



COMMERCIALIZATION POLICY



RESEARCH



INNOVATION



COMMERCIALIZATION



ORIC

OFFICE OF RESEARCH, INNOVATION
AND COMMERCIALIZATION

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CUST Commercialization Policy

1. Introduction

The degree programs offered at Higher Education Institutions (HEIs) like CUST are designed to culminate in meaningful academic and practical outcomes that show the learning and capabilities of their students. For undergraduate students, this is typically expressed through the Final Year Project (FYP), while for graduate students, it is the research contribution made during the course of their studies.

However, when these efforts are limited to just producing reports that remain idle on library shelves, stored on hard drives, or forgotten entirely, a possibly valuable opportunity is lost. The true value of university-based research and innovation lies not just in almost wasted documentation, but in its potential to solve real-world problems, contribute to societal improvement, and support economic development.

The Commercialization Policy of CUST aims to bridge this gap by enabling the transformation of academic outputs into practical, real-world solutions. It establishes a framework through which faculty and student innovations can be assessed, protected, and brought to market — offering a win-win scenario for both creators within the university and stakeholders outside who benefit from such advancements.

1.1 Purpose and Scope of the Policy

The purpose of this policy is to define the concept, process, potential risks, and benefits associated with the commercialization of work produced within the University. It aims to safeguard the rights and interests of all individuals involved in the creation and development of such work.

This policy applies to all university-originated work — whether or not it results in a formally recognized Intellectual Property (IP) — and whether it emerges from undergraduate projects, graduate research, or independent academic or creative efforts.

The Commercialization Policy outlines the principles and procedures for the fair and transparent distribution of any proceeds generated through commercialization, ensuring that contributors and the University each receive their due share.

1.2 Linkage with the Intellectual Property (IP) Policy

The Commercialization Policy and the Intellectual Property (IP) Policy are closely interlinked. While the IP Policy governs the identification, protection, and ownership of intellectual assets created within the University, the Commercialization Policy provides the framework for monetizing those assets.

Importantly, the Commercialization Policy may apply to university-originated work regardless of whether it has been formally recognized or filed as IP. This includes projects or contributions that have commercial potential but may not meet the formal criteria for intellectual property registration.

It is also important to note that ownership share in IP, as defined under the IP Policy, does not automatically determine revenue share. Rather, IP ownership defines the right to participate in decisions and negotiations related to the commercialization of that work. The actual distribution of proceeds is governed by this Commercialization Policy, subject to mutual agreements or default institutional guidelines.

2. Guiding Principles

To protect the rights of everyone involved, this policy has been formed keeping in view the following:

2.1 Fair Benefit-Sharing for Stakeholders

Whether the output is an undergraduate Final Year Project (FYP) or a graduate-level research contribution, it typically represents years of intellectual effort — including reading, analysis, experimentation, and practical application. The final outcome is rarely the result of a single individual's effort. Instead, it is shaped through the contributions of multiple stakeholders, such as students, faculty supervisors, external mentors or collaborating institutions, funding bodies, and the university itself through its infrastructure, resources, and administrative support.

To ensure fairness and maintain long-term motivation for research and innovation, it is essential that all contributors receive a just and proportionate share of any financial or reputational

benefit resulting from commercialization. A transparent and equitable distribution framework not only reinforces institutional integrity but also encourages future collaboration and a culture of impact-oriented research.

2.2 Transparency and Accountability

From the initial definition of revenue or equity distribution to the actual receipt of benefits, the commercialization process must ensure that the share of each contributor is clearly defined, formally recorded, and practically implemented. These arrangements should be established as early as possible — ideally at the start of the commercialization activity or at the time of IP filing — and updated as necessary to reflect evolving contributions.

A commitment to transparency and fairness must be embedded in every stage of the process. All agreements, decisions, and financial transactions should be properly documented and subject to review, to ensure clarity and prevent future disputes.

While ORIC is the central body responsible for facilitating and enforcing commercialization processes, all individuals involved are accountable for upholding their roles and responsibilities. In the event of a disagreement regarding benefit sharing or contribution, the policy provides for timely and neutral dispute resolution led by ORIC. This principle of collective responsibility, transparent execution, and auditable fairness is a cornerstone of this Commercialization Policy.

2.3 Alignment with IP Policy and Agreements

All commercialization efforts must observe the University's Intellectual Property (IP) Policy and any legally binding agreements associated with the work, such as research funding contracts, collaborative MoUs, or sponsorship terms. Commercialization rights cannot override existing ownership or usage rights defined in prior agreements. ORIC shall ensure that commercialization is followed within these boundaries, and all stakeholders are expected to operate in accordance with institutional and contractual obligations.

2.4 Encouraging Innovation for Societal Impact

Final-year projects and other research outputs should not merely serve as academic exercises for fulfilling degree requirements. Instead, they should aim to address real-world challenges, whether local or global, with a clear intention to create a positive societal impact. Innovation that improves lives, solves pressing problems, or contributes meaningfully to the community should be the primary motivation for both faculty and students.

By embedding this value system into the academic culture, universities can become engines of positive change. As this mindset takes root among faculty and students, it will enhance the university's relevance and visibility in society and establish it as a contributor to national and global development.

3. Scope of Policy

This policy applies to any commercial activity arising from work conducted as part of a Final Year Project (FYP), research thesis, or any other academic, research, or development Endeavor undertaken within the university. The policy remains applicable regardless of whether the work resulted in formally registered Intellectual Property (IP) or not.

This Commercialization Policy specifically covers:

- Licensing to third parties
- Formation of startups/spin-offs

Additional commercialization pathways, such as consultancy-based IP monetization and use of university branding in commercial contexts, may be incorporated in future revisions of this policy.

4. Commercialization Pathways

Pathways refer to the different scenarios through which commercial activity may arise from degree-related work, research projects, or independently undertaken initiatives by faculty, students, or staff. These commercialization efforts typically follow one of two routes: licensing to third parties or the formation of startups or spin-offs.

This section outlines the distribution of revenue generated through these pathways under various scenarios.

4.1 Licensing to Third Parties

Licensing is a key pathway for commercializing university-generated work by granting rights to third parties to use, produce, or sell innovations developed through academic or research activities. Licensing applies only where the university holds or has a claim to Intellectual Property (IP)—such as patents, software, copyrighted material, or proprietary designs—arising from such work. All licensing agreements must be negotiated in coordination with the university's

designated office (e.g., ORIC or Legal Affairs) and require formal approval from the University Commercialization Committee (UCC), comprising representatives from ORIC, Legal Affairs, and Academic Affairs. Faculty, students, or staff must not enter into licensing discussions independently. Licenses may be exclusive or non-exclusive, depending on the nature of the agreement. Revenue generated through licensing will be shared as described in section 4.3.

4.2 Formation of Startups/Spin-Offs

The university encourages the formation of startups and spin-offs as a means to translate academic work and research outcomes into real-world impact.

- A spin-off refers to a company established to commercialize university-owned IP, developed through Final Year Projects (FYPs), theses, funded research, or other institutional activities. In such cases, the university may retain equity or other forms of return, depending on the nature of its contribution.

Startups and spin-offs seeking to use university facilities, branding, or incubation services must follow the university's formal approval process. The revenue or equity share from spin-offs involving university-owned IP will follow the same distribution principles as outlined under the licensing pathway, unless otherwise negotiated with the university's designated body in consultation with relevant stakeholders.

Where the university opts to retain equity in a spin-off instead of receiving direct revenue, such equity will be held in the name of the university and managed through ORIC (or a designated office). ORIC shall maintain proper records, monitor performance, and represent the university in shareholder matters.

- A startup refers to a new business venture initiated by students, faculty, or staff based on skills, know-how, or project experience, without involving university-owned Intellectual Property (IP). Startups are typically launched after the completion of a student's academic work—such as a Final Year Project (FYP) or research thesis—where the output can serve as a prototype or proof of concept to attract investors or external stakeholders.

If the student(s) involved in the original work choose to participate in the startup, contributing their time and effort to further develop the project, the equity/revenue distribution given in section 4.3 will apply.

4.3 Revenue Distribution

In all the cases mentioned in section 4.1 and 4.2 involving student(s) and supervisor, the following default equity/revenue distribution will apply:

- (a) Student(s)/Inventor(s): 70%
- (b) Supervising Faculty: 20%
- (c) University: 10%

However, if one or more students choose not to participate in the startup, the supervisor through ORIC, will obtain a written declaration from them confirming that they waive any future claims to ownership, equity, or revenue arising from the commercialization of the project. The shares of those who opt out will be equally distributed among the remaining partners.

If there is no involvement of student(s), and the work is conducted by faculty member(s) only, in that case revenue distribution will be as follows:

- (a) Faculty Member(s): 80%
- (b) University: 20%

This distribution serves as a general guideline. The actual share may be negotiated on a case-by-case basis by the appropriate university body, in consultation with all relevant stakeholders, taking into account the nature of the work, level of contribution, and strategic value of the commercial opportunity.

4.4 External Funding

Securing external funding—such as venture capital, angel investment, or funding from innovation agencies—is a key objective in the commercialization pathway. When a venture capitalist or any funding agency invests in a startup or spin-off, the original stakeholders shall sign a formal agreement with the funding entity. As a result, the funding agency may receive an equity share or revenue percentage from the proceeds of commercialization.

The terms of investment, equity dilution, and changes in shareholding must be documented and approved by the university's designated body (e.g., ORIC or the University Commercialization Committee) prior to finalizing the deal. All stakeholders are responsible for updating their agreements accordingly.

The university reserves the right to monitor the use of its IP, branding, or facilities throughout the investment period and shall review its position periodically to ensure alignment with its commercialization goals.

4.5 Dispute Resolution

In case of any dispute related to licensing terms, revenue/equity sharing, IP ownership, or participation in commercialization activities, the matter shall be referred to a University Dispute Resolution Panel (UDRP) constituted by the university. This panel shall include representatives from ORIC, Legal Affairs, and the relevant academic unit. The panel's decision shall be binding unless otherwise resolved through mutual agreement or legal remedy.

4.6 Exit and Reallocation of Equity or Revenue Share

In the event that any stakeholder—student, faculty, or university representative—wishes to exit the startup/spin-off after commercialization rights and revenue/equity shares have been established, the stakeholder must notify ORIC in writing.

The exiting party's share may be:

- Transferred to another approved stakeholder (subject to university review), or
- Bought back by the remaining stakeholders under mutually agreed terms.

In the absence of such agreement, the university's designated body shall mediate the reallocation of shares, ensuring that the commercial venture remains viable and the interests of all parties are protected.

This Commercialization Policy shall take effect upon its approval by the University's designated academic and governance bodies. All commercialization activities initiated thereafter shall adhere to its principles and procedures.

The University, through ORIC, shall be responsible for implementing and monitoring this policy, and for supporting stakeholders in navigating commercialization processes. Recognizing that commercialization practices, legal requirements, and innovation ecosystems evolve over time, this policy shall be reviewed periodically—at least once every three years—or earlier, if needed. Revisions may be proposed by ORIC in consultation with relevant academic, legal, and administrative units.

By institutionalizing this policy, the University affirms its commitment to fostering innovation, encouraging entrepreneurial activity, and ensuring that academic work leads to meaningful societal and economic outcomes.

Definitions

Incubation Centre: is a specialized program or physical space designed to nurture and accelerate the growth of startups and new ventures that are based on university research, technology, and intellectual property (IP). Its primary goal is to bridge the gap between academic innovation and commercial success.

Intellectual Property (IP): refers to creations of the mind, such as inventions, literary and artistic works, designs, and symbols, names, and images used in commerce. It is a class of property that results from the workings of human intellect and has commercial value.

Patent: is a legal right granted by a governing body to an inventor or assignee for a limited period of time, in exchange for the public disclosure of an invention

Spin-Off: refers to a company established to commercialize university-owned IP, developed through Final Year Projects (FYPs), theses, funded research, or other institutional activities.

Startup: refers to a new business venture initiated by students, faculty, or staff based on skills, know-how, or project experience, without involving university-owned Intellectual Property (IP).

Venture Capital (VC): refers to a type of private equity financing provided by investors to startups and early-stage companies that have been developed from university research. This funding is given in exchange for an ownership stake (equity) in the company.

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