

**THE UNIVERSITY OF KENT**  
**INTELLECTUAL PROPERTY POLICY**

**March 2013**

**PREAMBLE**

The University is committed to encouraging the successful exploitation of intellectual property by its staff and students and maximising the value of intellectual property for the benefit of all involved in its creation. Kent seeks to promote the recognition, protection and exploitation of potentially valuable intellectual property produced by its staff. This policy applies to all staff employed by Kent and on the Kent payroll.

The University's policy on intellectual property (IP), which covers all staff and students at the University, is to:

- encourage all staff and students to consider the issues associated with the creation, disclosure and protection of IP.
- encourage and facilitate the effective use of all IP created at the University;
- manage Intellectual Property effectively by retaining ownership of IP generated in the University;
- ensure that staff and students who have created IP receive a fair share of any benefits arising from its use.
- record and monitor the generation of all IP as contribution to evidencing the reach and significance of impact in the Research Excellence Framework (REF);

The effective management of intellectual property by universities is critical if higher education is to play its part in the knowledge-based economy, as outlined in a number of White Papers and reports on Innovation in Higher Education<sup>1</sup>. The Policy helps to facilitate this process and also looks at new and exciting ways of disseminating information more widely, such as use of the Internet and through the use of "open-access" initiatives.

The Policy recognises that publication and wide dissemination will be the most effective form of knowledge transfer in the majority of cases. However, where knowledge or technology have commercial potential, investment in further development will usually be necessary. In such cases protection of the ideas is important not just to encourage investment, but to protect the ideas for use in future teaching and research.

The main policy is followed by a series of appendices and procedural notes: while IP is a complex legal area, the Policy aims to use plain English to ensure it is readily understandable.

This Policy supersedes previous IP Policies. Further information and more detailed guidance is available from Kent Innovation & Enterprise (KIE) ([enterprise@kent.ac.uk](mailto:enterprise@kent.ac.uk)).

Carole Barron  
Director Innovation & Enterprise  
March 2013

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<sup>1</sup> Innovation Nation White Paper (March 2008) Welling report (September 2008) Wilson report (February 2012)

# THE UNIVERSITY OF KENT

## INTELLECTUAL PROPERTY

### POLICY

#### 1. DEFINITION

Intellectual Property (IP) is a set of legal rights that protect information, ideas and inventions. The rights are typically copyright, patents, trademarks and design rights. Other confidential information, including 'know how', can also be legally protected by confidentiality agreements. The purpose of this Policy is to ensure the effective use of the information, ideas and inventions generated at the University and to fulfill the University mission to:

- Enlarge knowledge by research;
- Support national and regional economic success;
- Provide evidence of significance and reach required by research assessment exercises (e.g. REF).

To ensure the information, ideas and inventions arising from research and teaching undertaken at the University can be used for the maximum benefit of the institution, its staff and the wider public, they must be effectively managed, and protected. The forms of IP that the University is most concerned with are:

- Copyright (see Appendix A)
- Patents & Inventions (see Appendix B)
- Confidential Information/ Know-how (see Appendix C)

#### 2. BENEFITS OF IP

The effective management of University IP will result in benefits for the individual, the School, the University and the wider public. IP exploited locally will also result in benefits for the region. Benefits are not just financial; for example, in the case of inventions leading to new drugs and treatments, their exploitation can have an impact on quality of life.

- The **benefits for individual staff and students** can include: seeing the results of their research used in real life situations, publications of their work, generation of royalty income and opportunities for promotion.
- The **benefits for the School and University** include fulfilling the University's mission, income generation, recruitment and retention of high quality staff and students, positive interaction with the business sector increased publicity, profile and reputation, evidence of significance and reach of research impact in the REF<sup>2</sup>.
- The **benefits to the region** include the development of products and services based on cutting edge research that improves competitiveness and employment.

Benefits may initially be small scale, but may increase if effectively managed. For example, the establishment of a spin-out company may provide the University with very little return in the short-term. However in the medium term the University may receive income through dividends and in the long term a substantial sum

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<sup>2</sup> REF01.2012 Panel Criteria and working methods – REF January 2012

through the sale of its equity. Staff or students may benefit by having shareholdings in the spin-out company.

### **3. OWNERSHIP OF IP**

As legal owner of the IP arising in the University, the University wishes to see all IP effectively protected and managed to ensure individual staff involved in its creation share the rewards arising from its use (see Appendix E). In exceptional cases where the ownership of IP is in dispute and cannot reasonably be resolved, the matter shall be referred to an independent expert to be agreed between the parties.

#### **3.1 Employed Staff**

The University owns the IP created by **all** staff employed on a formal contract of employment. Amongst other pieces of legislation the Patents Act 1977 as amended by the Regulatory Reform (Patents) Order 2004 and the Copyright, Designs, and Patents Act 1988 are Acts which deal with the creation and ownership of a wide range of IP rights. Together these Acts enshrine in law a basic principle, that inventions and various other forms of IP generated by an employee in the course of his or her normal duties belong to his or her employer.

Cessation of employment, under normal circumstances, will not affect an individual's right to receive a share of income. In the case of the death of an individual due a share of income, that share of any income will be payable to the estate of the deceased.

#### **3.2 Associated Staff**

This policy applies to all staff employed by Kent and on the Kent payroll. Additionally the Policy will apply to emeritus professors, retired staff, visiting staff, and honorary staff if their work is carried out at the University or is a result of their status within the University. This Policy applies (unless otherwise agreed) to any other individuals who generate intellectual property under the terms of an agreement with University of Kent.

#### **3.3. Students**

The University requires all registered students to assign to the University (at the time of Registration) all IP developed whilst at the University. Given that students' work is usually connected with that of their supervisor and other University employees, and that conflicts in the share of IP ownership can be an impediment to effective exploitation, and that students are unlikely to have the resources and expertise to protect and manage their IP, the University will adopt a pragmatic approach to dealing with student IP. The University will work closely with student to protect and exploit IP and where appropriate will share any benefits arising with the student in the same way as a member of staff.

### **4. USE OF IP**

The University has an obligation to secure the effective exploitation of knowledge and technology generated with the support of public funds. Furthermore, in recent years within Higher Education in the UK there has been an extension of the traditional core areas of teaching and research, into the areas of enterprise and innovation. The University is committed to the development of an innovative culture within the University, and effective management of IP as an important tool is achieving this.

An objective of the University is to ensure that the knowledge created is used to benefit society and enhance economic prosperity. In many cases, open publication and making research results freely available will be the most effective form of knowledge exchange. However, much of the knowledge and technology created

within the University will have the potential to be of commercial value. Given that substantial investment in the knowledge or technology will be necessary to bring any product or service to market, the University must protect and manage its IP.

Separate appendices explain in more detail copyright and written work, patents and inventions, and confidential information and know-how, the appropriate protection for it and University procedures to manage it. Appendix D on Spin-outs deals with this possible route for spin-outs as a possible exploitation route. The appendices are an integral part of this Policy.

## **5. TRANSFER OF IP**

In order for IP to be effectively used it may be necessary for it to be sold or transferred to a new owner (for example, copyright is often assigned to allow publication). The University's policy is to retain IP generated in the University wherever possible. This is so the University can manage it to ensure:

- IP can be used in future teaching and research at the University
- IP can be used by external users, including through commercial exploitation if appropriate
- it can maximise the benefits from the exploitation of its IP for the University, its staff and students.

In some cases Enterprise or Research contracts will specify that the funder will own any resulting IP.

The University is flexible about the ownership of IP, as long as the above requirements can be fulfilled in other ways KIE will negotiate IP on behalf of the University. Some enterprise and research contracts will specify the funder will own any resulting IP. In such cases the University must seek to negotiate terms and conditions on IP in the contract that address the elements outlined in 3.7. For this reason, Kent Innovation & Enterprise and Research Services are responsible for the negotiation of **all** Enterprise or Research contracts<sup>3</sup>.

In the case of external consultants or people externally commissioned to develop material for the University, the contract should state (unless otherwise agreed) that all IP generated will belong to the University. The IP position should be clarified before any work is carried out.

## **6. Further Information**

For further information on IP and specific queries please contact KIE. (E-mail: [enterprise@kent.ac.uk](mailto:enterprise@kent.ac.uk)).

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<sup>3</sup> This does not include contracts for the publication of scholarly work. See Appendix A.

## APPENDIX A - COPYRIGHT

### 1. WHAT IS COPYRIGHT

Copyright is an unregistered intellectual property right, which arises automatically by operation of law in the UK when a protectable work is created by a qualifying author, and there is no formal registration required. Copyright is governed by the Copyright Designs and Patents Act 1988, which protects the expression of ideas. It does not protect the idea behind the expression, and therefore any similar work, independently created will enjoy its own copyright, although its independent creation will have to be proved.

The statutory requirements for copyright protection are that the work must be:

**Original or new** – for the purposes of the Act the work is original if it is the author’s own work and has not been copied from that of someone else

**Must be “Work”** - it must have been created using a degree of skill, labour, or judgment. It cannot therefore be a shopping list or scribbled telephone message.

**Must be recorded** - in writing. This covers any medium of a non-transient form.

Protectable here described the class of copyright work, these are literary works<sup>4</sup>, dramatic (including dance or mime), musical, artistic, published editions of works (typographical arrangements only) and film, broadcasts and sound recordings. Sometimes computer programs may also be protected as patents, specialist guidance on this should be sought from KIE.

Although copyright protection is automatic, as an added means of protection all University-owned copyright material should, when published electronically or otherwise, have an appropriate copyright statement attached, even if only © Copyright, year – author/creator and/or the University.

### 2. OWNERSHIP OF COPYRIGHT

The University holds copyright of material or works produced by staff derived from work undertaken during the course of their employment apart from where there are specific agreements to the contrary or in the case of scholarly work which is covered in Section 5 below<sup>5</sup>. Students are required to assign their rights on Registration, for the reasons provided in the main policy document.

### 3. CATEGORIES OF COPYRIGHT

#### 3.1 Teaching Material

Copyright in teaching material such as course documents, teaching handouts, examination papers, discussion papers, etc, which are systematically produced for handing out to students, belongs to the University. Staff will however retain the moral rights<sup>6</sup> to such works. Teaching and course materials will cover work in media other than print and work other than text e.g. Web pages, video clips, recordings of lectures or live performances of a work of art, such as a concert.

The University grants to staff leaving the University a free license to use teaching material (in which they have moral rights) for academic purposes, subject to the following conditions:

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<sup>4</sup> This includes all works of fiction, non-fiction, and includes monographs.

<sup>5</sup> The copyright in creative writing and professional publications by administrative staff are therefore not owned by the University, unless they are carried out “in the course of employment”.

<sup>6</sup> Moral rights are generally the rights to claim origination of material, but not the rights to ownership per se.

- (i) A useable copy of teaching material, whether in electronic form or other, must be left at the University.
- (ii) Teaching material may not be used for commercial purposes without an appropriate license being negotiated with the University.
- (iii) For staff wanting to place teaching material on the Internet<sup>7</sup> (whether for academic or other purposes), this should be done in discussion with their Head of School (HOS) who will ensure this complies with School plans (including research strategy).

### **3.2 Scholarly Work<sup>8</sup>**

In accordance with normal academic practice, and subject to a) below and unless agreed otherwise, the University does not claim copyright (except in the case of specifically commissioned works that are covered in the main policy) in scholarly output per se produced by staff or students in the course of their employment or research work or in the course of studies at the University.

Scholarly output includes the following:

- (i) personal lecture notes
- (ii) books, articles, academic publications
- (iii) seminar papers
- (iv) theses, essays
- (v) course materials produced for issue to internal students
- (vi) examination papers, questions, assignments
- (vii) examination responses in any form, including essays, scripts, designs, computer software, tape recordings

In the case of (iv) - (vii) the University shall retain ownership (as distinct from copyright) of the materials and in the case of (v) – (vi) shall retain the right at any time to use, reproduce and adapt such materials freely for legitimate purposes. In the case of (ii) the University will retain the rights where the copyright relates to an invention or patent. For further information contact the Commercialisation Team in KIE.

### **3.2 Electronic Material**

The University wishes to monitor University-owned material published on the Internet. For the purposes of this Policy, copyright material placed on the Internet or published electronically is defined here as “electronic material”, and includes the following:

- (i) Teaching material provided in electronic form – such as course documents and modules, videos of staff lecturing, workbooks and teaching handouts, examination papers, discussion papers, etc, which are systematically produced for handing out to students
- (ii) E-learning “literary work”, which apart from the above, includes tables or compilations, computer programmes, preparatory design material for computer programmes, databases, etc.
- (iii) Scholarly work in electronic form – such as books, articles, etc.

<sup>7</sup> The Internet includes the World-wide Web and any other digital or electronic location to which the public have access.

<sup>8</sup> Adapted from [library.queensu.ca/webisi/survivalguide/glossary.html](http://library.queensu.ca/webisi/survivalguide/glossary.html)

- (iv) Computing works - all software programmes that are capable of being protected and/or commercially exploited including open source improvements for non-academic purposes that may be retained.

The University asserts ownership of copyright in electronic material, subject to electronic material contained in Scholarly Work above. In cases where staff or students wish to place University owned material on the Internet the following should be considered.

Open source publication:

- Where the material is new, the material may be published under an open source license with no commercial rights. The release of commercial rights should only be done in consultation with KIE.
- Where the material is a development of prior open source material, the development should be published under the same open source material it will be subject to the existing license.

Other publication:

- \* Non open source publication should be discussed with KIE's Commercialisation Team prior to publication.

Where a member of staff wishes to publish electronic material (including computer software) with high commercial potential, again approval should be sought from the Head of School, who should be aware of the intended publication and that it may limit the financial and other benefits arising from publication.

The following recommendations are provided for those publishing electronic material:

- (i) Steps should be taken before publishing material on the Internet (unless the material is already in the public domain) to ensure that authors (which may include the University) are protected. Such measures might include: e-mail warnings, internet warnings prohibiting unauthorised reproduction or transmission without express permission, statements of ownership, notices that material placed on the Internet is protected against infringement and access is restricted if appropriate.
- (ii) All electronic material, in particular e-learning material, should have, as a matter of good practice, a programme file<sup>9</sup> in common with other projects and programmes, which will include contracts, schedules IPR agreements and licenses, agreements for e-links to other sites, partnership details and QAA, deliverables and on-going reviews and monitoring.

An alternative to using publishers or self-publication is the novel and increasing use of Open Access Initiatives<sup>10</sup>. This includes the worldwide electronic distribution of peer reviewed journal literature and completely free and unrestricted access to it by all scientists, scholars, teachers, students, and members of the public.

Permission must be sought from the HoS before any University-owned material is placed on the Internet and made "open-access". Advice can be sought from KIE.

### 3.3 Computer Software

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<sup>9</sup> This should conveniently be in the form of an electronic programmable file containing such things as all the contract schedules, etc.

<sup>10</sup> The rationale behind open-access is the public good and self-enlightenment created through making all knowledge readily available and useable to anyone in the world. An example of this available at [www.soros.org/openaccess/](http://www.soros.org/openaccess/)

The Copyright Designs and Patent Act 1988 identifies computer programmes as the subject of copyright protection. Where there is a technical effect created by any computer program, it may also be possible to protect it as a patent.

The University encourages the development of computer software for as diverse a range of applications as possible. KIE can provide advice on the licencing of software for use by third parties, and in many cases “open licencing” may be the most appropriate route. Advice on licencing for academic and/or evaluation purposes and commercial use is also available. Where the software developed by a member of staff or student meets the qualification necessary to be considered for patent protection, Appendix B of this Policy will apply.

#### **4. BENEFITS FROM REVENUES**

The University encourages the dissemination and publication of all scholarly work produced by staff and students, to enhance both personal and University standing within the region, as well as nationally and internationally.

In the case of University-owned copyright the University will work with staff and students to enhance both personal and University standing within the region, as well as nationally and internationally. In the event of the licensing or sale of such copyright material the standard Revenue Sharing Policy will apply (see Annex E).



## **APPENDIX B**

### **PATENTS AND INVENTIONS**

#### **1. Introduction**

Securing a patent is one way to protect an invention. The patent gives the owner a legal monopoly over the invention, so that others may not make, use or sell it, except under license granted by the owner (see section 5 below).

Not all inventions can be patented. To be eligible for a patent, the invention must be:

- Capable of industrial application
- Novel/ new
- Involve an inventive step/ not be an “obvious” modification

In addition, the invention must not have been publicly disclosed. If granted, the patent must be paid for and, depending on the number of countries in which protection is sought, can be expensive. A patent can be maintained for a maximum of twenty years, subject to the payment of annual renewal fees. After that time, or if the patent is allowed to lapse, other people may freely use the invention.

Given that patents are, by definition, capable of industrial application, they are potentially extremely valuable. They may be used to create a new product, or improve the design of an existing product. Companies working in the field may well be prepared to pay for access to the patent if it will give them a competitive advantage.

### **PROTECTING AN INVENTION**

#### **2. Disclosure**

Early action to legally protect an invention is critical. If the invention is disclosed publicly before it is legally protected, it will not be able to be patented, and the benefits of the invention will not be realised. If disclosure is essential a Confidential Disclosure Agreement should be signed (see section 3 below and Appendix C on Confidential Information and “Know How”).

Staff or students who have created an invention, or a potential invention, should therefore notify KIE using the disclosure form available from KIE **BEFORE** any public disclosure (including journal articles, conference presentations, theses or web pages). In many cases KIE will have been monitoring and assisting in the development of the invention. They will also assist in the assessment of the invention and the patenting process if appropriate.

KIE, in collaboration with external specialists, will assess the invention and, in collaboration with the inventor, decide on whether and how it should be exploited. It is not necessary or possible to secure a patent for every invention. Sometimes other forms of protection may be more appropriate, and in other cases the University may decide that the commercial potential is not great enough to invest in legal protection or attempt to exploit it.

If the University decides not to exploit the invention, either on its own or in collaboration with a partner, it will assign a license to exploit the invention to the inventor on request. Conversely, the University will assert its ownership to the full where an invention that has not been disclosed is commercially exploited by a member of staff or student.

### **3. Publication and public disclosure**

One of the eligibility criteria for a patent is that the invention is 'new' or 'novel'. In most countries, this means that there cannot have been any publication or other public disclosure before the patent application is filed.

Staff and students who have made an invention must refrain from publishing or any other form of public disclosure whilst the invention is assessed by the Patent Office.

The University recognises that there is a tension between this condition and normal academic publication practice, and that protracted delays in publication may jeopardise research grants and individuals' careers. KIE will therefore work with staff to ensure the prompt filing of patent applications and advise when publications can go ahead. If you simply want to discuss your invention with other academics or with a company who may be interested in using it, KIE can quickly arrange for a confidential Non-Disclosure Agreement to be signed which will protect a future patent application. If handled in the correct order, patenting and publication are not incompatible.

### **4. Laboratory Notebooks**

In the UK, and all other countries except the US, the winner of the race to patent an invention is the first to file the application. However, in the US there is a system of "first to invent". Given the size of the US market, securing a US patent can be critically important. Therefore, in order to be able to provide evidence of the date of invention, all scientists working in an area with commercial potential should keep a laboratory notebook.

## **EXPLOITING AN INVENTION**

### **5. Patents and Exploitation**

The University asserts its right under the Patents Act 1977 to the ownership of patents in inventions made in the course of the normal duties of employees or in the course of duties outside of normal duties to which employees have been specifically assigned. The University's Revenue Sharing Policy will apply (see Appendix E). All activity in relation to patents, patentable work and commercialisation of technology should be discussed with KIE.

Materials and Know-How can also be commercialised, either separately or with patents.

1. Ownership of physical materials will vest in the University subject to funding conditions and should only be transferred from the University under an appropriate agreement. For more information about transfer of materials contact KIE.
2. Know-How can be exploited and protected through the law of confidence. It may also be exploited by individual researchers through private consultancy. Staff are reminded that it is necessary to keep confidential information secret and to disclose it to third parties only in circumstances of confidence and preferably by reference to a Non-Disclosure Agreement. For more information See Appendix C section 3 or contact KIE.
3. Exceptionally, the invention may have so much potential that it can form the basis of a new company. This is called a 'spin-out' or 'spin-off' and is dealt with in more detail in Appendix D. All matters regarding spin-outs or spin-offs should be discussed with KIE.

Student IP is governed by this Policy Statement. Students' IP may be subject to any conditions imposed by their funding agreement. Students who are using University-owned intellectual property for their studies or are co-inventors with University employees assign all right and title in the invention to the University or its nominee in return for a share of future revenue in line with the University's Revenue Sharing Policy below (Annex E).

Where it becomes necessary to sell or assign a patent, the University must retain a license for future teaching and non-competitive research.

## **APPENDIX C**

### **CONFIDENTIAL INFORMATION AND “KNOW HOW”**

#### **1. Confidential Information**

All types of information used at the University, whether it be basic information about ideas and inventions, knowledge, or “know how”, may be stored, imparted or gathered “in confidence”, and the degree of secrecy or confidentiality of that information may be partial or total – depending on the circumstances in each case. The University is concerned that all University information which is considered “confidential”, remains so. As part of this IP policy, there is particular concern about the secrecy of a specific area of confidential information, that relating to intellectual property.

The substance of confidential information in a university context relating to intellectual property may consist of such matters as technological secrets, such as chemical formulae and mechanical techniques; commercial records such as customer lists and sales figures; as well as marketing, professional, and managerial procedures, etc. Therefore whenever a person, which includes:

- (i) a student or member of staff within the University, or
- (ii) a third party outside the University,

is in receipt of, or has access to, confidential information of this type belonging to the University, and there exists an obligation that the information will remain confidential; they will be bound not to impart it. If they do, they may be liable to a breach of confidence<sup>11</sup>. Any breach of confidentiality will be taken very seriously by the University and will be investigated under its Disciplinary Procedure.

Part of the concern expressed by the University comes about from the increasing ease with which information can be dispatched around the world electronically, which gives an even greater need to ensure confidential information remains secret.

#### **2. “Know How”<sup>11</sup>**

One particular type of information the University wishes to protect is known as “know how”, which is knowledge relating to technical or other information surrounding patents. Patents themselves, are often filed and secured for a central invention, while much that is learned in the process of bringing the patent into commercial production is known as the “know how”. This information is non-patentable; however it is capable of protection – normally by the use of a license agreement or confidentiality agreement.

The University is concerned that “know how” is not disclosed to third parties and protected wherever possible. Therefore staff and students must seek permission before imparting University-owned “know-how” to other universities or third parties – in particular where there is a possibility the know-how may be used to develop exploitable concepts.<sup>12</sup>

#### **3. Confidentiality Agreements/Non-disclosure Agreements**

Confidentiality or non-disclosure agreements are binding written contracts between originators or owners of information and potential users of that information. The information that provides the subject matter of the

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<sup>11</sup> Know-how consists of information (particularly technical information) used to bring a patentable product into commercial production, which may be protected under the law of confidence.

<sup>12</sup> Recent studies in the US back up the need to protect know-how: studies of license agreements at universities in the US now show that it is “know how”, and not patentable information, which is in need of protection.

agreement must be capable of protection.

Agreements will have no effect where the information to be protected:

- (i) was known to the other party to the agreement before there was any obligation of confidence; or
- (ii) has become public knowledge
- (iii) is required to be disclosed in the public interest or as a legal requirement.

#### **4. Why do we need to use them?**

Confidentiality agreements should, on the face of it, benefit all parties to the agreement. For example, where there are two parties involved either party when accepting information is likely to receive new ideas and information that may be new and valuable to that party. This information may then in turn stimulate individuals to produce new ideas, to develop and test those ideas, perhaps allowing them to seek out new, profitable business opportunities.

#### **5. Are there risks associated to being a beneficiary to information contained in an agreement?**

There are risks involved in signing confidentiality agreements as recipients of information, which is why it is strongly recommended that staff talk to KIE before using them. For example, the recipient of information may be obliged to make payments for that information, even if the information was already possessed by the recipient. Also an important line of research and development at the University may be held up by the other party to a confidentiality agreement raising objections as to the use of that information.

## **APPENDIX D**

### **SPIN OUTS**

#### **1. Spin Out Definition**

A spin-out is a company in which the University or a University employee possesses an equity stake, which has been created by the University or its employees to enable the commercial exploitation of knowledge or technology arising from academic research or from general enterprise activity<sup>13</sup>. It is therefore an alternative exploitation option to the licensing of IP (usually of a patent or know-how). The University is keen to support spin-out activity where this is an appropriate route for exploitation.

#### **2. Equity Share**

The University, or one of its subsidiary companies, will own an equity share in the company that reflects the value of the University's input to the assets of the company, and will normally have a seat on the Board of Directors. The exact structure and 'deal' for the University and inventors will vary in each spin-out according to circumstances, other investors and so on, but the share of the benefit for the members of staff generating the IP will usually be in the form of shares and a non-executive directorship.

#### **3. Spin Out Formation**

Before any spin-out is formed using University IP, the University will want to be informed of the intention to spin-out and then see a detailed business plan which will, as a minimum, need to cover two main issues: details of proposed staff and the management team for the new company, as well as evidence to show a suitable financial package to support the spin-out. Where University employees are directors of a spin-out company, an arms-length agreement must be in place to minimise potential conflicts of interest. Also University employees, who are spending time employed by a spin-out, must have their time appropriately "bought out" from academic teaching or research. This will need to be agreed in advance by the University.

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<sup>13</sup> A spin out is distinct from a University related company, in which the University has a controlling or majority share. Spin out companies are unlikely to be University related companies.

## ANNEX E

### REVENUE-SHARING ARRANGEMENTS

In line with the University policy that staff and students who have created IP should receive a fair share of the benefits arising from it, if the University receives royalty or other income arising from copyright or the licensing or sale of patents or inventions to which staff and/or students have contributed the income shall after deduction of appropriate development and direct costs be shared with authors as detailed below:

Net cumulative income*	Exploitation fund**	Inventor(s)/Authors	Department/School ***
≤£10k*		86%	14%#
>£10K but <£50K	10%	50%	40%
£50k to £150k	30%	35%	35%
>£150k	A fair distribution will be agreed on a case by case basis by a remuneration panel convened for such purposes.		

\* Net Cumulative Income is Gross Cumulative Income less all patent, legal and development and disbursement costs incurred by UoK or its nominee.

\*\* Exploitation Fund – This fund is intended to enable the University to pay any additional costs associated with the exploitation of the IP as well as a return to University central funds in support of investment into new start-up or spin-out formation.

\*\*\* The academic School will be responsible for paying the Employer’s National Insurance Contribution.

# This figure is based on the current National Insurance rate and will change according to any variation in NI rate.

The income allocated to inventors/authors is shared on the basis of their contribution to the patent/paper. For example, equal inventors/authors would each receive half of the inventors/authors share of the income. All inventors must ensure this is disclosed and assigned before any exploitation of the IP is progressed.

The gross amount apportioned to the inventors will be subject to deductions for employee National Insurance and Income Tax. Please note that revenue sharing payments are not pensionable.

These rates are designed to provide an incentive to staff to disclose inventions, for them to be protected and exploited in collaboration with KIE, and to provide fair returns to both inventors and the University.

This amendment supersedes all other Policies and agreements and will apply to all income received from the date of approval by the Executive Group.