



## TECHNOLOGY AND IP LICENSING & ACQUISITIONS POLICY

Reference number : VUNI.91  
Date of first released : 08/11/2024  
Date of last updated : 08/11/2024  
Applicable Department : All VinUniversity Staff, Faculty, and Students

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### Records of changes

Version	Published Date	Effective Date	Approved by	Description of changes
v1.0	08/11/2024	08/11/2024	Developed by: Entrepreneurship Lab and Research Management Office Reviewed by: Research Affairs Committee Approved by: Provost	First released

## I. ABBREVIATION

Terms	Abbreviation
IPO	Initial Public Offering
OTL	Office of Technology Licensing
RMO	Research Management Office
VPRI	Vice Provost of Research and Innovation

## II. ABOUT

This Policy outlines VinUniversity's approach to managing intellectual property rights for inventions created by its faculty, students, staff, and affiliates. Any invention developed with significant use of university resources or during university-related activities must be disclosed to VinUniversity. The university claims ownership of such inventions, except when specific funding agreements dictate otherwise. In these cases, VinUniversity will negotiate ownership terms with the sponsor in alignment with their requirements.

The goal is to support the development and commercialization of innovations while protecting the rights and interests of both the university and its researchers.

All potentially patentable inventions conceived or first reduced to practice, in whole or in part, by members of the faculty, graduate students, postdoctoral fellows, staff, or other employees (including student employees and temporary employees) of VinUniversity (hereinafter referred to as the University or VinUni) during their university responsibilities or with more than incidental use of university resources, must be disclosed to the University in a timely manner. Title to such inventions shall be assigned to the University, irrespective of the source of funding, except where specific funding agreements or sponsor requirements dictate otherwise. In cases where the funding source imposes ownership or licensing conditions, VinUni will negotiate Intellectual Property (hereinafter referred to as IP) terms in alignment with the sponsor's requirements.

This policy also applies to other individuals not mentioned above who participate or intend to participate in research projects at VinUni, including but not limited to students, visiting faculty and scholars, industrial personnel, and fellows. These individuals must disclose any potentially patentable inventions conceived or first reduced to practice, in whole or in part, during their participation in research projects at VinUni or with more than incidental use of university resources. Title to these inventions shall be assigned to the University unless a waiver has been approved.

The University shall share royalties and other income derived from licensing inventions assigned to the University with the inventor(s) according to this policy.

Inventors may place their inventions in the public domain if they believe it would benefit technology transfer and if doing so does not violate any terms of grants or agreements related to the work. Such requests must be reviewed and approved by the university to ensure alignment with university goals, policies and any relevant agreements

If the University decides not to pursue patenting and/or licensing an invention in a timely manner, it may reassign ownership to the inventors upon request, subject to the terms of any grants or agreements related to the work.

Waivers of this policy may be granted by the Vice Provost of Research and Innovation (VPRI) on a case-by-case basis, with input from the Research Affairs Committee (RAC) considering VinUni's obligations to sponsors, the best interest of technology transfer, the University, and potential conflicts of interest. The VPRI may also expand on these provisions and adopt rules for the ownership of potentially patentable inventions created with more than incidental use of university resources by students, visiting scholars, and others not employed by the University.

### **III. ADMINISTRATIVE PROCEDURES**

#### **3.1 Office of Technology Licensing**

The mission of the Office of Technology Licensing (hereinafter referred to as the OTL), currently under the Research Management Office (hereinafter referred to as the RMO), is to promote the transfer of VinUni's technology for societal benefit while generating unrestricted income to support research and education. The OTL is responsible for managing the University's invention reporting and licensing program, evaluating the commercial potential of inventions, making patent filing decisions, petitioning agencies for greater rights in inventions, negotiating licensing agreements with industry, and making related decisions on behalf of the University as the intellectual property owner.

#### **3.2 Patent and Copyright Agreements**

All faculty, graduate students, postdoctoral fellows, staff, and other employees (including student employees and temporary employees) must sign the VinUniversity Patent and Copyright Agreement. Additionally, other individuals participating in research projects at VinUni, including students, visiting faculty, and scholars, must sign a form of this Patent and Copyright Agreement. These individuals are collectively referred to as IP Assignment Required Signatories.

The Human Resources Department is responsible for ensuring the Patent and Copyright Agreement is signed, typically at the individual's initial association with VinUni.

Regardless of signing the Patent and Copyright Agreement, IP Assignment Required Signatories are bound by this Policy when using VinUni's funds or resources, accepting or continuing VinUni's employment, or participating in a VinUni's collaboration, research, or other sponsored agreement. IP Assignment Required Signatories hereby irrevocably assign all rights, title, and interests in and to all intellectual property rights, effective as of their first use of VinUni's funds or resources, VinUni's employment, participation in a VinUni's collaboration, research, or other sponsored agreement, whichever occurs first.

Any provision in an employment agreement requiring an employee to assign any invention rights to the employer does not apply to inventions developed entirely on the employee's own time without using the employer's resources, except for inventions that either: (1) relate to the employer's business or anticipated research or development at the time of conception or reduction to practice, or (2) result from work performed by the employee for the employer.

#### **3.3 Invention Disclosures**

An invention disclosure is a document providing information about the inventor(s), the invention, circumstances leading to the invention, and subsequent activities. It is used to determine patentability and draft a patent application. Invention disclosures also report technology protected by other means, such as copyrights.

Inventors must prepare and submit an invention disclosure for each potentially patentable invention conceived or first reduced to practice, in whole or in part, during their university responsibilities or with more than incidental use of university resources.

A disclosure form describing the invention and including related facts should be prepared by the inventor and forwarded to the OTL. Forms are available from this office.

Individuals covered by this policy are expected to exercise reasonable judgment in determining whether an invention has commercial potential. If such potential exists, the invention should be considered "potentially patentable" and disclosed to VinUni.

University resources, including facilities, personnel, equipment, or confidential information, may not be used for non-University purposes, including outside consulting activities or personal gain, except incidentally.

"More than incidental use of University resources" includes the use of specialized, research-related

facilities, equipment, or supplies provided by VinUni for academic purposes, or significant use of "on-the-job" time.

Occasional and infrequent use of routinely available office-type equipment, reference materials, or other resources generally available outside VinUni does not constitute "more than incidental use of university resources."

### **3.4. Alternative Disposition of Rights**

Inventors may place their inventions in the public domain if doing so would benefit technology transfer and does not violate any grant terms or agreements related to the work. Such requests must be reviewed and approved by the university to ensure alignment with university goals, policies and any relevant agreements.

If the OTL decides not to pursue patenting and/or licensing an invention, the OTL may reassign ownership to the inventor(s) upon request, subject to any grant terms or agreements related to the work. For government-sponsored projects, rights would typically be retained by the government if the OTL cannot or chooses not to retain ownership. In such cases, inventors may request and be granted rights by the sponsoring agency, provided a well-conceived commercial development plan accompanies the request.

## **IV. LICENSING**

The University encourages the development of inventions and technology resulting from university research by industry for public benefit. Protection of proprietary rights, such as patents or copyrights, is often necessary to encourage companies to invest resources in developing an invention, particularly those derived from basic research. In some cases, exclusive licenses may be required to incentivize commercial development and production, while nonexclusive licenses allow multiple companies to exploit an invention.

The research and teaching missions of the University take precedence over patent considerations. While recognizing the benefits of patent development, it is crucial that University research is not unduly influenced by patent considerations or personal financial interests.

In exchange for licensing inventions, the University receives "Patent Income" in the form of royalties, equity in the licensee company, annual maintenance fees, and/or other licensing fees and payments actually received by VinUni. This does not include reimbursement of out-of-pocket costs, in-kind contributions, or income from equity purchase or investment rights exercised by VinUni.

Inventions co-developed with inventors from multiple institutions with shared ownership will result in shared Patent Income. Additionally, research sponsors entitled to a share of Patent Income in exchange for their support will receive their portion.

The OTL typically handles the evaluation, marketing, negotiation, and licensing of university-owned inventions with commercial potential. In some instances, where an invention is co-owned with other institutions or a research sponsor is contractually entitled to manage inventions, primary responsibility for these activities may be managed by the other institution or research sponsor.

### **4.1. Licensing conditions**

#### Diligence

VinUni's primary objective is that licensed technology translates into products and services that benefit the public and the economy. The startup obtaining such a license must commit to diligently developing and marketing the technology and meet certain milestones within set deadlines. These milestones reflect the startup's business case and relate to product and business development, fundraising, regulatory or commercial approvals, etc.

The license for VinUni's IP will generally last for the duration of the intellectual property right. However, specific performance obligations defined in the license will condition the maintenance

of the license, especially for licenses granting exclusive rights to VinUni's IP.

### Economic considerations

For the license, VinUni is compensated according to the following principles:

**Equity Position:** VinUni takes an equity position in the startup, usually in the form of an option. No upfront payment is required for the execution of the license.

**Royalties:** VinUni receives royalties from the sale of products or services covered by the licensed IP. A minimum annual fee is requested starting after the first 4 years, subtracted from the royalties due. This minimum annual fee represents a financial commitment of the startup towards the development of the licensed technology, encouraging the startup to cancel the license if it doesn't use the technology, allowing VinUni to license it to another company.

- 1-4 years: \$0
- 5-6 years: \$10K/year
- Annual after: \$30K/year

**Reimbursement of Patent Expenses:** Reimbursement of all past Patent Expenses, plus the first \$5,000 in future patent expenses, will be deferred up to 2 years or until \$1 million equity financing.

Equity and royalties serve different purposes:

**Equity:** Provides access to VinUni's IP as an asset, enabling the company to start the business, attract funds, and grow. The equity compensates for the opportunity cost and is monetized in the event of a future exit (acquisition, IPO), or dividend distribution.

**Royalties:** Remunerate the rights granted to the startup to use and sell products and processes under VinUni's IP. Payments to VinUni are proportional to the income generated from exploiting the IP, ensuring a fair return if the startup becomes profitable.

### Equity

VinUni typically takes a free-of-charge call option to obtain shares, exercisable before an exit or IPO. The university does not take an active role as a shareholder or request board representation.

**Exclusive Licenses:** VinUni receives shares equivalent to 4% of the startup's capital stock, undiluted until the startup receives substantial equity investment, as determined by the OTL based on the specific context and financing needs of the startup. Anti-dilution provisions, if any, align with the first substantial financing round.

**Non-exclusive Licenses:** Equity percentages are adjusted according to the licensed IP.

### Royalties

Royalties depend on the industrial sector, product margins, technology maturity, and expected time-to-market. Typical royalties range (%) across Industrial sectors:

- Pharma: 2 – 5
- Medtech: 2 – 4
- Sensors, optics and robotics: 1.5 – 3
- Environmental sciences & energy: 1 – 3
- Computer and communication: 1.5 – 3
- Semiconductors: 1 – 3
- Software: 1 – 2.5

The lowest royalties are applicable to cases where: i) very small product margins are expected, or ii) the technology is in a very early-phase of maturity with an anticipated time-to-market of many years and requiring large expenses with a high risk on the return on investment, or iii) the licensed

products depend on third-party IP, already licensed to the start-up with royalties due.

On the contrary, the highest royalties are applicable when products have high margins or the technology is mature and can rapidly be put on the market.

The same economic principles will apply to start-ups active in the software business and accessing VinUni's software through non-exclusive licenses, however in general equity will be less and royalties will be highly dependent on the maturity of the software.

### Sublicensing

VinUni grants licenses with the expectation that the technology will be directly developed and commercialized by the start-up itself. This means that the start-up will only be authorized to sublicense the VinUni's IP after a few years, once the start-up has contributed value to the VinUni's technology according to the set diligence milestones agreed to in the license.

On the income received by the start-up from sublicensing the University's IP, VinUni will negotiate a share starting from 25% and decreasing to 15% after a few years of development (typically 3-6 depending on the industrial sector). Pass-through royalties may apply to sales made by sublicensees.

## **4.2. Patent Income and Equity distribution**

### Patent Income

Patent Income received by the University, after deducting amounts due to other institutions and entities, will be allocated as follows:

An allocation of 15% to cover the administrative overhead of the OTL is taken from gross Patent Income, followed by a deduction for any directly assignable expenses, such as patent filing and other legal related fees.

After deducting amounts due to other institutions and entities, the OTL administrative overhead and other directly assignable expenses, the remaining Patent Income is allocated as follows:

- 35% to the inventor
- 25% to the inventor's department (as designated by the inventor)
- 20% to the inventor's school
- 20% to the RMO

The inventor will be provided a one-time election immediately prior to when the license agreement is executed to assign the department's share of the Patent Income, or a part thereof, based on support of the work, to their independent laboratory, center or institute under the RMO, or a research institute under their school subject to approval from the cognizant dean responsible for that institute. Similarly, when more than one department is involved, the inventor shall designate the distribution of the department and school shares based on support of the work. Disagreements involving Patent Income distribution will be reviewed and resolved by the OTL; parties involved may appeal the OTL resolution to the Provost.

When equity is one of the components of Patent Income included under a license agreement, the inventor will be provided a one-time election immediately prior to when the license agreement is executed:

- The inventor may elect to have their allocation of equity in the licensee ("Inventor's Shares") distributed to them as soon as practicable following execution of the license. In this case, it shall be the sole responsibility of the inventor to manage the Inventor's Shares and to comply with any tax, legal or contractual obligations associated with their distribution, ownership, and disposition.

- Alternatively, the inventor may elect to have the Inventor's Shares held by the University for the inventor's benefit and defer receipt of income associated with the Inventor's Shares. In the ordinary course, the University intends to hold and dispose of the Inventor's Shares in the same manner as its own equity in the licensee and, upon a sale of the Inventor's Shares for cash, distribute to the inventor their allocation of the proceeds in accordance with the Patent Income allocation described above as well as any deferred income.

#### Equity Acquisition in Technology Licensing

During technology licensing, VinUni sometimes has the opportunity to acquire equity. This policy enables VinUni to receive a benefit from equity. Equity includes shares of stock, and other forms of equity (such as warrants, options, interest in limited partnerships or limited liability companies) that lend themselves to distribution in the manner contemplated.

- Of the total amount of equity, which is to be issued for a particular license, fifteen percent (15%) of such equity ("the Administrative Share") will be issued to the University for the benefit of the OTL to cover its general administrative expenses.
- The remaining equity to be issued for the license, after deducting the Administrative Share, will be considered as "Net Equity."
- One third (1/3) of the Net Equity will be issued to the Inventor(s) as the Inventor(s)'s Shares. Following issuance of Net Equity, it shall be the sole responsibility of the Inventor(s) to manage the Inventor(s)'s Shares and to comply with any tax, legal or contractual obligations associated with the distribution, ownership, or disposition of the Inventor(s)'s Shares.
- The remaining two thirds (2/3) of Net Equity will be issued to the University as the University Share. The OTL Research and Fellowship Fund, administered by the Vice Provost and Dean of Research, will receive the University Share, less any unreimbursed OTL direct expenses.

It may be in the best interests of technology transfer to include equity as partial consideration of a license agreement. Young, privately held companies often do not have the requisite cash reserves to compete with an established company for rights to VinUni property. An offering of equity is a means of enabling small companies to license VinUni's technology. However, the acceptance of equity presents potential conflicts of interest.

Equity has considerable potential for creating conflicts of interest for inventors, creators and the University because equity holders are part owners of the company. As owners, they stand to gain considerably if the company does well, and therefore there may be incentives to take actions and make decisions that favor the interests of the company over the academic missions of the University.

VinUni recognizes these potential conflicts and requires disclosure and intervention as necessary to manage them. However, since departments and schools are involved in key personnel and facilities decisions, conflict of interest can also be a concern at the organizational and institutional levels.

***Developed by: Entrepreneurship Lab and Research Management Office, VinUniversity***

***Reviewed by: Research Affairs Committee, VinUniversity***

***Approved by: Provost, VinUniversity***