

Creating a profitable future for your university intellectual property

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Universities have always had an interest in commercialising their intellectual property (IP) and in recent years we have seen a rise in ambition from universities, students and academics. So what do you need to think about if you have the drive to make more of your IP assets?

The IP, albeit produced by its academics and students through their research and development, is usually owned by the university. Where prospects of success are high, commercialising IP benefits universities through potential return on their investments in academic and research projects. This sort of commercialisation is all around us; just most of the general public don't know about it. A good example is the University of Oxford's significant commercialisation of its COVID-19 vaccine in 2020, which was marketed as 'AstraZeneca' and has become a household name.

If a university is keen on looking at its commercialisation options, it should first ensure it has in place an internal commercialisation department that can manage the opportunities and help to progress the projects. It is also prudent to establish an internal IP policy which will make commercialisation ventures more standardised and efficient.

There are three common models a university can choose to commercialise with:

1. **A licensing model** whereby a university licenses the IP to an existing entity. For instance, that entity would manufacture the product created with the IP and get it to market in return for payment back to the university.
2. **A contractual joint venture model** whereby a university and a third party entity enter into a contract. The university and the third party licence its IP into the joint venture as 'background IP'. Based on the terms of the contract, the parties then ensure the IP gets to market through mutual collaboration and payments which can run in both directions.
3. **A spin-out company model** whereby a university sets up a spin-out company and licences the IP to it. The spin-out company then manufactures and markets and the university receives value through a shareholding or sometimes licence fees.

Further explanation on these models can be found in our webinar: [How to commercialise your IP: licensing, spin outs and JVs](#).

Key considerations involved in the commercialisation process include, but are not limited to, the following:

- **Ownership of the IP**

At the outset, universities must conduct extensive due diligence to ensure they own the relevant IP. Although the Copyright, Designs and Patents Act 1988 stipulates that IP created in the course of employment will belong to an employer, it is prudent to review the duties and employment contracts of the academics that produced the IP. It is not uncommon for academics to own a percentage of IP or have rights to value from the IP commercialisation.

- **Licensing**

Planning plays a key role in commercialisation and universities will need to ensure they cover all bases. They will want to ensure that the party getting the product to market has all the necessary IP licences in its favour.

- **Developing the business**

To ensure the venture does not become unsuccessful through lack of proper planning, the role everyone plays in developing the business should be clearly established and documented at the outset.

- **Ownership of new IP and improved IP**

The commercialisation documentation must contain provisions governing who owns (a) the newly created IP, (b) the improvements made to the existing IP and (c) the improved existing IP.

- **Returns for the university**

The university will have invested significant resources into research, development and the commercialisation process and therefore the commercialisation documentation should clearly set out how the university will receive a return. This could mean taking an equity stake in the spin-out company, if one is used. Otherwise, it could mean receiving royalties or cash consideration in return for licensing the IP.

Further explanation on key considerations can be found in our webinars:

- [IP Licensing: How to avoid the common pitfalls](#)
- [University spin-outs and joint ventures](#)

There is much to consider when [commercialising](#) IP and this article is just a brief overview. If you would like to know more, please contact us.

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