BRNO UNIVERSITY OF TECHNOLOGY

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METHODICAL DIRECTIVE NO 2/2019

METHOD OF USING REVENUE FROM KNOWLEDGE TRANSFER AND ITS DOCUMENTATION

Article 1
Subject of amendment

1. The purpose of this Methodical directive is to set the rules for recording income and profit from knowledge transfer in IS SAP and subsequently to ensure compliance with the obligation imposed on research organisations registered in the list of research organisations by Government Regulation No. 160/2017 Coll., on the collection of documents of the list of research organisations and the method of reporting income from knowledge transfer. Knowledge transfer is hereinafter referred to as KT.

Article 2
Division of responsibilities

1. The division of responsibilities regarding the protection and use of intellectual property is defined in the Guideline - Handling of Intellectual Property of the BUT.
2. Industrial intellectual property rights protection is provided centrally at the BUT by the Department of Technology Transfer, hereinafter referred to as DTT.
3. The DTT keeps records of revenues and costs associated with KT in all cases of industrial legal protection for licensing or other commercialisation of copyrights where this has been agreed with the relevant Faculty/Unit (economic unit). Namely, the costs of:
   a) intellectual property protection,
   b) bonuses to the originators of the findings.
4. The recording of revenues and costs related the KT is the responsibility of the respective economic unit.
5. After the financial statements of each financial year, all economic units shall report to the DTT the revenues and costs related to the KT by 31th March of the following year at the latest on the forms attached to this Methodical directive.
6. The Department of Technology Transfer of the BUT Rector´s Office is responsible for fulfilling the reporting obligation given to research organisations by the Government Regulation No. 160/2017 Coll., on the collection of documents of the list of research organisations and the method of reporting income from knowledge transfer.

Article 3
Definition of Knowledge Transfer

1. 'Knowledge transfer' means the process of acquiring, collecting and sharing explicit and implicit knowledge, including skills and competences, in economic and non-economic activities such as collaborative research, consultancy, licensing, spin-offs, publications and mobility of researchers and others involved in these activities. In addition to scientific and technical knowledge, it also includes other types of knowledge, such as knowledge relating to the application of standards and the legislation in which they are embodied, knowledge of the conditions of the real operating environment and methods of organisational innovation, as well as knowledge management in relation to the identification, acquisition, safeguarding, protection and exploitation of intangible assets[1];
2. For the purpose of this Methodical directive, knowledge is understood as intellectual property that already exists, has been created from the activities of the BUT and is its property.
3. For the purpose of this Methodical directive, transfer is understood as a situation where Brno University of Technology grants a third party the right to use the property in exchange for consideration. The right to use may take the form of:
   a) sale - transfer of intellectual property (IP ceases to be the property of the BUT)
   b) granting an exclusive or non-exclusive license (consent to use by a third party, the BUT is the owner of the IP)
   c) contribution to the share capital/capital of a legal entity
   d) options on one of the preceding
   e) consultancy

Article 4
Identification of intellectual property transfer in contracts concluded by BUT

1. In the contract for cooperation on a research development project, a transfer means:
   a) existing knowledge with which the BUT enters into cooperation,
   b) the results of a joint project achieved by the BUT alone or with a partner, if the contract regulates the conditions of their further use.
2. In a contract for research agreement, it concerns the transfer of existing knowledge that the BUT possesses prior to accepting the order, which:
   a) become part of the results of the contract research, or
   b) are necessary for the use of the results of the contract research, if the contract regulates the conditions of their use.
3. The fact that the contractual arrangement also covers the knowledge transfer may be indicated by the use of the keywords: licence, transfer of intellectual property rights, consent to (use) the intellectual property, grant of rights.
4. The price calculation for contracts involving KT of the BUT must be structured in such a way that the revenue for knowledge transfer can be recorded and reported separately from other performance under the contract.

[1] Paragraph 1.3 (V) of the Framework for State aid for research and development and innovation (2014/C 198/01)

Article 5
Economic and non-economic nature of KT

1. For a research organisation, income from KT activities as defined in Article 3 paragraph 1 shall be considered as KT income.

2. According to the Framework, KT is considered a non-economic activity of a research organisation if the following two conditions are met:

   a) the KT activities are carried out either by or on behalf of a research organisation or research infrastructure (including their departments or branches) or jointly with other such bodies; and
   b) any profits from these activities are reinvested in the primary activities of the organisation.

3. The primary activities of a research organisation according to the Framework for State aid for research and development and innovation are:

   - training to increase the numbers and improve the skills of human resources. In accordance with the Commission's case-law and decision-making practice, and in accordance with the Communication on the concept of State aid and the Communication on services of general economic interest, public education organised in the Framework of the State education system, which is largely or entirely financed from state resources and controlled by the state, is considered to be a non-economic activity,
   - independent R&D to gain new knowledge and better understand the topic, including collaborative R&D where the collaboration in which the research organisation or research infrastructure is involved is effective,
   - public dissemination of research results on a non-exclusive and non-discriminatory basis, for example through teaching, open access databases, publicly available publications or open source software[2].

Article 6
Disposal of KT income

1. The BUT records the income from KT separately from other sources of funding according to the valid code of contracts. If the KT meets the conditions of non-economic activity (according paragraph 2 of this Article), it is recorded in contract 25800 Transfer of knowledge, technology. If the non-economic nature of the KT (fulfilment of the conditions under paragraph 2 of this Article) cannot be guaranteed, it fulfils the characteristics of an economic activity and is recorded in contract 75800 Transfer of knowledge, technology.

2. In order to ensure separate accounting for the use of profit from the KT in a given year, the relevant cost of the activity is recorded in IS SAP on the relevant contract together with the posting of account 700.940 Transfer of profit or 649.940 - Transfer of profit/revenue between economic units.

3. If the profit from the KT is transferred to the funds for use in the following year, it is the obligation of each economic unit to record this profit separately on separate orders of the Reserve Fund or the Fixed Assets Replacement Fund according to the valid order code. The use of the profit is subsequently accounted for as an expense/expenditure of that contract with a corresponding entry for the use of the fund according to normal accounting practices.

4. Examples of the use of KT revenues. Revenues can be used to pay for:

   a) **personnel costs such as wages, training** costs**, travel allowances and participation fees** of employees involved in:
      i. independent research,
      ii. teaching, the purpose of which is to disseminate research results. This may be, for example, funding for accredited programmes. Teaching means formal education leading to

[2] Framework for State aid for research and development and innovation (2014/C 198/01)

the acquisition of a qualification, which is part of the state education system, is controlled and wholly or largely financed by the state.

b) **the supply of services** for the purposes of independent basic research or for the provision of teaching (see point 4(a)(i) and (ii)),
c) **the supply of materials, equipment, licences for** the purposes of independent basic research or for the provision of teaching (see point 4(a)(i) and (ii)),
d) **intellectual property protection, bonuses to originators**,
e) the cost or expense of public dissemination of research results in the form of **publications** related to the publication of research or development results. This may include, for example, fees for the publication of an article in a peer-reviewed journal. Publication is not publishing or editorial activity,
f) **co-funding** of publicly supported R&D projects (including projects carried out with enterprises, where effective collaboration is involved) or internal research projects/grants.

Article 7
Final Provisions

1. This internal standard shall enter into force the date specified in its heading.
2. Updates to the attachments/ annexes of this internal standard will be made after the approval of the submitted change by the publisher of the standard. The updated attachment/ annex will be published by posting on a specific effective date.

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