
Rector's Directive No. 47/2018

Measure of the Rector of Charles University on Knowledge and Technology Transfer at Charles University

Date of effect: 12 November 2018

Introductory Provisions

1. The creative activities implemented at Charles University (“the University” or “CU”) in the field of research, development, and innovation generate outputs which are defined in the CU Rector’s directive on the implementation of intellectual property rights at CU, or such outputs are generated directly under Act No. 130/2002 Sb., on the support of research and development from public funds and on the amendment to some related acts (“the Act on the Support of Research and Development”), as amended. Such outputs of creative activities are related to intellectual property rights and the University is entitled to dispose of such rights. The intellectual property rights may be subject to knowledge and technology transfer as provided in this directive.
2. Knowledge and technology transfer means in accordance with Point 15 of the Framework for State aid for research and development and innovation (“the framework”)¹ any process which has the aim of acquiring, collecting and sharing explicit and tacit knowledge, including skills and competence in both economic and non-economic activities such as research collaborations, consultancy, licensing, spin-off creation, publication and mobility of researchers and other personnel involved in those activities. Besides scientific and technological knowledge, it includes other kinds of knowledge such as knowledge on the use of standards and regulations embedding them and on conditions of real life operating environments and methods for organisational innovation, as well as management of knowledge related to identifying, acquiring, protecting, defending and exploiting intangible assets (“the transfer”). Intellectual property rights may also be subject to transfer, and if the aim of such transfer is in particular commercial use, it represents the commercialisation of intellectual property within the meaning of this directive (“commercialisation” and/or “commercialisation of intellectual property”).
3. The commercialisation of intellectual property under CU Rector’s Directive No. 17/2018 on the provisions for work for hire at Charles University is carried out in accordance with the above directive.

Part I - Commercialisation, Commercial Use of Outputs

Article 1 - The Subject Matter

1. This directive regulates the procedure of knowledge and technology transfer at CU.
2. This directive also implements s. 16 (3) of Act No. 130/2002 Sb., on the support of research and development from public funds and on the amendment to some related acts, as amended.
3. The agenda under paragraph 1 of this Article is organised, managed, coordinated, and unless stipulated otherwise also implemented by the CU Centre for Knowledge and Technology Transfer (“CU CKTT”), a separate unit of CU, or in accordance with the Rules for the Internal Governance of the CU CKTT by a person designated by the Director of the CU CKTT.
4. The final phase of the commercialisation of intellectual property, usually consisting in its financial appreciation (*licensing, transfer of intellectual property rights, creation of a spin-off company, etc.*), is usually implemented by Charles University Innovations Prague s.r.o. (“CUIP”), a subsidiary fully owned by CU, with the principal purpose of supporting and ensuring the commercialisation of intellectual property. In the given field CUIP closely cooperates with CU CKTT.

Article 2 - Provisions for Commercialisation

1. Commercialisation is ensured in the modes regulated by this directive by:
 - The relevant workplace of a CU faculty;
 - The relevant workplace of another unit of CU;
 - CU Centre for Knowledge and Technology Transfer Centrum; and
 - Charles University Innovations Prague s.r.o.

¹ Communication from the Commission – Framework for State aid for research and development and innovation of 27 June 2014 (2014/C 198/01).

2. Any disputes concerning the mode of commercialisation arising before the moment when commercialisation under Article 2 is ensured by CUIP in accordance with Article 1 (4) are decided by the director of CU CKTT.

Part II - Modes of Commercialisation and Transfer

Article 3 - Modes of Transfer and Commercialisation

The possible modes of commercialisation include:

- a. Transfer of intellectual property rights;
- b. Granting of the right to use the intellectual property in the form of a licence;
- c. Creation of a spin-off company for the purpose of assignment of rights in intellectual property; and
- d. Other appropriate forms of transfer based on the current needs of CU, such as contract research, consultancy, etc.

Article 4 - Transfer of Intellectual Property Rights

The transfer of intellectual property rights takes the form of a contract of transfer/assignment of rights to a third person by entering into a relevant type of contract under the Civil Code² (*usually a contract of sale or an innominate contract which is not specifically regulated by the Civil Code*).

Article 5 - Licence

1. The granting of rights to use intellectual property through a licence is usually implemented using a licensing agreement under the Civil Code.
2. Licensing agreements are regulated in more detail in a separate guidance document on the methodology for implementing this directive.

Article 6 - Spin-off Companies

1. A spin-off company for the purposes of this directive means a juridical person created for the purpose of using or further developing the intellectual property of CU. Intellectual property rights may be granted to the spin-off for example based on a licensing agreement, by sale/transfer, or by using another appropriate mode. CU may acquire a share in such spin-off.
2. The purpose of a spin-off is to ensure better transfer of the outputs of research into the commercial sphere, i.e., to convert the University knowledge and the outputs of research into a product or service that can be sold.
3. The plan to create a spin-off company under this directive is submitted to the director of CU CKTT, who decides on the course of action. The plan must include a proposal for the arrangement of the ownership rights including the disposal of specific outputs and the related business plan regulating the envisaged commercial exploitation of the outputs, including the proposed way of sharing profits and losses.
4. The fact that the person from whom the idea to create a spin-off originated has an ownership share in the spin-off company does not affect the right of such person to a remuneration under the relevant provisions of the CU Rector's directive on implementation of intellectual property rights at CU.
5. The procedure for creating spin-off companies is regulated in a separate guidance document issued by CU CKTT on the methodology for implementing this directive.

Article 7 - Contract Research

1. Contract research as one of the forms of transfer is in accordance with the framework implemented as (i) contracted research or research services³, or as (ii) collaborative research⁴.
2. Contracted research or research services usually contain the following features:

² Act No. 89/2012 Sb., the Civil Code, as amended.

³ Provision 2.2.1. of the Framework - Research on behalf of undertakings (contract research or research services): "25. Where a research organisation or research infrastructure is used to perform contract research or provide a research service to an undertaking, which typically specifies the terms and conditions of the contract, owns the results of the research activities and carries the risk of failure, no State aid will usually be passed to the undertaking if the research organisation or research infrastructure receive payment of an adequate remuneration for its services, particularly where one of the following conditions is fulfilled:
(a) the research organisation or research infrastructure provides its research service or contract research at market price, or
(b) where there is no market price, the research organisation or research infrastructure provides its research service or contract research at a price which:
— reflects the full costs of the service and generally includes a margin established by reference to those commonly applied by undertakings active in the sector of the service concerned, or
— is the result of arm's length negotiations where the research organisation or research infrastructure, in its capacity as service provider, negotiates in order to obtain the maximum economic benefit at the moment when the contract is concluded and covers at least its marginal costs."

⁴ Provision 2.2.2. of the Framework: "28. Where collaboration projects are carried out jointly by undertakings and research organisations or research infrastructures, the Commission considers that no indirect State aid is awarded to the participating undertakings through those entities due to favourable conditions of the collaboration if one of the following conditions is fulfilled: (a) the participating undertakings bear the full cost of the project, or (b) the results of the collaboration which do not give rise to intellectual property rights may be widely disseminated and any intellectual property rights resulting from the activities of research organisations or research infrastructures are fully allocated to those entities, or (c) any intellectual property rights resulting from the project, as well as related access rights are allocated to the different collaboration partners in a manner which adequately reflects their work packages, contributions and respective interests, or (d) the research organisations or research infrastructures receive compensation equivalent to the market price for the intellectual property rights which result from their activities and are assigned to the participating undertakings, or to which participating undertakings are allocated access rights. The absolute amount of the value of any contribution, both financial and non-financial, of the participating undertakings to the costs of the research organisations or research infrastructures' activities that resulted in the intellectual property rights concerned, may be deducted from that compensation."

- a. An external partner stipulates the terms and conditions of the contract, owns the outputs of the research activities, bears the risk of failure, and pays the remuneration or the relevant price for the provided service;
 - b. The given research service is provided by CU for a market price or, if it is not possible to determine the market price, it is provided for (i) a price that includes full costs and a usual margin in the given industry; or (ii) a price that is agreed during negotiations under usual market conditions providing that at the same time CU focuses on maximising the economic benefits and at least the marginal costs are covered.
3. Collaborative research differs from contracted research or research services under the preceding paragraph in particular in that it is so-called effective collaboration between CU and one or more external partners focused on joint independent research and development; the partners are involved in formulating the research objective and bear the risks jointly, i.e., all involved partners usually cover the full costs of the project incurred by them. It is possible that an external partner covers the full costs of the project. If the created outputs are based on consensus of the entities involved assigned to undertakings, CU receives a compensation based on the market price of the assignment.
 4. The dean or director of another unit is responsible for making written contracts with commercial entities on contract research under paragraphs 2 and 3 of this Article, or on the implementation of joint research and development projects and for their compliance with the applicable legislation and CU internal regulations. If the planned total price of the order for the period of existence of the contract including any compensations that may arise in connection with its implementation exceeds CZK 5 million, it is necessary to discuss entering into such contract with CU CKTT and to submit it to the Rector of CU. If the contracted research or a joint research and development project with a commercial entity involves several faculties or other units, all deans of the faculties involved and directors of units involved are responsible for the making of the contract and management. Intellectual property created in the course of implementation of contracted research or a joint research and development project with a commercial entity passes to the ownership or usage of the entities involved based on the principles agreed in the written contract. During the negotiations on specific contracts the responsible persons must act in accordance with the justified interests of CU. If it is a project funded from national or international public funds, it is necessary to follow the specific rules of the relevant provider of support.
 5. Contract research at CU may be regulated by a separate internal regulation of CU.

Article 8 - Consultancy

1. The provision of expert consultancy services by employees of CU to external partners is an important and one of the most frequent and simplest modes of transfer used to turn knowledge into practical application in the public and private sectors.
2. The consultancy services include in particular:
 - Analyses;
 - Expert opinions, expert reviews;
 - Advisory and consultancy services;
 - Evaluations, preparation of methodologies;
 - Custom-made training courses;
 - Resolution of specific and practical issues.
3. Consultancy services for external partners are provided outside the scope of employment, unless stipulated otherwise in the employment contract or the job description of a specific employee.
4. CU CKTT provides support for the implementation of consultancy services within the meaning of this directive.
5. The manner of provision of consultancy services at CU may be regulated by a specific guidance document on methodology.

Part III - Cooperation with CUIP

Article 9 - Commercialisation of Intellectual Property Rights of CU

CUIP performs for CU activities aimed at the commercialisation of intellectual property rights, which CU is entitled to dispose of, in particular but not limited to the following:

- Provision of consultancy and management services in the creation of companies for the purpose of application of the outputs of CU scientific research activities or other intellectual property rights (creating of spin-off companies);
- Mediation of the involvement of external capital in the spin-off company;
- Negotiation of licensing conditions, transfer, and similar agreements between CU and a third person for the use of intellectual property rights;
- Direct participation of CUIP in the spin-off company for the purpose of commercial exploitation of CU's intellectual property;
- Performance of any other acts necessary for the commercialisation of the intellectual property rights that CU is entitled to dispose of.

Part IV - Other and Final Provisions

Article 10 - Use of CU Designation

For all modes of commercialisation under this directive it is possible to use the designation of CU in accordance with Rector's Directive No. 31/2016 and at the same time the conditions and rules stipulated in other relevant directives must be respected.

Article 11 - Final and Transitional Provisions

1. Consultancy and support in the implementation of this directive is provided by the CU Centre for Knowledge and Technology Transfer.
2. CU Rector's Directive No. 33/2015 on disposal of the results of research, development, and innovation at CU is repealed by this directive and by the CU Rector's directive on the realisation of intellectual property rights at Charles University.
3. Further details on knowledge and technology transfer may be regulated in accordance with this directive at the faculties by a dean's directive and at other units by a director's directive. In case of variance between the provisions of this directive and a dean's directive or a directive of a director of another unit, this directive takes precedence and no later than within three months of the date of effect of this directive the dean's or director' directive must be amended to be in accordance with this directive. This does not affect Rector's Directive No. 27/2018 on supplementary activities at CU.
4. This directive becomes effective on 12 November 2018.

In Prague on 8 November 2018

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