

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

Effective from 1st August 2024

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, visiting¹ 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.²

4. Roles and responsibilities

This Policy will be managed by the Chief Financial Officer and approved by Council. Its interpretation will be the responsibility of the Legal Services 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,

¹ For guidance on IP and visiting researchers see Appendix G.

² 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 their decision shall be final. In the event of IP generated across Faculties, the PVC for Research and Innovation ("PVC R&I") 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 Policy on Declarations of External Interest and Finance Regulations.
- 5.5 This Policy applies to IP capable of industrial and commercial application. It does not apply to IP in Creative Works³ or IP in teaching materials.⁴
- 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 University⁵, Employees are not authorized to enter into negotiations or agreements with Third Parties in relation to University IP.
- 5.9 Employees must inform the BDE⁶ 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.

³ The University waives its rights to IP in creative works.

⁴ 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).

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

⁶ 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. It should be noted that the University is obliged to treat royalty income paid to individual employees (and ex-employees) as employment-related income, so payments made to individuals are net of the deduction of employers NI. 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

Net Income (cumulative)	Originator (s)	University
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 Director of Legal Services 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 Director of Legal Services 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 the Director of Legal Services. 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	NU Holdings, Finance Committee and others as required
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.

Document control information

Does this replace another policy? This Policy is an update and replaces the previous versions of the same policy dated July 2018 and August 2020

Approval

Approved by: Council **Date:** to be inserted

Effective from: 1 August 2024

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

Responsibilities

Executive sponsor: Chief Financial Officer

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

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
7 – updated to reflect Government spin-out review recommendations	IPSOC	22/1/24
8 – updated to make other changes outlined in cover sheet	UEB	16/4/24
9 – to Council, June 2024, following small amendments suggested by UEB	Council	10/6/24

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">• Employees of the University• Academics/ researchers working on a contract basis• Employees working at partner NHS Trusts⁷• Administrative and professional personnel• Personnel working on a contract basis• Honorary academics and visiting researchers⁸
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.

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

⁸ 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. The policy differentiates between Revenues associated with licences or assignments (royalties, milestone and similar payments) and those associated with equity realisation (dividends, sales of shares and similar payments)
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"> • registered as an undergraduate, or taught or research postgraduate student of the University, or; • following any University course as if such a student;

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.
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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 month⁹ 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 (IPSOC). This will usually be at a Faculty- based 'Commercial Opportunities' meeting chaired by the relevant Faculty member of IPSOC. 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

⁹ 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 IPSOC.
- 3.3 The University actively encourages founder academic(s) to take an active role in their Spin-Out. Usually this involvement will be in the form of a chief technical, scientific officer or other advisory role in the Spin-Out, although there will be occasions where this is not appropriate for the particular company or where the founder academic(s) decide to focus entirely on their academic career and decide to have no involvement in the Spin-Out post formation . The University would normally agree to the founder academic(s) undertaking such roles in the Spin-Out whilst still an employee of the University, although the founder academic(s) 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(s) 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 (3.3.1-3.3.4 below), of which the second is typically the most appropriate:
 - 3.3.1 one of the founder academic(s) 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 academic(s) has an active role in the Spin-Out and continues 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 the founder academic(s) has a passive role in the Spin-Out and continues to pursue their academic careers. (This does not preclude the Spin-Out contracting back with the University on the standard terms available to all companies for consultancy, research collaborations, etc.). In such cases, provisions will be made in the founding legal documents to return half of the academic(s)’ founding equity to the company after an agreed period, usually 2 years, for distribution as the company sees fit.
 - 3.3.4
 - 3.3.5 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 distribution of equity in any Spin-Out on formation (prior to seed investment) balances the interests of the University, the founding academic(s) and current and future management. Where appropriate, the University will split its shares with other contributing organisations and research funders on terms to be agreed on an individual basis. The University has committed to abide by the general principles outlined in the 'University Spin-out Investment Terms (USIT) Guide'¹, which details a range of commercial arrangements between universities and their Spin-Outs. The specific details of each case will be dependent on a) whether the academic founder(s) are 'active' (see 3.3.2 above) or 'passive' (see 3.3.3 above), b) the nature of the commercial deal with the Spin-Out, including whether it wants to take advantage of all of the support offered in Section 2 of Appendix E below, and c) whether the IP has been protected by the University via patent, trademark or other legal instrument, or is 'know-how'. In all cases the proposed initial shareholding will be negotiated by BDE and must be approved by IPSOC (see 3.7 below). Table A below explains the four models in detail. The default position will be Category A:

TABLE A
The range of founding equity positions

<i>Category</i>	<i>University Founding Equity</i>	<i>Academic Founding Equity*</i>	<i>Management</i>
<i>Default position</i>			
<i>A – full support as in Appendix E</i>	25	55	20
<i>By special agreement, in limited circumstances</i>			
<i>B – no support</i>	10	60	30
<i>C – A/B hybrid</i>	10-25	55-60	20-30
<i>D – consultancy</i>	10	60	30

- 3.6 The University will normally only cover patent or other IP protection costs up to £15K as part of its contribution to the process. Where such 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 IPSOC. 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;

¹ [The USIT Guide: Leading Universities and Investors Launch Set of Recommendations for the Innovation Sector — TenU \(ten-u.org\)](https://ten-u.org/)

- 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 relating to that piece of Intellectual Property (for the avoidance of doubt: should an academic develop new IP after the Spin-out's formation and that IP is subsequently licensed to the Spin-Out on commercial terms, the normal process outlined in 5.11 above will apply)
- 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 arising from commercialisation of University IP

1. Licences

- 1.1 The University is responsible for collecting income (such as royalties and milestone payments) relating to IP licences 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 R&I, 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 R&I 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 R&I 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 process¹⁰.
- 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 Chief Finance Officer. 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 R&I.
- 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

¹⁰ 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 Equity

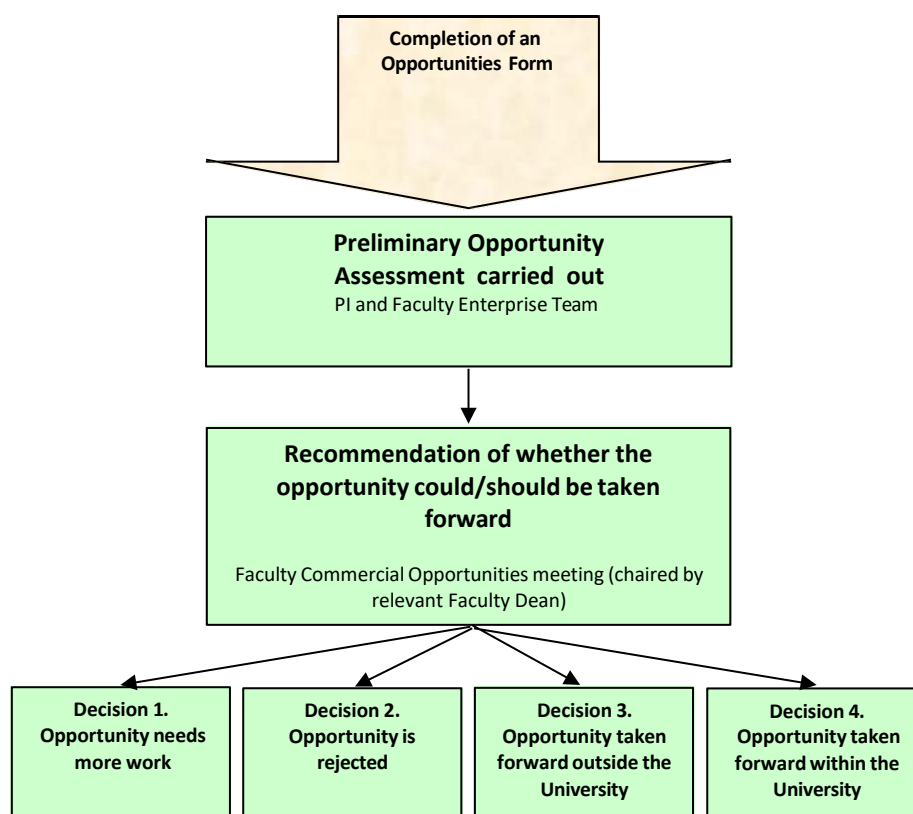
- 2.1 Where University IP is Commercialised using a Spin-Out, the Originator(s) will receive their share of benefits as equity in the company. They will not also receive income from any royalty payments, but will receive income from any future realisation of equity value, in the form of dividend payments 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 allocated by Executive Board to funds used by the University to support commercialization activity. Such funds might include funding Proof of Concept work to improve Technology Readiness Levels of promising technologies and the University's investment in funds supporting spin-out activity.
- 2.3 Decisions on the sale of shares will be made by Finance Committee and NU Holdings, as it holds the University's equity in all Spin-Outs, on recommendations from IPSOC. The mechanism for sales will be managed by Finance. The key principles they will take into account will be:
 - 2.3.1 The University should not hold on to shares indefinitely and should be sold at the earliest opportunity.
 - 2.3.2 Selling of the University's shares should only be done if there is little to no impact on the company itself or the share price.
 - 2.3.3 Maximum value for the shares should be derived based on advice from a broker.

2.3.4 Earlier sale may be appropriate in circumstances where the Spin-Out company no longer aligns to the University's values

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:

The results of research are not in a form to exploit directly at this present time and further work is needed before proceeding further.

- 1) The opportunity is not something the Faculty feels could/should be taken forward.
- 2) 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).
- 3) 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 licence to commercially exploit specific University IP, in exchange for shares in the Spin-Out (royalties will be reasonable and in accordance with sector norms and waived until the company is profitable)
- 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 formation¹¹;
- 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 office and, where appropriate, technical, access to specified technical/scientific equipment and 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) and clearly laid out 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.¹²,
- 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.

¹¹ 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.

¹² 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 IPSOC 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 – IPSOC Submission

A submission is made to IPSOC. 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

Director of Business Development and Enterprise – Estelle Blanks
estelle.blanks@newcastle.ac.uk

POLICY ON OWNERSHIP, PROTECTION AND EXPLOITATION OF INTELLECTUAL PROPERTY FOR STUDENTS.

Effective from 01/03/2021

1. Purpose

The purpose of this Policy is to set out the University's position concerning the ownership, protection and exploitation of Intellectual Property created by students ("Students") during the course of research and related activities. "Intellectual Property" includes patents, copyright, database rights, design rights, rights in respect of confidential information, physical property rights in materials, applications for any of the above, and similar property rights in any country in the world. This policy forms part of the University Regulations and accordingly is binding upon Students as a condition of their enrollment at the University.

2. What is covered by the policy?

This Policy governs the management, protection and commercial exploitation of Intellectual Property created by Students during the course of research related activities.

3. Who does the policy apply to?

This Policy is applicable to all Students whether undergraduate or postgraduate, who are involved in research related activities (including as part of a taught programme).

4. Roles and responsibilities

This Policy will be managed by the University Education Committee and approved by Council. Its interpretation will be the responsibility of Legal Services and its implementation will be the responsibility of the Business Development and Enterprise team ("BDE").

5. Policy

5.1 The University is responsible for protecting the research findings of its academic staff and puts considerable effort and resources into:

- Registering and maintaining Intellectual Property;
- Finding suitable companies and investors to commercialise such Intellectual Property, including both established companies and 'start up' companies; and
- Negotiating suitable agreements with such companies under which they agree to develop and commercialise the University's Intellectual Property.

In the event that the University commercialises Intellectual Property generated by its academic staff the University, in accordance with the University's Policy on Ownership, Protection and Exploitation of Intellectual Property for Employees

(<https://newcastle.sharepoint.com/docs/Research%20Intellectual%20Property%20%20Engagement%20Policie/Forms/Commercial%20%20Intellectual%20Property.aspx>), provides for a substantial part of revenue received from commercialisation to be given to contributors to such Intellectual Property.

Students of the University are not University usually employees and therefore the University does not automatically own Intellectual Property generated by Students in the course of their degree course. However, there are occasions when the University requires a Student to assign (transfer ownership of) their Intellectual Property to the University and to complete and sign formal documentation to give effect to such assignment. In exchange, the University will treat the Student in the same way as a member of staff for the purposes of sharing any revenues arising from the commercial exploitation of

that Intellectual Property. This is achieved by applying the University Revenue Sharing Policy to the Student as if they were an employee.

5.2 Circumstances in which a student may be required to assign Intellectual Property to the University

Research projects form a part of many programmes. Such projects are usually proposed by members of academic staff in an Academic Unit and will often be connected in some way to that academic's ongoing research interests. A Student may be joining a team to investigate one particular aspect of a larger research programme. This is usually of great benefit to the Student.

There are, however, some important intellectual property issues associated with inviting Students to work closely with existing research teams, including the following:

- The Intellectual Property developed by the Student will sometimes be needed to enable use to be made of the whole technology developed by the research team – in such cases the University does not want to find itself in a position where a small gap in its Intellectual Property portfolio precludes it from being able to commercialise the technology. Neither is it in the Student's interest to have ownership of only a small part of a wider technology, which the Student would be unable to commercialise in isolation.
- The Intellectual Property will often be based on advice and ideas contributed by many others in the laboratory, and may be based on confidential, proprietary or otherwise valuable information that already belongs to the University or a sponsor.
- The research programme may be conducted under the terms of agreements with, or research grants from, outside parties, including both commercial and non-commercial funding bodies. These terms may require that Intellectual Property generated in the research programme be owned by the outside body or the University, or be licensed to the outside body.

5.3 Procedure for assignment of student generated Intellectual Property

As a general rule, in cases where a Student is, in their supervisor's and Academic Unit's opinion, likely to generate Intellectual Property that falls into one of the above categories, the University requires the Student to complete and sign a confidentiality agreement before commencing work on the project. The Student will also be expected to assign ownership of the Intellectual Property to the University if and when requested. In return the University agrees to treat the Student as a member of staff for the purposes of revenue sharing in accordance with the University's Revenue Sharing Policy.

5.4 Advice and assistance

If you would like to discuss any aspect of this policy or the agreement with a member of staff, please contact Business Development and Enterprise Services, or the Careers Service.

6. **Related regulations, statutes and policies**

- Finance Regulations
- Policy on ownership and exploitation of Intellectual Property for Staff.

7. **Procedure to implement the policy**

As this policy is a 'tidying up' of an existing policy, rather than a new initiative, the implementation is largely a matter of clarification and improved communication. In particular, we will:

- Ensure that all newly enrolling Post-Graduate Students are made aware of the policy (and IP/commercial issues more generally), via induction lectures and/or inclusion in induction materials. This will also form part of the Enterprise Academy, which will seek to engage with research students as well as PIs.
- Ensure that the policy is brought the attention of all Students as part of the Student Contract.

- Create new web pages aimed at Students.
- Use the Careers' Service Enterprise programmes to reach Students interested in enterprise.

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
The number of IP 'disclosures' and assignments by Students	Annual	Interrogation of IP databases	BDE teams	Director of BDE; Assistant Director (Enterprise and Entrepreneurship), Careers Service
The number of new licences and new spin-outs created by Students	Annual	Interrogation of IP databases	BDE teams	Director of BDE; Assistant Director (Enterprise and Entrepreneurship), Careers Service
The number of disputes between Students and academic members of staff about IP ownership	Annual	Interrogation of IP databases	BDE teams	Director of BDE; Assistant Director (Enterprise and Entrepreneurship), Careers Service

9. Failure to comply:

Should a Student not agree to assign their IP to the University in the circumstances outlined in Sections 5.2 and 5.3 above, the University reserves the right to assign a different research project to them (if in advance). In the event of any dispute between a Student and a University member of staff relating to IP, the University will protect its interests in the IP that it owns.

Document control information		
<u>Does this replace another policy?</u> This Policy will replace the 'Policy Statement on Intellectual Property (including Inventions) and Results that may arise from taught students who undertake a research project led by University staff: Policy on ownership and use.' The old policy was approved at UEB on 16 April 2013, and the 'Policy statement on Confidentiality and Intellectual Property (including inventions) and Results for Research Student: Policy on ownership and use" 2014.		
Approval		
Approved by: University Education Committee		Date: 1/12/20
Effective from:	1 March 2021	
Review due –	Every five years in consultation with the relevant University bodies.	
Responsibilities		
Executive sponsor:	Professor Suzanne Cholerton	
Policy owner: (This maybe an officer or Committee)	University Education Committee	
Person(s) responsible for compliance:	Heads of School supported by Faculty Deans and Business Development and Enterprise Team	
Consultation		
Version	Body consulted	Date
1	IPSOC	5/12/2019
2	UEC	29/01/2020
2		
2		
3		
4		
5		
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: <u>Martin Cox</u>		Date: <u>11/10/19</u>
Key changes made as a result of Equality, Diversity and Inclusion Analysis		
Document location		

