



## UNIVERSITY GRANTS COMMISSION

COMMISSION CIRCULAR NO. 12 /2022

No. 20, Ward Place,  
Colombo 07.

July 12, 2022

Vice-Chancellors of Universities  
Rectors of Campuses  
Directors of Institutes

### **Selection of the Commercial partners by research and innovation teams at universities and Start-up AHEAD**

The University Grants Commission at its 1078<sup>th</sup> meeting held on 20<sup>th</sup> May 2022 noted that the Accelerating Higher Education Expansion and Development Operation (AHEAD) is providing technical support and financial support for the implementation of the UGC Circular No. 10/2016 on "Strengthening of University Business Linkage (UBL) in State Universities".

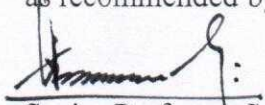
The Commission also noted that it is important to have a Circular indicating that all Universities must share an enabling environment to license the technologies to facilitate collaboration, co-creation, business relationships, and knowledge exchange. Further guidelines from UGC to establish start-ups will help the universities to take the outcomes from the research to benefit society. This is essential as this method is used by the world to take economic benefits from the research conducted at universities.

The Commission further discussed on the document titled "Selection of the Commercial partners by research and innovation teams at universities and Start-up AHEAD" recommended by the Standing Committee on UBL at its 11<sup>th</sup> & 12<sup>th</sup> meetings held on 25<sup>th</sup> January 2022 and 22<sup>nd</sup> March 2022 respectively.

Following matters recommended in the said document were also noted by the Commission;

- Selection of the commercial partners by research and innovation teams at universities
- Start-up AHEAD
- Start-up registration
- Payment of compensation for the usage of University IPR & facilities
- The position of academic, administrative and other staff at the University involvement in start-ups
- Student involvement in start-up
- Dispute Resolution
- University Support

Accordingly, the Commission having perused the above and the recommendation of the Management Committee granted approval for the recommendations on "Selection of the Commercial partners by research and innovation teams at universities and Start-up AHEAD", as recommended by the Standing Committee on UBL. (Annex I)



Senior Professor Sampath Amaratunge  
Chairman

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14. Deputy Bursars/ Snr. Asst. Bursars/Asst. Bursars of Campuses/Institutes
15. Government Audit Superintendents of Universities
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17. Secretaries of Trade Unions
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### **Selection of the commercial partners by research and innovation teams at universities**

1. In selection of commercial partners, the inventor has the freedom of selecting a suitable commercial partner in consultation with the UBL. In situations where no commercial partner is identified by the inventor, UBL can communicate with suitable partners in terms of emails, presentations or telephone communications and proceed with the first person/organization whoever agreed for commercialization. The commercial partner must have a genuine desire to commercialize the invention and could provide evidence to show that capacity. Clauses could be added to the license agreement in order to license it to another party if the commercialization does not happen during a certain time frame.
2. Approval time to enter to a license agreement should be minimized especially if the standard clauses developed and approved by the council in UBL Phase 1 is used in the agreement. (eg. approval and the confirmation of the minutes can be done at the same meeting)
3. In order to safeguard the university name, clauses can be added to the license agreement which was developed and approved under Phase 1 UBL score card. (eg. Regulatory approvals, standard of manufacturing, compliance with laws can be the responsibility of the licensee and university can list out the items where no warranty can be provided)
4. In situations where a licensee cannot be identified, Start-up guidelines can be adopted to license the technology to a start-up. These guidelines will enable faculty, staff, and students to participate in innovation and entrepreneurship related activities, encouraging students and faculty to consider start-ups and entrepreneurship as a career option.

### **Start-up AHEAD.**

Start-up AHEAD is a University staff and student start-up policy developed in 2022 to facilitate the commercialization of inventions developed at Universities in Sri Lanka.

### **Guidelines**

#### **Background**

This guide will encourage the University staff and students at Universities in Sri Lanka to form start-ups falling outside the purview of the university premises to facilitate entrepreneurship as a career option.

These guidelines are broad, and the University can develop their own comprehensive guidelines and policies based on this document to facilitate start-up formation. The University will not have to bear any legal or financial obligations towards the start-up or its activities.

Those who are planning to form a start-up company should notify their intention to the Vice Chancellor and the UBL in writing at an early stage of such invention and product development in order to obtain the necessary approval from the Council of the University.



Start-up registration

1. These start-ups would be incorporated as Companies under the Companies Act No. 7 of 2007 of Sri Lanka. Since the Companies are deemed to be separate legal entities, they have (shareholders/members of the Company) the complete authority and the freedom in the decision-making process and the owners of the company will be accountable for the decisions they take.
2. Start-ups can also be established to encourage social entrepreneurship activities.
3. Start-ups are not permitted to establish or maintain by or under the name or a part of such University

Payment of compensation for the usage of University IPR & facilities

1. If the University intellectual property is used by these start-ups, the licensing or assignment will follow the IP policy of such university.  
When such a start-up uses department, faculty, institute, campus or university facilities, faculty contributions, the university intellectual property rights, and/or technology developed or co-developed by individuals involved in the start-up, such University should be compensated by payment of license fees and/or royalties which could vary from 2-10%. The payment could also consist of an upfront fee and/or one-time technology transfer fees and/or royalty as a percentage of the sale-price. In case if the start-up is acquired by another company 2-5% of the sale could be donated to the University as a contribution.
2. Easy terms can be agreed upon to ease the early-stage financial burden. Royalties for product sales can be adopted once a product reaches the market which will be calculated on the audited financial statements. However, in case the start-up incurs a loss in a financial year such payments can be waived. In such situations payment can be arranged for the usage of University facilities. The stage at which the University contribution is made and the percentage contribution towards the University can be decided depending on the success of the product in the market.
3. If one or more inventors wish to establish a start-up, The University IP can be licensed for this purpose. The Royalties would be no more than 4% of sale price, preferably 1 to 2%, unless it is a pure software product. For a pure software product licensing, there may be a revenue sharing to be mutually decided upon between the University and the start-up.
4. On the other hand, if product/IPR is developed by inventors not using any institute facilities, or outside of office hours (for staff and faculty) or not as a part of the curriculum by a student, then the product/ IPR will be entirely owned by the inventors in proportion to the contributions made by them. In this case, the inventors can decide to license the technology to third parties or use the technology any way they deem fit. In such cases the inventors should declare their inventions to the University.
5. The aforementioned percentage contribution, the time frame, terms and conditions would be proposed by the start-up and would be evaluated by the UBL Advisory Board, UBL Faculty Coordinators or a committee appointed to perform this task consisting of experts



in the fields of technology, finance, marketing and others. The product to market strategy and the business plan will also be evaluated by the committee whose decision should be approved by the Council of the University.

6. Once the Council is agreeable to the terms and conditions negotiated with the start-up, action should be taken to enter into a written agreement reflecting such terms and conditions and the attendant rights, duties and obligations of such parties.

The position of academic, administrative and other staff at the University involvement in start-ups.

1. All administrative activities of the start-up would be coming under the start-up administration. Academics, administrators and other staff in the State University system can only work on the start-up after working hours or during the weekend without any interruption to their academic, administrative and other work at the University.
2. Academics, administrators and other staff in the State University system can help the start up in an advisory or consultative role provided it does not adversely affect their existing academic and administrative work/duties. The service outside universities has to be undertaken by staff members as per the Chapter XIX of the E-code.
3. In case the faculty/staff holds the executive or managerial position in a startup for more than three months, then they have to apply for sabbatical leave/or leave with or without pay. Sabbatical leave should be granted based on the commission circular No. 408 and the other subsequent circular instructions issued on the same. As per the Establishment Circular Letter No. 14/2017 dated 27.09.2017 “the Teachers/Officers in the university system, who spend their sabbatical leave locally be permitted to undertake academic/administrative assignments, only in HEIs which are not governed by the same council of the HEIs to which the particular Teacher/Officer s presently attached”.
4. A Faculty staff member can take sabbatical leave, paid/unpaid leave to work on the start-up formation with the prior approval of the University. The time duration of the leave period would be governed by University regulations pertaining to sabbatical or paid/unpaid leave. The company registration and business plan and the viability of the start-up should be considered by the Faculty Board when granting approval.
5. Granting of leave should be connected to any start-ups activities and proof for same should be submitted when applying for leave.
6. The Faculty must clearly separate and distinguish on-going research at the University from work conducted at the start-up company.
7. Faculty must not involve research staff or other staff at the university in activities at the start-up and vice-versa.



### Student involvement in start-up

1. Students involved in start-up can take semester or an year's break from their studies with prior approval from the Department/Faculty Board. The company registration business plan and viability of the start-up should be considered by the Department/Faculty Board when granting approval.
2. The University can decide whether to consider the start-up formation for their students' academic credits. A student manual should be maintained for evaluation purposes.
3. The respective Faculties should develop their own by laws, guidelines and regulations with regard to this matter which should be duly notified to the students in the Students' Handbook.

### Dispute Resolution

1. The normal mechanism at the University can be used to resolve any issues.
2. If there is a dispute as regards the terms and conditions of any agreement, a minimum five membered committee consisting of two Faculty members (having developed sufficient IPR that has transformed into commercialization), two of the University alumni/industry experts (having experience in technology commercialization) and one legal advisor with experience in IPR, will examine the issue after meeting the start-up members and help them settle this issue. The University can use alumni/Faculty of other Universities as members, if they cannot find sufficiently experienced alumni/faculty of their own.

### University support

1. The University can commence an annual 'Start-up AHEAD' award ceremony to recognize outstanding ideas, successful start-ups and contributors for promoting innovation and enterprises ecosystem.
2. Innovation champions should be nominated from within the students/ Faculty/staff for each Department/program of study to receive a certificate of appreciation at such award ceremony.
3. The University can conduct a program pertaining to the importance of innovation and entrepreneurship to the new intake of students during their orientation program.
4. Universities are encouraged to develop idea hubs/incubators to support this development