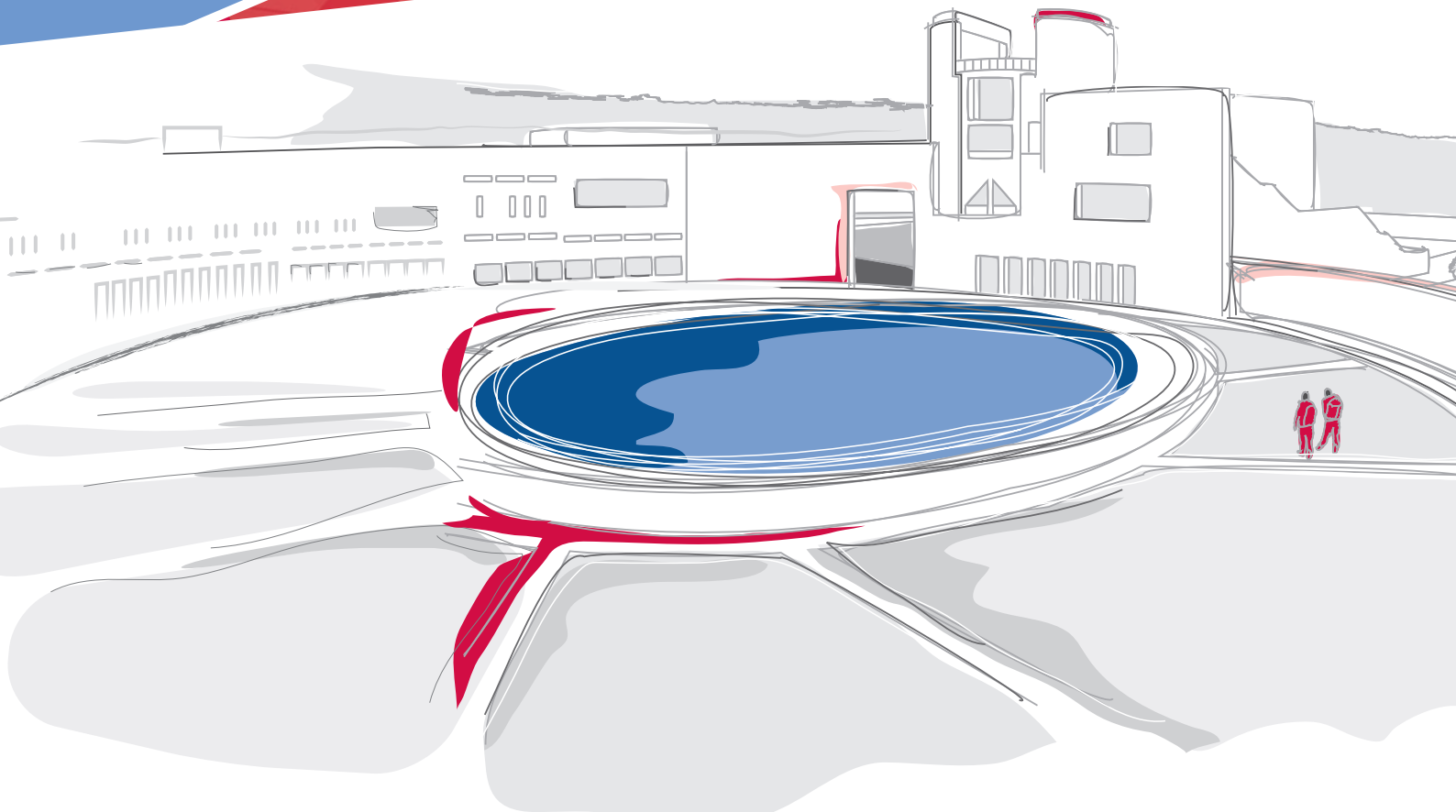


*An Inventor's Guide to*

# SPINOUT COMPANIES

*at Cork Institute of Technology*



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**The CIT Inventor's Guide to Spinouts is intended as a quick reference tool for CIT staff, researchers, and student inventors interested in starting a company based on their inventions and business ideas.**

Where can you go for help? This guide summarises the many resources available to CIT inventors and the Institutional policies that are most relevant to spinouts. We also answer questions that CIT entrepreneurs frequently ask our Industry Liaison Office (ILO).

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**Note:** *This booklet is based on the Massachusetts Institute of Technology and the University of Michigan's "An MIT Inventor's Guide to Startups, for Faculty and Students," with adaptations for CIT and the CIT Industry Liaison Office. We are very grateful to Jack Turner and Peter Bebergal in the MIT's Technology Licensing Office for their kind permission to use their excellent material and to the University of Michigan for permission to use its copyright.*

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# OVERVIEW

**A spinout company is a new business venture in its earliest stage of development. This guide to spinouts is focused specifically on technology-based spinout companies which are formed to commercialise one or more related inventions made at CIT and protected via intellectual property rights (i.e. patent, design, secret know-how, or copyright) owned by CIT.**

CIT's incubator, the Rubicon Centre (see [www.rubiconcentre.ie](http://www.rubiconcentre.ie)) has supported over 200 companies since its doors opened. It is also focused on companies which are based on licences or assignments to CIT technology and intellectual property. The Rubicon's track record is impressive and some of the successful alumni companies include Aspira, Documatics, Epi-Light, ePubDirect, Ferfics, MPSTOR, PMD Solutions, Radisens Diagnostics, Technically Write IT, Treemetrics, Weddingdates, Wavebreak Media, and Zeto.

Within the CIT community, you can find many of the answers to your questions about how to launch a business based on CIT intellectual property and connections to the many people who can help you do so. This guide is a companion to CIT's Spinout Company Policy. [http://www.cit.ie/aboutcit/reports\\_plansandpolicies/](http://www.cit.ie/aboutcit/reports_plansandpolicies/)



*Rubicon Centre*

# SPINOUT LAUNCH

**While every spinout follows its own unique path, the major steps (not necessarily linear) to getting the business off the ground are summarised on the facing page.**

## **How long does it take?**

The time it takes to complete the steps in the spinout process varies and often depends on many aspects of the business coming together simultaneously, such as the promoters' ability to engage in the business, the ripening of the technology, and the momentum that may be achieved from entering a competition or forging a strategic connection.

Nonetheless, we can provide a few ballpark figures. Typically a patent application takes 1-2 months to prepare and file, including the time it takes inventors to review and revise a preliminary draft of the application. Negotiation of a licence agreement with the ILO can take anywhere from a few weeks to a few months.

Many inventors spend months, and sometimes years, tapping into the CIT Innovation Ecosystem (carrying out research that creates the IP, attending training courses in the Rubicon Centre, etc.) while taking care of other steps in the spinout process and pursuing their academic research and education responsibilities.

Time spent immersed in this ecosystem may shorten the time it takes to attract funding, by streamlining connections and focusing your efforts. A fair estimate for the time it takes to attract and close a first round of seed funding would be several months at the minimum.

## **How much can I tell people about my technology?**

Once your invention is protected by a patent application, it's safe to discuss it both inside and outside the CIT community. If you want to discuss your invention with others (outside of CIT) before a patent application has been filed you should have the person (or company) sign a confidentiality agreement (or "Non-Disclosure Agreement (NDA)"), agreeing to keep your invention in confidence, before you have the discussion.

The ILO can draft and manage the NDA if the confidential information is related to your research at CIT.

# STEPS TO SPINOUT LAUNCH



**TALK TO ILO:** We encourage you to contact the Industry Liaison Office (ILO) as early as possible in the process to discuss your invention, how to protect the intellectual property (IP), and your thoughts about a spinout company. Once you have decided to go through the process of forming a spinout company a Case Manager from the Rubicon Centre will be assigned to you, and will work with you and the ILO Commercialisation Specialist throughout the spinout process.

**PROTECT INTELLECTUAL PROPERTY:** In a spinout company, a major source of value, and thus a major tool for attracting investment, is intellectual property (usually one or more patents or substantial software code). Engage with a patent attorney through the ILO to get a patent application filed on your invention before you make any public disclosure or communication of it, since early disclosure will negate your ability to get a patent.

**SEEK INPUT, TRAINING AND NETWORK:** CIT provides a wealth of resources for inventors looking for help starting a company. The CIT Innovation Ecosystem, as summarised in the pages that follow, can shepherd CIT inventors through the spinout process – from carrying out the research, writing a business plan, to meeting like-minded entrepreneurs and investors, entrepreneurial training, business incubation facilities, to attracting board members, to securing funding to demonstrate an invention's commercial viability.

**PLAN THE BUSINESS:** A formal business plan may or may not be part of this phase, but you'll need to develop an understanding of market potential, proposed business model, competition, funding, the team and how you plan to develop the product and attain revenues sufficient to sustain and grow the company.

**APPLY FOR CIT APPROVAL TO SPINOUT:** See diagram on following page regarding the approval process. The commercialisation specialist in the ILO will talk you through the process and provide you with the necessary application form and templates.

**NEGOTIATE THE LICENCE OR OPTION AGREEMENT:** The ILO will negotiate with a representative of the spinout company to grant a licence to the company. In some cases, a short-term option agreement may precede a licence so your company can demonstrate to potential funders that it has secured the rights to negotiate for a licence to the technology.

**NEGOTIATE THE SHAREHOLDERS' AGREEMENT:** CIT will usually take a minority equity stake of 10% in all spinout companies based on Intellectual Property owned by CIT, and CIT will have to agree to the terms and drafting of the shareholders agreement. The founders should also agree the ownership of the remaining equity of the company at this stage. The Business Plan, Licence Agreement, and Shareholders' Agreement must be considered by CIT's Spinout Company Committee (SCC) and approval by CIT's President and Governing Body is required.

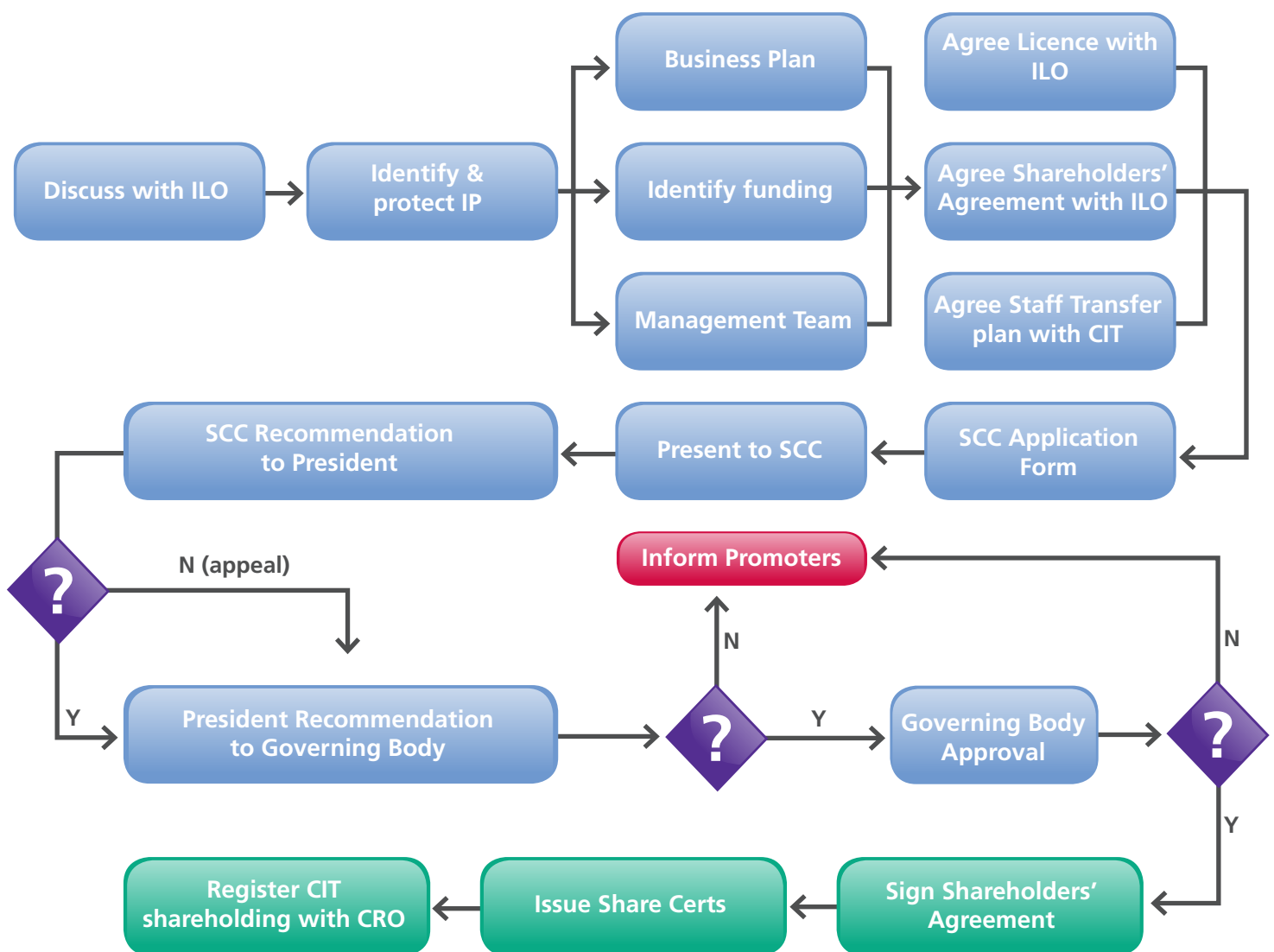
**REGISTER THE BUSINESS AND SIGN THE LICENCE & SHAREHOLDERS' AGREEMENTS:** Register the business with the Companies Registration Office (CRO) as a Designated Activity Company (DAC). This involves completing two documents (1) Constitution and (2) Form A1. This will allow the company to trade and will create an official business address and company registration number. See [www.cro.ie](http://www.cro.ie)

**PURSUE FUNDING:** Commercialising technology is typically a capital-intensive process. In most cases you'll need to present your opportunity to people with the funds to help you make it happen i.e. Local Enterprise Office (LEO), Enterprise Ireland (EI), venture capitalists (VCs), angel investors and perhaps in the initial stages, friends and family. Participation in the CIT Innovation Ecosystem is one way to start the personal introduction process that can help you get the attention of angel and venture capital investors.

# SPINOUT COMPANY APPROVAL PROCESS

A spinout company is a specific type of start-up company that is based on CIT Intellectual Property and has received approval from CIT to commercialise the technology through a spinout company. CIT has an internal approval process that must be followed in order to obtain approval to commercialise a spinout company based on CIT Intellectual Property. See the CIT Spinout Company Policy document on the staff gateway for more information.

The approval process is summarised as follows:



# THE CIT INNOVATION ECOSYSTEM

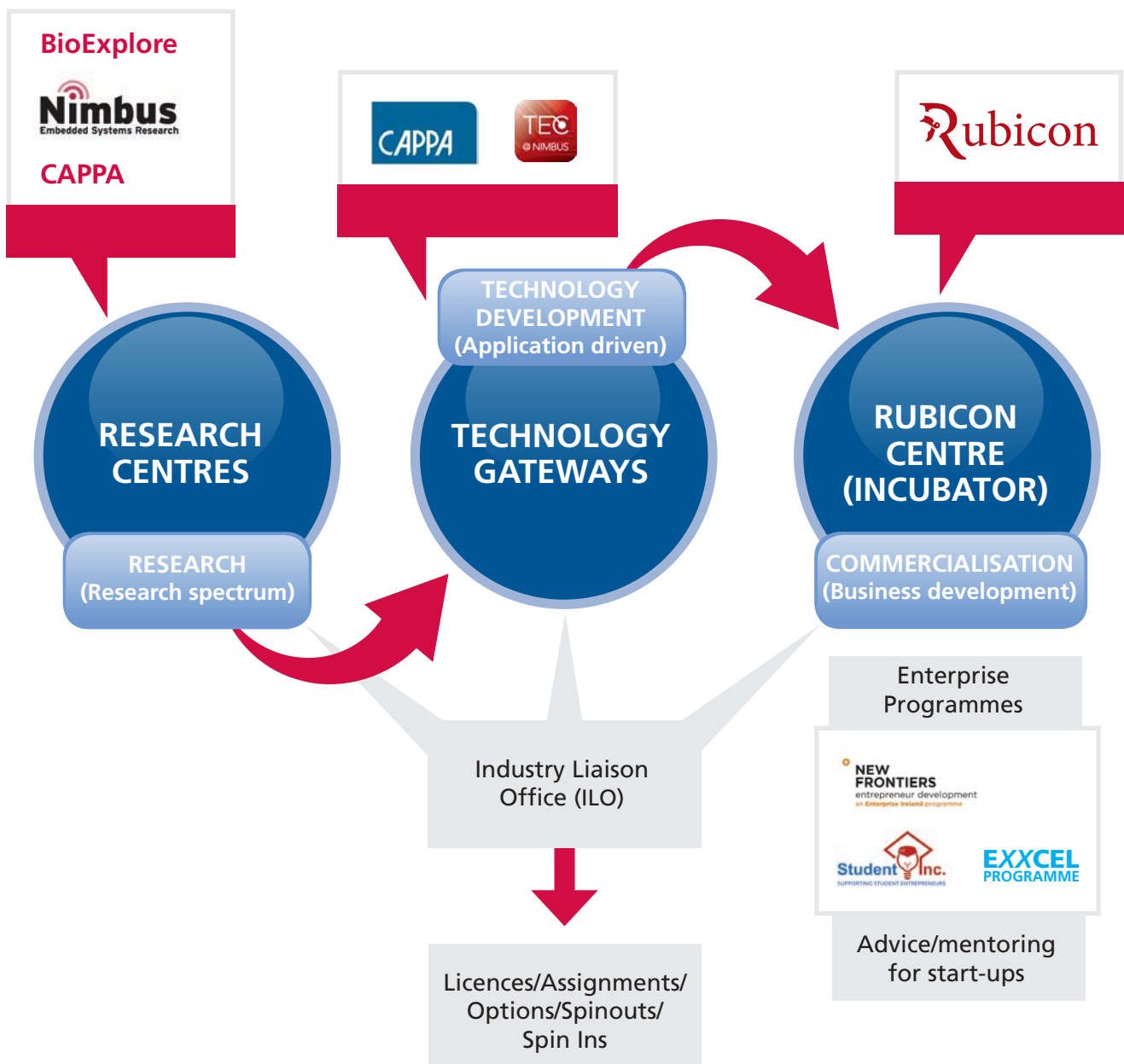


Over the years, CIT has seen the growth of dozens of organisations, programmes, centres, courses and awards that foster the entrepreneurial spirit on campus. These help turn what is inherently a disorderly process into a manageable pathway for inventors.

As you move through the overlapping parts of the innovation ecosystem, taking steps to guide your invention toward market readiness, you will interact with an entire community interested in supporting and investing in technology entrepreneurship.

This community cannot only enrich and inform your spinout, raising questions that you may not have even considered, but can also boost your enthusiasm for the endeavour by introducing you to fellow entrepreneurs.

On the pages that follow are brief descriptions of some of the major components of this innovation ecosystem. Additional information on each of them can be found on their websites or by contacting them directly.





# CIT INDUSTRY LIAISON OFFICE

**The mission of the Industry Liaison Office is to enable the inventions and discoveries made at CIT to find further development in the commercial world so that the public will ultimately benefit from the breakthroughs that arise from publically funded research at the Institute.**

The ILO achieves this goal by patenting CIT inventions, copyrighting software, maintaining confidentiality of secret know-how, and then licensing that intellectual property to companies varying from spinouts, small to medium enterprises, and multinational corporations.

The ILO Commercialisation Specialist is available as a resource to all CIT personnel who would like to discuss their inventions, their business ideas or any questions about the spinout process.

The Commercialisation Specialist can advise on:

- any obligations to sponsors for a particular invention;
- the ownership of a particular invention; and
- conflict of interest issues and CIT's guideline relating to them.

At the crossroads between CIT and members of business, entrepreneurial and venture communities, the ILO also maintains constant communication with people who can and have made spinouts happen. The Commercialisation Specialist and CIT's Rubicon Centre can provide guidance and insights on:

- the potential viability of a business model;
- potential investors, entrepreneurs; and
- other sources of assistance at CIT – once the decision has been made to form a spinout by a CIT inventor(s) a Case Manager from the Rubicon Centre, will be appointed to work with the inventor(s).

For more detailed information on the ILO's activities, see **page 14** in this booklet and [www.cit.ie/industryliason/technology-transfer/](http://www.cit.ie/industryliason/technology-transfer/)



# COMMERCIALISATION FUNDING

## Why is commercialisation funding required?

Most ideas need to have some applied research work done on them in order to create Intellectual Property that has been developed to a point where it may potentially be licenced by CIT to a spinout company.

## Who funds near market research in Ireland?

The biggest funder of research with potential commercial value is Enterprise Ireland (EI). The funding they offer to academia is through their Commercialisation Fund. This fund supports 2 project types:

1. Commercial Case Feasibility Grant – projects of up to €15,000 in funding. This can be used to assess the market, IP and regulatory hurdles, and for prototype development.
2. Commercialisation Fund Project – projects of €80,000 to €350,000 which meet the following criteria:
  - a. can be commercialised in Ireland
  - b. will be licensable ideally within 2-5 years
  - c. can potentially lead to the establishment of a spinout company.

Science Foundation Ireland (SFI) also funds applied research through their Technology Innovation Development Award (TIDA) Feasibility Study which is targeting projects which would bring the technology to a point where it is suitable to apply for EI funding.



## Where can I get more information on near market research funding?

Please contact the ILO in CIT for more information on the funding sources for this type of research.

## What is the commercialisation research funding used for?

Any technological innovation that addresses a market opportunity may be eligible for these grants, though the emphasis is on technologies suitable for spinouts.

The funding grants are intended to support promising exploratory or proof-of-concept projects up to research projects that progress a proof-of-concept project to the point where it is ready to attract venture funding or commercial investment.

# RUBICON CENTRE

## What is the Rubicon Centre?

The Rubicon Centre is Ireland's premier Business Incubation Centre and is located on the campus in CIT. It is home to 50 knowledge based companies in a 2,000m<sup>2</sup> purpose built facility. Clients based at the Rubicon Centre are at different stages of development, from the initial concept stage to completing their first customer orders and many are already trading on international markets.

Since opening its doors in January 2006, the Rubicon Centre has quickly positioned itself as a catalyst, assisting entrepreneurs to take their projects to the next stage. Client companies enjoy access to support for the full development cycle and several have participated in one of the many programmes on offer in the centre.

As an innovation centre for budding entrepreneurs, the Rubicon Centre is available to help, encourage and give support to people who present a unique idea or highlight a market niche which they believe they can target.

In essence, the Rubicon Centre's role as an incubator is to assist the formation and growth of early stage, knowledge intensive businesses, by providing physical space and in-house management support, along with access to business advice (sales and marketing, administration, tax, funding, legal, etc.) and support from the Institute's resources. The Rubicon Centre aims to stimulate an environment of creativity and innovation with continual focus of nurturing the growth of knowledge based business and commercial research in the South West Region.

## What facilities are available in the Rubicon Centre?

- Ready-to-go, own door offices with access to dedicated broadband
- Reception Services
- Shared Office Equipment (photocopier, fax machine)
- Coffee Dock and Break-out areas
- Shared Meeting and Seminar Rooms with AV facilities
- Access to Campus Facilities
- Free Car Parking
- 24-hour building access

## What entrepreneurship supports are available in the Rubicon Centre?

- Entrepreneurship training programmes
- Educational Seminars
- Marketing Assistance
- Mentor & Specialist Sector Support
- Pre & Post Incubation Assistance
- Networking Opportunities
- Financial Advice
- Access to CIT's Rubicon programme managers

For more information:  
[www.rubiconcentre.ie](http://www.rubiconcentre.ie)



# ENTREPRENEURSHIP TRAINING



What entrepreneurship training programmes are offered by the Rubicon Centre?

## EXXCEL PROGRAMME

**Exxcel STEM Programme** – This is a new initiative providing women with a business idea related to the science, technology, engineering and mathematics (STEM) sectors with the opportunity to explore and develop their idea. The Exxcel programme, launched in September 2015, is a flexible, part-time programme that runs over six months. It enables participants to develop and progress their business idea to a potential business start-up. Modular training runs once a month on Friday evening/Saturday morning. Mentoring sessions will, as much as possible, be geared around evenings and availability of participants.

## NEW FRONTIERS entrepreneur development an Enterprise Ireland programme

### **New Frontiers Programme**

#### **Phase 1 - Testing the Business Idea**

8-10 week programme – part-time programme which will assist participants to validate the market potential of the business idea. These weekend and evening workshops will provide information and general business training, allowing participants to tease out the idea's feasibility and to see whether a viable proposition exists.

#### **Phase 2 - Business Planning**

6 month programme – participants who have a strong value proposition and who can demonstrate that their business proposition has the potential to grow and create jobs will receive intensive support to develop both their skills and to work on the business proposition. This will entail funded full-time participation in workshops, mentoring and regular reviews. Using these supports, participants will fully detail and validate the business proposition and identify potential customers, sales channels and funding options. Participants must be available for full-time participation. To facilitate this, they receive up to €15,000 in funding. The aim of this phase is to support them in the development of an investor-ready business plan.

#### **Phase 3 - Business Development**

Businesses emerging from Phase 2 will be guided to the most relevant government supports that can best help them at their particular stage of development. Further incubation facilities and support may be available to participants for a limited period, in conjunction with ongoing support from the Rubicon Centre team.



# CAMPUS ENTREPRENEURSHIP

The CIT Innovation Ecosystem starts with the raw business “Idea” and runs to full-time incubation in the country’s leading business incubation centre ‘The Rubicon Centre’, which is based in the CIT Bishopstown Campus. CIT can offer invaluable entrepreneurial supports to students, staff, researchers and the general public.

## CIT INNOVATIONWEEK

Innovation week is an annual event that is held in early March. The event is designed to promote innovation across CIT’s five campus locations, including Bishopstown, Blackrock Castle Observatory, National Maritime College of Ireland, CIT Crawford College of Art and Design and CIT Cork School of Music. A week long programme of events is held to promote Entrepreneurship and Innovation. These events include the New Frontiers Showcase and awards, the CIT Local Enterprise Offices Prize for Innovation, The APPrentice Showcase as well as a variety of other events, guest speakers and competitions.

### The APPrentice Competition

The APPrentice Competition is an annual competition held during innovation week. The inaugural competition began in 2012. CIT students submit their business App idea and 20 selected finalists collaborate with the design students to create a poster representing their App idea. The posters are then exhibited during innovation week. The final winner is chosen from the poster exhibition.

### Prize for Innovation Competition

The CIT Prize for Innovation (which is sponsored by the Cork County and City Local Enterprise Offices) is an annual competition which awards cash prizes to student teams whose inventions and business ideas are judged most creative, innovative and most likely to succeed in the market place. The competition is open to CIT undergraduate, postgraduate and part-time students. At the annual award ceremony, prizes are awarded for the following categories, as well as naming the CIT Entrepreneur(s) of the year.

- Entrepreneur(s) of the year
- Most Innovative Entry
- Post Graduate/Part Time Award
- Best Business Plan & Pitch
- Best Exhibition Stand
- Social Entrepreneurship Award

Competition participants will benefit in two ways:

1. They gain exposure to the tasks involved in developing a business idea through the early stages of evaluating it from financial, sales and marketing, Intellectual Property (IP), and technical viewpoints.
2. Projects that are deemed to have strong commercial potential can “plug into” the CIT Innovation Ecosystem and begin the process of commercialising the idea with support of the CIT ILO and the Rubicon Centre.

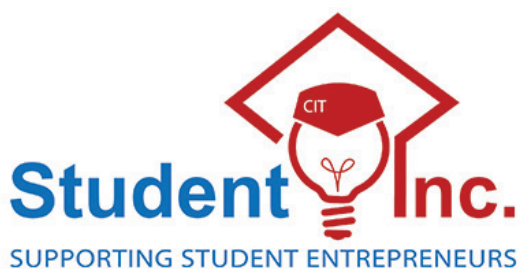


### **Student Inc.**

Over the summer months a number of student projects are developed into businesses by students who locate in the Rubicon Centre full-time. They attend weekly training workshops, covering many topics, which enable the student entrepreneurs to produce a complete business plan by September. Seed funding is provided to assist the businesses which come from a number of departments across the Institute including the Faculty of Business and Humanities, the School of Engineering and Science, CIT Crawford College of Art and Design, CIT Cork School of Music and the CIT National Maritime College of Ireland.

Expert mentors from the industry provide on-going support to the students. The fledgling businesses take up residence in the on-campus incubator and they are provided with fully serviced office space. They are given invaluable mentoring, training and exposure to the companies based in the Rubicon Centre.

The Student Inc. Programme concludes each September when the students involved showcase their businesses and their progress over the summer months.



### **Student Enterprise Internship**

CIT's Industry Liaison Office has two Enterprise Interns promoting entrepreneurship amongst the student population. The interns have access to the staff in the Rubicon Centre and also the companies based in the Centre.

The interns run a number of competitions during the year and are often the first point of contact for students with business ideas. The students initiated the Enterprise Society (a student society), and they receive on average 10 enquiries a month from students who are looking to start a business.

### **The Enterprise Society**

This is the on-campus society that promotes the power of the idea and gets students thinking about entrepreneurship. The society organises fun competitions and boardroom lunches to promote creativity and discuss talks given by successful entrepreneurs.

**For more information on any of the above initiatives please see: <http://enterprise.cit.ie>**

# GETTING STARTED WITH THE INDUSTRY LIAISON OFFICE

## Disclose the Invention

By filling out the CIT Invention Disclosure Form (IDF) you provide ILO staff members with the information they need to determine the ownership of the invention, to sort out any obligations CIT may have to sponsors of the research that led to the invention, and to ascertain what sort of intellectual property protection (e.g. patent or copyright) is warranted so that you can pursue commercialisation of the technology.

The Invention Disclosure Form is treated as a confidential document by ILO staff members and you should fully describe your invention in it. It is best to submit the Invention Disclosure Form well before any publication or public communication of the invention, including website descriptions, lectures, posters or abstracts.

## Talk to the Commercialisation Specialist

ILO staff members can help you make the decision on whether you would like to start a company or just have the ILO license out the technology.

Your plans for a business, and how fully fleshed-out the invention is, will influence decisions about how and when to protect the intellectual property. Any intellectual property obligations to research sponsors must also be considered. The Commercialisation Specialist can provide guidance on next steps, sources of additional information, and potentially useful contacts.

A more detailed summary of the Technology Transfer process can be found in a companion guide to this one, the Inventor's Guide to Technology Transfer, available at: [www.cit.ie/industryliason/technology-transfer/](http://www.cit.ie/industryliason/technology-transfer/)

## Contact the ILO:

**Commercialisation Specialist – Ronan Coleman**

**t: (021) 4335571**

**m: (087) 9547629**

**e: [ronan.coleman@cit.ie](mailto:ronan.coleman@cit.ie)**

## Work with the Assigned Patent Agent

Once a decision is made to patent an invention, the ILO engages with an external patent agent to draft and file a patent application. You'll need to 'educate' the patent agent through a series of face-to-face meetings, e-mails and phone calls about your novel invention. The patent agent will do most of the work in generating a patent application. You should also inform the patent agent about your business plans so that the most appropriate claims can be drafted.

Software may or may not contain patentable subject matter and the decision on whether to patent such subject matter will depend on the plan for commercialisation and the opinion of the ILO and patent agent.

In many cases, before filing a patent application, your Commercialisation Specialist may ask you to carry out patent and literature searches to look for "prior art" (anything related to the invention and its originality that has already been publicly disclosed or used).

The ILO will also carry out a prior art search based on the submitted IDF. Prior art searching is important in determining the potential breadth of a patent and the sort of business uses it may cover. In many cases you will have already carried out this type of search prior to applying for research funding that led to the creation of the technology.

If you're contemplating a spinout it is important to understand the distinction between prior art searching, which falls within the ILO's scope of activities, and "freedom to operate (FTO)" searching, which the ILO does not perform on behalf of companies.

A FTO search looks for any other patents or applications that may block your company's ability to make or sell its products /services without a licence from the patent holder.

Note that a patent allows its holder to bar others from operating in a particular area, but does not guarantee the holder (or licensee) the right to practice in that area, since the resulting product or service may still fall under another, broader "blocking" patent. At some point during their development, most spinouts need to do their own 'freedom to operate' analysis.

# LICENCES TO SPINOUTS



LICENCE

GO

**The ILO's main goals in any licence agreement are to ensure that the technology will be developed by the licensee for public benefit, complying with government, EU and CIT policies, and if successful, providing a reasonable financial return to CIT and the inventors of the technology.**

The terms of licences to CIT spinouts are flexible and take into account the financial realities of many spinouts as well as the particular industry in which the company will be competing.

Standard requirements in a licence for a CIT spinout will include:

- Negotiated financial terms, such as annual fees and a royalty on product sales, and reimbursement of patent costs;
- Degree of exclusivity: non-exclusive, exclusive, or restricted by field of use;
- Reservation of rights for the funding agency (if the invention is derived from funded research), and for CIT for their research and educational activities;
- Performance (or "due diligence") requirements to assure CIT that the company has the resources to, and is capable of, developing the technology.

A Shareholders' Agreement will also be negotiated with the spinout which will include a 10% minority share of equity in the spinout.

The non-financial terms of the licence are equally important and will include the following issues;

## **Will CIT assign the patent to my spinout?**

No, but an exclusive licence, which gives most of the rights to the patent that an assignment would give, can satisfy the needs of the company.

## **Does CIT become a company director?**

Generally no, but CIT reserves the right to become a director or an observer.

## **Can I get a licence if I haven't registered the company yet?**

No, but an option agreement may be possible. Such an agreement will, for a limited time, preserve the opportunity for you to negotiate a licence.

## **If my spinout is based on an invention jointly owned by CIT and another institution, how do I get started?**

The ILO will work out an Inter-Institutional Agreement whereby one of the institutions will "take the lead" and do the licence negotiations with your company. The "lead" is usually the institution who owns the largest share of the invention(s).

## **If my spinout needs technology from another institution besides CIT, but not jointly with CIT, will I need a separate licence?**

Under most circumstances you will need to negotiate separately with the other institution for a licence. However, institutions do sometimes package their technologies together in a single licence agreement or alternatively draft identical licence agreements to simplify negotiations.

## **Which comes first, the licence agreement or the agreement with funders?**

It generally works to the founders' advantage to get the licence agreement done first, but it can be done either way.

## **If my invention is unpatented software, do I still need a licence to the spinout?**

Yes, a copyright or software licence is required if the software falls under CIT's ownership policy.

## **Can I continue to do research on the technology on which my spinout is based?**

CIT always reserves the right to practice its own inventions within its facilities. The invention can be used in your research at CIT for research purposes only. Researchers are not permitted to continue to develop technology at CIT for the benefit of their spinouts.

# CIT INTELLECTUAL PROPERTY (IP) POLICY

## Ownership of Inventions

Generally speaking, under CIT's policy on intellectual property ownership, the Institute owns inventions made by its employees when those inventions are developed pursuant to a sponsored research agreement or created using funds or facilities in CIT.

This ownership policy applies to any sort of intellectual property, such as: patents, copyrights on software, maskworks, tangible research property, secret "know-how", registered design, trademarks, etc.

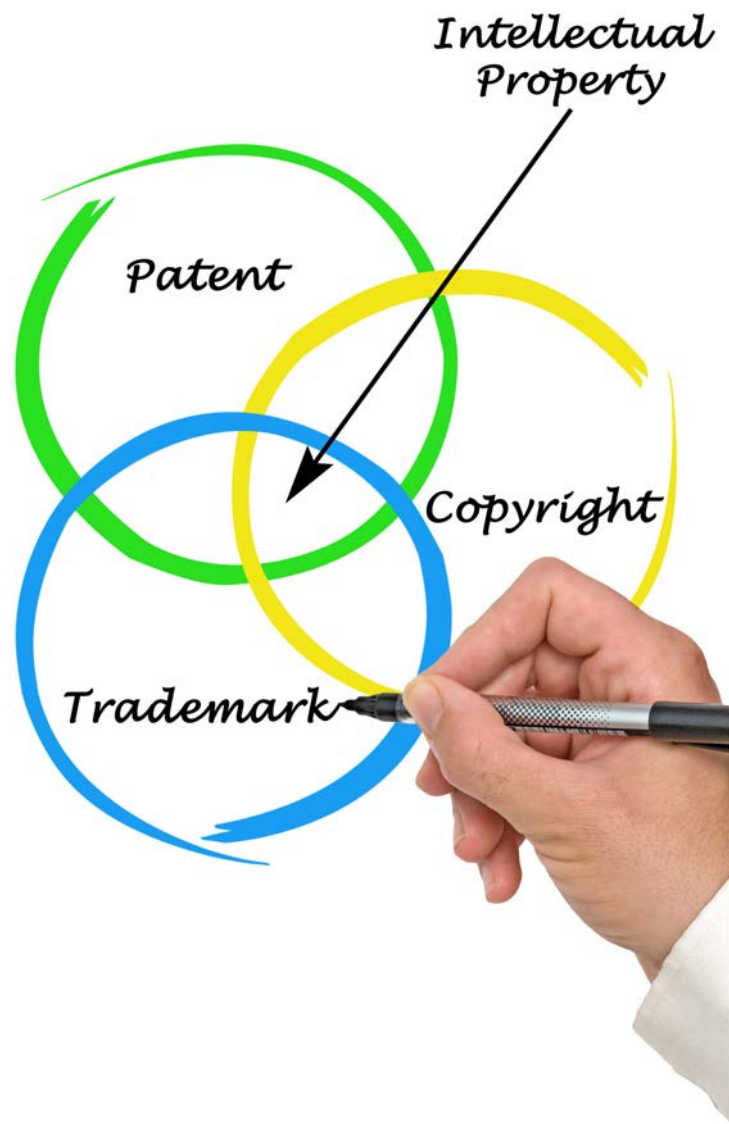
### CIT ownership is applicable to IP that is created in any of the ways outlined below:

- It is created by Personnel in the course of their employment with CIT;
- It is developed by Personnel in the course of their normal or specifically assigned duties to CIT;
- It arises out of funded or non-funded research where such research has made use of CIT Resources, Know-how or Confidential Information;
- Where it is a condition of the engagement of a student to perform research that CIT shall own any IP arising from the research performed by such student;
- It is a condition of the appointment of a Relevant Third Party (visiting students, lecturers, contractors, etc.) to perform the research.

In a spinout situation where a CIT staff member is consulting with a company founded on one or more of his/her inventions, it is important to clearly delineate the differences between your responsibilities at the company and your research at CIT, to minimise any conflict in ownership of your inventions.

If you have questions, the Commercialisation Specialist in the Industry Liaison Office is available for assistance. See contact information on [page 14](#).

For more details on CIT's Intellectual Property Policy see: [www.cit.ie/aboutcit.reports\\_plansandpolicies](http://www.cit.ie/aboutcit.reports_plansandpolicies)







## Obligations to Research Funding Agencies

Sponsored research agreements specify what rights a sponsor has to any intellectual property (IP) developed as a result of the sponsored research. Under most circumstances, government funding of research leading to an invention will not impose significant impediments on commercialising your invention via a spinout, and in most cases, the research funding agency will actively encourage and support the formation of a spinout company to commercially exploit your invention.

Funding by other entities (e.g. companies, EU H2020 etc.) may result in licence rights that can limit the licence rights available for your spinout. Company sponsors are typically granted rights to negotiate a licence or assignment for any intellectual property arising from sponsored research. However, sponsorship agreements vary widely, check your contract/collaboration research agreement or with the ILO to become aware of any restrictions on your invention.

# CONFLICT OF INTEREST/ COMMITMENT

## Conflict of Interest

As the founder of a spinout, you're likely to receive equity in the company and may have a continuing consulting or advisory relationship with it. Therefore, conflicts of interest can potentially arise between your contractual or financial relationship with the spinout and your obligations to educate and mentor students at CIT and to perform research.

An individual conflict of interest exists when an individual (or his or her immediate family) has a financial interest that affects or has the potential to affect the individual's conduct of his or her Institute activities, because, for example, he or she is the decision-maker related to research projects. When conflicts of interest arise they must be recognised, disclosed, and either eliminated or properly managed.

CIT's External Work Policy dictates that any external work (including a spinout) should not interfere with your CIT work duties or the interests of the Institute.

Your spinout must not use CIT resources, facilities or equipment unless specifically agreed in writing with the Institute. This prohibits you from using CIT students for research and development projects for your spinout.

You may not carry out public or EU funded research in your lab for a spinout in which you own equity, nor should you engage in publically funded research projects unless it has been approved by the funder, as generally, this would be a breach of funder's rules (except for some collaboration projects such as Enterprise Ireland Innovation Partnerships).

Similarly, you may not have the spinout housed in your lab, even temporarily; the company's research and business activities must take place at a separate location and use its own address, contact details, premises, and equipment.

The direction of your research programme cannot be influenced by your outside professional activities, nor should employees of a spinout be involved in research activities in your lab.

You should not restrict or delay access to information from your CIT research, even if your spinout would prefer to keep those results confidential.

*Finally, your work in the spinout should give rise to no potential vicarious liability for the Institute (i.e. the work you carry out for the spinout should not be capable of being deemed to be carried out in the course of your employment with the Institute).*

The spinout should maintain its own insurance/professional indemnity as necessary, which covers your participation in the spinout and indemnifies the Institute from any potential claims against the spinout.

## Conflicts of Commitment

As a full-time CIT staff member, your primary loyalty should be to the Institute. In a spinout, questions about the extent of this obligation can arise.

The ILO offer preliminary advice on a project by project basis. Often, the best approach is to fully disclose your situation to your department head and discuss the implications for your job responsibilities.

CIT's guidance notes on external work are available from the Human Resource office and can also be found on the CIT staff gateway under: *Governance and Management/ Human Resource Management/Employment/Terms and Condition of Employment/External Work.*

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