

## **DIABETES UK INTELLECTUAL PROPERTY: REVENUE SHARING AGREEMENT**

This Agreement is made between the parties whose details are set out below:

- A. **The British Diabetic Association** (operating as Diabetes UK), a company limited by guarantee (number 339181) and charity registered in England and Wales (number 215199) and Scotland (number SC039136) whose registered office is at Wells Lawrence House, 126 Back Church Lane, London E1 1FH (“**Diabetes UK**”);
- B. **Diabetes UK Services Limited** (company number 00891004) whose registered office is at Wells Lawrence House, 126 Back Church Lane, London E1 1FH (“**DUKSL**”);
- C. **[NAME]**, whose registered address is at [ADDRESS] (“**Institution**”); and
- D. **[NAME]**, whose registered address is at [ADDRESS] (“**Technology Transfer Office**”).

### **BACKGROUND**

Diabetes UK, the Institution and the Grantholder (defined below) entered into a grant agreement on *[insert date]* (“**Grant Agreement**”) in relation to the provision of the Grant to support the Diabetes UK Funded Project (both as defined below).

Under the Grant Agreement, Diabetes UK and the Institution agreed to enter into a Revenue Sharing Agreement (as defined in the Grant Agreement) if any commercially exploitable Grant Funded Intellectual Property was identified.

DUKSL is wholly owned by Diabetes UK and donates its taxable profits to Diabetes UK. Diabetes UK has requested DUKSL to assist it in managing Diabetes UK’s rights in respect of the commercial exploitation of Grant Funded Intellectual Property, and as such DUKSL has agreed to enter into this Agreement together with the Institution, the Technology Transfer Office and Diabetes UK.

The Institution has appointed the Technology Transfer Office to assist it in the commercial exploitation of Diabetes Funded IP, and as such the Technology Transfer Office has agreed to enter into this Agreement together with the Institution, DUKSL and Diabetes UK.

**THE PARTIES HEREBY AGREE AS FOLLOWS:**

**1. DEFINITIONS**

- 1.1 **'Administrative Fee'** means the percentage of Net Revenue which the Exploiting Party is entitled to in recognition of its management of the commercial exploitation of the Grant Funded Intellectual Property.
- 1.2 **'Direct Costs'** means all reasonable external costs that are incurred directly in connection with protection and commercial exploitation of the Grant Funded Intellectual Property, including but not limited to official patent filing, prosecution, maintenance and renewal fees and legal fees, but not including the internal costs of the Exploiting Party.
- 1.3 **'Equity'** means the issuing of equity or any other interest (whether by way of debenture, warrant, security or otherwise) from time to time in any company in consideration of the assignment or grant of a licence or an option thereto to such company in respect of the commercial exploitation of any Grant Funded Intellectual Property.
- 1.4 **'Exploiting Party'** means the Institution or TTO (where applicable) that will be responsible for the protection and commercialisation of Grant Funded Intellectual Property. For these purposes, **'commercialisation'** and **'commercial exploitation'** includes but is not limited to commercialization by way of licence, assignment, option, sale, research collaboration or other agreement for cash or equity consideration.
- 1.5 **'Grant'** means the grant, details of which are set out in Schedule 1 to this Agreement.
- 1.6 **'Grant Conditions'** means Diabetes UK's terms & conditions relating to grant awards, as may be amended from time to time.
- 1.7 **'Grant Funded Intellectual Property'** means any and all Intellectual Property which is or has been created, exemplified or developed (whether in whole or in part) using the Grant, but not including copyright in artistic works, books, articles, scientific papers, lectures and/or audio or visual aids to the giving of lectures or teaching, whether such Grant funds are used before or after an invention disclosure or patent filing, and whether or not any person in receipt of Diabetes UK funding or working on a Diabetes UK funded activity is named in invention disclosure records.
- 1.8 **'Gross Revenue'** means all monetary consideration actually received in respect of commercial exploitation of the Grant Funded Intellectual Property, including licence, signing and option fees, royalties, and milestones, but excludes any Equity or other interests (whether by way of debenture, warrant, security or otherwise) or monies paid specifically to fund the undertaking of a research programme.
- 1.9 **'Intellectual Property'** means any and all rights in inventions, discoveries, materials, technologies, products, data, algorithms, software, know-how, patents, databases, copyright, trademarks, design rights, applications for any of the foregoing, moral rights,

and any other intellectual property rights whether or not registered or capable of registration and whether or not subsisting in the UK or in any other part of the world.

1.10 '**Net Revenue**' means Gross Revenue less:

- (a) Direct Costs and
- (b) any applicable taxes on Gross Revenue and Direct Costs which the Institution or TTO (as appropriate) are unable to offset;

1.11 '**Project**' means the research and other activities funded (in whole or in part) by the Grant, the details of which are set out in Schedule 1 to this Agreement.

1.12 "**TTO**" means (as applicable) an internal or external body that is responsible for providing technology transfer services to the Institution, including in respect of the protection, management and commercial exploitation of Intellectual Property .

## **2. CONSENT TO EXPLOIT GRANT FUNDED INTELLECTUAL PROPERTY**

2.1 The Exploiting Party has submitted a request for Diabetes UK to consent to its planned exploitation of the Grant Funded Intellectual Property as detailed in Schedule 2. In consideration for entering into the terms of this Agreement and pursuant to the Grant Conditions, Diabetes UK consents to the exploitation of the Grant Funded Intellectual Property in accordance with the details set out in Schedules 2 and 3 to this Agreement.

3.2 The Exploiting Party warrants that to the best of its knowledge the details set out in Schedules 2 and 3 are complete and correct as at the date of this Agreement and acknowledges that Diabetes UK has relied on such information when deciding whether to enter into this Agreement.

2.3 The Exploiting Party will take into account any matters raised by DUKSL in relation to the proposed assignment or licence of rights to Grant Funded Intellectual Property when negotiating the terms of the same with the third party.

## **3. REVENUE SHARING**

3.1 In consideration for consent being granted pursuant to clause 2 above, the Exploiting Party shall share Net Revenue and Equity received in respect of Grant Funded Intellectual Property as set out in this clause 3. All sums due to Diabetes UK under this clause 3 shall be paid by the Exploiting Party to DUKSL, which shall fulfil the Exploiting Party's payment obligations towards Diabetes UK under this clause 3.

3.2 The Exploiting Party shall first determine if:

- (a) the Grant (together with other Diabetes UK funds) is the sole source of funding for generation of the Grant Funded Intellectual Property, in which case clauses 3.3 and 3.4 shall apply, or
- (b) the Grant (together with other Diabetes UK funds) is not the sole source of funding for generation of the Grant Funded Intellectual Property, in which case the Gross Revenue or Equity received in respect of that Diabetes UK Funded Project shall be pro-rata calculated to take into account:
  - (i) the proportionate funding contributions of Diabetes UK, the Institution (where such costs are directly allocated costs as defined by United Kingdom Research and Innovation from time to time and shall exclude any salary support provided by the Institution from its internal funding, overhead or other indirect costs including for the avoidance of doubt higher education funding council funding) and other third party funders of each inventor as appropriate; and
  - (ii) the revenue-sharing formulae set out in clauses 3.4 and 3.6 below shall then apply to the portions of Gross Revenue or Equity attributed to Diabetes UK's contribution pursuant to this clause 3.2(b).

**Income Sharing:**

3.3 Where Gross Revenue is received by the Exploiting Party in respect of Intellectual Property, the generation of which was fully funded by Diabetes UK, then the Exploiting Party shall:

- (a) deduct and reimburse as appropriate any and all Direct Costs from Gross Revenue;
- (b) deduct an Administrative Fee on Net Revenue as follows:

NET REVENUE	TECHNOLOGY TRANSFER FEE
£0 – £100 000	30% (thirty per cent)
£100 001 – £500 000	25% (twenty-five per cent)
≥ £500 001	20% (twenty per cent)

- (c) distribute remaining Net Revenue as follows:

NET REVENUE	INSTITUTION & TTO	DIABETES UK

£0-£100,000	65% (sixty-five per cent)	35% (thirty-five per cent)
≥ £100 001	60% (sixty per cent)	40% (forty per cent)

3.4 Where Gross Revenue is received by the Exploiting Party in respect of Intellectual Property, the generation of which was not fully funded by Diabetes UK, then the Exploiting Party shall:

- (a) deduct and reimburse as appropriate any and all Direct Costs from Gross Revenue;
- (b) calculate the portion of the Net Revenue arising from Diabetes UK’s funding by multiplying the total Net Revenue with the value arising from the formula: **a/(a+b)**

where: (i) **a** = value of the Grant (together with any Diabetes UK funding that supported the development of the Grant Funded Intellectual Property); and

(ii) **b** = total value of non-Diabetes UK funding that supported the development of the Grant Funded Intellectual Property;

- (c) deduct an Administrative Fee of 10% of Net Revenue value determined in (b) above;
- (d) distribute remaining Net Revenue from (c) as follows:

INSTITUTION & TTO	DIABETES UK
50% (fifty per cent)	50% (fifty per cent)

**Equity sharing and potential future investment**

3.5 Where rights to take Equity are received by the Exploiting Party in respect of Intellectual Property, the generation of which was fully funded by Diabetes UK, then the Exploiting Party shall:

- (a) share any Equity received in the following proportions, and

INSTITUTION & TTO	DIABETES UK
60% (sixty per cent)	40% (forty per cent)

(b) use all reasonable endeavours to ensure that the Equity is issued on terms whereby the proportionate shareholdings due to the parties are issued direct to them.

3.6 Where rights to take Equity are received by the Exploiting Party in respect of Intellectual Property, the generation of which was not fully funded by Diabetes UK, then the Exploiting Party shall:

(a) calculate the portion of the Equity arising from Diabetes UK’s funding by multiplying the total Equity with the value arising from the formula: **a/(a+b)**

where: (i) **a** = value of the Grant (together with any Diabetes UK funding that supported the development of the Grant Funded Intellectual Property); and

(ii) **b** = total value of non-Diabetes UK funding that supported the development of the Grant Funded Intellectual Property;

(b) share the portion of the Equity calculated in (a) above in the following proportions; and

INSTITUTION & TTO	DIABETES UK
60% (sixty per cent)	40% (forty per cent)

(c) use all reasonable endeavours to ensure that the Equity is issued on terms whereby the proportionate shareholdings due to the parties are issued direct to them.

3.7 For the avoidance of doubt, Diabetes UK’s share of any Net Revenue or Equity shall be calculated and paid to DUKSL (on Diabetes UK’s behalf) prior to the deduction of any reward to the Institution’s employees or students who are inventors, authors or creators of the Grant Funded Intellectual Property. The Institution shall be solely responsible for the payment of such reward (in accordance with its internal policies) out of the revenue and equity share to which it is entitled under clauses 3.3 to 3.6 above.

**4. ACCOUNTING, REPORTING AND PAYMENTS**

4.1 Within three (3) months following the annual accounting date set out in Schedule 2 the Exploiting Party shall provide to DUKSL a statement or statements setting out financial information for the preceding 12 month period ending on such annual accounting date in respect of each Grant Funded Intellectual Property commercialised, including Gross Revenue, Net Revenue, Direct Costs Equity, any applicable taxes on Gross Income and Direct Costs plus the share of revenues due to Diabetes UK. All such statements shall include the calculations on which the amounts involved were determined. The Exploiting Party shall send to DUKSL the appropriate payments required in respect of such statements within 14 (fourteen) days of receipt of the proper VAT invoice(s) from DUKSL.

- 4.2 The Exploiting Party shall keep accurate records and accounts, and DUKSL (or a third party appointed by DUKSL) shall have the right to audit these in accordance with standard UK accounting practice on request. The Exploiting Party shall provide DUKSL (or a third party appointed by DUKSL) with copies of supporting financial documentation on reasonable request. Late payments shall be subject to interest payable on demand at the rate of 4 (four) per cent above the then current Bank of England base rate. Interest shall be calculated daily and compounded quarterly from the due date to the actual date of payment inclusive.
- 4.3 All payments shall be made in pounds sterling unless otherwise agreed, and shall be exclusive of any taxes or duties that may be imposed, including value added tax, which shall where applicable be payable in addition at the rate in force at the due time for payment.
- 4.4 If DUKSL (or a third party appointed by DUKSL) takes over responsibility as Exploiting Party in accordance with the Grant Conditions, then references to Exploiting Party herein shall be construed as references to DUKSL (or such third party appointed by DUKSL), and DUKSL shall share any Gross Revenue or Equity received with the Institution accordingly.

## **5. MONITORING COMMERCIALISATION OF GRANT FUNDED INTELLECTUAL PROPERTY**

- 5.1 With respect to the Grant Funded Intellectual Property being commercialised, the Exploiting Party must:
- (a) unless otherwise scheduled to this Agreement, provide to DUKSL as and when they arise:
    - (i) copies of any signed agreements entered into in respect of such commercialisation;
    - (ii) details of any patent applications, grants and abandonments (including title, filing number and date);
  - (b) deliver to DUKSL at least annually an exploitation report detailing the commercialisation activities for that year; and
  - (c) arrange and hold update meetings with DUKSL at least once every six (6) months, or at such other intervals as may be otherwise agreed with DUKSL.
- 5.2 DUKSL shall keep the information received from the Exploiting Party pursuant to clauses 2.1, 4.1, 4.2 and 5.1 confidential. DUKSL shall be entitled to provide such information to Diabetes UK provided Diabetes UK keeps such information confidential. For these purposes, 'information' includes but is not limited to any data, results, inventions, intended publications, intended or pending patent applications, designs, plans, agreements, commercial and/or financial information, whether disclosed in writing or orally. However, 'information' does not include information which is already

in the public domain, which is otherwise lawfully known to DUKSL or Diabetes UK at the time of disclosure, is obtained lawfully from a third party or independently developed by DUKSL or Diabetes UK, or which is required to be disclosed in order to comply with a legal requirement.

- 5.3 Notwithstanding its appointment of DUKSL under clause 2.1, Diabetes UK may appoint a third party(ies) to assist it and DUKSL in monitoring the commercialisation of Grant Funded Intellectual Property of Grant Funded Intellectual Property. In such case, Diabetes UK may disclose information relating to the Grant Funded Intellectual Property and its exploitation to such third party provided always that such third party is under a written obligation to Diabetes UK to maintain the confidentiality of such information and to only use such information to assist Diabetes UK and DUKSL in monitoring the commercial exploitation of such Intellectual Property. The Institution and TTO shall cooperate with any such third party at the request for Diabetes UK and DUKSL.

## **6. GENERAL**

- 6.1 The Institution shall be responsible for ensuring that the Exploiting Party complies with this Agreement, including where the Exploiting Party is the TTO but excluding where the Exploiting Party is DUKSL.
- 6.2 This Agreement shall take effect from whichever is the earlier of the date of last signature of this Agreement or the date that upon which a patent application is filed in respect of Grant Funded Intellectual Property, and shall terminate on whichever is the later of the expiry of any patent issued in respect of the Grant Funded Intellectual Property or when all revenues due in respect of commercial exploitation of the Grant Funded Intellectual Property have been distributed to the parties in accordance with the provisions herein. Alternatively this Agreement shall be terminable by mutual agreement of all the parties.
- 6.3 This Agreement is in addition to the Grant Conditions (as may be amended from time to time), which continue to apply. Should there be any conflict between this Agreement and the Grant Conditions, then this Agreement shall prevail.
- 6.4 Nothing in this Agreement shall give rise to any partnership or the relationship of principal and agent between Diabetes UK and/or DUKSL and either the Institution or the TTO.
- 6.5 All notices and communications shall be in writing and either addressed to the parties at the relevant address stated at the beginning of this Agreement (or such other address as may be notified from time to time), or if sent by email to such email addresses as are notified by each party to the others from time to time as authorised to receive communications.
- 6.6 None of the rights or obligations under this Agreement may be assigned or transferred without the prior written consent of the other parties. This Agreement shall be binding on the successors in title of the parties.

- 6.7 No waiver of any breach or default under this Agreement or any of the terms herein shall be effective unless such waiver is in writing and has been signed by the parties. No waiver of any such breach or default shall constitute a waiver of any other or subsequent breach or default.
- 6.8 If any provisions of this Agreement are held to be invalid, illegal or unenforceable (in whole or in part) such provisions or parts shall to that extent be deemed not to form part of this Agreement but the remainder of this Agreement shall continue in full force and effect.
- 6.9 Each party shall do and execute or arrange for the doing or executing of all acts, documents and things as may be necessary in order to implement this Agreement.
- 6.10 This Agreement (and any dispute, controversy, proceedings or claim of whatever nature arising out of this Agreement or its formation) shall be governed by and construed in accordance with the laws of England. The parties irrevocably submit to the exclusive jurisdiction of the Courts of England.

**SCHEDULE 1**

**DETAILS OF GRANT**

<b>Diabetes UK Grant number</b>	<b>Institution name</b>	<b>Grantholder</b>	<b>Grant title</b>	<b>Amount of grant</b>	<b>Date awarded</b>

**SCHEDULE 2: CONSENT APPLICATION FORM**

<b>A: CONTACT DETAILS</b> <i>(For person submitting this form)</i>			
Contact name:			
Address:			
Tel:		Email:	
Date:			

<b>B: TECHNOLOGY</b>			
Describe the technology:			
Outline application(s) for the technology:			
Indicate type(s)	Patent	<input type="checkbox"/>	Database <input type="checkbox"/>

of IP arising: <i>(Mark as many as apply)</i>				
	Trade mark	<input type="checkbox"/>	Materials	<input type="checkbox"/>
	Copyright	<input type="checkbox"/>	Know-how	<input type="checkbox"/>
	Design right/registered design	<input type="checkbox"/>	Other (specify)	<input type="checkbox"/>
Were there any other third party funders of the technology?	Yes <input type="checkbox"/> No <input type="checkbox"/>	If yes, please attach details of calculation of Diabetes UK's contribution to the technology. <i>(Identify inventive contributions of inventors and proportionate funding contributions of Diabetes UK and third parties)</i>		

<b>C: PATENT(S)</b> <i>(If more than one patent, copy this section and complete for each patent)</i>				
Outline patent strategy:	<i>(Briefly indicate patent filing strategy and key territories where protection will be sought)</i>			
Inventors:				
Patent title:				
Patent no:	<i>(Provide most recent filing no. e.g. application no, publication no, priority no, or grant no, as relevant)</i>			
Patent type:	<input type="checkbox"/> UK	<input type="checkbox"/> PCT	<input type="checkbox"/> Other <i>(Specify)</i>	Priority date: <i>(dd/mm/yy)</i>
	<input type="checkbox"/> European	<input type="checkbox"/> US		
<i>Current status:</i>	<input type="checkbox"/> Pending	<input type="checkbox"/> Published	<input type="checkbox"/> Granted	<input type="checkbox"/> Other <i>(Specify)</i>

D: EXPLOITATION			
Who will manage exploitation of Grant Funded Intellectual Property?	<input type="checkbox"/> Institution <input type="checkbox"/> TTO (state name).....  .....		
Type of transaction:  (Mark as many as apply)	<input type="checkbox"/> Exclusive	<input type="checkbox"/> Option	<input type="checkbox"/> Other (Give details)
	<input type="checkbox"/> Non-exclusive	<input type="checkbox"/> Start-up	
	<input type="checkbox"/> Licence	<input type="checkbox"/> Non-academic MTA	
	<input type="checkbox"/> Assignment	<input type="checkbox"/> Collaboration	
Transaction status:	<input type="checkbox"/> In negotiation <input type="checkbox"/> Agreement (s) finalised	Estimated completion date: (to nearest month if poss.)	Copy of draft agreement(s) attached:
			<input type="checkbox"/> Yes
Names of commercial partners (if any)			
Commercial Partner(s) Business			

Exploitation Strategy	
Income / equity returns expected and annual accounting date:	
Outline IP exploitation safeguards: <i>(i.e. if partner fails to commercialise)</i>	

<b>E: PUBLIC BENEFIT</b>	
<p>Please describe briefly how the proposed exploitation route will lead to public benefit and the fulfilment of Diabetes UK's charitable mission <i>(i.e. how the exploitation will benefit people living with diabetes or at risk of diabetes)</i></p>	

**SCHEDULE 3 AGREEMENT(S) TO BE ENTERED INTO**

**(Insert copies of relevant proposed agreements here)**

**SIGNED BY** the duly authorised representatives of the parties.

Signed for and on behalf of **The British Diabetic Association**

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Signed for and on behalf of **Diabetes UK Services Limited**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signed for and on behalf of **[INSTITUTION]** by:

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Signed for and on behalf of **[TECHNOLOGY TRANSFER OFFICE]** by:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_