



Policy on Commercialisation of Intellectual Property: Principles and Processes

(Effective as per 23rd March 2021)

1. POLICY PURPOSE

Employees of the University of Edinburgh produce a tremendous amount of intellectual property (IP) in the course of their research and scholarship. This IP makes a valuable contribution to the body of knowledge over a wide range of disciplines, and some of this IP will have commercial value.

IP can have significant potential for commercial use, which can be of financial benefit to both the University and the employee(s) concerned. In addition, sponsors of research and, increasingly, the Government, expect the University to make arrangements for the commercialisation of IP as a funding source.

The purpose of this Policy is to provide guidance and sources of advice in order to encourage the early identification of IP with commercial potential and the successful commercialisation of that IP for the mutual benefit of the University and its employees.

2. OBJECTIVES

The specific objectives of this Policy are:

- To set out basic principles that govern the University's approach to potentially commercially valuable IP arising from research and scholarship by University employees.
- To provide University employees with sources of advice and guidance in order to facilitate the identification (and protection) of potentially commercially valuable IP, at an early stage.
- To ensure that the rights and expectations of sponsors of research are recognised and met.

This Policy applies to IP capable of industrial or commercial application. It does not apply to IP classified in creative work, as defined in the Terminology section below. Signposting to support relating to creative works can be found on the Edinburgh Innovations [website](#).

3. TERMINOLOGY

For the purposes of this Policy, the following terms are as defined.

Commercialisation	Action taken to ensure that appropriate Inventions and IP reach the market place and the optimal financial return is enjoyed by the University and its employees. Following establishment of the appropriate means of protection (e.g. patenting), such action will typically involve licensing, company formation or other technology transfer measures.
Distributable Payments	Payments (including, but not limited to, royalties) and/or shares in spin-out companies received by the University in exchange for rights to IP after deduction of costs incurred by the University in connection with protecting and commercialising the IP concerned.
EI	Edinburgh Innovations Limited and its employees and advisers
Founder	In the context of a spin-out company formed specifically to commercialise University IP, a University employee, often also an Inventor, who is recognised by all stakeholders as playing a key role in ensuring the commercialisation of the licensed IP.
Intellectual Property (IP)	Inventions, computer software, data, databases, technical know-how and trade secrets. Large banks of new data collected in the course of research are included if they may reasonably be considered to have potential for commercialisation. This Policy does not include IP in teaching materials, books or learned articles, artistic or musical works, sound recordings, films or broadcasts, works protected by design right, trademarks (all of which are regarded in this Policy as 'creative works') except to the extent that any creative works form part of an Invention.
Invention	A novel or useful idea relating to processes, machines, manufacturing or compositions of matter. It would include such things as new or improved devices, systems, computer software, circuits, chemical compounds, biomedical materials, mixtures etc. In lay terms, it is probable that an invention has been made when something new or useful has been conceived or developed, or when unusual, unexpected or non-obvious

results have been obtained and can be commercialised. Inventions will most commonly be developed through science, engineering and clinical research, but can arise from any area of academic research or scholarship.

Inventor	An employee who generates an Invention or creates IP.
Potentially Commercialisable IP	Any Invention, or IP, with potential for commercial use and which might be worth protecting (e.g. by patenting).

4. PRINCIPLES

Publication/dissemination

- 4.1. The IP resulting as an output of the research conducted in the name of the University is a major driver and enabler of innovation. A fundamental position is that research findings, through publication, should be made freely available to the public as soon as possible, under conditions that maximise re-use, and thus to perpetuate social, economic and research benefits. For most research, where there is no potentially commercialisable IP and no other barrier to publication, research findings should be published under normal academic practice, and with minimum delay. However, where there is potentially commercialisable IP capable of driving innovation, publication and dissemination of the relevant research findings may need to be delayed for a short time pending decisions on patent protection and commercialisation. Any such delay in publication will be limited only for as long as it takes to secure protection or so that potential commercialisation is not prejudiced. Any such protection can, if necessary, be arranged in a matter of weeks. Nothing in this Policy is intended to undermine the University's fundamental position, stated above.
- 4.2. The University supports UK Research and Innovation's guidance, policies and standards on research ethics and integrity, open research and responsible innovation and, with particular relevance to IP commercialisation, the AREA framework, the PAS 440 Responsible Innovation Guide, and data protection policies; nothing in this Policy is intended to contradict those principles.

Ownership

- 4.3. Under UK law, IP, (as such term is defined below), generated by employees of the University in the course of their employment is the property of the University, unless otherwise agreed. Any such contrary agreement should be in writing.
- 4.4. IP created by employees of the University outside the course of their employment belongs to such employee(s) except where the use of University resources has been intrinsic in creating that IP, in which case the relevant employee(s) will be deemed to

have agreed that such IP shall belong to the University, and shall comply with any request from the University to reflect this.

- 4.5. IP created by students (i.e. not employees of the University) belongs to any such student(s). By way of exception, students will be asked to assign IP to the University where this is necessary to ensure that the University is able to comply with relevant conditions imposed by sponsors of the research, and/or to enable commercialisation of the IP. In such cases students will be offered revenue-sharing arrangements generally in line with those offered to University employees (see para 6.2.5 below) and will be encouraged to seek independent advice.

Commercialisation

- 4.6. The University considers potentially commercialisable IP to be a valuable asset that should be protected and commercialised in the most effective way to ensure that it reaches the market place, in order to realise societal benefit through innovation, and thereby ensuring that the optimal financial return is enjoyed by the University and the relevant employee(s).
- 4.7. The University, as owner of the IP and acting through Edinburgh Innovations (see '5. Advice & Support'), is responsible for determining the commercialisation route and the related terms and conditions, although this will be in consultation with the Inventor, (as such term is defined in Para 4 below).
- 4.8. The financial benefit from the commercialisation of IP, after deduction of any costs of protection, will be shared amongst the University corporate, the relevant School and the Inventor.
- 4.9. All potentially commercialisable IP should be identified by the Inventor and disclosed directly to Edinburgh Innovations as early as possible, and before any public dissemination, in order not to prejudice any application for a patent.
- 4.10. The University is responsible for arranging and paying for the protection of IP.
- 4.11. Edinburgh Innovations manages the IP portfolio and IP protection process for all University of Edinburgh IP. As part of this service, EI will take into account the needs of licensees when managing IP protection, for example in country filing choices.

Research Considerations

- 4.12. The terms and conditions of any sponsors of research giving rise to the IP must be complied with.
- 4.13. Conflict of interest, whether actual, potential or perceived, is a serious matter which can arise frequently in commercialisation matters. The University's Policy on Conflict of Interest should be strictly adhered to for the protection of the individual's and the University's reputations and credibility.

- 4.14. Tangible research materials embodying potentially commercialisable IP and created in the course of research activities should only be transferred outside the University under the terms of a material transfer arrangement negotiated in accordance with University guidance.

Licensing

- 4.15. Licensing aims to ensure effective commercialisation of IP. IP will normally be licensed, not assigned, to third parties (including first stage spin-out companies), capable of ensuring the IP is commercialised to its full potential. Any licence or assignment will be negotiated on behalf of the University by Edinburgh Innovations.
- 4.16. Licence arrangements will be restricted to specific, existing elements of IP which can be readily identified. 'Pipeline' agreements giving third parties rights to IP to be developed in the future will not normally be entered into. Options to acquire rights to future IP and improvements may be agreed subject to additional payments being made.
- 4.17. In order to ensure maximum exposure of IP to the market place, licences will generally be non-exclusive and relate to specific fields of application and/or geographical territories. Exclusive arrangements may be made where this optimises commercialisation of the IP, (for all or specific, areas of application), on a world-wide or other geographical basis.
- 4.18. Licensing arrangements must always provide for the University's future use of IP for its core activities of academic research and to assist the University's wider national and international objectives. They will also provide for the future use of IP by Inventors for their academic research, thereby securing continuity of their future research careers.
- 4.19. Employees who wish to establish start-up or spin-out companies need to adhere to the University's [company formation processes](#). Assistance in these areas can be provided by Edinburgh Innovations. Employees who wish to establish start-up or spin-out companies based in whole or in part on the University's IP, must engage with Edinburgh Innovations to seek licences to such IP.
- 4.20. Both the University and its employees are expected to apply reasonable judgement and to act reasonably in relation to the identification of IP and its commercialisation.

5. ADVICE AND SUPPORT

- 5.1. Edinburgh Innovations, and affiliated employees within Colleges and Schools specifically appointed for these purposes, are experienced in the protection and commercialisation of IP, and provide services to the University and its employees on these issues, including financial, legal and administrative advice and support; identification of Potentially Commercialisable IP; and the legal and practical issues relating to patenting, copyright protection, licensing and company formation; all in close consultation and working with colleagues throughout the University. These services include both the immediate funding and administration of patent applications on behalf of the University.

Information about EI and contact details are available at:
<https://edinburgh-innovations.ed.ac.uk/>

6. PROCESS

6.1. Disclosure and Assessment of Inventions

- 6.1.1. All University employees are expected to apply reasonable judgement as to whether an Invention or IP is potentially commercialisable, and which should therefore, be promptly disclosed to EI.
- 6.1.2. Employees of the University may not use University resources, including facilities, employees, equipment or confidential information, for personal gain, including generating Inventions or IP other than in the course of their employment.
- 6.1.3. Disclosure of Inventions or IP to EI should be as early as possible, but normally at least four weeks prior to any planned or proposed publication or other disclosure to any third party, including at meetings, conferences, etc., to enable suitable steps to be taken to assess and protect such Inventions prior to disclosure in order not to prejudice any planned patent application.
- 6.1.4. EI will, normally within three months of its receipt of any such disclosure, assess the patentability of any Invention(s) or IP, and in any case will provide an initial assessment of the most suitable commercialisation route, all to be discussed with the Inventor.

6.2. Outcomes

- 6.2.1. If a view is reached that an Invention or IP is not potentially commercialisable or a decision is taken not to proceed with patenting or other commercialisation and the Inventor wishes to pursue the matter personally, EI, on behalf of the University, may assign ownership of the Invention or IP to the Inventor, subject to any reasonable terms and conditions necessary to protect the University e.g. in relation to the requirements of the sponsor of the research which gave rise to the Invention or IP, or in relation to the University's continuing activity within a related research area.

If a decision is taken to proceed:

- 6.2.2. Decisions regarding the commercialisation route and negotiations regarding commercialisation will be conducted by EI on behalf of the University, as owner of the IP. Individual Inventors will be fully consulted, but because of the potential for conflict of interest, in the event of any disagreement, the final decision will rest with the University.
- 6.2.3. EI will be responsible for decisions regarding patent protection, filing of patent applications and related IP protection methods at its own immediate cost unless otherwise agreed in specific cases.

- 6.2.4. Inventors are expected to co-operate fully with actions required by the commercialisation process and will be given due recognition for this.
- 6.2.5. Where the chosen commercialisation route is a licence to an existing company, EI will prepare non-confidential disclosures, seek to identify potential licensees, negotiate and draft licences and receive and distribute Distributable Payments made in accordance with the University policies. The cumulative Distributable Payments will be distributed as per the following threshold amounts:

Up to and including £50,000	
Inventor(s)	50%
Inventor's School	30%
University corporate	20%

Over £50,000	
Inventor(s)	35%
Inventor's School	35%
University corporate	30%

- 6.2.6. Where the proposed commercialisation route involves the formation of a new company, the company formation process, overseen and administered by EI will apply. Inventors should engage with EI at an early stage. Approvals for company formation will involve the Inventors and the EI support team preparing a plan that demonstrates that the preferred commercialisation route is via a company formation. The details of the requirements for such plan are available in the University's [published process guidelines](#). EI can support Inventors/founders in all aspects of company formation and development.
- 6.2.7. Where considered by the support team to be viable, a proposal to form a new company will be evaluated by a University panel chaired by the CEO of EI. If the panel approves the formation of the company, it will notify the applicant, setting out such conditions, if any, that might be appropriate. If the panel rejects the proposal, it will set out its reasons and, if appropriate, invite the applicant to submit a further case/updated information. Note that, even if approved, significant further preparation activity may be required over an extended period prior to actual spin-out.
- 6.2.8. If approval is given for a company to be formed that utilises University IP, it will normally be on the basis that the benefit of any equity holding at the outset belongs to the University and to the Founders in proportions to be agreed at the time having regard to the different contributions being provided. Shares allocated to the University will be in payment (or part-payment) for the

University's contributions to the company formation and for the University IP being licensed to the company. The University will normally seek half of the notional fair market value for the licensed technology from the allocation of shares received, and half from a royalty and fees element. The University will not make any payment to the company for such shares. If the IP licence to the company is nonexclusive, then the proportion of the shares passing to the University can be reduced. A fundamental principle is that the University and Founders must receive the same class of equity.

- 6.2.9. Founders who would otherwise be entitled to a share of Distributable Payments under the University's revenue sharing policy will be transferred an appropriate number of the University's shares in the company in lieu of Distributable Payments. Founders will usually also be allocated shares for other contributions they have made to the establishment and operation of the company. In ascertaining the appropriate number of shares to be received under the University's revenue sharing policy, regard will be had to the overall number of shares being allocated to the employee for his/her various contributions to the company, which may include inventorship, business plan creation and funding, and any key or executive management role being taken. Assuming the approved company formation process of the University is followed, the University will not require payment for the Founders' shares allocated under this sub-clause 6.2.10.

Inventors of licensed IP who are not Founders, will receive rewards referable to equity and royalty payments (received or to be received as Distributable Payments), in the same manner as would be the case for third party licensing. In both cases, in ascertaining the appropriate number of shares if any to be received under the University's revenue sharing policy, regard will be given to the overall number of shares being allocated to the employee for his/her various contributions to the company.

- 6.2.10. In any company formation, both the University and Founders shall agree on any future dilution in their respective share holdings as a result of, (without limitation), recruitment of company executives, company management, key employees and financial investment. A fundamental principle is that the University and Founders should be treated equally with regard to dilution.

- 6.2.11. Abandonment of patent

If the University decides to abandon patent application(s) or maintenance of patent(s), the University will normally offer to the Inventor(s) the opportunity to take over the patent(s) application and/or maintenance, and future commercialisation arrangements, in each case subject to reasonable terms and conditions (see also 6.2.1)

7. DECISIONS AND REVIEW

7.1. Ownership

- 7.1.1. In the event of a dispute between an Inventor and the University regarding ownership of IP, the matter shall be referred to an independent expert to be

agreed between the Inventor and the University. If agreement on the choice of independent expert is not reached within thirty days, the expert shall be appointed by the President of the Law Society of Scotland.

7.1.2. The expert's fee shall be payable by the party raising the dispute.

7.2. Commercialisation

Final decisions relating to commercialisation of the IP, including the terms and conditions of licensing arrangements, rest with the CEO of Edinburgh Innovations, or his/her nominee. Final decisions relating to company formation rest with the Director of Corporate Services, or his/her nominee. Where an employee does not agree with a decision, they should seek to resolve the difference through the process set out below. It is expected that almost all cases will be capable of being resolved through discussion and informal processes.

7.3. Informal Resolution

If an Inventor disagrees with the decision he/she should try to resolve the matter with the decision-maker (ref Clause 7.2).

7.4. Formal Review

- 7.4.1. Where no mutually acceptable resolution can be reached and the Inventor wishes to seek review, they should raise the issue formally by setting out their complaint in writing and addressing it to their line manager, within two weeks of (a) the University notifying the Inventor of its decision or (b) a failure to agree. The Inventor's written complaint should include a summary of the issues, specify the outcome they are seeking and set out what action the Inventor has taken to resolve the issue informally.
- 7.4.2. The manager who has received the complaint will appoint a reviewer to consider the matter, in consultation with EI. The reviewer will normally be at least at a level equal to the Inventor's line manager, will have appropriate knowledge/expertise in the commercialisation of IP, will have had no prior involvement in the case, and their appointment should not give rise to any potential conflict of interest. The Inventor and the original decision-maker will have the opportunity to challenge the selection of the reviewer where they believe that there is a conflict of interest.
- 7.4.3. The reviewer will write to the original decision-maker, letting them know that a complaint has been submitted enclosing a copy of the written complaint.
- 7.4.4. The reviewer will confirm to the Inventor and the original decision-maker how they intend to carry out the review. As a minimum this will involve meeting with the Inventor, meeting with the decision-maker or their nominee and considering relevant documentation.
- 7.4.5. While the matter is being reviewed, neither party may take action which would jeopardise the commercialisation potential of the IP.

- 7.4.6. The Inventor has the right to be accompanied to meetings as part of the formal review process, by either a workplace colleague or a trade union representative whose role is to act as their witness and support person at any such meeting.
- 7.4.7. The reviewer will summarise their findings and any recommendations in a written report and forward it to the manager who appointed them, as soon as possible and normally within four weeks of the complaint. The reviewer will either:
- a) confirm the original decision, or
 - b) recommend an alternative solution.
- 7.4.8. The manager will inform the Inventor and the original decision-maker of the outcome in writing. Where an alternative solution has been recommended, the decision-maker will be asked to confirm to all parties whether or not they are willing to implement that solution, and if not, to give reasons.
- 7.4.9. The Inventor will be notified of their right to appeal against the reviewer's finding and/or the decision-maker's response. If the Inventor is not satisfied, they may appeal in writing through the Appeals process in the University's grievance procedure.

8. POLICY HISTORY

This policy was approved by University Court on 23rd March 2021 and takes effect from that date. It replaces and supersedes the university policy for the commercialisation of IP, dated 4th November 2013.