 chooses to assign their IP to the University will then be granted the same rights as any Employee as set out in this policy and should follow the same procedures as set out in this policy.

#### **3.3 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 (staff or student) leaves.

### **3.4 Scholarly Materials**

The University waives its rights to ownership of any copyright in scholarly materials created by employees except where the employee's normal duties are such that it would be reasonable to expect the creation of IP to result from the employee carrying out those duties. In these circumstances, the University will retain its ownership rights to employee IP and the employee IP will be governed by this policy.

The waiver of ownership by the University is dependent upon the employee agreeing to automatically grant the University a royalty-free, non-exclusive license to use the IP for promotional, educational, research and teaching purposes of the University and in any format.

Each employee of the University will confirm that where Scholarly Materials have been submitted to, or published by, an academic journal that such journal will provide a similar license to the University.

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

Employees should make every effort to keep all 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 of Glasgow 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 employees. It is therefore best practice for all employees to keep full, accurate and up-to-date written records of all IP which they create in the course of their employment. Such records should be regularly signed off by the employee's line manager and should be kept safe from unauthorised access and will be retained by the University when the employee leaves.

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

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

All employees are entitled to use any employee 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 not conflicting with 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 employees should be very careful if they are using or intend to use any IP created outside of the University in their research activities. If any employee receives a notification from any third party alleging that that employee has infringed the third party's rights in any IP, the employee 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**

Employees are not automatically entitled to use any IP created by them whilst at the University after they leave the University. The University will consider reasonably any requests received from leaving or former employees to use any IP created by them whilst at the University for future academic and non-commercially funded research and teaching purposes. Where it is able to do so, the University will grant a licence to the employee'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.

Employees 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 employment with 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 staff member leaves.

## 5. 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 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 (*Excluding Licensing Income from Spin-out Companies*)

Employees are entitled to share in net income generated by the University from the licensing of their employee IP to third parties.

For the purposes of this policy net income is defined as gross cash (milestone payments/royalties) paid by the licensee under the terms of a license agreement less any external legal, patent or other deductions. Examples of 'other deductions' include revenue-share obligations to research funders under their 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 £100k	80%	10%	10%
£100k to £1m	50%	25%	25%
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 employee 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 employee's 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 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**

For the purposes of this Policy a spin-out company is defined as a company set-up with support of the University to commercialise employee IP and in which the University has a shareholding.

In the event that the College(s) and University agree to the formation of a spin-out venture then the following conditions will apply:

1. Founding equity will be shared between University employees and GU Holdings Ltd as follows:

<b>Founder</b>	<b>% Shareholding</b>
University (Held by GU Holdings Ltd)	30
University Employee Founder(s)	70

Variations:

- (i) Initial shareholdings may vary where third party rights or joint IP needs to be taken into account (in which case the holder of the joint IP may require a share of the founding equity).
- (ii) The University's policy for founder equity in any spin-out companies may be subject to negotiation under exceptional circumstances. In these instances, a robust case must be made to the VP (Corporate Engagement & Innovation) stating the grounds

for requesting a variation to this policy.

2. GU Holdings Ltd. will manage the University shareholdings and any disposals at its sole discretion.
3. 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.
4. 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.
5. Employees who receive founder shares will not be entitled to receive a share of any University licensing income. However, employees involved in the creation of the employee IP being exploited but who are not receiving founder shares, may be entitled to share in University licence income under the terms of this policy. In these instances, a robust case must be made to the VP (Corporate Engagement & Innovation) stating the rationale for sharing in University licence income.
6. Employee founders and GU Holdings Ltd. will dilute their shareholdings pro-rata to engage/reward executive talent; to create share option pools to reward/incentive company staff; and accept investment.

## **6. Intellectual Property Not Commercialised by the University**

If the University decides not to protect and exploit employee IP then the employee may request assignment of their employee IP. Subject to any terms and conditions in place with third parties, the University will reasonably consider such requests, if approved, will assign the employee IP to the requesting employee(s) 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 provide no support, financial or non-financial, to the employee in seeking to commercialise the assigned employee IP. If the employee wishes to access any university resources or facilities then an arm's length contract must be agreed in advance of any such access.