

**GUIDANCE NOTE TO 2025 IP POLICY. PART 1: UNIVERSITY ECONOMIC RETURN ON ITS IP ('CHANNEL TABLE') & PART 2: FURTHER DETAILS AND ELABORATIONS ON THE IP POLICY TEXT. NOTE DATED 1 APRIL 2025**

<b>CHANNEL</b>	<b>NATURE OF CHANNEL MANAGEMENT<sup>12</sup></b>	<b>BASIS OF HOW THE RETURN IS INTENDED TO BE REALISED<sup>3</sup></b>	<b>UNIVERSITY INVESTMENT FUNDING AND RECOVERY OF CASH OUTLAYS ON IP</b>
<b>UNIVERSITY SPIN-OUT COMPANY PROGRAMME</b>	- An IP management and commercialisation service from Innovation Factory tailored for each case and agreed with the Creator(s).	- A fixed allocation of equity in exchange for an IP licence, being: <ul style="list-style-type: none"> <li>o 10% equity in Software Spin-Out Companies;<sup>4</sup> and</li> <li>o 20% equity in all other Spin-Out Companies</li> </ul> + a royalty on net sales, from any Spin-Out, at a rate of 1 to 5%, depending on the technology's maturity and the status of IP at the time of licence. <sup>5</sup>	- University receives additional equity allocation(s) for any investment(s) <sup>6</sup> . - Repayment of University/Innovation Factory's IP Expenses upon execution of the IP licence.
<b>UNIVERSITY LICENSING (OR SALE) OF IP PROGRAMME</b>	- As for University Spin-Out Companies.	- A fixed arrangement of 60% of any royalties and/or related/similar payments, incl. any such income received arising from a research contract negotiation/clause.	- Recovery of all proof-of-concept funding (or similar) and the repayment of all University/Innovation Factory's IP Expenses, achieved by way of prior deduction of any royalty income or other receipts before revenue sharing.

<sup>1</sup> Requests by students to opt-in to Innovation Factory's Management Service are dealt with on a case-by-case basis (as negotiated directly between Students and Innovation Factory).

<sup>2</sup> Employees who are experienced entrepreneurs may request (of Innovation Factory) to opt-out of Innovation Factory management of their spin-out project(s) on a case-by case basis. If such requests are approved, Employees' commercialisation and related activities must take place entirely outside of the University. In such 'opt-out' cases, the University still retains its relevant equity share but no University expenses will be incurred and nor will any Innovation Factory services be provided. Investment offers may be made at the University's discretion.

<sup>3</sup> Requests for assignment of IP to Creators, which has been declined or is to be abandoned by Innovation Factory, are dealt with case-by-case by Innovation Factory (and will be at reward-sharing rates lower than for the relevant University Channel).

<sup>4</sup> As defined further below.

<sup>5</sup> With reference to the 'Technology Readiness Level' and fields of application of the IP and as benchmarked against any appropriate market norms and on the typical licence provisions set out in the USIT Guide(s) - as published as guidance from time-to-time on the Innovation Factory website.

<sup>6</sup> On similar terms to that of any typical third-party seed funders investing capital into a university spin-out.

## **PART TWO: POLICY NOTES**

### **Clarification of certain matters:**

- In respect of commercialising IP, the University IP Policy rewards IP Creators from the successful commercialisation of, and/or the acquisition of the rights to, that IP which was originated by those Creators. The University understands that direct and indirect contributions, in various ways, to achieving a financial return on that IP may have been made by Creators' colleagues. However, the University's IP Policy only rewards Creators and leaves any recognition decision-making to such other colleagues entirely to the relevant Creators. The University encourages such recognition, and when this form of acknowledgement by Creators is made, it will make suitable adjustments to Creators' reward entitlements in each specific case (when approved/notified by all relevant Creators).
- In all commercially funded projects at the University, where the terms are negotiable, the project's price must take into account the value to the funder of the contribution made by the University through any use of its IP in carrying out the project and additionally, it must also take into account any rights to be acquired by the funder to any IP arising from the project.
- Later dated policy documents supersede earlier dated ones. The relevant policy applying at any one time will be the one that was in place at the time IP was declared to the University/Innovation Factory (or, in the absence of such disclosure, the earlier of proof of date of when the IP was created or transferred). Thus, that relevant policy's terms apply to such IP, except where there are specific exceptions. In this regard please note:
  - (1) The effective date of the current IP Policy (the 2025 Policy) is 1 April 2025, except that the revenue sharing arrangements for Spin-Out Company projects applied from 1 August 2024. Additionally, the 1 August 2024 reward-sharing arrangements for Spin-out Companies applies to those projects which were already in the Innovation Factory system, progressing as prospective Spin-Out Companies, on 1 August 2024, but whose IP had not yet been transferred by the University to the Spin-Out Company by that date.
  - (2) Where the relevant IP was disclosed to the University between 1 August 2019 and 31 July 2021 (inclusive), normally the division of royalties and/or equity concerning such commercialised IP will be 70% to the Creator(s) and 30% to the University.
  - (3) To be clear, the **Substantial Sum** clause was a revenue sharing capping arrangement prevailing for a policy period, but was later rescinded and thus it is as if that arrangement had never been in place. Thus, no Creator's reward should be subject to a Substantial Sum cap.
- Students who receive scholarships and other such academic awards from the University (such as Dean's and President's awards), own the IP arising from such projects. That is to say, they are not subject to paragraph 2.1.1 of the IP Policy in such cases.
- Projects that have no University IP element (sometimes termed 'spin-ins') can be managed by Innovation Factory on a case-by-case basis through discussion and negotiation with Innovation Factory.

### **Explanation of certain terms:**

**Conflict of Interest.** Further guidance on this matter can be found in the University's Conflict of Interest policy, or within other University policies such as the Code of Research Conduct.

**Joint IP** refers to IP which is created by multiple parties and where the arising rights are shared or owned by those parties and/or their employers. Supervision of students' dissertations and theses would not normally be considered as leading to any joint IP, since the products of these academic activities have to be as a result of a student's own work (unless there are parts that are acknowledged/declared as being otherwise).

**Know-How** is any form of knowledge and technique of how to perform a task resulting from experience. Often difficult to describe or transfer to a third party in writing or verbally, it enables its possessor to achieve practical useful results which are unlikely to be obtained by someone who does not possess that know-how or only at greater expense. It forms part of, and is often inseparable from, an employee's attained state of skill and understanding (tacit knowledge) and thus can 'travel' with an employee. Know-how is not IP, so does not acquire IP rights, because it is an 'ability of the mind' or 'item of knowledge' not a 'creation of the mind', though it is often associated with IP.

A **Software Spin-Out Company** is (or was) a new business entity set-up or (if it was dormant) made active specifically to commercialise software copyright only and to which the University has licensed some of its proprietary code, to form the basis of the business, in exchange for financial consideration, usually in the form of a shareholding and royalties. Such transferred property is restricted to copyrighted source code and/or object code, including AI algorithms and models, and embodying only that know-how which is directly relevant and essential to the licensed coding. Software Spin-Out Companies do not include other forms of IP, such as patented software, database rights, AI-assisted inventions, AI-based inventions and/or AI-generated inventions.

A **Trade Secret** is confidential and proprietary information, such as a formula or customer list, which provides competitive advantage to its owner and derives its value by being kept secret and thus has specific and rigorous measures implemented to safeguard its secrecy and where it is made clear that unauthorised access/use and/or disclosure of that information is subject to legal and other consequences.