

24 POLICIES RELATING TO RESEARCH AND COMMERCIALIZATION

24.1 Intellectual Property Policies

[Intellectual Property Policies, announced on 16 April 1992, are reproduced below.]

1. COPYRIGHT POLICY

1.1 Introduction

The Hong Kong University of Science and Technology (HKUST) is dedicated to teaching, research, service and the extension of knowledge to the public. Its personnel recognize as two of their major objectives the production of new knowledge and the dissemination of both old and new knowledge. Inherent in these objectives is the need to encourage the development of new and useful scholarly material and the publication of such work. Such activities (1) contribute to the professional development of the individual staff members, (2) provide additional educational opportunities for participating students, (3) promote the general welfare of the public, and (4) enhance the reputation of the University.

The University acknowledges that faculty, staff, and students of the University (Members of the University) regularly prepare for publication articles, pamphlets, books, and other scholarly works which may be subject to copyright and which may generate royalty income for the author. With the advent of innovative techniques and procedures, the variety and number of materials which may be created in a university community have increased significantly expanding the ownership of such copyrights resulting from the work of its Members.

This policy describes the position of the University concerning the ownership and utilization of copyrights. The University Council has the right to make changes in these policies from time to time.

Copyright may exist in the following:

- (1) Books, journals articles, texts, glossaries, bibliographies, study guides, laboratory manuals, syllabi, tests, and proposals
- (2) Lectures, musical or dramatic compositions, and unpublished scripts
- (3) Films, film strips, charts, transparencies, and other visual aids
- (4) Soundtrack, set designs and other related film aspects

- (5) Live video or audio broadcasts
- (6) Program instruction material
- (7) Computer program documentation
- (8) In general copyright exists in literary, dramatic, musical and artistic works; in sound recordings; cinematograph films; television and sound broadcasts.

1.2 Determination of Rights in Copyright

Copyright ownership is reserved by the University with administrative consideration to apply in the following four instances: (1) individual efforts, (2) University-assisted individual efforts, (3) University-assigned efforts, and (4) sponsor-supported efforts.

1.2.1 Individual Efforts

Copyright in materials produced by Members of the University shall vest exclusively in the Member(s) if there is no significant use of Members or facilities (libraries and computers excluded) and the materials are not prepared in accordance with the terms of a contract or grant or as a specific assignment. A faculty member's general obligation to produce scholarly and creative works does not constitute a specific assignment. When it is clear that work is "individual effort" as defined above, no written agreement is required. Questionable items should be referred to the Research Committee for a written determination.

1.2.2 University-Assisted Individual Efforts

Copyright in materials produced by Members of the University shall vest jointly in the University and the Member of the University if there is significant support of an individual's efforts by use of Members or facilities (libraries and computers excluded) and the materials are not prepared in accordance with the terms of a contract or grant as a specific assignment. Division of income from royalties and other use shall be agreed upon in writing by Members of the University and appropriate administrative personnel in advance of the use of Members or facilities. If no agreement in writing is made in advance then vesting is with the University.

1.2.3 University-Assigned Efforts

Copyright in materials produced by Members of University shall vest in the University if the University has assigned the Members the writing or

production of the specific materials. Sharing of royalty income with the author is authorized as determined in writing in advance as an incentive to encourage further development of copyright. Such sharing is entirely at the University's discretion.

1.2.4 Sponsor-Supported Efforts

Rights to copyright developed as a result of work supported partially or fully by an outside individual or organization through a contract or grant shall be disposed of in accordance with the terms of the contract or grant. In those cases where all rights are vested in the University or in cases where royalty income is shared between the sponsor and the University, the author appropriately may share in the income. The nature and extent of author participation in royalty income, however, shall be subject to sponsor and University regulations.

1.3 Administrative Procedures

The Vice-President for Research and Development or his/her designated representative shall administer the principles and policies set forth herein.

- (1) Routine cases where the author(s) and the Vice-President for Research and Development, or designee, agree as to classification and handling shall be processed automatically according to the principles and policies set forth herein.
- (2) The Vice-President for Research and Development shall be responsible for, and that office shall be active in, providing advice and assistance in copyright related materials to the Members. Those responsible for carrying out programs which may generate copyright with full or significant support by the University or a sponsor shall clarify in advance any questions with respect to rights, disposition, and income distribution.
- (3) It shall be the responsibility of each producer of University-assigned and sponsor-supported copyright to consider the desirability of documenting the copyright and to recommend appropriate action to assure further consideration of copyright when it is desirable. In addition, it shall be the responsibility of each Dean, Director, and Department Head to consider the possible desirability of documenting copyright as programs are initiated, reviewed, and/or renewed and to take appropriate action.

- (4) The implementation of the policy is intended to protect the rights of Members and the University and to preserve the historical precedent for individual efforts.

1.4 Appeal

Members of the University shall have a right to appeal from decisions of the Vice-President for Research and Development. Appeals shall be made to the President of the University.

1.5 Conflicts

This policy is subject to change where it conflicts with any decision by UGC or other relevant educational or governmental authority.

Note: The term "copyright" refers to all copyright activities both foreign and domestic.

- (1) The rights of the University and its Members are not limited to Hong Kong. The rights of foreign Members will be respected as far as is reasonably possible under Hong Kong copyright law.
- (2) Copyright protects the expression of an idea, not the idea itself, nor does it protect facts. The confidentiality of information is not protected by copyright and must be separately considered.
- (3) Products that are designed for both function and aesthetics can be registered as designs without copyright as defined in the original drawings or prototype but only for 15 years from first sale. Copyrights exist for the life of the author plus 50 years.

2. PATENTS

2.1 Preamble

The Hong Kong University of Science and Technology is dedicated to teaching, research, and the extension of knowledge to the public. Its Members recognize as two of their major objectives the production of new knowledge and the dissemination of both old and new knowledge. Inherent in these objectives is the need to encourage the development of new and useful services and processes and the publication of scholarly works. Such activities (1) contribute to the professional development of the individual staff members involved, (2) provide

additional educational opportunities for participating students, (3) promote the general welfare of the public at large, (4) enhance the reputation of the University.

Patentable inventions and materials often come about because of activities of faculty staff and students (Members of the University) who have been aided wholly or in part by their association with the University. Registering patents becomes significant, therefore, to insure the utilization of such inventions for the public good and to expedite their development and marketing. The rights and privileges, as well as the incentive, of the inventor must be preserved so that his/her abilities and those of other Members of the University may be further encouraged and stimulated.

It is the purpose of this document to set forth the rights and obligations of Members of HKUST with regard to inventions and the registration of patents which result from their employment or use of Members and facilities.

The University Council has the right to make changes in these policies from time to time.

2.2 Definition of Inventions

As used in this policy, the term "inventions" shall be deemed to refer to items which reasonably appear to qualify for protection under the patent laws or other protective statutes whether or not patentable thereunder or which appear to be commercially licensable, provided, however, that for the purposes of this policy the term "inventions" does not include computer software, which shall be the subject of a separate policy.

2.3 Patent Activity

Patent activities shall be under the general cognizance of the Vice-President for Research and Development.

Patent Activities will include the following:

- (1) recommending changes in policy and establishing procedures pertaining to inventions,
- (2) providing communication with Members as to the proper procedures for protecting patentable or otherwise commercially valuable inventions,
- (3) determining the disposition of all inventions,
- (4) arbitrating disputes,

- (5) overseeing the administration of all matters pertaining to inventions within and involving the University,
- (6) authorizing exception to established policy, and
- (7) assisting the University in matters pertaining to patent policy (such as determining authorship of inventions or personal claims of inventors).

The disposition of inventions will fall into three categories: (1) approved for patenting or licensing by the University, (2) rejection and releasing of rights in the invention to the inventor(s), and (3) determination that the University has no rights in the invention.

2.4 Policy Applicability to Faculty, Staff and Students

For the purpose of application of the Patent Policy of the Hong Kong University of Science and Technology, the term "Members of the University" is defined to include all part-time and full-time members of the faculty and staff and all other agents, employees, students, and fellows of the University. Subject to restrictions imposed by contracts with sponsoring organizations, the University shall have the sole right to determine the disposition of all inventions by the Members resulting from their employment or use of facilities administered by the University. If an invention occurs under a sponsored grant or contract, the University will attempt to have the sponsor follow the University patent policy but, failing that, the sponsor's policy terms will be controlling in the matter of limitations on the inventor's share or other differences.

Members may use the administrative structure associated with the Patent Policy of the University to pursue inventions in which they normally would have full rights. To make use of this service, the individual will be required to assign to the University his or her rights in the invention, which will be administered on the same basis as all other inventions subject to this policy.

2.4.1 Conflict of Interest

The Hong Kong University of Science and Technology encourages and assists Members of the University in the practice of their professions. The University particularly encourages intellectual property development when such enhances the Members' scholarship and professional creativity and recognition or brings direct benefits to Hong Kong's industry and commerce. It must be recognised, however, that activities and involvement in commercialization can result in actual or apparent conflicts of interest with the University. Every Member should be careful to avoid such conflicts.

It is not possible to anticipate all types of potential outside involvements. It is, therefore, always a Member's obligation to obtain prior written consent from the appropriate University official before undertaking any activity where a question of conflict of interest might arise.

Members shall promptly report in writing all inventions to the Vice-President for Research and Development.

2.5 Assignment of Rights

All Members of the University as defined above shall, as a condition of employment with the University, assign all rights, title, and interest, to the extent prescribed in this policy, in any invention as defined herein to the University. Each publication of the University's official Academic Calendar will contain a prominent statement that the provisions of the University patent policy are applicable to students and adherence thereto is a condition of continued enrolment.

2.6 Determination of Rights in Inventions

2.6.1 Sponsor-Supported Efforts

The grant or contract between the sponsor and the University, under which inventions are produced, may contain specific provisions with respect to the disposition of rights to these inventions. The sponsor:

- (1) may specify that the inventions be placed in the public domain,
- (2) may claim reproduction, license-free use or other rights including shared rights, or
- (3) may assign all rights to the University.

In those cases where all rights are vested in the University, or in cases where royalty income is shared between the sponsor and the University, the inventor may share in the royalty income. The nature and extent of inventor participation in royalty income, however, shall be subject to sponsor and to University regulations.

2.6.2 University-Assigned Efforts

Ownership of inventions developed as a result of assigned institutional effort shall reside with the University; however, there shall be a sharing of royalty income with the inventor as an incentive to encourage further development of inventions. Any invention will be considered as having been developed as an assigned duty when conception and/or development are in the area of principal competence for which the individual is employed or for which the student is registered.

2.6.3 University-Assisted Individual Effort

Joint rights of ownership, and/or sharing of royalty income, shall occur where the University provides any support of an individual's effort resulting in an invention by the contribution of faculty or staff time, facilities, or institutional resources.

2.6.4 Individual Effort

Ownership of inventions generated entirely on personal time and solely as a result of individual initiative, not in an area of principal competence, and not as an institutional assignment and/or employment responsibilities nor involving the use of University facilities or resources as defined above, normally shall reside with the inventor. Members desiring to perform consulting work for outside organizations are required to obtain prior approval from the University and are cautioned not to sign a conflicting patent agreement. Inventions made or developed solely in the course of consulting work performed for outside organizations for which the approval of the University has been obtained shall not be considered as having been made or developed in the course of University employment unless otherwise specified. Accordingly, all rights to such inventions other than those involving the use of Members, funds or facilities shall remain with the individual, or with the consulting sponsor.

2.6.5 Special Cases

It is recognized that special cases will arise which are not specifically covered by the guidelines above. Such special cases may be submitted to the Vice-President for Research and Development for resolution.

2.7 Administration of and Consideration for Rights in Inventions

- 2.7.1 If the University decides not to pursue the invention, or takes no specific action which indicates an intent to pursue the invention, within 90 days after the receipt of the discovery documentation, all rights revert to the inventor(s) upon request, subject to the provisions of Section 2.4.
- 2.7.2 If the University pursues the invention, it must file an application for a patent or commence negotiation of a license agreement within 270 days after receipt of the discovery documentation. If the University fails to file or commence negotiation of a license agreement within this period, all rights revert to the inventor(s) upon request, subject to the provisions of Section 2.4.
- 2.7.3 If the University pursues the invention but subsequently during the proceedings abandons the pursuit of the patent or license agreement, all rights revert to the inventor(s) upon request, subject to the provision of Section 2.4.
- 2.7.4 If the University receives a patent, negotiates a license agreement, or otherwise exploits the invention, the first \$10,000.00 in income to the University generated from the invention shall be paid to (or divided among) the inventor(s). For individual efforts as described in section 2.6.4., the inventor(s) shall receive fifty per cent (50%) of the first \$1,000,000 and 35% in excess of \$1,000,000 of net revenues received by the University from utilization of the invention. For conditions described in sections 2.6.1, 2.6.2 and 2.6.3 the inventor's share will be as determined in writing in advance and will never be more than share for conditions described in section 2.6.4. "Net revenues" is defined as gross revenues less any expenditures borne by the Hong Kong University of Science and Technology incurred in securing the patent or effecting a license agreement, and the development and administration thereof, and/or any and all expenditures incurred in contemplation of or in any litigation or controversy between parties involving rights under any such inventions.
- 2.7.5 If the University assigns the invention to an outside party for exploitation and that party abandons the pursuit of invention, decides from the outset not to pursue the invention, or takes no specific action which indicates an intent to pursue the invention within the scope of its agreement with the University, all rights to the invention revert to the University for a period of 90 days. If the University does not file for a patent within 90 days, subject

to the provisions of Section 2.4, all rights in the invention revert to the inventor(s) upon request.

2.7.6 If the outside party receives a patent, negotiates a license agreement, or otherwise exploits the invention, the first \$10,000.00 in income to the University generated from the invention shall be paid to (or divided among) the inventor(s). Thereafter, the inventor(s) shall receive fifty per cent (50%) of the first \$1,000,000 and 35% in excess of \$1,000,000 of net revenues (as that term is defined in Section 2.7.4 of this article) received by the University for exploitation of the invention.

2.8 Appeals

University Members shall have a right to appeal from decisions of the Vice-President for Research and Development. Appeals shall be made to the President of the University.

Note: The term patent refers to all patents both foreign and domestic.

3. SOFTWARE POLICY

3.1 Introduction

The Hong Kong University of Science and Technology is dedicated to the transfer of knowledge to the public. Inherent in this objective is the need to encourage the development of new and useful intellectual material and to make such work available to appropriate user communities. Because of the growing importance of the electronic computer as a tool for education and research, an important class of intellectual work relates to the development of computer software. Such activities (1) benefit University post graduate and undergraduate programs; (2) contribute to the professional development and advancement of the staff members; (3) promote the general welfare of the public at large by virtue of the benefits gained from the transfer of this technology and (4) enhance the reputation of the University.

As used in this policy, software is defined to be a sequence of symbols in whatever format, which, when interpreted by a computer, cause the computer to perform a prescribed function.

The University acknowledges that the faculty, staff, and students of the University (Members) regularly develop software that has intellectual and commercial value. It is recognized that software development by University Members may significantly contribute to both the academic/professional reputation of the

University and the development and advancement of the individual University Members. With the increased availability of computers, the opportunities for creating software have grown substantially, resulting in an increasingly complex set of issues being raised. Accordingly, the Hong Kong University of Science and Technology, in an effort to provide appropriate incentives to creators of marketable software, does hereby establish the following policy to encourage and support software development and the dissemination of software resulting from the efforts of its faculty, staff, and students. The policy has been developed from the viewpoint that the distribution of rewards should reflect, insofar as possible, the resources contributed and the risks assumed by the authors and the University.

The University Council has the right to make changes in these policies from time to time.

3.2 Determination of Rights in Software

Different rights and equities shall apply in the following four instances: (1) Individual efforts; (2) University assisted individual efforts; (3) University assigned efforts; and (4) Sponsor supported efforts.

3.2.1 Individual Efforts

The right to market software and retain the income resulting from the licensing of such software produced by Members of the University shall normally rest with the authors of such software provided that: (1) there is only negligible use of University Members and facilities except for facilities that are available without charge to the public; (2) the software is not prepared in accordance with the terms of a contract or grant; and (3) the software is not generated by University Members as a specific assignment nor while acting in any manner in an area of principal competence for which they are employed. Software authors may submit software which they believe qualifies as individual effort to the University for review, evaluation, and (if it so qualifies) for release. The University shall determine whether the software qualifies for release and respond to the authors. Such determinations will be made within 90 days after the receipt of the software and adequate supporting documentation by the Vice-President for Research and Development. The failure to submit any software for review and evaluation or the failure of the University to require compliance with the guidelines shall not be construed to be a waiver of any rights held by the University in or to Software which does not qualify for release.

Work done by Members of the University as consultants to outside firms is presumed to be in accordance with the University consulting policy, and questions about rights to intellectual property created under such arrangements should, according to that policy, be resolved in advance with the Vice-President for Research and Development.

3.2.2 University Assisted Individual Efforts

Rights to software produced by Members of the University shall vest with the University where there is any support of the individual's effort or use of University Members or facilities beyond that specified in Section 3.2.1. The University shall make a reasonably prompt determination as set forth in Section 3.3.2 below of its interest in outlicensing such software or retaining its rights to utilize such software in research, educational and service programs. If the University determines that it desired to outlicense the software, the Members' vested rights to royalty income from such outlicensing, up to a maximum of fifteen per cent (15%), shall be designated and shall be in addition to the distribution of royalty income from such outlicensing as set forth in Section 3.3.2 below. Vested rights shall be subject to negotiations beyond the limitations set forth in Section 3.3.2. If the University determines that it does not want to outlicense the software, then it may by appropriate contract provide for division of royalty and other matters or release its rights therein to the authors, provided the release does not conflict with retention by the University of a nonexclusive, royalty-free license for use of such software by the University for research, educational and service purposes.

3.2.3 University Assigned Efforts

Rights to software produced by Members of the University shall vest with the University if the University has assigned the task of producing the software. The University shall make a reasonably prompt determination as set forth in Section 3.3.2 below of its interest in outlicensing such software. If the University determines that it desires to outlicense the software, then the division of royalty income shall be determined as set forth in Section 3.3.2 below. If the University determines that it does not want to outlicense the software, then it may, by appropriate contract, provide for division of royalty and other matters or release its rights therein to the authors, provided the release does not conflict with any outstanding University commitments. Any such release will be subject to retention by the University of a nonexclusive, royalty-free license for use of such software by the University for research, educational and service use.

3.2.4 Sponsor Supported Efforts

Rights to software developed as a result of work supported partially or fully by an external organization through a contract or grant to the University shall be governed by the terms of the contract or grant. In cases where such rights are shared between the sponsor and the University, the authors may appropriately share in the license royalty income (excluding income from sale of patent and data rights). The nature and extent of such royalty sharing shall be determined as set forth in Section 3.3.2 below.

3.3 Administrative Procedures

3.3.1 Software Policy Administration

The Vice-President for Research and Development at the University shall administer these policies.

3.3.2 Royalty Income from Software (Guidelines)

Of the net royalty income received by the University from the outlicensing of any software, fifteen per cent (15%) of such royalty income shall be distributed to the member or members who developed the software and/or made a substantive contribution to the commercialization of the software. Net royalty income is defined to be gross royalty income received by the University after deduction of agent or sponsor fees, legal expenses, administrative expenses and other direct costs relative to the software in question, as determined by the Vice-President for Research and Development. The member(s) who may be entitled to a portion of the royalty income received by the University shall normally be designated by the Vice-President for Research and Development, upon consultation with the University Members involved in the development of the Software. Up to thirty-five per cent (35%) of the net royalty received shall be returned to the appropriate unit or units for maintenance and continued software development provided that the unit presents and implements acceptable plans for the use of such funds. All awards of royalty distribution from software outlicensing to Members of the University will cease when the Member's connection with the University ceases, except for reasons of death, disability, retirement, graduation, or other exceptional circumstances as determined by the Vice-President for Research and Development. If exceptional circumstances exist, distributions may continue for no longer than three years after the Members' connection

with the University has ceased. Thereafter, such Member's royalties shall be retained by the University.

3.3.3 Routine Cases

In routine cases where the authors and the Vice-President for Research and Development agree as to the classification of said rights and equities in submitted software, royalties may be allocated in keeping with the guidelines as set forth above.

3.3.4 Nonroutine Cases

All disputed cases shall be referred to the President for his/her written recommendations with respect to the classification of and rights and equities in submitted software for a final decision.

3.3.5 Implementation

In the implementation of this policy, the Vice-President for Research and Development may, with the approval of the President, contract with other nonprofit organizations for the development and management of its software licensing program. A copy of the executed contract (licensing agreement) shall be forwarded to the President.

The University may at its discretion and under directive of the Vice-President for Research and Development, utilize any protective mechanisms it deems appropriate for both physical protection of software covered by this policy and protection of the University rights to said software and royalty income therefrom.

3.3.6 Appeals and Conflicts

Members shall have the right to appeal decision of the Vice-President for Research and Development to the President of the University.

4. POLICY REGARDING SOFTWARE PIRACY

HKUST may be both a major licensee and also a licensor of computer software. As a consumer, the University may use thousands of software products ranging from off-the-shelf microcomputer packages to main-frame operating systems and applications costing thousands of dollars. As a producer, the University may license to others products which bring in revenues, part of which is returned to authoring Members through a compensation system.

Virtually all of these software products are licensed to the user. The unauthorized duplication, operation on machines other than for which licensed, or other "piracy", is a violation of law, and may expose the individual and the University to legal processes.

Commercial software vendors are becoming increasingly aggressive in enforcing their rights under the copyright laws.

It is the policy of HKUST that the copyright laws will be obeyed in all instances. The practice of illegally using or copying software will not be condoned, officially or unofficially. Those in positions of authority are expected to discourage software piracy in the strongest terms. No institutional support can be expected nor provided to those who violate such software licenses.

Cost may not be used as an excuse. Departments and Schools should ensure that funds are made available to purchase legally the software necessary to perform required functions.

5. TRADE AND SERVICE MARKS MANAGEMENT

5.1 Introduction

The copyright policies described above do not apply to the protection of HKUST's name, graphic symbols, and logos (known collectively as the "marks" of the University). Instead, the use of these marks is governed by the University's Trade and Service Mark Management Program.

5.2 Authority

The marks of the Hong Kong University of Science and Technology are properties of the University. The University has authorized the registry of these marks and manage their applications on behalf of the University. This authority includes the licensing for commercial uses of the marks and collection of royalties for the benefit of HKUST. The authority also covers control of any other uses of the marks, such as in fund-raising programs, in names of business enterprises, and in advertising and promotional programs of various businesses and organizations.

In particular, the use of the University's name or its abbreviation must by Ordinance, be authorized by the University's Council.

The University Council has the right to make changes in these policies from time to time.

5.3 Purpose of the Program

HKUST's marks are used to identify the University and its various programs, services, documents, publications, and products. The main purpose of the Trade and Service Mark Management Program is to ensure that the marks are used appropriately, in good taste, and with quality reproduction. Likewise, the program seeks to avoid misrepresentations of the University to the public.

HKUST's marks should not be used in ways that imply the University's endorsement of commercial products or services, or endorsement of causes or organizations not a part of the University.

Another objective of the program is to collect royalties on commercial applications of the marks, so that HKUST shares in the revenues of enterprises that use such marks. This objective is achieved through a licensing program that governs commercial applications.

5.4 Internal Use of Marks

Organizational units of the University, including chartered student groups, often wish to use the registered marks for identification and decoration purposes on stationery, business cards, reports, signs, flags, uniforms, and other materials. Such customary applications require routine approval.

Any intended use for the following purposes would normally not be approved. Any questions about appropriate use should be referred to the Secretariat of the University Council.

- Fund raising
- Selling products or services
- Promoting political ideologies or candidates

For example, faculty and staff members who engage in consulting work should not use the HKUST name or other marks in ways that would imply that their services or business ventures are officially connected with or endorsed by HKUST, unless the specific use has been approved in advance. Products displaying HKUST marks should not be marketed without prior approval. Approval of such uses of HKUST's marks will normally involve a licensing agreement.

24.2 Procedures for Uniform Application of Appropriate Research Practices at the University

(updated 27 March 2003)

Preamble

The University community has a collective responsibility to ensure that proper research practices are carried out in accordance with both international and University standards and regulations at all times, to be vigilant in guarding against serious lapses, and to report violations when they occur.

All research conducted at the University whenever involving animals, human participants, and safety should be reviewed for research practices. Under the auspices of the Committee on Research Practices (CRP), there are 3 Panels to review such practices. They are:

- Animal Research Panel
- Human Participants Research Panel
- Safety Panel

A. Procedures for Funded Research

Funded research include projects that are funded by the University Grants Committee (UGC) recurrent budget (e.g., Research Travel Grant), Research Grants Council (RGC) (e.g., Direct Allocation Grant and Competitive Earmarked Research Grant programs) and non-UGC/RGC sources.

There are 3 sequential stages that warrant review.

A.1 Proposal Stage

- (i) All research proposals registered with the Office of Contract & Grant Administration (OCGA) will be screened for research practices that involve animals, human participants, and safety. The screening is based on the Principal Investigator's (PI's) own declaration and Department Head's confirmation in Part II of the Research Project Date & Approval Sheet (obtainable from the OCGA homepage under "Forms").
- (ii) In the event that the PI declares that his research involves research practices issues, he must complete the CRP Review Form (obtainable

from the OCGA homepage under “Forms”). The OCGA will then transmit the proposal and completed forms to the Secretariat of CRP, namely, the Office of VP-RD.

- (iii) Upon receipt of the proposal and completed forms, the Secretariat will transmit them to the appropriate Panel for its review with a response time of 3 weeks. Because of the length of time that it may take to review the research practices issues, it is permissible that a draft version of the proposal be submitted, provided that the sections relevant to the research practices issues are completed.
- (iv) Upon receipt of the reviews from the Panels, the Secretariat will relay the outcome of the reviews and recommendations for corrections, if any, to the PI.
- (v) When the sponsor does not require a review on research practices, or when the sponsor permits such a review be completed at a later date, a proposal can be submitted to the sponsor whilst research practices review by the University is being conducted. If a proposal requiring some corrective measures is funded, such measures must be made before the research commences unless the Panel recommendation on corrective measures is successfully appealed to the CRP.

A.2 Initiation Stage

Prior to the commencement of the research, the Head of the Department in question must ensure that any corrective measures are made or successfully appealed. Failure in doing so will be deemed as a lapse in administrative responsibility and CRP will so report to the appropriate authorities.

A.3 Active Stage

A faculty member/researcher who wishes to deviate significantly from the agreed upon research protocol during the course of his/her research must request approval for the revised protocol. The ultimate responsibility for complying with the agreed research protocol rests with the individual faculty member/researcher. Any serious and wilful violation will be deemed as violation of academic integrity.

B. Procedures for Unfunded Research

Unfunded research include student projects and theses. An e-mail message will be issued to all faculty members at the beginning of each semester alerting them to the need to seek approval from CRP for research practices involving animals, human

participants, and safety for student projects, theses, and other unfunded research. The onus of reporting and thus seeking approval for such practices is on the individual faculty member/researcher.

C. Injunction to Withhold Research Resources

For any violation that occurs at the Initiation or Active Stage, CRP may request the appropriate administrative offices to stop the alleged violator from doing the work and from using space, funds, or any other resources pending a resolution.

D. Commercial Contracts

For commercially sponsored research which is normally handled by the Technology Transfer Center or RandD Corporation as contracts, the responsibility for ensuring that research practices issues are reviewed and recommended corrective measures are enforced should rest with VP-RD who normally has to approve these contracts.

24.3 Research Institutes and Centers

Research Institutes: Organisation and Reporting Relationships

(Approved by University Administrative Committee 5 March 1996; Updated 9 February 1998)

1. BACKGROUND

From its inception, HKUST has promoted the establishment of applied research institutes as its primary strategy for fulfilling that element of the HKUST Charter dealing with "assisting in the economic and social development of Hong Kong". Some institutes have been functioning for several years under a variety of reporting relationships. At its 7 March 1995 meeting, the University Administrative Committee (UAC) appointed a panel to review the independent research units and central facilities. The panel submitted its recommendations regarding independent research units to the UAC at its 1 August 1995 meeting. The UAC endorsed the report and instructed the VP-RD to prepare this information paper to be used as a basis for informing those involved in the various Research Institutes. It is based upon the report of the panel, with modifications recommended by the UAC. It contains further refinements resulting from discussions among the VP-RD, the Deans, and the current Institute Directors.

It is important to note that the framework suggested in this paper is heavily influenced by the experiences we have had to date with our two largest Institutes, BRI and HKTIIT. Both of these Institutes were fortunate in receiving substantial external donations for fast-track start-up. Significant funds were available for supporting research projects. Advisory committees were formed for recommending research directions and priorities. Procedures were established for soliciting and reviewing proposals.

The general framework presented herein reflects the needs of Institutes such as BRI and HKTIIT. Allowances must be made for variations from the generic framework presented herein, in order to best meet the needs of individual Institutes and their respective audiences. The VP-RD has the authority to approve deviations from any portion of the framework.

2. ROLE OF RESEARCH INSTITUTES AT HKUST

In general, HKUST benefits from the establishment of Research Institutes in the following aspects:

- . promotion of interdisciplinary research collaboration;

- . establishment of a critical mass of research capabilities in defined areas of priority;
- . providing an umbrella organization to attract funding;
- . assisting departments establish research directions;
- . enhancing visibility of research efforts in particular areas;
- . enhanced interactions with industry.

In some cases, Research Institutes will receive funding via donations and grants from various sources. These donations are considered seed funds to allow the Institute to launch an intensive research and development program. In other cases, Research Institutes will operate through a variety of other funding sources.

3. ESTABLISHMENT OF A RESEARCH INSTITUTE

Most of the existing research institutes were determined in deliberations occurring early in the life of HKUST. New Institutes will be established infrequently under criteria and procedures described below.

3.1 Criteria for Establishing Institutes

In general, Institutes at HKUST should focus on mission-oriented, applied research and development activities. Specific criteria are:

- . can contribute to the economic and social development of Hong Kong and the region;
- . have sufficient academic interest to attract significant participation by academic staff;
- . have the potential to attract external participation through contracts, cooperative agreements and other forms of support;
- . are characterized by a rolling 5-year plan which shall consist of a defined mission and scope, major research areas delineated, and schemes for technology enhancement of industries.

3.2 Approval for Establishment of Institutes

Proposals to establish Research Institutes are first submitted through an appropriate dean to UAC Committee on Research Infrastructure (CORI). CORI then makes a recommendation to the UAC, which has the approving authority.

3.3 Criteria and Procedures for Closing Institutes

Institutes will be closed when one or more of the following situations exist:

- . the Institute's mission has been fully accomplished and no further need exists;
- . the Institute's performance in attempting to fulfil its mission is judged to be unsatisfactory;
- . insufficient staff expertise to continue the Institute's work;
- . inability to achieve an acceptable level of external support.

Proposals to close an Institute may be initiated by the UAC on recommendation of the Management Committee. The proposal will be reviewed by CORI, who will then make a recommendation to the UAC. The UAC has the approving authority.

4. ORGANIZATION

4.1 Reporting Relation

The Director of a Research Institute is to report to an appropriate Dean who, in this capacity, reports to the VP-RD. Reporting in the present context covers all the usual managerial authorities and responsibilities, including organization, operation and evaluation of the Institutes. For cases where the home base of an Institute is an academic department, the Dean of the School to which the department belongs is the natural choice (see 4.3 below). For other cases, the designation of the appropriate Dean will be based on considerations of the closeness of common interest and relevance in research.

This reporting arrangement pertains to the functions of the Institute in question. As an employee of the University, the Director reports to the Head of the unit to which his/her appointment belongs.

It is recognized that certain Institutes will have significant involvement of faculty from two or even three schools. In such cases, the dean who is designated as having primary management responsibility will need to collaborate with a second and possibly a third dean. The VP-RD may approve on a case-by-case basis the inclusion of a second or a third dean within the Institute Management Group, described in Section 5.1.

4.2 Appointment of Director

The Director should normally have faculty status. He/she is to be appointed by the VP-RD in consultation with the VP-AA, and with recommendation from the relevant Dean and the Head of the home base unit (see 4.3). The Director has a term of 3 years and can be reappointed. Service beyond 2 terms, however, is not generally expected.

4.3 Home Base

Each Research Institute is to have a home base. It is usually an academic department but can also be other units. The designation is again on the basis of close common interest. The function of the home base is to provide to the Institute administrative support, including personnel support as well as operational expenses. The level of such support, expected to be minimal, is to be defined by the Dean in consultation with the Head of the home base unit.

5. MANAGEMENT STRUCTURE OF A RESEARCH INSTITUTE

The Director of a Research Institute reports through an appropriate Dean to the Vice-President for Research and Development. These three individuals constitute the Institute Management Group, described below (Sec. 5.1). The Administrative Staff of the Institute is based in a "home department". There are normally three advisory groups whose functions are explained in the following subsections (Sec. 5.2, 5.3, 5.4).

5.1 Institute Management Group

a. Composition

Chair: VP-RD

Members: Dean of School, Director of Institute

(A second or third Dean may be included)

b. Appointing Authority

UAC Policy

c. Function/Role

- (i) Serve as an advocate for the Institute within and outside the University
- (ii) Develop consensus on the vision and mission of the Institute.
- (iii) Review and approve the Institute Business Plan.

- (iv) Annually review actual progress against the plan and determine appropriate corrective action.
 - (v) Monitor the implementation of long term policies and directions recommended by the External Advisory Committee and the Program Steering Committee.
- d. Reporting Requirements
Prepare Annual Summary Report to UAC.

5.2 Program Steering Committee

- a. Composition
Chair: Institute Director
Members: Four faculty or professional staff who are heavily involved in the research focus areas of the Institute. At least one junior faculty or professional staff member should be selected.
- b. Appointing Authority
Institute Director, subject to approval of Dean.
- c. Function/Role
- (i) Serve as liaison between the Institute Management Group and the faculty within the University.
 - (ii) Recommend the appropriate research focus areas for the Institute.
 - (iii) Identify potential faculty participants in Institute programs.
 - (iv) Promote the Institute within and outside the University.
 - (v) Recommend appropriate policies and procedures for the Institutes.
 - (vi) Assist Director in formulating recommendations to the Institute Management Group relative to resource allocations.
 - (vii) Assist Director in conducting Annual Meeting to present project progress reports, overall Institute progress, and future plans.

5.3 External Advisory Committee

The make up and nature of the External Advisory Committee will vary among the Institutes, depending upon their areas of focus and the degree of development of

the associated industries in Hong Kong. While foreign experts may be helpful initially, local and regional experts should become relatively more important as the Institute achieves its goals related to commercialization.

- a. Composition
Chair: Appointed
Members: Selected

- b. Appointing Authority
VP-RD, upon recommendation of Institute Director and Dean.

- c. Function/Role
 - (i) Advise the Director and the Institute Management Group on long term directions of research programs, strategies for commercialization, and overall Institute progress.

 - (ii) Serve as an advocate for the Institute among the Institute's and University's various publics.

 - (iii) Facilitate faculty access to relevant industrial partners.

 - (iv) Play a pro-active role in commercialization phases of Institute programs.

 - (v) Assist in identifying and attracting the necessary human, physical and financial resources for the functioning of the Institute.

- d. Reporting Requirement
Prepare a Committee Report upon the completion of each visitation.

5.4 Project Review Panel

Project review panels are considered ad hoc groups whose composition at any one time is determined by the nature of the research activity being emphasized. Project review panels will be employed most extensively by those Institutes that have significant levels of external funding designated for the support of faculty research. Early discussion of a proposed project with the Institute Director is highly desirable.

- a. Composition
Chair: Appointed by Director
Members: Selected as appropriate. Where possible, include members external to HKUST.

- b. *Appointing Authority*
Director of Institute Director.
- c. *Function/Role*
 - (i) For those Institutes having seed money for allocation, review solicited research proposals, and recommend those to be funded.
 - (ii) Assist Director in reviewing those proposals to RGC, ITF, and other outside agencies which request Institute endorsement.
- d. *Reporting Requirements*
Prepare project proposal review documents according to established procedure.

5.5 Responsibilities of Institute Director

- a. *Leadership*
Serve as the Intellectual Leader in the area of research emphasized in the Institute. Foster an "Institute mentality" among the participating faculty.
- b. *Planning*
Develop and Maintain the Institute Strategic Plan
 - . Mission
 - . Goals
 - . Areas of focus; Scope
 - . Anticipated Impacts
Develop and Maintain Institute Business Plan
 - . Current Research Program Areas
 - . Objectives
 - . Strategies
 - . Resource/Financial Plan
 - . Commercialization Plan
 - . Industry Interaction/Support
- c. *Project Management*
Proposal Solicitation, Evaluation, and Selection
Tracking Project Progress
Reporting Project Progress
- d. *Coordination and Administration*
Arrange Meetings
Facilitate Inter-project Synergism

- e. *Financial Management*
 - Approve Project Budgets
 - Review BR's Submitted by Project PIs
 - Monitor Rates of Expenditure
 - Prepare Financial Reports

- f. *Coordination with Head/Director of "Home Base" Unit*
 - Supervision of Administrative/Clerical Staff
 - Maintenance of Institutes Records/Archives
 - Consultation on Resources Provided by Home Base Unit
 - . Administrative/Clerical Support
 - . Operational Budget Support

- g. *External Relations, Communications*
 - Promote Institute Image to Appropriate Customers
 - . Brochures, Videos
 - . Public Relations Efforts
 - . Seminars, Workshops
 - Participation in Scientific/Technical Society Activities
 - Service on Industrial and Government Committees
 - Visitations to Industrial Firms
 - Participation in Community Education/Awareness Initiatives

- h. *Fund Raising*
 - Maintain Awareness of Relevant Funding Sources
 - Work Collaboratively with the University Development Office and other HKUST Executive Staff in Identifying Potential External Donors (See Section 6.4)

- i. *Reporting*
 - Semi-annual Report to Management Committee
 - Annual Report
 - . To Management Committee
 - . To External Oversight Committee (if applicable)
 - Maintain and Publish an Institute Paper Series

5.6 Measures of Effectiveness of an Institute

In general, the effectiveness of a Research Institute will be measured against the goals and objectives contained in the Institute's Business Plan. This plan is revised annually and projects 5 year goals/objectives on a rolling basis.

Other measures of effectiveness, stated in generic form, are as follows:

- a. Impact on professional practice in the areas of focus for the Institute.
- b. Contributions to the body of knowledge.
- c. Intellectual properties produced
 - (i) Patents
 - (ii) Copyrights
 - (iii) Licenses
- d. Technology Transfer
 - (i) Papers published
 - (ii) Conference presentations/papers
 - (iii) Workshops, seminars
 - (iv) Consultancy
- e. Student assistance/training
 - (i) MPhil
 - (ii) MSc
 - (iii) PhD
- f. Leveraging achieved
 - (i) RGC/UGC funding
 - (ii) ITF funding
 - (iii) Private sector funding
 - (iv) Equipment donations
- g. Commercialization
 - (i) Research collaborations
 - (ii) Product licensing
 - (iii) Joint ventures
 - (iv) Successful spin-offs
- h. Degree to which Institute has achieved revenue from a variety of sources.

6. RESOURCES

6.1 Research Funding

While the Research Institute should strive for external resources, internal funding should also be made available in accordance with the notion that areas defined by the Institutes are of the utmost importance.

6.2 Equipment Funding

For new Institutes which are equipment intensive but lack seed funding, they can apply to the Equipment Committee, as long as the equipment under consideration is specific to the Institutes.

6.3 Administrative Resources

Administrative support and expenses of individual Institutes are to be absorbed by the home-base departments (see 3.3). In addition, the office of the VP-RD will serve as an information and communication service center for the Institutes.

6.4 External Donations

Major efforts should be made by HKUST executive staff to identify potential external donors and to aggressively pursue any such opportunities, with the support of the Director of the Institute and the External Advisory Committee.

Procedures for the Establishment and Review of Research Centers

(Approved by University Administrative Committee 15 April 1999)

BACKGROUND

The criteria, establishment, approval, management, and review of research Institutes and Central Facilities were recommended by the Review Panel on Existing Independent Research Units and Central Facilities, and two documents were approved by the UAC, as follows :

- Research Institutes : Organization and Reporting Relationships approved 5 March 1996, and updated 9 February 1998
- Recommendations for Central Facilities approved 5 November 1996

This document addresses the establishment and review of research Centers.

RATIONALE FOR RESEARCH CENTERS

While Institutes promote and facilitate interdisciplinary research collaboration, Centers tend to be more focussed and may be established within a single department to advance the complementary research interests of a group of faculty and researchers.

The rationale for the establishment of a Center is similar to that for an Institute, namely:

- to promote research collaboration
- to develop a critical mass of research capability in a defined area of research
- to provide visibility to assist in attracting external funding, or
- recognition for having attracted substantial external funding and being designated a Center by a funding agency

ESTABLISHMENT OF A RESEARCH CENTER

Stage I

A plan to establish a Center should first be prepared and discussed with the appropriate Head(s) of Department, Dean, and the VPRD. The plan should summarize :

- why the Center is being established
- mission and objectives
- participants
- anticipated accomplishments and benefits accruing from the Center
- activities and programs
- how the Center will be structured/managed/governed/funded
- proposed Director (and if appropriate, an Associate Director)

If all agree that the proposed Center is an appropriate and timely initiative, the plan (amended as necessary) will be submitted to the Committee on Research Infrastructure (CORI). CORI may then approve the Center with probationary status for a period of two years.

Stage II

In order to gain full recognition by the University, proponents of the Center must prepare and submit a full application before the end of its two-year probationary period. If no such application is submitted, the Center will be presumed inactive and its recognition withdrawn.

The full application, for submission to CORI, should address the elements specified above, provide a report on activities during the Center's probationary period, and submit a three-year operational plan, including funding anticipated by year.

The submission to CORI shall propose a Director (and, if appropriate, an Associate Director) of the Center. Such person(s) will be full-time faculty members at HKUST who will serve without additional remuneration initially for a period of three years. The Director of the Center will report to the appropriate Dean and will provide information about the Center through the Dean to the VPRD.

REPORTING AND REVIEW OF A RESEARCH CENTER

The Director will be responsible for leadership, planning, coordination, and management of the activities and programs of the Center. He/she will prepare a brief annual report on the activities of the Center for the period 1 July - 30 June, by 31 July each year, for consideration by CORI for its annual report on Research Institutes and Centers to UAC each year.

In the final year of appointment of the Director, the Center shall be reviewed by a Committee including the appropriate Head, Dean and VPRD (or representatives thereof). This Committee shall recommend a Director for the following term or, if the Center is perceived to be unsuccessful or inactive, may recommend its closure to CORI.

EXTERNALLY RECOGNISED CENTERS

Centers may also be established with external funding and be designated as such by an external funding agency. All such proposals for funding should be submitted to OCGA for review and submission to the agency in the usual manner. TTC can assist in the development of industrial linkages and partnerships if a private sector contribution is a required element of any such proposal.

The lifetime of such Centers is normally coincident with the period of external agency funding.

24.4 Policy on Faculty Involvement in Commercial Pursuits

(Revised: 2 September 2003)

PURPOSE

- 1.1 Specifies policy and procedures regarding faculty involvement in commercial pursuits.
- 1.2 Establishes requirements for biannual disclosure and certification.

AUTHORITY

- 2.1 Developed by the Vice-President for Research and Development (VPRD) and the Vice-President for Administration and Business (VPAB) in collaboration with a Senate subgroup. Approved by Standing Committee of University Council.

DISCUSSION

- 3.1 It is beneficial to the University and to society at large for faculty to have a strong interest in the application of research and development. Some of the best faculty are interested in commercialization, which in turn stimulates some of their best work.
- 3.2 The practice of University employees becoming involved in commercial pursuits raises issues that must be addressed. Examples of such practices are :
 - (a) Engaging in paid external consulting or commercial R&D activities.
 - (b) Taking an equity position or financial interest in a company which engages in commercialization of University research and development.
 - (c) Taking a lead role in the formation and/or management of a company.
- 3.3 It is noted that involvement in any of these examples could consume considerable time and intellectual energy, thereby adversely affecting the faculty member's effectiveness in fulfilling his/her University responsibilities.
- 3.4 While entrepreneurial and commercial R&D activities of faculty should be encouraged, it is important to establish policies, guidelines, and management oversight so as to maintain a proper balance with regular University duties and to avoid conflicts of interest.

DEFINITIONS :

CONFLICT OF INTEREST

- 4.1 A conflict of interest occurs when there is a divergence between an individual's obligations to the University and his/her private interest, such that an independent observer might reasonably question whether the individual's actions or decisions are determined by considerations of personal gain, financial or otherwise.
- 4.2 Examples of conflict of interest :
- (a) Attempting to obtain financial support for conducting research programs outside the University, when such research could and ordinarily would be conducted by the investigator within the University.
 - (b) Directing students to engage in research or other activity from which the employee has the prospect of personal financial gain.
 - (c) Using University resources or facilities to realize personal financial gain.
 - (d) Failing to disclose on a timely basis the creation or discovery of potentially patentable inventions.
 - (e) Influencing University decisions that are favorable to companies in which the employee or a member of his/her immediate family has a financial interest.

CONFLICT OF COMMITMENT

- 5.1 A conflict of commitment arises when an employee undertakes external activities which burden or interfere with the person's primary obligations, responsibilities, and commitments to HKUST.
- 5.2 Examples of conflicts of commitment :
- (a) Commitments that involve frequent or prolonged absence from the University on non-University business.
 - (b) Commitments that engage a substantial portion of the time a member is expected to spend in University-related activities and which thereby dilute the amount and/or quality of participation in the instructional, scholarly or administrative work of the University.

PRINCIPLES

- 6.1 The following principles are the basis for formulating policies and procedures for faculty involvement in commercial pursuits, and for management oversight of same:
- (a) HKUST recognizes its obligations to contribute to the economic and social development of Hong Kong and region, and therefore encourages its faculty to engage in appropriate activities that might lead to early commercialization and/or implementation of the results of scholarly investigations.
 - (b) Appropriate and limited faculty participation in commercial activities can make important direct and indirect contributions to the strength, vitality, and relevance of the University.
 - (c) Faculty must regard HKUST as their PRIMARY place of employment and professional pursuit; therefore, their primary commitment of time and intellectual energies should be to the educational, research, and service programs of the institution.
 - (d) As a public institution, HKUST has an obligation to assure that publicly funded resources not be used for the private gain of any of its staff. Such resources may be used to assist an external organization under a collaborative or contractual research agreement with HKUST.
 - (e) In keeping with standards maintained in leading research universities throughout the world, HKUST maintains an OPEN ACADEMIC ENVIRONMENT, in which all University research is governed by the tradition of free exchange of ideas and timely dissemination of results. Proprietary investigations are permitted in certain situations when working with industry.
 - (f) Students must be able to choose research topics for educational reasons and must not be influenced by the need to pursue investigations of direct interest to a particular firm, or by faculty wishing to accrue personal financial gain from student-performed research work.
 - (g) Faculty are required to disclose their involvement in commercial pursuits biannually.

GUIDELINES

- 7.1 The existing policy on consulting permits academic staff at HKUST to engage in consulting and professional activities to a maximum of 52 days per year. (Ref. *Policy*

on *Consulting by Academic Staff*, as updated on 1 Apr 2003, and the *Supplementary Guidelines on Consulting Policy* introduced on 1 Apr 2003).

- 7.2 Academic staff may not accept significant executive responsibilities in a commercial organization as part of their professional activities, whether such responsibilities are performed on a paid or unpaid basis. Under exceptional circumstances, prior approval may be considered by VPRD with the recommendation of the Dean. Such involvement is regarded as a Group A activity in the *Supplementary Guidelines on Consulting Policy* and, as such, must be disclosed biannually.
- 7.3 Faculty who wish to assume a lead role in a company may apply for Professional Leave (Personnel Circular No. 1/2000) and then return to full time employment at HKUST.
- 7.4 A Technical Collaboration Agreement or a Fee for Services contract between HKUST and the commercial party is required if University personnel, facilities and/or resources are to be used in commercial pursuits.
- 7.5 HKUST faculty must report all cases in which they or members of their immediate family have financial interests or any employment or consultancy roles in firms with which the University has relations, and where they are involved in such relations in the course of their work in the University. Reporting will not however be required if their financial interest is in a publicly listed company for which their shareholding interest amounts to less than 5% of the company's equity. For this purpose, "relations" include (but are not limited to) procurements, sponsored projects, joint ventures, or technology licensing agreements. If the financial, ownership or management interest in the firm belongs to a faculty member's other family members or friends, disclosure will also be required as cases arise.
- 7.6 Faculty involved in commercial pursuits do so of their own volition and are in no way representing the University in such endeavors. Furthermore, the University shall be held harmless from any liability resulting from the actions of faculty members so involved.
- 7.7 Exceptions to these policies may be granted only by the VPRD.
- 7.8 The VPRD is the University Officer responsible for interpreting and overseeing implementation of and compliance with this policy.

PROCEDURES

- 8.1 All HKUST academic staff must disclose their consulting activities for, and/or their significant financial interests in, any firms, and must certify their compliance with

HKUST's policies related to conflict of interest and commitment every six months. Faculty members must also disclose any other arrangements with organizations which require a significant amount of their time. Specific reporting requirements include the following:

- (a) Involvement in any executive or managerial role in organizations. (Prior approval by VPRD required)
 - (b) Significant financial interest in any organization with which the University has relations. (Prior disclosure to VPRD required)
 - (c) Any case in which the faculty member was an inventor of intellectual property which has been or will be licensed through HKUST to any entity in which the faculty member (or members of their immediate family) has an employment, consulting or significant financial interest. (Prior approval by VPRD required)
 - (d) Any cases in which students or HKUST employees were involved in any consulting or commercial pursuit. (Prior approval by VPRD required)
 - (e) Any cases in which University resources were employed while pursuing consulting or commercial activities. (Prior approval by VPRD required)
- 8.2 The "Disclosure/Certification of Compliance Form" is attached. *[Form not reproduced in this Handbook]*
- 8.3 In addition, faculty members must disclose to the Vice President for Academic Affairs (VPAA) through their Department Head and Dean on an ad-hoc basis, current or prospective situations which may raise questions of conflict of commitment or interest, as soon as such situations become known to the faculty member.
- 8.4 The Disclosure/Certification of Compliance Form should be completed and submitted with the biannual Report of "Group A" and "Group B" Consulting Activities (Ref. *Supplementary Guidelines on Consulting Policy*).
- 8.5 Vice Presidents will file their own biannual Report of Consulting Activities and Disclosure/Certification of Compliance Form with the President.
- 8.6 The President will file his/her own biannual Report of Consulting Activities and Disclosure/Certification of Compliance Form with the Chairman of the University Council.
- 8.7 Department Heads, Deans, and other University officers are responsible for the management oversight of all faculty activity, including their involvement in commercial

pursuits. Any suspected or perceived cases of violation of the policies set out in this statement should be directed to the VPRD. VPRD will conduct an investigation and, in consultation with VPAA, will recommend appropriate actions regarding the alleged violations.

24.5 Policy on Faculty Involvement in Start-up Companies and HKUST Faculty Entrepreneurship Program

PURPOSE

- 1.1 To assist faculty, staff and students to establish technology-based start-up companies for the long term benefit of the Hong Kong economy and society.
- 1.2 To introduce the HKUST Faculty Entrepreneurship Program that will facilitate and support the establishment of technology-based start-up companies.

AUTHORITY

- 2.1 Developed by the Vice President for Research and Development in collaboration with the Committee on Research Infrastructure (CORI), approved by the University Administrative Committee (UAC) on 4 May 1999, and reported to the Standing Committee of the University Council on 26 May 1999.

OBJECTIVES

- 3.1 Consistent with the second element of HKUST's objectives ("to assist in the economic and social development of Hong Kong"), we must strive :
 - (a) to facilitate knowledge diffusion and technology transfer to existing Hong Kong companies to assist them to grow and to develop new or improved products and services
 - (b) to stimulate the creation of start-up companies, noting that such entrepreneurial ventures can make significant contribution to the economic growth of Hong Kong
- 3.2 From a broad societal perspective, we must help Hong Kong to diversify its economy by the growth of a technology-based, high value-added sector, thereby creating quality jobs and wealth and enhancing the prosperity and quality of life of the SAR.
- 3.3 From a more local perspective, we wish to be seen as a good institutional citizen, a good investment of public funds, and a substantial benefit to the SAR.

BACKGROUND

- 4.1 This document and policy statement relates to VPRDO Circular No. 1/2000 "Policy on Faculty Involvement in Commercial Pursuits".

- 4.2 This policy recognizes our obligations as a publicly-funded institution. The University must use its facilities and resources in a responsible manner and be sensitive to issues such as the use of public funds and conflicts of interest and commitment.
- 4.3 This policy is within the bounds of University policy and practise, including the following :
- (a) intellectual property (IP) rights arising from the activities of faculty (and staff and students) in those areas of expertise for which they are employed by the University are owned by HKUST [1]
 - (b) faculty should disclose on a timely basis any IP which may have commercial potential [2]
 - (c) the proceeds of commercialization of IP are shared between the creator(s) and the University [1]
 - (d) faculty should commit no more than one day per week on outside professional activities [3], and should not accept significant executive responsibilities in a commercial organization [2]
 - (e) faculty who wish to assume a lead role in a company are encouraged to apply for a period of no-pay leave of absence from HKUST [2]
 - (f) prior to undertaking a consulting relationship with a third party, faculty must disclose this relationship in writing to the Department/Division Head [3]
 - (g) faculty must certify biannually to their Department/Division Head their compliance with HKUST's policies related to conflict of interest and commitment, and disclose their consulting activities for, and/or their significant financial interests in, outside organizations [2]

UNIVERSITY INTEREST IN START-UP COMPANIES

- 5.1 The interest that may reasonably be claimed by the University in a start-up company is dependent on the circumstances under which such new ventures are created. The formal authority is vested with the Vice President for Research & Development.
- 5.2 If a faculty member starts or joins a company which requires identifiable or patented IP, the company must obtain a license from HKUST. This will be negotiated on a case-by-case basis, and the University can take payment by an up-front fee, deferred royalties, and/or ownership in the company.
- 5.3 If a faculty member starts or joins a company, using expert knowledge, ideas, concepts and market insight, but requires no patent material filed or other IP

documented by HKUST, the University requires no royalty payment or equity ownership in the company.

- 5.4 If a faculty member starts up a company using expert knowledge, ideas, concepts and market insight, but requires no patent material filed or other IP documented by HKUST, or has licensed University-owned IP, the company can join the HKUST Faculty Entrepreneurship Program (see below) and be eligible for certain services and resources of the University. The University will normally claim 3% of ownership of the company, subject to the assessment and final approval of the VP-RD.
- 5.5 A company requiring additional services, facilities or resources from the University, or seeking venture capital from the University, will be required to make additional payment to the University, to be negotiated on a case-by-case basis. The University may request up-front payment, deferred royalties, an increased ownership share, or a combination thereof.

THE HKUST FACULTY ENTREPRENEURSHIP PROGRAM

- 6.1 To assist faculty to start-up technology-based ventures, the University offers a package of services for its HKUST Faculty Entrepreneurship Program. Companies accepted into this Program will be given and may use the designation “HKUST Technology Venture”, and faculty who hold an equity share of at least 10% in such ventures will be designated an “HKUST Entrepreneur”. HKUST Technology Ventures will receive resources and services from the University which may include (subject to periodic amendment):
 - (a) pre-approved qualification for space in HKUST’s on-campus technology incubator and the services therein, at cost as determined by the University
 - (b) designation of an advisory team providing guidance on technical and management issues as appropriate
 - (c) introductions to potential investors, sources of venture capital, and potential partners
 - (d) discount rates for participation in trade shows and other promotional activities, and for continuing education and professional development programs offered by the University
 - (e) access to University communications and electronic services
 - (f) library privileges, and campus parking permit
 - (g) option of renting campus housing, when available.

- 6.2 In return for this package of resources and services, the University will normally receive a 3% share of ownership of the company gratis at time of acceptance to the HKUST Faculty Entrepreneurship Program. The University will be provided with the option to invest as the company expands, or not to further invest and its share be diluted, as well as the right to cash in its partial or full ownership anytime at its discretion prior to the private or public sale of the company.

ELIGIBILITY FOR THE HKUST FACULTY ENTREPRENEURSHIP PROGRAM

- 7.1 To be eligible for the HKUST Entrepreneurship Program, a company must:
- (a) have a primary focus on technology in its products or services
 - (b) have been established for no more than 3 years at the time of application
 - (c) be registered in Hong Kong
 - (d) be owned at least 10% by faculty, staff or students of HKUST (past or present)

APPLICATION AND APPROVAL PROCESS

- 8.1 A faculty desiring to enter the HKUST Faculty Entrepreneurship Program must make application, in the first instance, to the Head of Department in which either the faculty member has her/his primary appointment, the staff member is employed, or the student is registered. For principals who have left HKUST, application may be made directly to the Vice President for Research and Development.
- 8.2 The Head of Department will pass the application, with comments, to the appropriate Dean, who will forward the application, with further comments, to the VPRD. The VPRD, in consultation with parties involved, will make a decision on the application. Under the present practice, applications will be processed by the HKUST RandD Corporation Ltd., who will provide a response to the applicant within 30 days.
- 8.3 The VP-RD will make periodic report to UAC on the status of the HKUST Faculty Entrepreneurship Program.

Note: Application details can be obtained from the VPRDO web-page (<http://www.ust.hk/~webvprdo>) under "Policies and Procedures".

REFERENCES

- [1] Intellectual Property Policies
- [2] Policy on Faculty Involvement in Commercial Pursuits
- [3] Policy on Consulting by Academic Staff

The HKUST Faculty Entrepreneurship Program

The HKUST Faculty Entrepreneurship Program was introduced to assist faculty, staff and students in the establishment of technology-based start-up companies. It is the policy of the University to promote such activities for the benefit of the Hong Kong economy and society.

A policy statement addressing “Faculty Involvement in Start-up Companies and HKUST Entrepreneurship Program” was accepted by UAC on 4 May 1999, reported to the Standing Committee of the Council on 26 May 1999, and distributed as Office of VP-RD Circular No. 1/99 in July 1999.

Eligibility Criteria

The eligibility criteria for a company to be accepted into the Entrepreneurship Program are:

- it must have a primary focus on technology in its products or services
- it must have been established for no more than 3 years at the time of application
- it must be registered in Hong Kong
- it must be owned at least 10% by a member of faculty, staff or student of HKUST (past or present)

Services Provided by the University

A company accepted into the Entrepreneurship Center will be provided with the following package of services:

- space
 - for a period of up to 3 years (annually renewed)
 - at a cost set by the University to cover maintenance and operation
 - no supplementary charge for basic utilities (lighting, air conditioning and electrical supply)
- central office services in the Entrepreneurship Center
 - including a receptionist/secretary/liaison person with the University, and access to photocopier and fax machine (with direct operating costs paid by incubatees)

- communications
 - no supplementary charge for internet connectivity (one line per room, supplied by ISP).
- access to an Advisory Committee providing guidance on technical and management issues
- introduction to potential investors, venture capital companies, and partners
- discount rate for participation in trade shows, convention displays, and other promotional activities in which the University takes part
- discount rates for continuing education and professional development programs offered by the Engineering Industrial Consortium
- library card
- campus parking permit

Application Process

A company or individuals wishing to know more about the Entrepreneurship Program are encouraged to enter into informal discussion with either the Director of the Entrepreneurship Center or the AVP-RD, as early as possible.

Formal application to enter the HKUST Entrepreneurship Program should be made to the Vice President – Research & Development, by means of the Application Form (obtainable from VPRDO's web page: <http://www.ust.hk/~webvprdo>., under "Policies & Procedures"). The information provided is intended to allow the University to evaluate the activities and opportunities of the new venture.

In addition to completing this one-page form, applicants should submit a brief Business Plan.

The VPRD may convene a meeting of a review committee, at which the proponent(s) will be invited to make a brief presentation on the new venture. The VPRD will endeavour to provide a response to the proponent(s) within 30 days of submission of the application.

Acceptance

Upon acceptance into the HKUST Entrepreneurship Program, the proponent(s) will be offered an Agreement specifying:

- space, its cost and period of rental
- services to be provided by the Entrepreneurship Center
- the terms and conditions of the Program
- the ownership share given to the RandD Corp, and the resulting rights and obligations acquired by the RandD Corp in the affairs of the company
- any special agreement relating to University IP/technology, services, etc.

Upon signature both by the appropriate company officers and by the VPRD on behalf of the University, the company will be given and may use the designation “HKUST Technology Venture”. Any member of the University who owns at least 10% of the new venture at time of approval can be designated an “HKUST Entrepreneur”.

The HKUST Venture Capital Fund

Venture Capital Fund

HKUST has established a Venture Capital Fund (VCF) under the management of the HKUST RandD Corporation.

The purpose of this Fund is to provide resources for the development and commercialization of HKUST-related technology and to assist technology-based start-up companies. The fund is intended to support a number of opportunities which are considered to have exceptional potential of commercialization. It will be used mainly as equity capital. Further, it is intended to be used as seed-money to attract investments from third parties. Thus, the University's contribution may be conditional on the identification and commitment of other sources of funding for the project or new venture.

The Venture Capital Fund is complementary to the HKUST Faculty Entrepreneurship Program. However, it is not intended that all companies accepted into the Entrepreneurship Program will receive venture capital funding – although all are eligible. Nor is it intended that application for the Faculty Entrepreneurship Program be a criteria for venture capital funding from the University.

Eligibility Criteria

The eligibility criteria for a company to be considered for the VCF are:

- it must have a primary focus on technology related to fields of HKUST
- it must be a recent start-up
- it must be registered in Hong Kong
- it must be owned at least 10% by a member of faculty, staff or student of HKUST (past or present)
- it must have the ability to attract other investments

The eligibility criteria for a project to be considered for the VCF are:

- The technology should be developed mainly at HKUST by faculty, staff or students of the University

Application Process

The proponents of a technology or the principals of a new venture interested in accessing the HKUST Venture Capital Fund should contact the HKUST RandD Corporation Ltd (RDC), as early as possible. If the company meets the eligibility criteria, a formal application should be prepared. The Application Form (obtainable from VPRDO's web page: <http://www.ust.hk/~webvprdo>, under "Policies and Procedures") should be completed. The required Business Plan should be structured to show how the investments from the VCF and elsewhere are integrated into the financial plan of the company or technology development program.

Every attempt will be made to reach a decision and provide a response to the company within two months of submission of the formal proposal. Provision of complete information on the project by the applicant will greatly facilitate the decision process.

Acceptance

Upon approval of the formal application by RDC, the applicants will be offered an Agreement specifying:

- the terms and conditions of the VCF contribution
- the rights and obligations acquired by the University through the RDC in the affairs of the company or in the technology under development
- Other relevant information.