



INTELLECTUAL PROPERTY (IP) & COMMERCIALIZATION POLICY

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1.0 INTELLECTUAL PROPERTY (IP) POLICY

1.1 PURPOSE

This policy seeks to clarify the position of intellectual property (IP) rights generated and developed by UCSI University staff.

Where the University derives any financial return from the commercial exploitation of IP, it is the duty of the University to offer a 'fair share' of the income to its staff member and to the relevant inventors according to the provisions set out in this policy. This will provide further motivation to the university staff towards research innovations and entrepreneurships.

1.2 DEFINITIONS

'UCSI University staff' shall mean a staff who is under a contract of employment or service with the University and shall include visiting, adjunct and part-time staff.

All forms of IPs are protected under the laws of Malaysia or other legislations include:

- i. copyrights
- ii. patents
- iii. trademarks
- iv. trade secrets
- v. industrial designs
- vi. utility models
- vii. integrated circuit layout designs
- viii. any other forms of IPs as defined under relevant statutes

1.3 SCOPE

The University has proprietary rights over all IPs developed and generated by the staff members provided that:

- i. It is developed in the course of his/her employment with UCSI University
- ii. It is made possible by the use of the University's research fund, or the facilities, materials and resources administered by the University

The University will not claim ownership of IPs created by enrolled students in pursuit of their studies except where:

- i. The generation of the IP involved substantial use of institutional resources and/or services beyond that which is ordinarily provided to students
- ii. The property forms part of an IP generated by a team of staff and students of which the student is directly or indirectly a member
- iii. The IP was generated as the result of a project under specific funding provided by or obtained from the institution

An application for the registration of IPs can only be made by the University on the recommendation of an Intellectual Property Committee (IPC) under the purview of the Centre of Excellence for Research, Value Innovation and Entrepreneurship (CERVIE).

The University will seek to protect the IP rights of its staff members by offering a fair share in the commercial exploitation of the property as set out in section 1.5 below. If a student is a member of a team responsible for a patentable invention, he/she will be treated in the same position as members of staff in the team as far as patent rights are concerned.

The University reserves the right to request staff and students who are leaving the university upon completion of their tenure to transfer their IP rights to the university authorities subject to fair remuneration.

Subject to specific agreements between the parties on the ownership of the IP rights, the general guidelines pertaining to research collaboration are as follows:

- i. For IPs arising from government or government-related agencies, IP rights is subject to government policies and directives. If the fund is provided without any expressed proprietary claims, the University shall assert ownership rights over the research output.
- ii. For IPs arising from an industrially-sponsored project at the University where funding towards specific objectives of the research is provided by a company, the company as a sponsor together with the author/inventor(s) will be granted a first option to an exclusive royalty-bearing license to any IP rights arising from the research. If the collaborative R&D arrangement involves a research agreement which defines explicitly the products and processes and, where the contributions to the research and the benefits from it are shared between the University and the company, the University will either own the IP rights as in normal circumstances or, it will jointly own the IP rights with the company. In both instances, the company will be offered the right (not necessarily exclusive) of first refusal to exploit the technology through a licensing agreement.

In all the circumstances mentioned above, the CERVIE reserves the right to determine the terms and conditions which will be negotiated with the industry sponsor.

1.4 POLICY IMPLEMENTATION

Any staff that has developed any of the inventions described in section 1.2 above and wishes to have any of such inventions commercially exploited must promptly disclose the full details of such invention or other IPs to the Dean/Director concerned through his/her Head of Research (refer to **Appendix 1**).

The Dean/Director shall refer the matter to the CERVIE who will convene an IP Evaluation Committee. The IP Evaluation Committee will make an initial assessment of the invention, and if warranted consult independent experts and negotiate with any commercial parties.

The IP Committee shall comprise of the Director of CERVIE, the Dean/Director and at least THREE (3) senior academic staff knowledgeable in IPs who will be appointed by the Deputy Vice-Chancellor of Research and Postgraduate for the purposes of assessment.

The following factors must be taken into account by the IP Committee in such assessment:

- i. To gain a personal account of the potential of the research finding.
- ii. To determine whether complete 'prior art' search has been conducted
- iii. To determine whether the researcher has established any links with private entities which have interest in the research findings.

The IP Committee will make a decision on whether to recommend the research innovation for IP registration and/or commercialization to CERVIE, who will then facilitate the registration of IPs with the appropriate bodies.

If the IP Committee decides not to recommend the registration of IP rights or not to commercially exploit the IP disclosed by the staff member, the staff member shall be entitled to file for IP rights and/or procure the commercial exploitation of the IP at his/her own expense.

1.5 COMMERCIAL EXPLOITATION OF INTELLECTUAL PROPERTY

Any decision relating to the commercialization of the research output or IPs must be done with the express consent of the CERVIE. Commercialization of research or IPs may take place in the form of:

- i. Licensing (Technology Licensing /Trademark Licensing)
- ii. Assignment (Selling off the IP Ownership)
- iii. Trade Sales (Selling Products)
- iv. Creation of spin-off companies (Taking research to the market for transfer of technology)
- v. Franchising

The University may accept equity as one form of payment for license rights. Equity that represents a fair valuation of the technology may be accepted as a substitute for cash value when

licensing technologies owned by UCSI University. The university may act as either a lead investor or be involved as a passive investor.

The equity participation of the researcher(s) could be in the form of value share of the invention and need not necessarily be in monetary form.

All equity shares will be negotiated by the Deputy Vice-Chancellor of Research and Postgraduate. The university may request upfront payment or the payment of royalties or for both when an agreement is reached with a third party. The income resulting from the royalties shall be divided according to the agreed percentage as outlined below:

The net income (after the deduction of costs) shall be appropriated by the University and divided according to the following percentage:

- A. 50% to the inventor(s)**
- B. 50% to the university**

The following will be considered as costs and are deductible from the gross income derived from the exploitation of intellectual property rights.

- i. the cost for the registration and the maintenance of patents, industrial designs and trademarks, including legal fees
- ii. the total expenses of the research project
- iii. legal fees incurred in any dispute relating to IP rights
- iv. any future costs for the protection of IP rights

Unless there is an agreement to the contrary, where more than one inventor/author is involved, the University shall distribute the net income as mentioned above on an equal basis.

1.6 DISPUTE RESOLUTION, WAIVERS & POLICY AMENDMENTS

If any dispute arises in the interpretation of the provisions of this document, the same shall be referred to the Vice-Chancellor for his/her decision which shall be final and conclusive.

This policy document may be amended by the University from time to time. The University shall undertake to notify staff members as soon as is practicable of the amendments so made. The amendments shall come in force from the date the amendments were approved by the University, notwithstanding that the staff members have not been actually notified.

The University shall have the discretion to waive any or all of the provisions of this policy as and when warranted in a particular case. However, a waiver on one occasion and for a particular case shall not constitute a precedent for future cases.

2.0 COMMERCIALIZATION POLICY

2.1 PURPOSE

UCSI University continuously fosters the transformation of research-derived innovations for the benefit of industry and society to create an impact and generate financial returns through commercial development. Thus, setting up new spin-off companies is an ideal way to implement the commercial development of the University's innovations and IPs.

This Policy sets the principle of actions concerning the commercialization of the University's IPs and the distribution of income derived therefrom. This Policy applies to all UCSI University employees.

2.2 DEFINITIONS

The incorporation of spin-offs is defined as a new independent company established through commercialization of the University's research-driven intellectual properties (IPs), innovations and services.

Commercialization is defined as a process to transform, exploit, market, publish, manufacture, assign, license, sub-license, franchise, or otherwise use or dispose of the IPs, innovations and services to generate financial or other commercial returns.

2.3 STATEMENT OF POLICY

The involvement of University employee(s) must be approved by the UCSI University's Top Management before setting up a spin-off company and becoming an executive officer and/or shareholder of the prospective spin-off company.

The interests of the University, the employee(s) and the spin-off company must be considered, and any legal issues pertaining to the spin-off company must be addressed prior to setting-up the company.

Factors towards the setting-up of a spin-off company that will be considered by the University include, but not limited to:

- i. current and future duties of the staff;
- ii. feasibility from a financial perspective;
- iii. appropriate use of IPs owned by the University;
- iv. support of University resources; and
- v. conforming with University's direction.

2.4 POLICY IMPLEMENTATION

The Centre of Excellence for Research, Value Innovation and Entrepreneurship (CERVIE) is the execution arm of the University to implement this policy professionally and transparently. All decisions made on the spin-off company will be disseminated to all relevant stakeholders.

2.5 GENERAL PROVISIONS

- i. UCSI Education Sdn. Bhd. reserves the right to acquire an equity stake in a spin-off company upon negotiation with the IP's owner, in consideration for resources in facilitating the company's formation and direct contribution to the formulation of the engaged IPs.
- ii. UCSI Education Sdn. Bhd. reserves the right to elect a director or higher executive member at the board of governors; or appoint an observer at board meetings.
- iii. Where a University employee as an IP owner owns equity in the form of shares or share options in a spin-off company; the employee waives the right to a share of any licensing fee, share-sale, or dividend income received by the University from the spin-off company.

2.6 STEERING EVALUATION COMMITTEE FOR THE ESTABLISHMENT OF A SPIN-OFF COMPANY

A Steering Evaluation Committee, led by the Deputy Vice-Chancellor (Research and Postgraduate), will spearhead the establishment of the new spin-off company. The committee members shall include the following composition:

- i. Deputy Vice-Chancellor (Research and Postgraduate)
- ii. Director of CERVIE
- iii. THREE (3) senior academic staff of the relevant field or area
- iv. TWO (2) *ex-officio* members comprising of the Chief Finance Officer (CFO) and the Vice-President of Group Legal Office (GLO).

The Steering Evaluation Committee shall present the proposed new set-up of the spin-off company to Top Management for recommendation and subsequently to the University Council for approval.

2.7 GENERAL PROCEDURES

The owner(s) of IPs will consult CERVIE for the preparation of documentation regarding the proposal of a spin-off company formation.

CERVIE mediates the process of application and evaluation, and CERVIE is responsible for the following sequential processes:

- i. To execute validation on the IPs to ensure their scientific substantiation.
- ii. To convene an IP evaluation committee (as described in Section 1.4) comprising experts and professionals from both academia and/or industry.
- iii. To streamline the process of evaluation with a quantitative scoring method with the criteria of:
 - a. commercial value.
 - b. novelty and competitiveness.
 - c. readiness to commercialization.
 - d. potential industrial partner(s).
 - e. status of IP protection.
 - f. appropriate start-up capital; and
 - g. contribution to the University.
- iv. To coordinate with the committee to prepare an evaluation report and recommendations concerning the outcome of the application.
- v. To advise with consultation of the University on appropriate shareholder profit distributions.
- vi. To present the spin-off company formation proposal [with IPs owner(s)] to the Steering Committee.
- vii. All spin-off company formation proposals will then be presented to the Top Management (TMM) and University Council for approval.

Upon approval by the University Council, CERVIE and IPs owner(s) are to coordinate with the rightful departments (Legal, Finance, Human Resource, etc.) of the University for setting up a Business Pod (refer to Section 2.9 and **Appendix 2**), and subsequently into a spin-off company (**Appendix 4**) upon graduation from the incubation period.

2.8 EQUITY & PROFIT SHARING

Equity distribution terms remain open to negotiations and are subject to mutual agreement with investors. As stated in section 2.5(i), the University may or may not opt to own equity in the newly formed spin-off company together with any third party. In the event that the University opts to share the returns of the company through equity holding, the following will be considered in the equity and profit-sharing structure:

- i. The value of IP and/or innovation.
- ii. Degree of business potential derived from the IP and/or innovation.
- iii. The extent of University involvement in the spin-off company.

Terms / Entities	Equity %	Profit Sharing % *
Holdings (UCSI Press Sdn. Bhd.)	<i>Distribution based on investment % and mutual agreement on a case-by-case basis</i>	<i>Distribution based on equity % on a case-by-case basis</i>
Investor(s)		
Employee(s) / Researcher(s)		

* Net profit = amount declared after deduction of all expenses, debt servicing, growth Injection & taxes

2.9 UCSI BUSINESS POD (UBP) UNIT

The UCSI Business Pod (UBP) Unit is a new incubation unit under UCSI Press Sdn. Bhd. Its establishment aims to provide monitoring and assistance to develop new research innovations and services towards the startup of new businesses. Each Business Pod will be set up for one Strategic Business Unit (SBU).

Specific aims of the UBP Unit are as follows:

- i. To support SBUs through the provision of entrepreneurship training and mentoring programs
- ii. To assist the promotion of SBU services and innovations to potential investors
- iii. To assist with SBU human capital development and capacity-building
- iv. To assist the development of SBUs through collaborations and pre-commercialization funding

Details concerning the application process, required documents, flow chart for establishment of a UCSI Business Pod, organization structure and flow chart for approval of spin-off company formation are as depicted in **Appendix 2**, **Appendix 3** and **Appendix 4** respectively.

Other UBP Unit terms of reference are as follows:

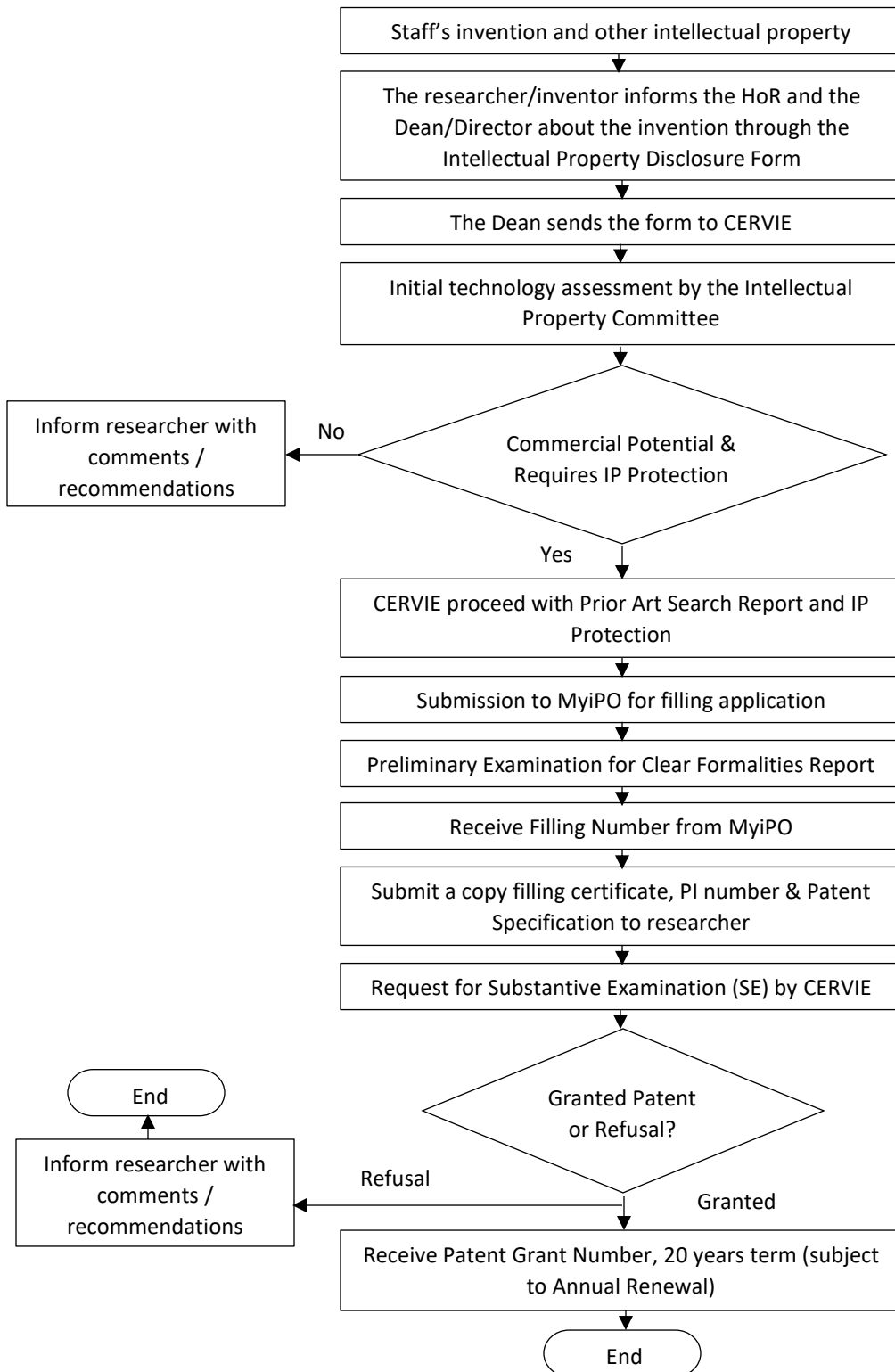
- i. The duration of incubation within UBP is 2 years with a 1 year extension period if required.
- ii. Covers innovation and prototype development efforts for Technology Readiness Levels TRL-4 to TRL-6.
- iii. All SBUs will be subjected to a 10% overhead fee from all external pre-commercialization funding sources which will be divided equally between the University and UCSI Press Sdn. Bhd.
- iv. Graduation of business pods from the UBP Unit will be based on the Steering Evaluation Committee's recommendations as described in Section 2.6.
- v. In terms of SBU profit sharing of goods and/or services, it will be managed on a case-by-case basis, subject to approval by the Steering Evaluation Committee.
- vi. In the event that an SBU involves experienced staff or mature products with urgent or time-sensitive innovations, the University reserves the right to assign the project directly towards the formation of a spin-off company without involving the processes and requirements associated with the UBP.

3.0 REFERENCES

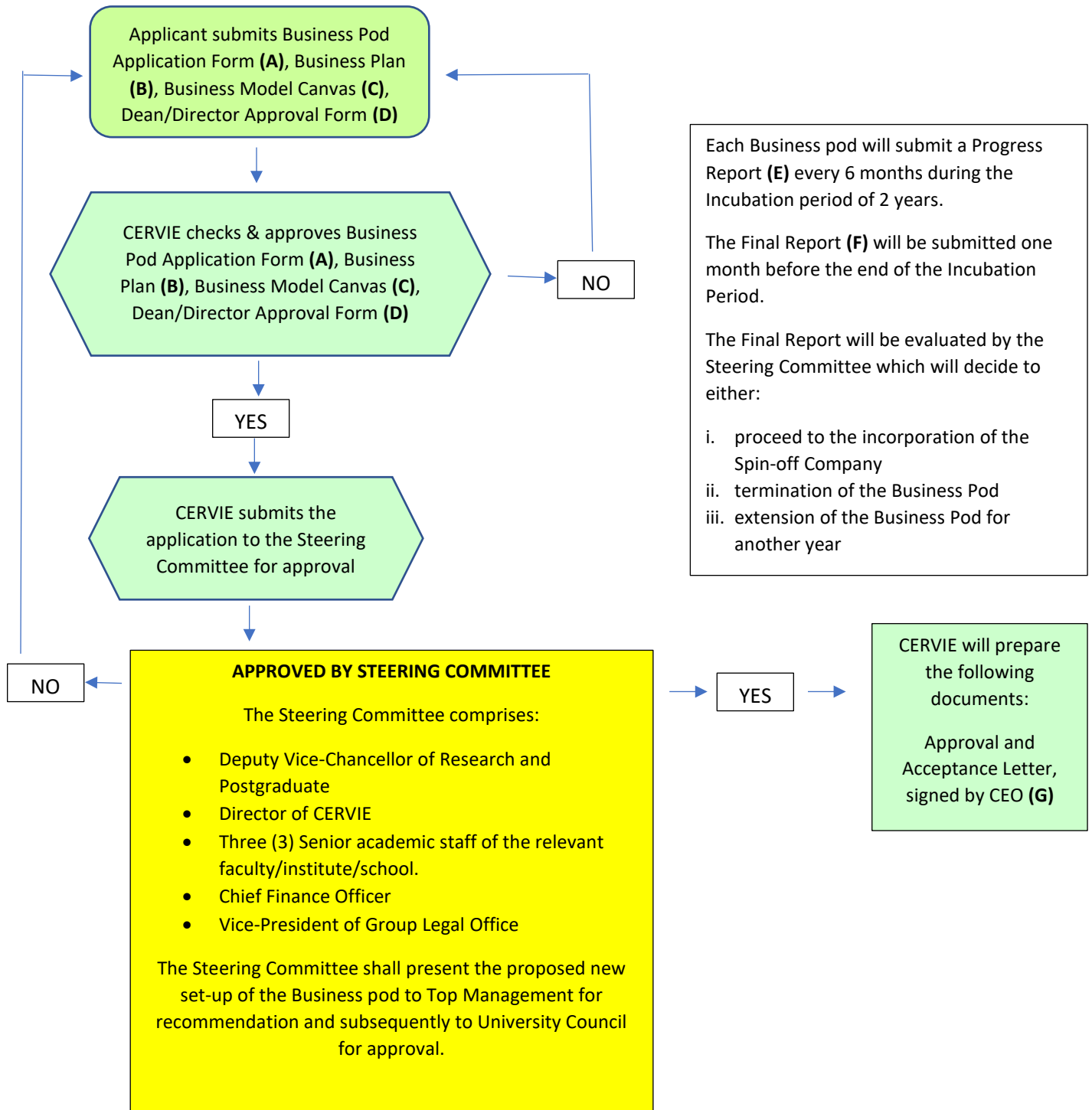
- i. Akta Hak Cipta 1987 (Akta 332)
- ii. Akta Paten 1983 (Akta 291)
- iii. Akta Cap Dagangan 1976 (Akta 175)
- iv. Dasar Pengkomersialan Harta Intelekt MOSTI 2009
- v. Dasar Harta Intelekt Negara (2007)
- vi. Dasar Pengkomersialan Harta Intelekt untuk Projek Penyelidikan & Pembangunan yang dibiayai oleh Kerajaan Malaysia (Jun 2009)
- vii. Dasar Inovasi Negara (2010)
- viii. IIUM IPR & Commercialization Policy
- ix. Massey University Formation of Spin-Out Companies Policy
- x. Universiti Teknologi Malaysia (UTM) Commercialization Policy
- xi. University of Nottingham Spin-Out Companies Policy
- xii. Dasar Harta Intelekt dan Pengkomersialan Universiti Pendidikan Sultan Idris (UPSI)
- xiii. Universities and University Colleges Act 1971 (1 August 2012)

4.0 APPENDICES

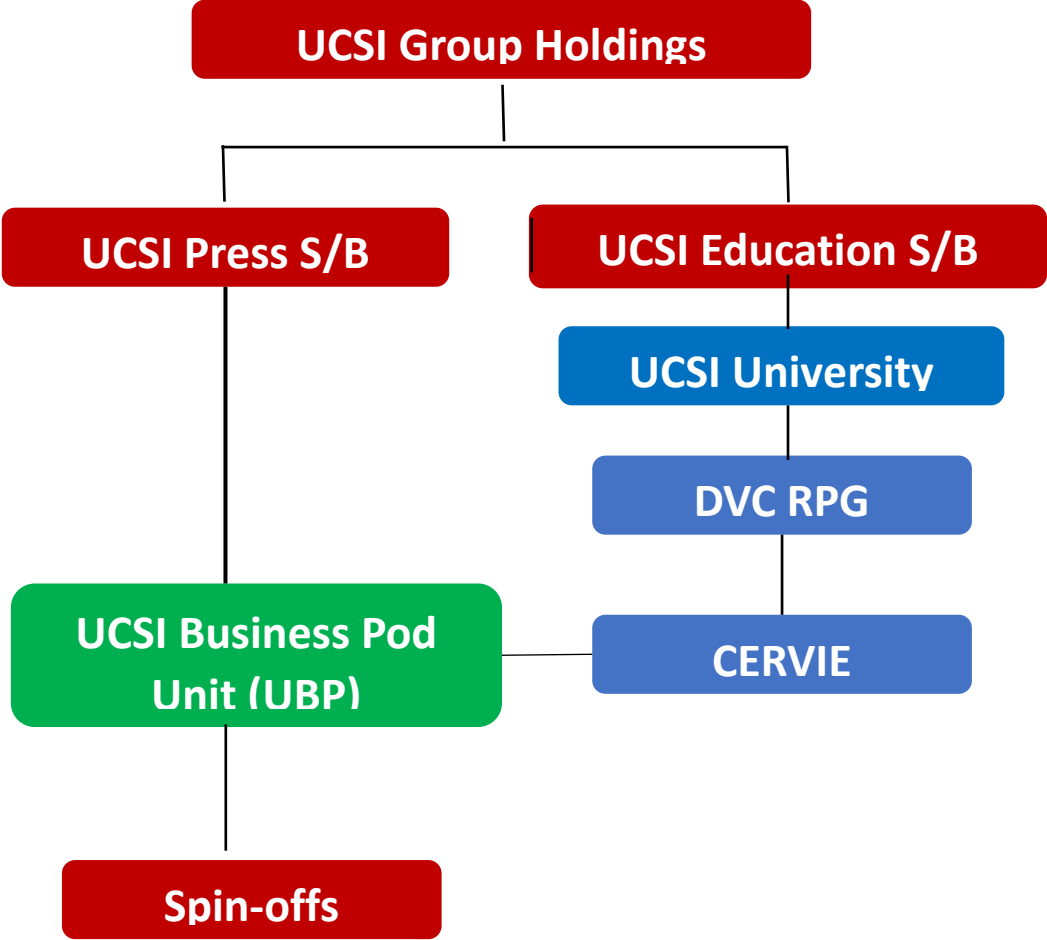
APPENDIX 1 - Brief Flow for the Administration of and Protection of Intellectual Property Rights



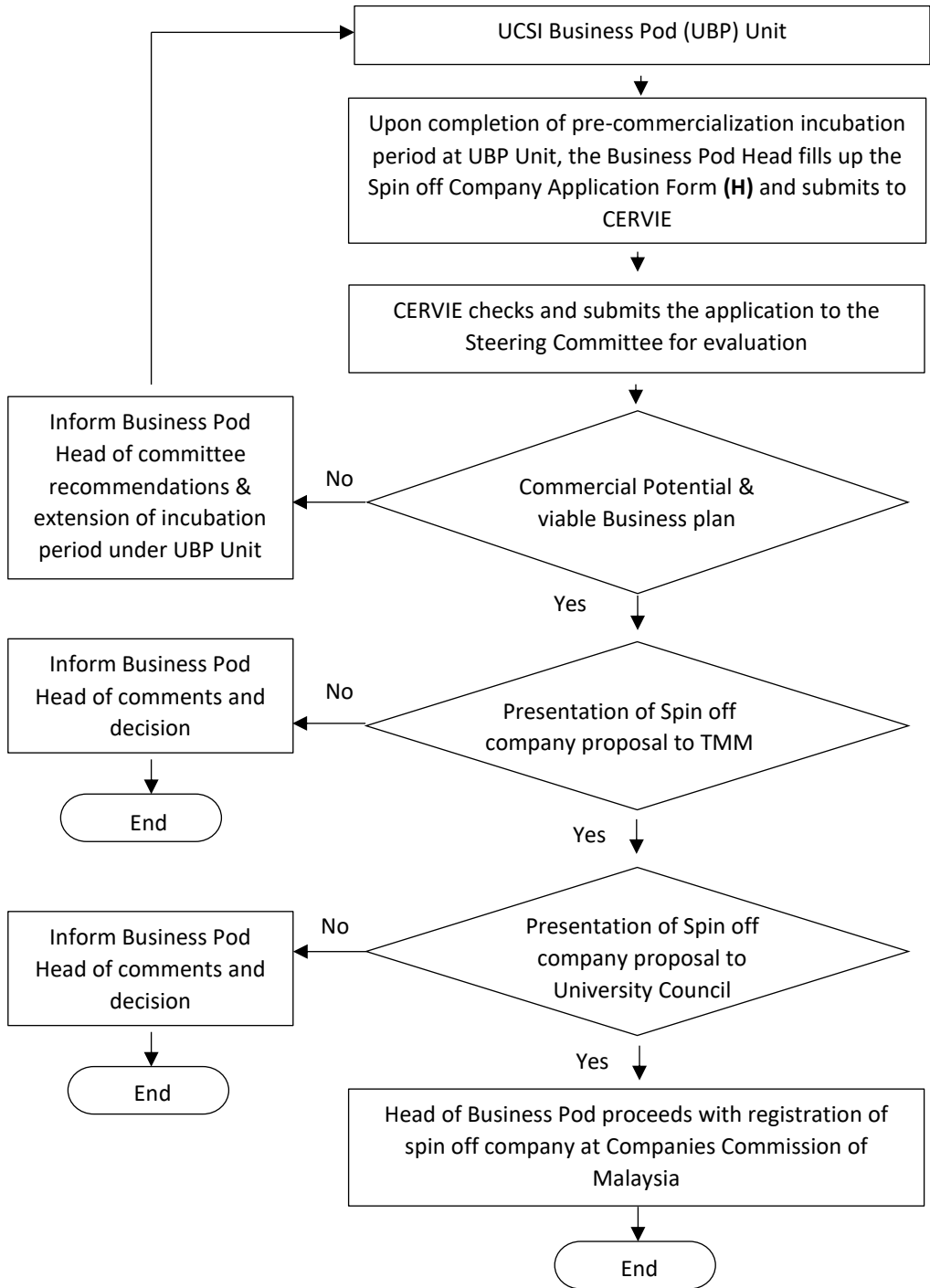
APPENDIX 2 - Flow Chart for Establishment of a UCSI Business Pod (UBP) Unit



APPENDIX 3 – Organization Structure of UCSI Business Pod (UBP) Unit



APPENDIX 4 – Flow Chart for Approval of Spin Off Company Formation



APPENDIX 5 – Business Pod Application Form *(full form, refer to attached)*



Application of Business Pod Form

Principal Applicant Details

Principal Applicant Name 1 <i>(as per MyKad/Passport)</i>	
Principal Applicant ID Number <i>(MyKad/Passport ID)</i>	
Staff ID	
Faculty / Institute	

Co-Applicant(s) Details

Name <i>(as per MyKad/Passport)</i>	ID Number <i>(MyKad/Passport ID)</i>
Co-Applicant 1	
Co-Applicant 2	
Co-Applicant 3	
Co-Applicant 4	

Business Pod Details

Title of Technology/IP							
Brief Description of the Technology/ IP							
Technology Readiness Level (TRL)	<table border="1"> <tr><td>TRL 1 (Basic Principle)</td></tr> <tr><td>TRL 2 (Formulation of concept)</td></tr> <tr><td>TRL 3 (Experimental Proof of Concept)</td></tr> <tr><td>TRL 4 (Lab validation)</td></tr> <tr><td>TRL 5 (Validation in real environment)</td></tr> <tr><td>TRL 6 (Demonstration in real environment)</td></tr> </table>	TRL 1 (Basic Principle)	TRL 2 (Formulation of concept)	TRL 3 (Experimental Proof of Concept)	TRL 4 (Lab validation)	TRL 5 (Validation in real environment)	TRL 6 (Demonstration in real environment)
TRL 1 (Basic Principle)							
TRL 2 (Formulation of concept)							
TRL 3 (Experimental Proof of Concept)							
TRL 4 (Lab validation)							
TRL 5 (Validation in real environment)							
TRL 6 (Demonstration in real environment)							
Primary field of Application (e.g., Healthcare, IT, Agriculture, Engineering)							
Target market/ industry							
Potential Impact of the Technology/IP							
Competitors (if any)							