



श्री माता वैष्णो देवी विश्वविद्यालय  
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No. SMVDU/ADM./ESTT./29<sup>TH</sup> EC-ATR/19/ 6422-27

Dated: 3<sup>rd</sup> September, 2019

OFFICE ORDER

Sub: "Regarding Adoption of Faculty Startup Policy to Transfer Developed and Patented Technology at SMVDU for Benefit of Society".

Consequent upon the 29<sup>th</sup> Meeting of Executive Council of SMVDU held on dated: 5<sup>th</sup> April 2019, as recommended by the Executive Council and as approved by the Competent Authority; approval is hereby notified w.r.t "Adoption of Faculty Startup Policy to Transfer Developed and Patented Technology at SMVDU for Benefit of Society". Further, the requirement of having 'PATENT' shall be relaxed and only 10% Equity be charged instead of 25% and money from the same shall be kept as 'CORPUS FUNDS'.

A copy of the "Faculty Startup Policy Guidelines" are enclosed.

  
Registrar  
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Encl: As above.

**Copy to:**

1. All Deans/Heads, for information and circulation among their Faculty Members.
2. Finance Officer, SMVDU, for information.
3. Dr. Swarkar Sharma, CEO, SMVDU-TBIC & Coordinator Startup Cell SMVDU (TEQIP III), for information.
4. PS to VC, for the kind information of Hon'ble Vice Chancellor.
5. I/c Website, for information & uploading the same on University Website.
6. AR (EC Affairs), for information.
7. Office Order / Circular file.

## ❖ “Faculty Startup Policy Guidelines”.

Shri Mata Vaishno Devi University (SMVDU) recognizes that our primary functions are education, research, the expansion of knowledge and the application of that knowledge to advance the common good. Further, the primary professional obligation of faculty is to SMVDU.

To facilitate technology transfer, the university needs to provide an organizational structure and procedures through which inventions and discoveries made in the course of university research are made readily available to the public through channels of commerce. The university further recognizes that efficient and effective means of commercializing university technology may be through small, startup companies that are founded by, or have a close relationship with, university faculty. The university is enthusiastic about such ventures and wishes to be supportive of faculty and companies formed for the purpose of developing and commercializing university technology. When such companies are formed, conflict of interest, conflict of commitment and other issues related to assuring the most effective and rapid development of university technology into products benefiting the public must be addressed. The following recommendations address the relationship between the university and startup companies founded by members of the university faculty with SMVDU-Technology Business Incubation centre Society (SMVDU-TBIC).

### **Assumptions**

1. The technology is developed by a faculty member and the ownership rights thereto are either already vested in the university as required under the university's policy on intellectual property (“IP Policy”) or are assigned to the university by the faculty member.
2. The faculty member:
  - is actively involved in the founding and/or management of the startup; or
  - holds significant equity (>25 percent of total authorized shares) in the startup; or
  - is a member of the governing board of the startup; or
  - holds, or will hold, equity in the startup and would otherwise be entitled to receive a share of revenue from the commercialization of the invention in accordance with the IP policy.

### **Responsibilities**

#### **i. University Responsibilities**

At an early stage, the vice chancellor, or his designee, in conjunction with the faculty member, where appropriate, will:

1. Ensure that the dean and relevant School/department heads are aware of the faculty startup enterprise;
2. Facilitate such faculty and reduce work load relatively to ensure proper development of the startup.
3. Conduct a diligent examination of the sources of funding and applicable research agreements to ensure they are compatible with each other and that the university's interest in the intellectual property is protected;

4. Help determine whether granting rights to the startup is the "best mode" for commercialization, as opposed to a licensing agreement with a third-party commercial sponsor;
5. Help identify outside professional advisers and other resources to aid the faculty member in structuring, organizing and managing the startup company and obtaining capital financing;
6. Define and negotiate the technology license with the startup company; and
7. Manage all intellectual property (patents, copyrights, etc.) and research contracts and grants, as appropriate.

**ii. Faculty Responsibilities**

1. Faculty members must comply with all university policies, including employment, intellectual property and conflict of interest;
2. Faculty members involved with a startup company must fully disclose their activities and ownership to any trainees, fellows or students working on their research;
3. All potential faculty conflicts of interest must be disclosed in accordance with the university's policy;
4. In general, a significant conflict of commitment will be created if the faculty member's responsibilities for the startup company exceed more than one day per week; and
5. To avoid the perception of conflict of interest, it is highly recommended that a faculty member who holds significant equity in the startup company (as defined under B.2) allocate their personal share from the IP royalty revenue (>25 percent of income) to his or her laboratory, rather than taking this share of income as a whole additional personal revenue. In either event, the faculty member must disclose to other investors in the company how his or her share of the licensing revenue is allocated.

**University's Relationship to the Startup Company**

1. The University may grant to the startup company an exclusive, worldwide license for the technology with the right to sublicense as per SMVDU IP Policy. The terms of the license agreement generally will include the startup company paying the University:
  - All future patent expenses, and the university may seek reimbursement for any past patent expenses;
  - A license fee and annual maintenance fees for years prior to first commercial sale;
  - Milestone payments due on each round of equity financing;
  - Milestone payments on achievement of critical product development events; and
  - An earned royalty on product sales by the startup or sublicensees, with annual minimum amounts due in each year after first commercial sales (fully creditable against earned royalties).
2. The startup company will be obligated to provide the following diligence provisions required to maintain the license. Failure to satisfy these requirements may result in termination of the license by the university. The startup company will:
  - Provide an acceptable development plan with at least semi-annual updates;
  - Meet all milestones;
  - Make all required payments and reimbursements within 60 days of the due date;
  - Comply with all necessary steps to effectively manage conflicts of interest;
  - Indemnify and provide satisfactory insurance for the university for product liability and other risks;

- Require university approval of sublicenses; and
- Require that obligations of licensees are passed onto all sublicensees.
- The university's equitable interest and role in the startup company:
- Will be coordinated through SMVDU-TBIC and equity will never exceed 8 percent of all authorized shares;
- The university will not hold a seat on the governing board or otherwise participate in management or operations of the startup company;

### **Specific Stipulations Regarding Research Support by the Startup Company**

The startup company may, under very specific circumstances, support research projects at the university in the inventor/faculty member's lab, provided that:

- All projects are subject to the university's stringent conflict of interest rules and, as such, a decision will be required by the appropriate DRC that a conflict of interest either does not exist or has been appropriately managed;
- All projects are subject to the approval as per University policy;
- The scope of work is clearly defined and the research is not for product development for the company;
- No employees of the startup company will be included as named participants on any research contract with the startup company;
- All inventions arising from the work are owned by the university and subject to an option to negotiate additional licenses;
- Other university full-time faculty and staff employees who wish to work for the company will be required to take a leave of absence;
- Students in the PI's lab will not be permitted to function as employees of the startup company, and should not be compensated under the research contract to ensure that they are free to pursue publication and thesis defense without restriction; and
- Commitment to fund research cannot be used to replace a license royalty payment obligation.

### **Permitted Use of SMVDU Resources and University Research Space**

The University recognizes that technology used as the platform for faculty startups is almost invariably at an early stage of development and is intimately related to the faculty's ongoing research interest. It is likely, therefore, that some technology development will be necessary at the university before it can be transferred to the new venture. The university will work with the new venture to assist in this transfer and to assure that university facilities and resources are not being used inappropriately to support product development and for-profit activities of a specific startup, such use of resources will be met through service fees against the usage to the University. The university may offer assistance to the faculty member to locate suitable off-site space for the startup company, when this is appropriate.