

FORMATION OF SPIN-OUT COMPANIES POLICY

| | |
|-----------------------|---|
| Section | Research |
| Contact | Office of AVC Research, Academic & Enterprise |
| Last Review | October 2014 |
| Next Review | December 2016 |
| Approval | A&R14/51 – December: 3.3.1 |
| Effective Date | October 2014 |

Purpose:

The University actively encourages the professional management of its intellectual property (IP): both in terms of fulfilling its obligations to transfer knowledge and research outputs out to the benefit of industry and the wider community, and wishing to generate a financial return through the commercial development of intellectual property as an asset.

One way of achieving these goals is to set up a new company to implement the commercial development of University intellectual property.

The University encourages such new company formation where the circumstances suggest this is a suitable way forward.

This policy aims to ensure that spin-out companies are formed in such a manner as to optimise the opportunities for success of the new venture, and to manage the risks inherent in the initiative.

Definitions:

Spin-out Company: is a new company involving the development and exploitation of University intellectual property.

Policy:

Members of staff must obtain approval from the University before setting up a spin-out company, and also before becoming an officer (director, secretary and/or shareholder) of a spin-out company.

As part of the authorisation process, they must first consult the Commercialisation Office; the Commercialisation Office will in turn involve Massey Ventures Ltd, a company wholly owned by the University and formed to manage such activity.

The interests of the University, the individuals and the spin-out company must all be considered, and legal issues must be addressed. Issues to be considered by the University include:

- the impact on existing and future duties of members of staff,
- the use of intellectual property owned by the University, and
- the use of University resources, such as space and equipment.

General provisions

- The University may require an equity stake in a spin-out company, in consideration for facilitating the company's formation and contributing the IP
- The University will seek the right to appoint a director or have observer status at board meetings; at the spin-out company's request and expense, the University may provide a director
- No full-time University employee may also be an employee of a spin-out company, and
- Where members of staff own shares or share options in a spin-out company they waive their right to a share of any licence, share-sale, or dividend income received by the University from the Spin-out company.

Staff

Subject to University regulations and codes of conduct, members of the academic staff may:

- own shares or share options in a spin-out company
- act as directors of a spin-out company, and
- act as paid consultants to a spin-out company
- But may not act in all three capacities

No member of the administrative staff of the University in a position to influence the relationship between the University and a spin-out company may own shares or share options in a spin-out company, nor act as a director of a spin-out company, except as the University's nominee.

Audience:

All staff

Relevant legislation:

Companies Act 1993

Legal compliance:

All obligations of the Companies Act 1993 will apply to University spin-out companies.

Related procedures / documents:

[Conflicts of Commitment and Interest Policy](#)
[Delegations Document](#)
[Formation of Spin-out Companies Procedures](#)
[Intellectual Property Policy](#)
[Research and Consultancy Activity Proposals Policy](#)

Document Management Control:

Prepared by: Director, Business Development & Commercialisation
Authorised by: AVC and University Registrar
Approved by: A&R14/51 – December: 3.3.1
Date issued: 2 December 2011
Last review: October 2014
Next review: December 2016