

Supplementary Guide for

**“Guide on Intellectual Property (IP) Arrangements
for Research and Development (R&D) Projects Funded
Under the Innovation and Technology Support Programme
(ITSP) of the Innovation and Technology Fund (ITF)”**

for LSCM R&D Projects

Introduction

1. This Guide serves as LSCM's commercialization and IP guides for undertaking LSCM R&D projects. They are regarded as supplementary guides for ITC's "Guide on Intellectual Property (IP) Arrangements for R&D Projects Funded under Innovation and Technology Support Programme (ITSP) of the Innovation and Technology Fund (ITF)" ("ITC's IP Guide") promulgated in August 2013 as from time to time revised by ITC.
2. The ITC's IP Guide and this Guide supersede the Guidelines on IP Arrangements issued by LSCM in November 2011.

General Principles

3. All IP and commercialisation arrangements should be finalized and clearly specified within the R&D Project Proposal before submission to LSCM. The submitted R&D project applications should be fully endorsed in writing by all relevant departments or offices of the submitting institute/organization.
4. If an R&D Project Proposal involves using background IPs of a third party, the applicant should indicate in the application form whether the consent/license for use of such IPs has been obtained.

Platform Research Projects/Seed Projects

Ownership and Licensing

5. The specific IP ownership arrangements for each project should be clearly set out in the project proposal.
6. Towards the end of the project¹, the project team requires to work with LSCM to jointly determine the following and seek approval from LSCM.
 - (a) Licensable deliverables or IPs generated from the project
 - (b) License fee, terms, documentation for the licensable deliverables or IPs
7. If the foreground IP is successfully commercialised by the university¹, the university shall grant to LSCM 30% of the license fee. Similarly, if the foreground IP is successfully commercialised by LSCM, LSCM shall grant 30% of the license fee to the university.

Discount on Licensing Fee

8. Project sponsors can obtain²:
 - a) Discount of 50% off the listed price of license fee
 - b) Discount over 50% off the listed price requires FAC's approval and the factors taking into consideration will be documented.
9. LSCM and Universities may offer discount to general customers (non-project sponsors)³:
 - a) Discount up to 30% off the list price requires CEO's approval
 - b) Discount from 31% and up to 50% off from the list price requires FAC Chairman's approval
 - c) Discount over 50% off the list price requires FAC's approval
10. To share the revenue with project sponsors after substantial amount of revenue is achieved, the amount will be calculated and distributed on an annual basis.
 - a) For project sponsor who contributed 1% or more, LSCM will calculate and distribute the revenue when the total revenue for that fiscal year reaches HK\$1 million.

¹ Approved by the Finance and Administration Committee (FAC) of LSCM in August 2009

² Approved by FAC of LSCM in January 2009

³ Approved by FAC of LSCM in April 2012

- b) For project sponsor who contributed less than 1%, LSCM will calculate and distribute the revenue when the revenue for that fiscal year reaches HK\$5 million.
- c) In case of either a) or b), LSCM will distribute revenue to project sponsor for that fiscal year only if the calculated amount of the particular sponsor is over HK\$1,000.

Collaborative Research Projects

Sharing of benefits by industry partners

- 11. The industry partner has the right to share the benefits generated from commercialisation of IPs generated from the project (including royalty fees), with the sharing ratio subject to negotiation between LSCM, other participating R&D partner(s) and the industry partner having regard to the respective proportion of their contributions to the total project costs. In this context, the benefits refer to the sales revenue generated from commercialisation of project IPs. The benefit sharing arrangements should be endorsed by the Panel⁴ of LSCM.

Contract Research Projects

- 12. “Contract Research Projects” refer to projects in which a **company pays LSCM the full costs for the R&D work done.**
- 13. As all the costs of a contract research project are borne by the sponsoring company, the IP generated from such a project and benefits generated from such IP will rest with the company concerned. LSCM will not claim any IP rights generated from the R&D project.

Conclusion

- 14. This Guide provides general guidance in handling commercialization and IP-related matters. There may be special circumstances which may not be covered, e.g. spin-offs. In such cases, the applicant concerned should seek the advice, and where appropriate, approval from LSCM. Each case will be considered on its own merit.

July 2014
Hong Kong R&D Centre for Logistics and
Supply Chain Management Enabling Technologies (LSCM)

⁴ The Panel consists of CIT or the CIT’s delegate, TC Chairman and Centre CEO, where the TC Chairman will serve as the Chairman of the Panel.