



| Policy Title | | COMMERCIALISATION POLICY | | | |
|---------------------------------|-------------------|---|---------------------|---------------------|------------------|
| Scope of Application | | All Internal and External Stakeholders: <ul style="list-style-type: none"> All Stakeholders: Research Directorate, Executive Deans, Academic staff through the Deans, Finance and Policy, Risk and Compliance Unit | | | |
| Parties Consulted (Development) | | <ul style="list-style-type: none"> | | | |
| Parties Consulted | | <ul style="list-style-type: none"> Research Directorate, Executive Deans, Academic staff through the Deans, Finance and Policy, Risk and Compliance Unit | | | |
| A Policy Owner | | <ul style="list-style-type: none"> DVC: Research, Innovation, Commercialisation and Internationalisation. | | | |
| Policy Implementer | | <ul style="list-style-type: none"> Director: Technology Transfer Office | | | |
| POLICY HISTORY | | | | | |
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1. INTRODUCTION

The Vision of the VUT is to be a university that leads in innovative knowledge and quality technology education. In line with this vision, the University engages in research and community engagement activities that result in useful and/or commercially viable intellectual property, products, and services.

The VUT will then commercialise such intellectual property, products, and services produced or created through the above engagements in accordance with the VUT Strategic Plan 2020-2024.

In line with its overall strategy, the VUT endorses the commercialisation of scholarly work and/or other creative works for the mutual benefit of all parties involved.

2. PURPOSE

The purpose of this policy is to establish principles, scope, and framework under which the VUT shall commercialise intellectual property, products, and/or services.

This policy is intended to encourage fair, equitable, and mutually beneficial arrangements between the VUT, the creators of Intellectual Property, products and services as well as commercial partners.

3. POLICY STATEMENT

This policy clarifies and establishes guidelines for the Vaal University of Technology's (VUT) commercialisation of Intellectual Property, products, and services.

4. SCOPE

This policy shall apply to the VUT, its Employees, Students, and Contractors or Clients under contract with the VUT. Volunteers (including Council members) are excluded.

All future and current collective agreements are subject to the rights and obligations of the IP and commercialisation policies with respect to ownership and use of Intellectual Property.

This policy is subject to applicable laws as contemplated in Article 3 of this policy.

5. GUIDING PRINCIPLES

5.1 Framework for Commercialisation by/with the VUT

5.1.1. Any commercialisation arrangement will respect the interests of the VUT, creators, commercial partners, and the wider community.

5.1.2. The VUT retains the right to make decisions related to its involvement in commercialisation; this includes decisions to go forward, refuse, withdraw, discontinue, or divest.

- 5.1.3. The decision as to where to seek patent protection is at the sole discretion of the VUT. Should an Inventor be dissatisfied with the countries selected for patent coverage, the Inventor must notify the VUT in writing and in a timely fashion. The Inventor shall have the option of bearing the cost of patent coverage in countries beyond those that the VUT has chosen.
- 5.1.4. Should the VUT receive a third-party offer (hereinafter the Third-Party Offer) for an outright purchase of patents relating to an invention, the VUT will obtain written consent from the Inventor(s) prior to accepting the Third-Party Offer.
- 5.1.5. Consent with respect to a deceased Inventor may be obtained from his/her executor/administrator, or in the absence of an executor or administrator, from his/her lawful heirs. Consent with respect to a mentally incapacitated Inventor may be obtained from his/her legal guardian.
- 5.1.6. Should the VUT be unable to obtain the Inventor's consent to the Third-Party Offer, it shall follow the Right of First Refusal procedure as outlined in the University's IP policy.
- 5.1.7. The VUT may be involved in commercialisation activities in two categories:
- **Protected:** Intellectual Property, products, or services protected under intellectual property law (e.g., copyright, patents, trademarks, industrial design, and trade secrets).
 - **Unprotected/ First-to-Market:** Intellectual Property, products, or services commercialized without legal protection.
- 5.1.8. Immediately upon identification of an entrepreneurial or commercialisation opportunity that would involve the VUT (whether protected or unprotected Intellectual Property, product and/or services), the creator of the Intellectual Property and/or individual or parties advancing the idea and/or opportunity should submit a proposal and a business case to the VUT.
- 5.1.9. The TTO (commercialisation office) shall receive and be responsible for assessing commercialisation potential using the following principles:
- **Benefit:** there must be a clear and defined benefit to the VUT and creator(s) for the VUT to commercialise
 - **Fit:** the idea or opportunity must be aligned with the VUT's priorities, capacity, and resources.
 - **Viability:** the business case must be detailed showing the viability of the idea or opportunity
- 5.1.10. The findings of the assessment of commercialisation potential shall be presented to the IP Committee for a decision to commercialise or not.
- 5.1.11. Once the decision to proceed with commercialisation has been taken, agreements based on the VUT's commercialisation guidelines (appendix A) shall be developed in collaboration between the VUT's legal department and the advancing parties.

5.1.12. If the VUT chooses NOT to commercialize or NOT to continue in the commercialisation of a specific VUT-owned protected or unprotected Intellectual Property, with or without residuals, this asset or idea/opportunity may be:

- Shelved (held for possible future action);
- Terminated outright (no further or possible further action);
- Sold for independent development outside of the VUT; or
- Assigned to the advancing party, an employee, or a third party for development.

5.1.13. Should the VUT initially pursue and then discontinue the Inventions, the party who identified the Inventions shall be given an opportunity to acquire rights to the Inventions and any Intellectual Property developed to support the opportunity upon terms to be negotiated.

5.1.14. Should parties fail to reach an agreement, the VUT reserves the right to sell to a third party.

5.2. Commercialisation of Unprotected Inventions

5.2.1. In the absence of an agreement to the contrary and as per the VUT IP Policy, commercialisation of Inventions emerging from work at the VUT shall be owned by the VUT.

5.2.2. In the case of an individual or a third party bringing forward an Inventions, and/or requesting the commercialisation of either an unprotected intellectual property or invention, the advancing party must:

- Be the Owner of the idea or have an agreement in place naming the advancing party as Owner.
- Register as the advancing party as quickly as possible with the VUT's Intellectual Property Officer and declare interest and intent to commercialize.

5.2.3. When an Inventions is identified, it must be kept secret, and particulars communicated in confidence as soon as possible to the VUT's designate responsible for reviewing and assessing the commercial potential of the opportunity.

5.2.4. The decision as to whether to pursue an Inventions or not is at the sole discretion of the VUT.

5.2.5. If the VUT elects to pursue the Inventions;

- an agreement shall be signed and a plan to develop and support the commercialisation initiative developed;
- the commercialisation of such an opportunity shall be through the VUT Enterprise.

5.2.6. The party who brought the Inventions to the attention of the VUT shall receive compensation commensurate with the potential of the Inventions, which shall be not less than 10% of the net revenue received by the VUT Enterprise after expenses.

5.3. Commercialisation of Intellectual Property by/with the VUT

- 5.3.1. Subject to sections 4(1) and 15(2) of the Act, intellectual property emanating from the VUT and/or publicly financed research and development shall be owned by the VUT.
- 5.3.2. The decision as to whether to commercialize VUT-owned Intellectual Property shall be at the sole discretion of VUT.
- 5.3.3. The business case including institutional priorities, risk, and capacity to commercialize, must be considered in any attempt to commercialize.
- 5.3.4. Should Intellectual Property be commercialized by the VUT, the VUT shall first recoup expenses advanced for developing, protecting, and commercializing the Intellectual Property.
- 5.3.5. If the VUT elects to pursue the Inventions, an agreement and a plan shall be put in place to develop and support the commercialisation initiative to license to either a third party or a legal entity (corporate spinoff or subsidiary operation) owned in whole or in part by the VUT.

5.4. Commercialisation of Jointly or Third Party owned Intellectual Property

- 5.4.1. The VUT reserves the right to enter into agreements for commercialisation of jointly or Third Party owned Intellectual Property. This includes multi-party ownership.
- 5.4.2. If the VUT elects to pursue the commercialisation of such intellectual property, an agreement shall be established, and a development plan enacted.

5.5. Licensing and Spinouts

- 5.5.1. The VUT may at its discretion and through the VUT Enterprise elect to form a new Spinout based on the University Invention or Inventions as a subsidiary to the VUT Enterprise or establish a partnership with external businesses or to further develop and commercialize its' wholly, jointly or Third Party owned Intellectual Property or Inventions and bring a reasonable financial return to the University.
- 5.5.2. Pursuant to 5.1.11 above, the VUT may through the VUT Enterprise, using the commercialisation guidelines in Appendix A, elect to retain or acquire equity in and/or enter a licensing arrangement with the Spinout and/or external businesses. An agreement detailing the nature of the partnership with the Spinout and /or external business as well as the financial return to the University, amongst other terms, shall be established.
- 5.5.3. If the VUT through the VUT Enterprise elects to retain or acquire equity in a Spinout pursuant to 5.5.2 above, such equity shall not be less than 30%

5.6. Participation of Employees in Spinouts

- 5.6.1. In cases where a University Staff who is also an Inventor or an Owner of IP or Inventions wishes to acquire interests in a Spinout that seeks to commercialise such IP or Invention, the University shall require that the following conditions be satisfied before partnering with or granting a license to University Intellectual Property to the Spinout:
- In the case of IP, the University Staff shall forfeit any incentives payable in respect of revenue generated by the University from such IP in terms of the University IP policy,
 - The University Staff shall declare his interests in the spin-out in terms of the HR declaration of interest policy,
 - The University Staff may be involved with the Spinout as a consultant or scientific advisor, but may not take on an operational role that interferes with her or his duties as an employee of the University,
 - The Spinout must demonstrate a willingness and commitment to identify and engage individuals with reasonable and relevant experience to serve as the operating officer of the Spinout,
 - The Spinout should develop a business plan and a fundraising plan. As part of partnering and/or granting the license to the Spinout, the Spinout shall provide consideration to the University, which could include a reasonable equity stake or a reasonable royalty, as indicated in 5.5.2 and 5.5.3 above.
- 5.6.2. A Spinout may collaborate or contract with a University faculty, department, and/or section only if an appropriate agreement is negotiated with the appropriate Department Head or Dean. The contract must contain a scope of work and clearly define responsibilities between the Spinout and the faculty, department, and/or section. The agreement will be governed by the applicable University policies, including this IP and Commercialisation Policy.
- 5.6.3. The University Staff may not represent the University in any negotiation or decision involving a Spinout he/or she is involved in.
- 5.6.4. The University Staff individually, and the Spinout, must maintain practices that ensure that University material, data, and intellectual property that are not licensed to the Spinout are separated from and not used inappropriately by the Spinout.
- 5.6.5. The University Staff may not use space in an academic lab, or other University or state resources, including the University's purchasing authority, for the benefit of a Spinout unless (a) prior written approval has been granted by the appropriate Department Head or Dean, and (b) a written agreement is in place with the University authorizing such use.
- 5.6.6. A University Staff that works on a Spinout must fully comply with the relevant University policies.

5.6.7. Spinouts may not compete with the University for Research Grants that could appropriately be conducted in the University (e.g., grants for basic research).

5.7. Employment of Students in Spinouts

5.7.1. University Staff and/or Faculty, Department, or Unit associated with a Spinout may not unduly influence a student to accept employment in a Spinout.

5.7.2. A University Staff wishing to employ Students in a Spinout must obtain written approval from the Department Head or Dean before employing such a student, and the student may seek recourse through the University processes to address any grievances that may arise during the term of employment.

5.7.3. The University requires that each student receive a written offer of employment with a specific scope of work or job description, the rate of compensation, and the expected hours of work. In addition, the student should receive a fair market value rate of pay.

5.8 Licensing Back of University Intellectual Property

5.8.1 If the University does not believe that it can successfully commercialise a University Invention, and if the faculty member is not interested in founding a Spinout, the University will offer the inventor a license of the University Invention (such license referred to as a “license back”).

5.8.2 The Inventor may request a license back from the University at any time. The University is not required to grant a license back but will respond to any request within three months.

5.8.3 If the University elects to license back its Invention to the Inventor, the Inventor, as a licensee, will assume obligations related to patent expenses and commercialisation and will agree to pay a portion of the gross revenue that the Inventor receives through his or her commercialisation efforts. In addition, the Inventor will not be entitled to the payments in terms of the University IP Policy.

5.9 Discontinuation of Commercialisation of Intellectual Property by the VUT

5.9.1 Should the VUT choose not to develop or discontinue further developing, protecting, and/or commercializing of Intellectual Property, the Inventor will have the option to continue with commercialisation (unless the reason for such a decision is a lack of cooperation by the inventor). The inventor’s option to continue the commercialisation is subject to the University:

- receiving a non-transferable royalty-free license to use any Intellectual Property for non-commercial education and research purposes.
- receiving, quarterly, an agreed-upon share of the net revenues received by the inventor upon commercialisation of the Intellectual Property.

- retaining the right of approval with respect to any assignment from the creator to a third party. The University may not unreasonably withhold consent but may do so if the proposed transaction is not in the best interest of the VUT.

5.9.1.1 The Inventor, as the licensee, assuming obligations related to patent expenses and commercialisation.

6. EXCEPTIONS TO THIS POLICY

Exceptions to this Commercialisation Policy may be approved by the DVC: RICl, in consultation with the applicable University department, and faculty members, at its sole discretion.

7. ENFORCEMENT

The effective and smooth implementation of this policy will require the creation/establishment of an IP committee. Failure to create this committee could seriously impede the implementation of this policy.

Violations of this policy may result in appropriate disciplinary measures in accordance with University Policies, General Rules of Conduct for all University Employees, applicable collective bargaining agreements, and the VUT's disciplinary Code.

APPENDIX A: COMMERCIALISATION GUIDELINES

| Principle | Guideline |
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| License | Licensing Intellectual Property allows VUT to monitor the exploitation of technology through royalty or milestone payments. License (non or exclusive) as prescribed by the IPR Act. |
| Assignment | Assignment only if it is the only route to commercialize the technology. The agreement should have a provision for Intellectual Property to be returned in case of liquidation. |
| Exclusive licensing | An exclusive license can be considered if the technology requires further development before it is commercialized. Exclusivity can also be considered if the licensee has had contributions to the R&D process through funding and/or intellectual contribution. It has to be highly motivated |
| Non-exclusive licensing | Non-exclusive license allows for broader market penetration of the technology, which in most cases cannot be covered by one licensee. |
| Licensing to an existing entity | Licensing to an existing entity on the basis that: <ul style="list-style-type: none"> Intellectual Property does not justify a Spinout |

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| | <ul style="list-style-type: none"> The potential licensee has the infrastructure and resources to exploit the technology |
| Licensing to a Spinout | <p>Licensing to a Spinout when:</p> <ul style="list-style-type: none"> There's strong IP It's a disruptive technology A technology champion is identified Financial returns are greater than a normal licensing deal to an existing entity If it is a platform technology or competence/critical mass Technology covers a large market |
| Licensee/assignee selection | <p>Licensee characteristics to consider:</p> <ul style="list-style-type: none"> Infrastructure and resources needed to exploit the technology Entrepreneurial skills and passion for technology Domain-specific expertise Team with technical and business acumen BBBEE and small enterprises Where feasible, to manufacture, process, and commercialise within South Africa <p>A good mix of the above increases chances of successful exploitation of the technology for the optimal benefit of South Africa</p> |
| Return on Investment | <p>Royalty-bearing licenses are an accepted approach in IP commercialisation</p> <p>Licensee either pays the upfront fee and/or milestone payments and as well as royalties.</p> <p>Typically, the assignee will pay an upfront fee and milestone payment</p> |
| Social Impact Licensing | <p>This option will be considered when technology provides a solution to address a socio-economic problem in an underserved market.</p> <p>It should be addressing the socio-economic need and giving people access to technologies that they might not necessarily have the means to access. The license agreement should consider the incentive to entrepreneurs, as there is no financial benefit for entrepreneurs.</p> |

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| Cost recovery and revenue sharing | <p>The VUT will first recoup expenses related to the development costs of commercialisation for each defined commercialisation activity.</p> <p>Revenues will then be shared as defined within the specific agreement for each commercialisation</p> |
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8. LAWS AND REGULATIONS

8.1. This policy should be read together with the University's Intellectual Property Policy.

8.2. In establishing this policy, reference was made to the following legal documents and guiding frameworks and external policies:

- Intellectual Property Rights from Publicly Financed Research and Development Act, No. 51 of 2008
- Plant Breeders' Rights Act, 15 of 1976
- Patents Act, 57 of 1978
- Copyright Act, 98 of 1978
- Trade Marks Act, 194 of 1993
- Designs Act, 195 of 1993
- Counterfeit Goods Act, 37 of 1997
- Competition Act, 89 of 1998
- Biodiversity Act, 10 of 2004
- National Qualification Framework Act, 2008 (Act No. 67 of 2008)
- Protection, Promotion, Development and Management of Indigenous Knowledge Act, Act No. 6 of 2019

9. DEFINITIONS

| Term | Definition |
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| Act | Intellectual Property Rights from Publicly financed Research and Development Act, No. 51 of 2008 |
| Appointment | A formal agreement with any person/visitor at the University, who may be requested to participate in or conduct research, scholarship, creative work, or teaching at the University. |
| Assignment | refers to the process by which ownership of Intellectual Property is transferred from the owner of such Intellectual Property to another party. |

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| Commercialisation | Any form of utilisation of IP intended to generate monetary value, which may be in the form of a marketable product, process or service, commercial returns, or other benefits to society. Commercialise is similarly defined. |
| Commercialisation Entity | A company that has access to the IP of the University, through any one or more of the available Commercialisation modes, to produce new products, processes, or services. This can be a spin-off or start-up. |
| Creator | Any person to whom this Policy is applicable, who creates, conceives, reduces to practice, authors, or otherwise makes a substantive intellectual contribution to the creation of IP and who meets the definition of 'inventor', 'author' or 'breeder' as generally implied in the IP laws of South Africa. |
| Intellectual Property (IP) | All outputs of creative endeavour in any field at the University for which legal rights may be obtained or enforced pursuant to the Act. IP may include: <ul style="list-style-type: none"> a) literary works, including publications in respect of Research results, and associated materials, including drafts, data sets, and laboratory notebooks; b) teaching and learning materials; c) short-learning programmes; d) other original literary, dramatic, musical, or artistic works, sound recordings, films, broadcasts, and typographical arrangements, multimedia works, photographs, drawings, and other works created with the aid of University resources or facilities; e) databases, tables or compilations, computer software, preparatory design material for a computer program, firmware, courseware, and related material; f) patentable and non-patentable technical information; g) designs including layout designs (topographies) of integrated circuits; h) plant varieties and related information; i) trade secrets; j) know-how, information, and data associated with the above; and k) any other University-commissioned works not included above. |
| IP Committee (IPC) | The body within the University, set up in terms of Article 4.1, responsible for overseeing the drafting, implementation, monitoring, and evolution of the Policy, and the Commercialisation Policy, as well as providing strategic oversight of the TTO |
| Intellectual Property Rights (IPRs) | The proprietary rights may be granted for an invention, mark, design, plant variety, or other types of IP, should the statutory requirements for protection be met to result in a patent, trademark, registered design, or plant breeders' right, respectively. |
| Invention | A novel and useful idea relating to IP processes, machines, manufactures, and compositions of matter. It may cover such things as new or improved devices, systems, circuits, chemical compounds, mixtures, etc. |

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| Inventor. | Any person to whom this Policy is applicable, who individually or jointly with others makes an Invention and who meets the criteria for inventor-ship under the South African Laws |
| License | An agreement between the owner of an IP right and a third party, in which the IP owner (licensor) provides the third party (licensee) with the right to use (part of) its IP rights for a limited time, for certain products, in an often restricted geographic area. |
| Licensing | Process of entering into a license agreement. |
| NIPMO | The National Intellectual Property Management Office created in terms of the Act. |
| Policy | This Commercialisation Policy of the Vaal University of Technology |
| Public Disclosure | . The communication of information, relating to IP, to external parties. Public Disclosure includes, but is not limited to, disclosure in written or oral form; communication by email; posting on a web blog; disclosure in a news report, press release or interview; publication in a journal, abstract, poster, or report; presentation at a conference; examination of a thesis; demonstration of an Invention at a trade show; or the industrial application of an Invention. |
| Public Domain | The freely accessible public realm in which works that are not protected by IPRs, either because the rights have been forfeited or because the rights have expired, are thereby held by the public at large and available for all to use without permission from the Creator or owner. |
| Research | Any creative work undertaken on a systematic basis to increase the stock of knowledge, including knowledge of man, culture, science, technology, and society, and the use of this stock of knowledge to devise new applications. It comprises three activities: basic research, applied research, and experimental development. |
| Senior Responsible Officer | The person at the University who has the ultimate decision-making authority regarding commercialisation. |
| Spinout | An entity created by or in partnership with the University to exploit and/or commercialise its Intellectual property and/or inventions. |
| Staff Member | Any person who is under a contract of employment with the University including academic, research, technical, administrative, and adjunct staff, whether full-time or part-time or temporarily. |
| Student | Anyone registered to study an approved course at the University. |

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| Substantial Use | Extensive [unreimbursed] use of the University's resources which include but are not limited to facilities, equipment, human resources, or funds. |
| Trade Secret | Confidential information not publicly available that has commercial value because of its confidential nature, and which the owner has taken reasonable efforts to keep secret. |
| Technology Transfer Office (TTO) | The administrative unit established in terms of the Act, responsible for the day-to-day management of all IP-related activities of the University. |
| University | The Vaal University of Technology. |
| University IP | IP owned or co-owned by the University. |
| Visitor | Any person who is neither a Staff Member nor a Student of the University who engages in work at the University, including visiting professors, adjunct and conjoint promoter, professors, teachers, researchers, supervisor, scholars, and volunteers; and who concludes an Appointment agreement with the University. |

10. ROLES AND RESPONSIBILITIES

| Department/Designation | Role/Responsibilities |
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11. DEVIATION FROM THIS POLICY

Exceptions to this Commercialisation Policy may be approved by the DVC: RIC1, in consultation with the applicable University department, and faculty members, at its sole discretion.