TECHNOLOGY TRANSFER POLICY

Centre for Innovation, Entrepreneurship & Incubation

NATIONAL INSTITUTE OF TECHNOLOGY CALICUT
NIT Campus P.O. 673601, Kozhikode, India
2024

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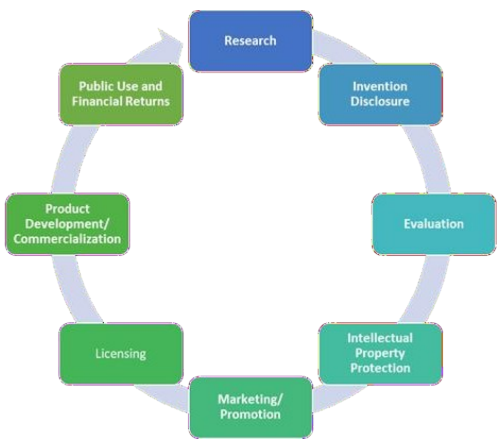
INTRODUCTION

National Institute of Technology Calicut (NITC) is an institute of national importance set up by an Act of Parliament. Originally established in 1961 as a Regional Engineering College (REC), it was transformed into a National Institute of Technology in 2002. The Institute offers bachelor's, master's and doctoral degree programs in Engineering, Science, Technology, Architecture and Management. The Institute is presently offering 11 UG programmes and 32 PG programmes. Doctoral level research has remarkably increased in recent times with a substantial increase in the volume of research papers and patents produced. With its proactive collaborations with a multitude of research organizations, academic institutions and industries, the institute has set a new style for its functioning under the NIT regime.

Transfer of Technology (ToT) is the process by which knowledge, intellectual property and capabilities developed at NITC are transferred from NITC to external entities for the purpose of further development and commercialization. The external entities can be industries in the public and private sector, academia, and State /Central Government organizations (agencies). The objective of Transfer of Technology (ToT) policy is to disseminate the technologies developed at NITC through a framework that ensures seamless transfer of technology to industry(ies) or agencies to ensure applications of the new technologies in the society. This Technology Transfer Policy document provide a broad guideline that shall be followed by NITC with regards to technology transfer. It provides a mechanism for transferring technologies to industries with hand holding support for complete absorption of the technology by the industry or other agencies.



A POLICY PERSPECTIVE OF TECHNOLOGY TRANSFER @ NITC

The vital aspects of this policy include the entire spectrum of activities mentioned in the following:

1. Identification of Technology Transfer
2. Technology Readiness Level (TRL)
3. Technology Assessment Committee (TAC) and its Role
4. Technology Transfer Committee (TTC) and its Role
5. Modes of Technology Transfer
6. Technology Developed Utilizing Funds from an External Agency
7. Costing Guidelines for Technology Transfer
8. Financial Terms and Conditions
9. Licensing Agreement for Technology Transfer
10. Revenue Sharing
11. Conflict of Interest
12. Dispute Resolution

1. Identification of Technology Transfer

Whenever technologies/products (including software/designs/algorithms etc.) are developed by the faculty/staff/students of the National Institute of Technology Calicut (NITC or Institute), that show promise of industrial application and potential commercialization, these are taken up for technology transfer. The technology for commercialization can be patented or non-patented. NITC encourages patents for non- patented technologies, if patentable, as claimed by the inventor, before commercialization. The IPR cell of the NITC will help the inventors apply for patents.

The inventor(s) can reach out to and engage in discussions with a select group of industries that are eager to adopt the technology, in order to gain insight into its potential for industrial applications, all while maintaining the confidentiality of sensitive information.

Once the potential of the technology is established, the inventor(s) can request the Centre for Innovation, Entrepreneurship & Incubation (CIEI) of NITC for the commercialization of the technology developed with details and feedback received from the industries. The Technology Assessment Committee (TAC) will assess the commercialization potential of NITC-owned technologies or those requested by the inventors. TAC shall be constituted by the Director, NITC based on the recommendation from CIEI in consultation with the inventor for a specific technology.

TAC may also contact the Technology Management Agencies (Government/Private), that manage the commercialization of the IP, which can or need not be based on a request from an inventor. It is important for the Institute to sign a Confidentiality and Non-Disclosure Agreement (CNDA) with the agency in order to protect its intellectual property. This is needed before the agency can look into the technology or IP of the Institute and confirm the inventors' claims about it.

If the industry (ies) or agencies are initially interested in obtaining a sample of the product, prototype, or material developed for carrying out a detailed examination/testing to verify the claims by the inventor, it is essential to enter into a Product/Prototype/Material Transfer Agreement (MTA) with CNDA as a pre-requisite for providing the product/prototype/material to the industry to safeguard the Intellectual Property of the institute. Under MTA, inventors can transfer relevant materials, products, or prototypes to the industry or agency on a returnable basis so that it can study and assess the nature of the technology to decide whether it is interested in taking the technology. There shall be a fixed time period for the industry or agency for this assessment process, mutually decided by NITC and the industry or agency. Under such cases, all the support and mentoring shall be provided by the inventors to the industries or agencies, on a chargeable basis. No further development or commercialization is allowed by the industry or agency until the appropriate transfer of technology has been carried out.

2. Technology Readiness Level (TRL)

The process of technology development may be a long-drawn process, spread over several distinct stages. Therefore, it is classified based on the Technology Readiness Level (TRL). The lower the TRL level, the lower the commercial value since the risk is high, and more resources are required to complete the invention. The higher the TRL level, the greater the chances of success (as more data are available), and therefore, the higher the value. Accordingly, an invention at a lower TRL may fetch a lower licensing fee when compared to an invention at a higher TRL level, other aspects being the same.

CONCEPT PHASE	
TRL 1	• Research Idea • Shows promising potential application
TRL2	• Applied Research Idea • Hypothesis testing and initial proof of concept is formulated
TRL3	• Project plan • Device Characteristics Document & Project proposal completed -Ready for Proof of Concept (PoC) Phase
PROOF OF CONCEPT PHASE	
TRL4	• Development • PoC is demonstrated in different conditions
TRL 5	• Standardization • Documentation on design transfer, device/item/product evaluation completed • Ready for Evaluation
INTERNAL EVALUATION PHASE	
TRL6	• Technical Evaluation • Documentation on product for Technical Advisory Committee, completed • Ready for Transfer of Technology (ToT) Phase
TECHNOLOGY TRANSFER PHASE	

TRL 7	• Technology Transfer • Training of industry/ Technology transfer completed. • Technology transfer documentation completed.
TESTING & EVALUATION PHASE	
TRL8	• Testing of the product as per the standards • Evaluation of performance by standard labs. • Documentation on product/item History File completed
COMMERCIALIZATION PHASE	
TRL9	• Commercialization • Commercialization & Post market surveillance • Improvements

3. Technology Assessment Committee (TAC) and its role

The status of technology including its TRL is assessed by the Technology Assessment Committee (TAC). The constituted committee is for a specific technology and shall include one senior Professor from NITC as the chair, one subject expert from NITC or External organization (external expert (in the domain) can be from an industry/academic institution in the Govt. sector or a research organization under Govt. sector), one member of the Technology Transfer Committee (TTC) , Inventor/s of the technology, faculty coordinator of Intellectual Property Rights Cell (IPR) of NITC as the convener. Both internal members and external expert members shall enter into a non-disclosure agreement (NDA) with NITC, before being inducted into the committee.)

The committee shall review individual technologies or products that are intended to be commercialized. This committee also identifies the gaps and provides input for consideration by the inventor to have a closer look to understand what is expected in technology transfer.

Once the developed technology has clear and evident commercialization potential with its TRL, CIEI shall initiate the process of technology transfer by inviting Expressions of Interest (EoI) from potential recipients in the public domain, provided no industries or start ups seeking license for the technology are identified by the inventor(s) or Technology Management

Agencies. The CIEI will then provide appropriate information about the technology, indicating its potential and applications with the help of the Inventor(s).

Seeking Expression of Interest (EoI)

Expression of Interest (EoI) shall be sought through notification on NITC website or (if required in leading National dailies), if EoI is required. In the EoI, NITC will publish a write up on the technology along with a photograph (if required) of the product for the better understanding. The following information will generally be sought through the EOI:

- Certificates of registration as a company or manufacturing unit, if any.
- Audited Balance Sheet for the preceding three years.
- Income Tax returns filed for the preceding three-year period
- Annual budget for R&D during the last three years
- List of products and production capacities.
- Numbers and details of IPR or patents owned by the company.
- Number of technically or professionally qualified employees
- Details of existing and proposed marketing strategies
- Availability of adequate infrastructure (List of machines and their production capacities) and technical
- List of Testing and Support Facilities
- ISO/ISI certification or any other certification received by the industry
- Relevant clearances/licenses from the local authorities/Govt.
- Capacity and capability to undertake developmental work and to accept attendant financial and commercial
- Capacity to market the product through the marketing network, sales and service network, reliability to maintain production, and targeted sales.
- Details of shareholding/ownership patterns, especially for foreign partners and shareholders, foreign employees, directors, etc. The company must adhere to the prevailing Government of India policies and regulations on Foreign Direct Investment (FDI)/DIPP norms as applicable.
- Proposal on development, production, and marketing activities once the technology is transferred

- The final products -for sale in India only or abroad also. If abroad-how the marketing is planned and which are the countries proposed.
- Any other relevant information essential for the technology under consideration

TAC is also responsible for assessing/shortlisting the technically capable industry (ies) or other agencies that are capable of successfully absorbing the technology and realizing the system/product based on the ToT.

The terms of reference for TAC are as follows: -

1. TAC shall be responsible for shortlisting technically competent industries and agencies that could potentially absorb the technology leading to the development of the products ,maintaining the requisite quality standards.
2. TAC will verify the claims made by the industry or agency as per the information submitted in their Expression of Interest (EOI) and shortlist the Industry/agency meeting the requirement for absorption of the technology.
3. TAC will consider EOI received from start-ups for technologies based on project reports, business plans, etc. TAC can give priority to such startups, if found suitable.
4. TAC would seek additional documents from industry/agency and/or may visit the industries, if required, to verify their capacity and capability to undertake production based on the technology.
5. TAC can invite the industry/agency participated in the EoI for discussion to get more clarity on the potential of absorbing the technology. TAC can visit the firm, if required and essential, at the expenditure of the firm.
6. TAC will prepare and submit its report within 15 days after receiving the EoI (containing list of shortlisted industries with necessary details) to the Director, NITC for approval. In case where TAC needs time beyond 30 days to prepare the report, then Chairman TAC may seek extension of maximum 30 days from the Director, NITC.

4. Technology Transfer Committee (TTC) and its role

A Technology Transfer Committee (TTC) is constituted by the Director, NITC with Chairman CIEI as the chair of TTC with members a nominee of Dean (R&C). one Technology Transfer Domain Expert (external), Head of the concerned Department or centre, JR Finance of NITC or Internal Audit officer of NITC nominated by the Registrar, NITC and IPR cell Coordinator of

NITC as the Convener. In addition to these, Director may nominate additional internal or external experts. All the members shall enter into a non-disclosure agreement (NDA) with NITC, before being inducted into the committee.

The TTC is entrusted with the task of

- Recommending the mode of Technology Transfer
- Recommending the terms and conditions, including deliverables, Institute and industry commitments, financial terms, exclusivity, duration, etc.

In deciding the above, the TTC may consider relevant factors from the following:

- Report from TAC & Technology Readiness Level
- Degree of Difficulty (DoD) of the development of the product
- Nature of innovation-whether incremental or break through
- Mode of transfer
- Deliverable and Institute commitment
- Investment made in the project by the Institute as per the technology status document
- Value of patent: residual life, claims, countries covered
- Likely impact of the technology in the market or clinical practice
- Market size, existing competition, and barriers to new players
- Challenges to commercialization are likely to be faced by the industrial partner.
- Threat of obsolescence
- Basic costing for the development of technology or products
- Number of seriously interested parties

TTC shall ensure that the industry or party, likely to absorb the technology will have a clear understanding of the TRLs of the technology.

The mode of technology transfer proposed and conditions like upfront/royalty terms shall be discussed with the approved short-listed industries (by TAC). Then, they are invited to submit their bid documents for licensing/acquiring the technology in a sealed envelope to CIEI. All the details of ToT fee and its components shall be clearly indicated in their bid document.

It is not necessary to always select the highest bidder. Technical considerations, potential market size, and the time period for product development and market launch are also important factors to be considered. Based on the discussions and negotiations with a few higher bidders, common terms & conditions can be arrived and accordingly, any one or a few can be considered for the ToT.

TTC can submit the details of the bidder(s) recommended, along with all the terms and conditions, to the Director, NITC, for approval.

5. Modes of Technology Transfer

Based on the assessment of the technology developed, Technology Transfer Committee shall recommend any one or more of the following modes of technology transfer. NITC is a public funded organization, hence providing an exclusive license to an Industry partner shall not be allowed. If the licensee is an MNC or company having sufficient resources required for mass manufacturing or the capability to meet the public demand for such inventions, then in such cases exclusive license may be given as a special case.

a. Prototype/Product Development through MOU

In case the TRL level is very low and the full/partial development requires expensive infrastructure (not available within the institute) or a large fund is required, then prototype/s and further development into a product & testing etc. must be through an MoU or agreement based collaborative development.

(i) If the TRL is at 1 to 3, industry (ies) ready to take up the work of further development of the technology into a prototype or product, can be identified by the inventor(s). Here, inviting EoI need not be necessary as indicated earlier. Once identified, inventor can request CIEI for further activities of MOU or agreement.

(ii) If the TRL is at 4-5, potential industries/parties ready to take up the work of further development of the technology into a prototype or product shall be identified through EoI, as per the procedure above.

All required mentoring and advice shall be provided by the inventor(s) to the industry(ies) on chargeable basis, as per the consultancy norms of NITC (can be at a concessional rate). Necessary concessional rate shall be proposed by the faculty mentor or inventor (s) and get it approved by the Director, NITC. All the expenditure for prototype/s and further development into a product & testing etc shall be met by the industry (ies). A similar procedure will be followed, in case large data is required for a study, which needs to be obtained from another Institute/Industry(ies).

After satisfactory development of the prototype/product by any one of industry or the industry (ies), a new MoU/agreement shall be executed indicating terms and conditions of ToT. If the above industries do not have any interest to absorb this technology at this level after development of the prototype/product, same can be intimated to NITC within the specified time period. No payment of any expenditure will be made to these industries and these industries have no claim on this technology or outcome of commercialization, at a later stage. The technology can be transferred to any other interested industry identified through EoI by NITC.

b. Technology Transfer Through Incubation

Processes and prototypes developed in the laboratory of NITC may need extra development or scale-up to be successful in the market. This specific customised development could take place with the help of interested startups (only pvt ltd or LLP are permitted), identified through EoI by TTC, under the guidance of a concerned faculty mentor or inventor(s). MoU/agreement shall be executed with the startup company (ies) indicating terms and conditions of ToT.

All required mentoring and advice shall be provided by the inventor(s) to the startups on chargeable basis, as per the consultancy norms of NITC (can be at a concessional rate). Necessary concessional rate shall be proposed by the faculty mentor or inventor (s) and get it approved by NITC. All the expenditure for prototype/s and further development into a product & testing etc. shall be met by the startups.

NITC as a policy decision, shall transfer the technology only to a company/start up (Pvt Ltd or LLP) and shall not transfer its technology to an individual. An individual, who is desirous of starting a new business or setting up an industry with the technology developed at NITC, must get the company incorporated/registered as per the provisions of law.

The CIEI with the help of TBI-NITC, if required, may facilitate incubation efforts and decide on modalities, on a case-to-case basis.

Once the

c. Technology Transfer through Joint/collaborative project

Inventor(s) can request for joint/collaborative project with another research organization, identified by him/her for further research and development of the patented idea/technology. All necessary funding shall be provided by the research organization following terms and conditions prescribed through the MoU/agreement. Once the product/technology is fully developed in a condition ready for commercialization, it can be transferred to an industry/party as per the above procedure. In this case, research organization will be a partner as per the MoU.

In case of collaborative research with industry is required for product development through funding by external agencies, the terms and conditions of IPR given by the funding agency shall be considered. ToT can be made strictly adhering to the terms and conditions of the funding agency. In general, a NDA shall be ensured from the collaborative industry, initially itself by the inventor. After satisfactory development of the prototype/product, a new MoU/agreement shall be executed with the industry indicating terms and conditions of ToT.

d. Technology Transfer to Industry

When the TRL is 6 or above, technology can be transferred to the industry(ies) as per the procedure detailed above.

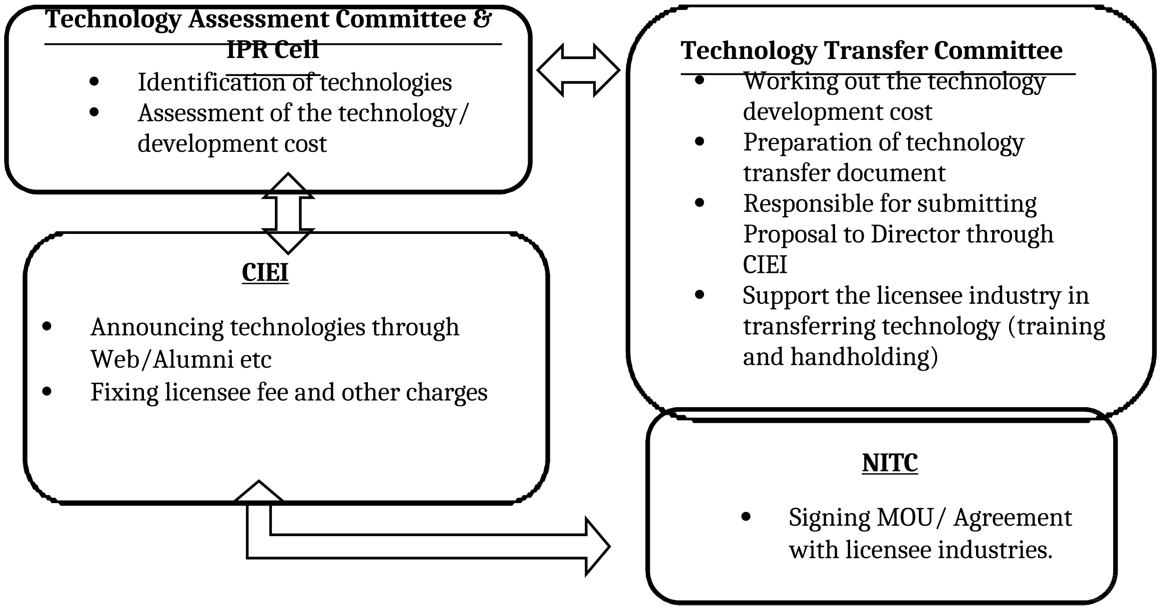
e. Technology Transfer to Foreign Entity or to an Entity with Foreign Equity

Technologies which are permitted/allowed by GOI shall only be considered in such cases. It shall be non-security /non-sensitive technologies in nature. The business potential has to be seen from the global perspective. However, such licenses may be granted to a foreign company only after verification pf the prevailing rules.

f. Technology Transfer for Societal Applications, Non-Governmental Organisations (NGOs), Non-Profit Organisations (NPOs) and Community-Based Organisations (CBO's)

NGOs, NPOs, CBOs, and other similar entities play an important role in the development of weaker sections of the community as well as service delivery in local and rural areas. In these cases, NITC on non-exclusive basis shall transfer the technologies to NGOs/ NPOs/ CBOs with suitable rebates (can be free in total, based on the recommendation of the TTC and need) in licensing fee and /or royalty. All such decisions shall be taken only by the Director, NITC.

g. For all the types of technology transfer, any GST or any other tax liability or duties or fees arising in the entire life-cycle shall be borne by the industry to which the technology is transferred.



6. Technology developed utilizing funds from an external agency

If an external agency provides funds for the development of the technology as part of a research project, the funding agency's IPR terms and conditions will take precedence. ToT can be made to strictly adhere to the terms and conditions of the funding agency. In general, for all projects undertaken through Institute funds or projects from national funding agencies like DST/ DBT etc., non-exclusive licenses are offered. It is suggested that an appropriate percentage, based on the terms and conditions in the policy of the funding agency, of the technology transfer proceeds be allocated to the external funding agency in accordance with the terms and conditions. In the absence of any such terms and conditions by the funding agency, NITC can follow the procedure mentioned above.

7. Pricing Guidelines for Technology Transfer

Three modalities of valuation i.e. Price approach, Income or market approach may be used to evaluate the technology. In ascertaining the costs associated with manufacture of a prototype/ pilot production of the items identified for technology transfer, many aspects of the cost ascertained have to be necessarily based on the estimates. It is emphasized that effort here is to conceptually provide for the development cost on an equitable basis.

The objective shall be to assess the price that can be directly attributable to the development of the technology and patent and not load it with indirect overhead costs.

a. Identification of Subsystems of Pricing for a Technology Transfer:

i. Direct Material/ Components (indigenous and imported) cost

Cost inclusive of taxes and duties available in the purchase orders can be considered. If the purchases have not been done recently (more than 5 years before) and made exclusively for this technology, 10% escalation in the cost can be considered.

ii. Direct staff costs

The total salary per year of all the staff engaged and inventor(s) for the development will be calculated with 20 % overheads towards the Institute, including the liability of each staff and inventor, if any, in the Institute. Where the staff is involved in multiple projects, their efforts in development must be appropriately apportioned by the inventor.

iii. Equipment usage cost

In case the usage of existing equipment and instruments in NITC is significant, the associated annual cost of running/operating the equipment /instrument shall be considered. Depreciation element will be computed normally on the basis of a three years life for computer systems/software, five-year life for electrically operated/electronic equipment, and ten years for mechanical/chemical plants and other machinery and equipment.

iv. Depreciation cost: Capital cost / Estimated Life of Equipment

After ascertaining such annual costs (including depreciation) associated with the use of the equipment/instruments, the per hour machine usage rate shall be calculated (excluding holidays). From this equipment/instruments usage cost can be estimated using number of operating hours of the equipment/instruments

v. Fabrication expenses

Due to reasons such as non-availability of internal facilities etc, the fabrication work is contracted to an outside agency. All such expenditure shall be included.

vi. Travel and logistic expenses

Expenditure of the concerned Scientists/ Engineers and other staff in travel associated with the purpose of technical discussions, testing, demonstrating the prototype, training the personnel from the recipient organization etc. are usually incurred in the development.

vii. Testing expenses.

Expenditure on outside test facilities for testing the items or their components shall be considered.

viii. Other direct costs are not included in the above categories.

ix. Cost of filing patent etc. (if patented)

x. Intellectual cost: There is a certain amount of Intellectual value associated with any development. A considerable effort from the inventor is required for the generation of a useful product/ process from an idea. Considering this, an element of intellectual cost must be added. Intellectual cost may be fixed in consultation with the concerned inventor. This can be notional and can be 5% of the total development cost for the technology/products.

When documents are not available for the costing, an appropriate engineering estimate can be made in all the above cases. The cost report shall be prepared by the Inventor(s) and submitted to TTC. He/she may seek the help of office of Dean (R&C), office of CIEI, Purchase and accounts section.

COST REPORT

TECHNOLOGY TRANSFER OF ....

SI.No	Description	Value (in Rs)
1.11	Direct material/Component cost	
	(Indigenous and imported)	
1.2	Direct Staff Cost	
1.3	Equipment Usage Cost	
1.4	Fabrication Expense	
1.5	Travel and Logistic Expenses	
1.6	System/Sub-system Level Testing Expense	
1.7	Other direct cost not included in above category	

1.8	Cost of filing patent	
2.0	Total(1.1 to 1.8)	
3.0	Intellectual cost @ minimum 5 % of 2.0	
4.0	Overhead charges to the Institute (5%)of 2.0	
5.0	Total Development Cost for Tech.Transfer(2.0+3.0+4.0)	

Prepared by Inventor: Recommended by:

Inventor Team Technology Transfer Committee

Approved by: Director

8. Financial Terms and Conditions (Valuation)

Determining the financial terms and conditions for transfer of technology is one of the most important and challenging aspects. There is no readily available rule, formula or framework available that can be applied to arrive at what is worth of the technology or how much should the Institute charge for a technology or what is the best price an industry can afford to pay.

The main objective of Technology Transfer is to ensure that the fruits of research done in labs of the NITC are ultimately translated as products in the market. It is also generally understood that excepting breakthrough technologies or instances where the commercial viability is extremely attractive and risks of commercialization are minimal (very high TRLs), it is rarely possible to recoup investments made in research through a license.

In general, the financial terms and conditions for technology transfer could be the following, but not limited to:

a. Technology Fee as Upfront Premium

This premium reflects the value of technology / Know-how at the time it is being transferred. The premium being a compensation for the transfer of rights for use of the Know-how, is charged at the time of technology transfer. For an early stage / low TRL project, that lacks both technology and market validation, thus initial value can be relatively low. For a technology that is close to market / higher TRL and where the NITC/GOI or other funding agency has invested heavily in research and spent years to reach that stage, the initial value will be much higher. The lump sum premium may be reduced when the technology is being transferred to a partner that has financially invested in the project or is a sponsor.

This Upfront Premium fee can be paid in full at the day of signing the agreement or as staggered payment of maximum 3 installments based on the achievement of certain milestones (with minimum 50% at the day of signing the agreement).

General components to fix up the one time upfront premium charge:

(i) It shall be based on the TRL level of the technology

(ii) It shall be based on the total development cost of the technology by inventor(s) calculated under cost report.

One-time Upfront fee can be minimum 25% of the total development cost for technologies with TRL higher than 7. For TRL less than 6, it can be 20% minimum. Exact % of upfront fee will be decided by the Director, NITC based on the advice from TTC.

b. Royalty Payment as a Percentage of Sales (Profit Sharing)

Royalty is an income sharing device compensating for the investment in research and development. Royalties on sales, also referred to as “running royalties” and “earned royalties’, are payments made by the licensee once the licensed products have reached the market place. The NITC (licensor) generally receives a percentage of the licensee's sales of the licensed products, usually annually, in arrears post sales. These details are arrived from the certified audit report and annual report approved by the Board of Directors (BoD) of the licensee’s company. Such post-commercialisation payments generally provide the biggest economic return to the licensor from the license if the product is successful. In adopting royalty payment, a number of elements of the royalty provisions need to be negotiated. This includes the royalty base (measurement of sales for which royalty needs to be paid), royalty rate (which could be static, dynamic or sliding) and offsets (discounts etc.), if any.

In calculating the royalty rates, due consideration is given to the nature of technology / product being licensed. In general, for a high value / high technology product, which may have a low sales volume, a high royalty rate is applicable as it is able to absorb a higher royalty rate as the margins and value addition in such products are generally very high. In the case of products with low value / low technology and which are mass produced and highly price sensitive, a higher burden due to higher royalty rate can make the product nonviable in the market. In such cases, a lower royalty rate is recommended so as to not make the product non-competitive in the market. In such projects, even a small royalty rate is justified as the large numbers will make up for lower rates.

The royalty fee proposed is 4% of the Net sales in the case of high TRL 7 or above, including the software products; and 1% of the Net sales is for low TRL 1 to 3. The royalty can be between 1-4% of the Net sale is proposed for TRL between 3 and 7. Exact % of royalty fee will be decided by the Director, NITC based on the advice from TTC .

Net sales shall mean the value of gross sales made by the licensee company or its sub- licensee (sub-licensee if approved by NITC) based on the invoice value or MRP of the product excluding applicable excise duty, Goods and Services Tax (GST) or any other levies/discounts. The period for the calculation shall be the expected life of the technology without any modification or changes/updates, as claimed by the inventor and agreed by the licensee.

A “royalty only” strategy as ToT fee is not generally recommended and acceptable, as there is an inherent risk that if due to any internal or external reasons the licensee stops or is forced to stop production, then the income stream from royalty stops abruptly.

c. An upfront lump sum premium and royalty fee

This approach balances the risks of failure with gains of success. The lump sum premium ensures that the partner stays committed and does not leave the commercialization efforts midway. At the same time, the royalty ensures that the Institute reaps a share of the success of the product over a period of time. It is also known that in case of a success, the royalty returns could be significant with time, as the product increases its market share.

In general, upfront lump sum premium and royalty payment together is the choice proposed by NITC. A minimum upfront fee and royalty tee shall be decided by TTC considering all the above aspects and final rate will be arrived through bidding and based on discussion, on a case to case basis.

d. Other considerations:

i Annual Minimum Royalty

An annual minimum royalty may be insisted upon for continued availability of NITC support for troubleshooting and consultations for further improvements in the present technology.

ii Special Opportunities

At times, it is possible that an opportunity may arise wherein the demand for a technology is very high with serious interest from more than one company or when the technology has matured to a high TRL or when the first licensee has made a success thereby making others interested. The above are examples where, there is a possibility for the Institute to cash in on the opportunity and earn maximum financial gain. NITC can think of revising the MoU/agreement under such conditions during the renewal after 5 years.

9. Licensing Agreement for Technology Transfer

The recommendations of the TTC with terms and conditions and ToT fee finally arrived at after discussion, terms of payment etc. with the industries are submitted to the Director, NITC for final approval. In all matters connected to Technology Transfer, the Director is the approving authority. Once the approval of the Director is received, agreement with Licensee shall be made for a period of 5 years, initially.

Licensing Agreement for Transfer of Technology (LATOT) is entered between NITC and the recipient industries or agencies where all relevant clauses for financial arrangement, licensing regions, ToT fee, period of validity, hand-holding support required, arbitration clauses, license revocation clause etc. are covered.
Upfront fee agreed shall be paid (full or 1st installment) on the day of signing the agreement.

a. Period of license

Initial period of agreement is for 5 years, but can be extended up to the license period of technology. Any change in the conditions in the agreement shall be based on mutual agreement between NITC and licensee.

In arriving at the duration of the license period, the following factors are considered:

- In the case of licensing of the patented technology, the royalty is payable up to the life of the patent (generally 20 years).
- In the case of licensing of know-how, the royalty is payable as long as the product is in the market or for a period mutually negotiated and agreed.

The license should be given in multiples of 5 years, if the licensee shows a satisfactory performance.

b. Nature of License:

NITC is a public funded organization, hence providing an exclusive license to an Industry partner shall not be allowed. If the licensee is an MNC or company having sufficient resources required for mass manufacturing or the capability to meet the public demand for such inventions, then in such cases exclusive license may be given as a special case.

The TTC gives a recommendation on the nature of license, whether exclusive to the particular licensee or not. If so, the duration of exclusivity is also recommended by the TTC: A limited exclusivity for an initial period of 5 years may be considered, if such protection is justifiable considering the limited market, competition in the market, efforts / investment put in by the licensee, etc. in which case it may not be prudent to create another competition for the first licensee.

- Apart from the above, exclusivity will require payment of higher license fee.
- In case of sponsored project receiving funding from external agencies, exclusivity will be as per the conditions given by the funding agencies.
- For any other convincing or compelling reasons, exclusivity may be granted.

When exclusive license is recommended, a condition shall be appropriately provided in the agreement such that NITC have all the right to continue further investigations and research on the technology transferred at NITC.

Sub-licensing may be permitted in certain cases with the prior approval of NITC. Industries wish to sub-license need to approach NITC with justifications and agreement proposed.

c. Non-Exclusivity and Re-licensing

In the case of non-exclusive licenses, Institute will continue to pursue and seek industry partners even after the first licenses has been issued. Similarly, Institute will also actively consider any request for technology transfer after the same has already been transferred. Thus, for non-exclusive licenses, re-licensing at different point of times or multiple licensing at the same time is possible. In deciding the financial terms, the TTC may also take note of the risk taken by the licensee which is more by the first licensee and less by the subsequent licensees, in case of re-licensing, if the first one is successful. The financial terms may be higher or lower than that of the first licensee depending upon the success or failure of the product post first license. The TTC is empowered to review the above aspects.

d. **Obligations of Industry Partners:**

The specific obligations and commitments of the Industrial partner is spelt out in the technology transfer license agreements. However, as a policy, the industrial partner is required to always inform the origin of the know-how from the Institute. The industrial partner has an obligation to display the words depicting that the technology is from the Institute in the package and all publicity material. The design must be with prior consultation and approval from the Institute.

e. **Monitoring Post Technology Transfer**

As a policy, the Institute does not interfere in the affairs or conduct of the business by the industrial partner. However, the partner is bound to provide information that may be sought.

f. **Royalty Reporting & Payment**

i. Licensee shall pay the royalties due based on Net Sales made by the Licensee, Sub-licensee, or other associates in India and foreign countries, if any, on a quarterly basis and within 30 (Thirty) days at the end of each Royalty Period. The Royalty due for each financial year shall be payable in full to NITC within 30 (Thirty) days of closing of corresponding financial year. Quarterly audit report (by a certified CA) shall be submitted by the licensee to NITC.

ii. Before 30 days from the last day of a Royalty Period due, Licensee must send to NITC a written statement for the Royalty Period to which the statement relates including the role made by Licensee in India, Foreign sales and through its Sub Licensee, if any.

iii. Licensee must keep, and must ensure that Licensee itself and its each Sub-Licensee keeps true and accurate accounts and records of the quantities of the Product manufactured, sold, and in stock, Gross Sales Price of the Products in relation to each of the sub-territories comprising the Territory, All other accounting, stock, ordering, purchasing invoicing, and delivery records in relation to the Products as are required by good accounting practice, Sub-License Fees received and due to be received.

iv. Sub-License Agreements entered into; if any or any other documents specifically, shall be submitted by the Licensee within 15 days to NITC

v. NITC may at any time, appoint a person or reputed auditing firm to inspect the Licensee’s and sub-licensee’s accounts/stock/sale/marketing documents and records so maintained. Cost of such audit/inspection shall be borne by the Licensee.

g. Delay in Payment of Royalty and Non-Payment

1. In case of delay in payment of Royalty, the Grantee/Licensee shall be liable to pay simple interest at the rate of ten (10) percent per annum, on the amount of default in payment of royalty for the period of delay.
2. In cases where three consecutive Royalty payments have not been made by the Licensee, it will result in automatic termination of the license with prior notice of 30 days to remedy the breach and make the payment.

10 Revenue Sharing

a. Guidelines for Sharing Net Revenue

The guideline for sharing the net earnings (after deducting all the expenditures and service charges)) generated from the commercialisation of Institute-owned intellectual property or from a technology transfer will be taken in slabs as follows:

Case	Net earnings	Share(%)		
		Inventor(s)	Promotion /service provided for patent, ToT etc.	Institute's Internal Revenue
1	For the first slab of amount up to Rs.100 lakhs	70 ##	0 -10	30 #
2	For the slab of amount greater than Rs.100 lakhs	50	0	50

To promote ToT for an initial period of three years, this ratio will be followed which can be revised later;

At par with consultancy norms

The inventor(s) share would be declared annually, and disbursement will be made to the inventor(s), their legal heir, whether or not the inventor(s) are associated with the Institute at the time of disbursement.

1. Apportionments amongst Individual Inventors: Where more than one Inventor is involved, initial responsibility for agreeing to the division of the inventors share of

revenue amongst them shall lie with those inventors. The revenue would be shared.

2. The distribution of the amount to the concerned officials of Administration/ Department/Centre will be as per the consultancy norms of the Institute.

3. Leaving employment of the Institute: Cessation of employment either by resigning, retirement, or completion of a project or course, under normal circumstances, will not affect an individual’s right to receive a share of "Royalty(ies), " provided the IP or revenue was generated during the due course of their employment or association with the Institute. Such cessation shall not also absolve the Institute Personnel from their obligations towards confidentiality or the procurement/registration of IP in so far as executing necessary documents and/or assisting attorneys of the Institute towards the objectives of the Institute are concerned.
4. Death: In the case of the death of the Inventor, any due share of the revenue will be paid to the legal representatives of the deceased.

b. Non-Performance

1. In the event the Licensee is unable to commercialize the Product within the stipulated period, generally maximum of two (2) years from the date of licensing of the Technology, NITC shall have the right to interfere, and the Licensee shall be obligated to transfer the know-how to as many third-parties as NITC may advise.
2. In the event the Licensee is unable to commercialize the Product within the stipulated period, due to unavoidable circumstances and causes beyond the control of the Licensee, the Licensee shall make a written request for an extension of the time limit before the expiration of the date, giving detailed reasons. This request will be carefully examined and considered on merit by the NITC.
3. Upon expiration or termination of the agreement for any reason, the rights granted to the licensee shall be terminated immediately. The Licensee may however, be allowed, using the know-how for a period not exceeding more than 30 days, to complete such orders that are in production at the time of termination, and also existing stock lying on the date of termination shall be allowed to be liquidated.

4. Under any of the above conditions, NITC will not make any payments to the licensee, and no refund of the amount paid by the licensee will be paid by NITC.

. C. **Force closure and Termination**

i. **Automatic Termination**

Automatic termination for default in payment of amounts due and non-payment of royalties due for payment for three consecutive Royalty reporting periods.

The amount overdue from the licensee whether part of the upfront license fee or royalty percentage, shall be charged at the rate of 18% per annum.

ii. **Termination by NITC**

NITC shall notify the licensee regarding the breach of provisions under the license, thereby, invoking the provisions of termination and giving one-month notice to remedy the breach. Under the following circumstances, NITC shall have the right to foreclose and terminate if the default persists even after serving notice:

- for failure to achieve milestones within the timelines agreed between NITC and the licensee,
- on account of the submission of false reports or misrepresentations by the licensee,
- for non-fulfilment of obligations pursuant to the license,
- If the licensee suspends or discontinues manufacture of the product for a period exceeding 1 year without obtaining prior written permission or extension in this regard from the NITC, except for reasons beyond the control of the licensee and that are agreed upon by NITC.

iii Termination by Licensee

The licensee may, at any point in time, choose to terminate the applicable agreements after providing reasons by giving prior notice of at least three months. Under such circumstances, the licensee shall

- Meet all the financial liabilities, including royalty payments due until that point in time,
- Submit a confidential report detailing the status of technology development until that point in time, and;
- Cooperate with NITC in transferring the Technology to a third party.

11 Conflict of Interest

The inventor(s) are required to disclose any conflict of interest or potential conflict of interest. If the inventor(s) and/or their immediate family have a stake in a licensee or potential licensee company, then they are required to disclose the stake they and/or their immediate family have in the company.

12. Dispute Resolution & Revision of Policy

If there are any disputes between the Institute and the inventors regarding the implementation of the IP policy, the aggrieved party may appeal to the Institute's Director. The Institute will make efforts to address the aggrieved party's concerns. The director's decision in this regard would be final and binding.

In case of any disputes arising under the agreement between NITC and Licensees or outside start-ups, agencies/industries that cannot be amicably discussed and solved, shall be within the sole and exclusive jurisdiction of competent courts in Kozhikode, Kerala.

This policy can be revised whenever required by the Director, NIT Calicut, based on the recommendation of TTC, but shall be reviewed every 3 years.