# INTELLECTUAL PROPERTY RIGHTS POLICY

## SIB SHInE

School of International Biodesign Synergising Healthcare Innovation and Entrepreneurship

## 1. PREAMBLE

School of International Biodesign - Synergising Healthcare Innovation and Entrepreneurship (SIB SHInE) is a year-long full time dedicated residential fellowship program jointly led by the Indian Institute of Technology Kanpur (IIT Kanpur) and King George's Medical University Lucknow (KGMU Lucknow) and sponsored by the Department of Biotechnology (DBT), Govt. of India.

The SIB-SHInE Biodesign program serves as a springboard for launching, redirecting, or accelerating a career in health technology and biomedical innovation. With SIB SHInE program, IIT Kanpur and KGMU together, envision to be a global leader in building the most dynamic ecosystem that identifies, nurtures and matures the next generation of Biodesign innovators in developing disruptive and accessible technologies for the world.

The Intellectual Property Policy (hereinafter referred to as "IP Policy") of SIB SHInE program has been constituted in alignment with IP guidelines of both the partnering institutes - Indian Institute of Technology Kanpur (IIT Kanpur) and King George's Medical University Lucknow (KGMU Lucknow). The policy encourages generation of IP that promotes innovation, public service and development in the field of medical technology. The vision of this policy is to promote entrepreneurial spirit, collaborations, product development for Atmanirbhar Bharat and above all fostering medtech innovations originating from India, for global world.

## 2. ETHOS

- The primary and secondary inventors of the program devoting fully to develop the products, are the primary beneficiary of the scheme. The ideology of this policy is to keep the guidelines progressive, seamless and non-obstructive that maintains the entrepreneurial spirit of the program.

- The clinical and engineering mentors (hereinafter referred to as secondary inventors) along with the other stakeholders such as funding agencies, institutes of the secondary inventors involved in the program would be helping in developing commercially viable products hence their interest would be taken care of equally. An equity-based mechanism is essential for payment to the mentor(s) and affiliated institutes once the product is commercialized.

- Depending on the Institute in which the secondary inventor(s) is employed, the Institute may have its own IP Policy and thus the commercialization guidelines are in alignment with such institute's policy and should be flexible to reiterate as per changes in the institutional obligations.

## 3. BENEFICIARIES

Towards commercialization of an IP there are a few entities that are typically involved:

1. Primary inventor(s): The group of people who contributed towards the development of the commercialisable product. Example- SIB SHInE fellow or team of fellow(s)

2. Secondary inventor(s): The clinical or academic mentor or team of mentor(s) who guided the primary inventors in execution of the project and developed the commercialisable product. Example – Team of engineering and medical mentors in case of SIB SHInE program.

3. Institutes: The organization in which the secondary inventor(s) are employed, and the secondary inventor(s) are bound by the organization's IP and licensing policies.

4. Sponsoring organization, if any.

5. Others.

# 4. THE REVENUE / EQUITY SHARING MODEL

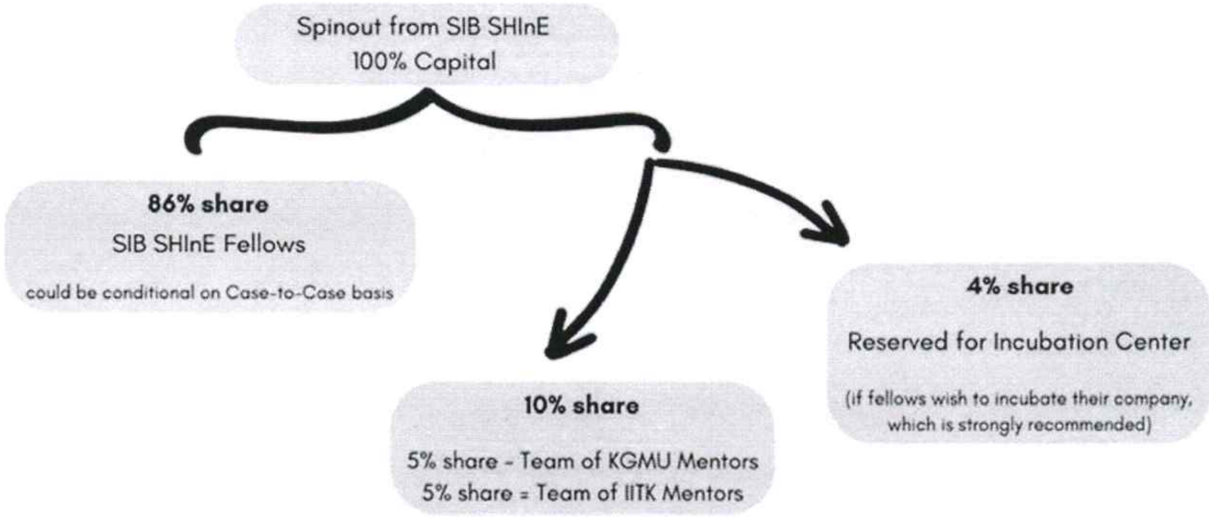


Figure 1: Distribution of company's share between the fellows (primary inventors) and mentors (secondary inventors).

- Spin out from SIB SHInE refers to startup entity incorporated by the team of fellows or primary inventors (may or may not be including secondary inventors) while being associated with the program. The team is highly suggested for startup incorporation during the program tenure; however, the team may incorporate the startup after program completion, the equity sharing model still applies.

- The terms 100% capital / shares used above refer to total company shares at the time of company incorporation.

- The information depicted in Figure 1 should be applied in both scenarios - if secondary inventors are share subscribers or shareholders in the spinout entity. If secondary inventors are neither share subscribers nor shareholders, Figure 1 should be followed for revenue distribution as per discretion of the program directors on case-to-case basis.

4.1 *Revenue Sharing Guidelines*:

IP Ownership - The patent would be filed by either of the institutes - IIT Kanpur or KGMU Lucknow. The patent would be <u>jointly owned</u> by the applicants from both the Institutes - IIT Kanpur and KGMU Lucknow. All the relevant fellows and the mentors are listed as the inventors.

- It is to be recognized that IP by itself has no commercial value unless some entity is willing to pay for it which will happen only when there is a distinct possibility of commercialization.

- The Primary Innovators would have the first right to get the exclusive license of the IPR.
- In case Inventor wants to commercialize the IP through a third party, then the Institute would earn its share from the fellow faculty member's share (or *vice versa*) as defined by its internal policy.

*4.2 Important pre-requisites for IP filing and startup incorporation*

- Before filing a patent, a list of inventor(s) along with percentage share of inventors (in revenue generated out of said patent in future), and names of both institutes - IIT Kanpur and KGMU Lucknow as applicants, must be vetted by both the program directors, defined as Principal Investigator and/or Principal coordinators of the program representing each of partnering institutes.

- A standardized disclosure form shall be established for all potential intellectual property rights (IPRs) within the framework of this program. This form shall encompass a provision requiring the disclosure of anticipated revenue distribution among the inventors.

- Before initiating the process of company incorporation, information regarding names of Startup director(s), percentage distribution of ownership among the member (s) during inception of the Startup must be approved either physically on paper or electronically via email by both program directors.

- At the inception of Startup, Intellectual Property provides market advantage that results in prospective valuation of the Startup in future. Hence, during inception, most value of the Startup lies in IP jointly shared among primary and secondary inventors as per *Section 4 (The Revenue Sharing model)* of this policy.

*Secondary Inventors be shareholders or subscribers?*

- The assignment of secondary inventors as shareholders or subscribers to shares would depend on the team internal relationship. Both options are open for the secondary inventors.

- Based on how the institute's rules are and what is the team members internal commitments, with proper information to the program directors - any option could be chosen by the team.

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**4.3** *Licensing* : At some point an entity would seek the license of the IP. Irrespective of who owns the IP, the entity seeking license or the start-up company owners must pay a lump sum amount to the funding agency as per their IP guidelines before it gains license of the IPR.

**4.4** *Rights of Technology Transfer* - The first hand right of technology transfer lies with the primary inventors i.e. SIB SHInE fellows.

- If both the primary inventor(s) and secondary inventor(s) agree for tech transfer to a third party, then both parties would hold equal share of the licensing rights (50- 50)

- If both the primary inventor(s) and secondary inventor(s) are not interested to pursue the technology forward, then, the program directors or advisory board shall hold the right to license the technology to the other entity.

- Suitability of the other entity would depend on the following cases including but not limited to fellows, technology, mentors involved, scope of tech, business value etc. The suitability parameters could be decided by the directors and advisors as per their expertise on specific case/scenario.

- The advisory board for SIB SHInE includes experts external to IITK and KGMU (not related to any of the institutes)- basically for decisions on business and entrepreneurial perspective.

- The inventors may seek the license only after they have formed a company (preferably a Pvt Ltd company). It is NOT necessary that all inventors become the part of the company but the following clause must be satisfied:

    i) *At least one of the inventors is a promoter/co-owner of the company*

Licensing would be executed by a legal entity of the program (owned/Incubated by any one of the institutes) on the following terms –

- The licensee must be Pvt. Ltd. company / LLP
- The licensee or start-up company owners are bound to give
- Defined amount to the funding agency as per their IP guidelines.

The Startup owners agree to give relevant equity to secondary inventors and involved institutions.

## 5. GREIVANCE REDRESSAL AND ARBITRATION

- It is conceivable that in certain cases there might be dispute or grievances among inventors regarding licensing or more issues, in such cases, dispute shall be referred to the program directors.

- If the dispute is not resolved then the same shall be referred to the Standing Committee (hereinafter referred to as the "Committee") including advisory board members and program directors. The decision of the Committee in this regard would be final and binding.

## 6. ASSIGNMENT OF INTELLECTUAL PROPERTY (IP)

The Exclusive (or non-exclusive) license granted to a company is revocable after a period of 2 years from the date of licensing. At any point of time if the owner (applicants) of the IP feels that the company is not fulfilling its obligations, it may file for dispute resolution as mentioned above in clause 5. The committee may recommend revocation of license if the company is non-compliant to the license agreement clause(s). Once the licensee has fulfilled its obligation, the owner of the IP may assign the IP to the company.

**7.** HOW WILL THE HOST INSTITUTES EARN THEIR COMMERCIAL BENEFIT?

**7.1** <u>License to a company with an inventor as a promoter/co-owner</u> – The model of commercial benefits to the host institutes is schematically demonstrated in *Section 4*.

7.2 <u>License to a company with NO inventor as a promoter/co-owner</u> –

- In such cases the market value of the technology will have to be decided. The parameters would involve – (i) cost of development,
  (ii) cost of production,

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(iii) sell price/profit margin and
(iv) Future cash flows

The licensee should pay a reasonable upfront licensing fee to the licensors (The licensing proceeds shall be distributed to the inventors as per the Institutional policy of the respective institute , if applicable that way) in addition to the funds that are to be given to funding agency as per their IP guidelines.

Subsequently, the licensee should pay a certain percentage of the net revenue from the sales of the technology depending on the commercial value and it patentability status. The revenue sharing shall be based on the valuation of the technology, the remaining terms and conditions of the licensing shall be based on the valuation and negotiation between the licensor and licensee through a separate Licensing Agreement.

Any commercial benefit to the secondary inventors (team of mentors) would have to be given either to the host institutes and the host institute shall distribute it among the mentors – OR- given to the mentors who would share a set percentage with the institute as per the institute's policies and obligations.

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# ACKNOWLEDGEMENT

Name of SIB SHInE fellow :

SIB SHInE Batch of Year :

I, fellow and/or mentor of SIB SHInE, hereby acknowledge that I have received, read and understood the Intellectual Property Rights Policy of SIB SHInE. I declare and agree that I am required to comply with the obligations and clauses described herein and failure to do so may subject me to actions as per the terms and conditions of said program and/or instructions disclosed to me by the program director(s) or program keeper(s). Further, I agree that few aspects of said policy are bound to be revised as per guidelines intimated in future by Department of Biotechnology, Government of India.

Name and Signature of fellow(s)

Name and Signature of Medical Mentor(s)

Name and Signature of Engineering Mentor(s)