

Conditions of Award

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1. Background

- 1.1 The Agreement sets out the terms & conditions upon which Arthritis UK has agreed to award the whole or part of the Award to the Institution.

2. Definitions

- 2.1 The following terms shall have the following meanings:

“Applicable Laws”	Means any and all laws, rules, regulations, guidelines or scientific standards which may apply or relate to the Research Activities, including (where applicable) all rules, guidelines and codes of practice governing good manufacturing practice and good laboratory practice, and rules governing the collection and storage of human tissue samples and the performance of DNA testing.
“Acceptance Forms”	Means the forms which are sent out to the Host Institution stating the financial award, duration and confirming the start date upon which the research activities will commence, and when the first instalment of the funding should be paid.
“Application”	Means all documents associated with the application for the Award including the application form and supporting documents, supplemental information, responses to queries and presentations.
“Award”	Means the award of funding from Arthritis UK to the Host Institution to undertake research on the terms of the Award Agreement.
“Award Agreement”	Means the Award Agreement (and any additional conditions, financial summaries or policy guidelines supplied during the application process or appended to or referred to in the Award Agreement) and the Conditions.
“Award Duration”	Means the period for which the Award is made as set out in the Award Agreement.

<p>“Award Funded IP”</p>	<p>Means any Intellectual Property that is or has been created, exemplified or developed (whether in whole or in part) using the Award, but not including copyright in artistic works, books, articles, scientific papers, lectures and/or audio or visual aids to the giving of lectures or teaching, whether such Award funds are used before or after an invention disclosure or patent filing, and whether or not any person in receipt of Award funding or working on an Award funded activity is named in relevant invention disclosure records.</p>
<p>“Award Holder”</p>	<p>The first named or principal investigator identified on the application form or holder of the chair, fellowship, lectureship or grant.</p>
<p>“Bribery Laws”</p>	<p>Means the Bribery Act 2010 (as amended) and associated guidance published by the Secretary of State for Justice under the Bribery Act 2010 and all other applicable UK legislation, statutory instruments, and regulations in relation to bribery or corruption and any similar or equivalent legislation in any other relevant jurisdiction.</p>
<p>“Commercial Output”</p>	<p>Means as defined in Condition 7.1 below.</p>
<p>“Conditions”</p>	<p>Arthritis UK standard terms and conditions in force from time to time as varied or supplemented by any special conditions in the Award Agreement.</p>
<p>“Clinical Research”</p>	<p>Means any research Activity involving human participants, their organs, tissue or data.</p>
<p>“Contributor”</p>	<p>Means any person or third party working on the Research Activities, including (as applicable) any employee, student, visiting fellow, subcontractor, applicant, collaborator, supervisor, consultant, or contractor; or any agent of the same.</p>
<p>“Cumulative Net Income”</p>	<p>Means the cumulative total of the Net Income over the entire period of the exploitation of the Award Funded IP.</p>
<p>“Data Protection Legislation”</p>	<p>Means any applicable law relating to the processing, privacy, and use of Personal Data, as applicable to either party or the Grant Activities, including: (a) the Directive 95/46/EC (Data Protection Directive) and/or Data Protection Act 1998 or the GDPR; (b) any laws which implement any such laws; (c) any laws that replace, extend, re-enact, consolidate, or amend any</p>

	of the foregoing; and (d) all guidance, guidelines, codes of practice and codes of conduct issued by any relevant supervisory authority relating to such laws (in each case whether or not legally binding).
“Direct Costs”	Means all external expenses incurred and paid by Host Institution in connection with the filing, prosecution and maintenance of the Award Funded IP including, but not limited to, official filing fees, agent costs, and reasonable legal and other advisory and consultancy fees. For the avoidance of doubt, Direct Costs shall not include the Host Institution’s internal costs relating to these activities, or any allocation of central overheads regardless of the legal constitution of the Host Institution’s technology transfer office. For the avoidance of doubt, the Host Institution may not make deductions for salary or taxes in respect of the Host Institution or the inventors or generators on the Award Funded IP.
“End Date”	Means the end date of the Award as identified in the Award Agreement.
“Equity”	Means the issuing of equity, shareholding or any other interest (whether by way of debenture, warrant, security or otherwise) from time to time in any company, partnership, undertaking or other legal entity in consideration of the assignment or grant of a licence or an option thereto to such company in respect of any Arthritis UK funded IP.
“GDPR”	Means the General Data Protection Regulation (EU) 2016/679.
“Gross Income”	Means the invoiced amount in respect of licences and/or any other form of exploitation or commercialisation, of any of the Award Funded IP or Commercial Output granted or implemented by the Host Institution or the Award Holder (excluding VAT), including but not limited to any of the following: <ul style="list-style-type: none"> • upfront, scheduled (whether at the stage of development, marketing or otherwise), success, bonus, maintenance, and period (including quarterly scheduled) payments and fee payments; • payment in respect of the funding of research

	<p>or development activities related to any relevant Award Funded IP, to the extent that such payments exceed a reasonable level of payment for such activities;</p> <ul style="list-style-type: none"> • any premium paid over the nominal value of shares, options, or other securities in respect of any share capital of the Host Institution or the Award Holder; • any loan, guarantee or other financial benefit made or given other than on normal market terms; or • any shares, options or other securities obtained from a third person.
“Host Institution”	Means the university, institution, research council or other body to which the whole or part of the Award is awarded, and which is responsible for ensuring the proper conduct of the Award and is accountable for financial management of the Award.
“HRA and NHS Management Permission”	Means where required, Health Research Authority (HRA) Approval and NHS Management Permission.
“Intellectual Property (IP)”	Means any and all rights to inventions, discoveries, materials, technologies, products, data, algorithms, software, patents, databases, copyright and related rights, moral rights, know-how, goodwill, trademarks, design rights and service marks, rights to use and/or protect the confidentiality of, confidential information (including know-how and trade secrets), and all other intellectual property rights, whether registered or unregistered and including applications and rights to apply for and be awarded, renewals or extensions of, and rights to claim priority from such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.
“Net Income”	Means all Gross Income less Direct Costs and any taxes including but not limited to value added tax, sales, excise and withholding tax, imposed on the Host Institution in connection with the Gross Income which the Host Institution is unable to offset or recover.
“Policies”	Means the policies of Arthritis UK.

“Post Holder”	Any individual whose salary is funded by the Award.
“Report(s)”	Means (as applicable) Annual Report(s), Interim Report(s), the Final Report and/or Impact Report(s).
“Research Activity or Activities”	Means any research activity funded by the Award directly or indirectly (e.g. supporting research activity not directly supported by the award such as supporting provision of shared equipment or general resources) or to be carried out by the Host Institution or the Award Holder as set out in the application form and any subsequent correspondence between Arthritis UK and the Award Holder and the Host Institution relating to the Award.
“Results”	Means any and all information, data, databases, materials, algorithms, software and/or findings discovered, developed or created in connection with the Award.
“Revenue Sharing Agreement”	Means the pro forma agreement set out at Appendix 1 to these Conditions, setting out the terms upon which any revenue earned from the commercial exploitation of Award Funded Intellectual Property will be shared with Arthritis UK.
“Sponsor”	Means the individual or individuals who takes on overall responsibility to support students, ensuring that proportionate, effective arrangements are in place to set up, run and report a research project.
“Sponsor” (Clinical)	Means an individual, institution, company or organisation that takes the responsibility to initiate and manage a clinical trial but does not actually conduct the investigation.
“Start Date”	Means the latest of: <ul style="list-style-type: none"> • the date specified in the Award Agreement; or • the date notified to Arthritis UK by the Host Institution; or • the date calculated pursuant to Condition 4.1 below
“Translation Fee”	Means the share of the Cumulative Net Income that the organisation or institution who protects, manages, and exploits the IP, generally the Host Institution, will receive in recognition of costs incurred.

“Third Party Support”	Means funding, drugs, human tissue, materials, or other support from third parties, including pharmaceutical, biotechnology and other healthcare commercial companies.
“Arthritis UK”	Means Arthritis UK, a company limited by guarantee registered in England and Wales.no 490500, a charity registered in England and Wales (207711) and Scotland (SCO41156) whose registered office is at Third Floor, 120 Aldersgate Street, London EC1A 4JQ.

3. Good Research Practice

3.1 Integrity

- 3.1.1 Arthritis UK requires the highest standards of integrity to be adhered to by the Host Institution, Award Holder and any Contributors involved in the Research Activities funded under this Award and in pursuit of this objective:
- a) Prior to the commencement of the Award, the Award Holder and the Host Institution will obtain any and all licences, consents and approvals necessary to the conduct of the Award will continue to hold such licences, consents and approvals during the Award Period, and will promptly upon request, provide copies of such approvals, licences and consents to Arthritis UK.
 - b) The Host Institution and the Award Holder will conduct the Award in accordance with the principles set out in the Concordat to Support Research Integrity policy.
 - c) The Host Institution must have in place its own published standards of good Research Practice and formal written procedures for reporting and investigation of allegations of scientific or professional misconduct and the recording and management of conflicts of interest. Such standards, policies and procedures must be in line with the Association of Medical Research Charities' guidelines on Research management and the Host Institution shall make those available to Arthritis UK upon request.

3.2 Misconduct

- 3.2.1 The Host Institution will ensure that it has in place throughout the Award Period procedures for the identification and management of ethical issues connected to the Award, and that such issues are dealt with in accordance with such procedures. The Institution will notify Arthritis UK of any ethical issues connected to the Award and will keep Arthritis UK informed of any actions taken in relation to such issues.
- 3.2.2 In the event of any relevant investigation of scientific or professional misconduct, including allegations of bullying, harassment, discrimination or safeguarding, both during or after the Award Duration, involving the Research Activities undertaken in or outside of the UK, or any Contributors funded by the Award, the Host Institution must inform Arthritis UK within seven (7) days of the initiation of any such investigation. Arthritis UK reserves the right (within its absolute discretion) to suspend the Award in the event of any suspension of or other serious disciplinary measures taken or any legal proceedings against Contributors paid from the Award during the period of the investigation.
- 3.2.3 Arthritis UK must be informed immediately of the outcome of the Investigation and reserves the right and absolute discretion to take any further action that it may deem appropriate, including (but not limited to) the termination of the Award with immediate effect.
- 3.2.4 If any relevant publications have been produced where academic fraud has been established, the Host Institution must ensure that appropriate errata and/or retractions

are promptly published and that Arthritis UK is notified promptly of all such actions. In any such case, Arthritis UK reserves the same rights and discretions as at **clause 3.2.3 above**.

3.3 Animals in research

- 3.3.1 The Host Institution must ensure that any Research Activities involving the use of animals complies with all Applicable Laws and any regulations of the Host Institution and the country in which it is conducted.
- 3.3.2 Arthritis UK is a member of the Association of Medical Research Charities and adheres to their position on animal research along with their Concordat on Openness in Animal Research, and as such are committed to being open and clear about the use of animals in research in all external communications.
- 3.3.3 Arthritis UK supports the replacement, refinement and reduction of the use of animals in research (3Rs). The Host Institution must therefore ensure that the Research Activity only uses animals where there are no alternatives and where the use of animals is necessary. The Host Institution and Award Holder must implement the principles in the cross-funder guidance Responsibility in the Use of Animals in Bioscience Research including specifically: (www.nc3rs.org.uk).
- a) Where the Research Activity uses non-human primates, it must comply with the NC3Rs guidelines Primate Accommodation, Care and Use; and
 - b) The Award Holder should make use of the ARRIVE guidelines when designing their experiments and should ensure that they report animal-based studies in accordance with the ARRIVE guidelines as far as possible, taking into account the specific editorial policies of the journal concerned (www.nc3rs.org.uk).

3.4 Dissemination

- 3.4.1 The Host Institution must ensure that any useful or potentially useful results, including negative or inconclusive results of the research funded by the Award are disseminated in an appropriate form and subject to **Condition 3.4.2 below**. The Host Institution must properly evaluate the research before it is published and, if the results are to be published in a reputable scientific or medical journal, may rely on an evaluation of quality by the journal concerned.
- 3.4.2 At least thirty (30) days prior to submission of any material for publication or presentation concerning any Research Activities funded by the Award, the Host Institution shall notify Arthritis UK of the intent to submit. Arthritis UK have the right to request sight of the documents prior to such submission. The Host Institution shall give due consideration to all comments and redact, anonymise or amend, as necessary.
- 3.4.3 The Award Holder and the Host Institution must acknowledge Arthritis UK in all publications and presentations arising from work carried out under the Award and in all correspondence and advertisements relating to appointment of Contributors to

work in connection with the Award. When acknowledging Arthritis UK' support, the Award reference number included in the Award Agreement must be quoted.

- 3.4.4 On acceptance for publication of articles in peer reviewed journals, Arthritis UK must be informed and a copy of the final manuscript of all peer reviewed research papers supported in whole or in part by the Award must be deposited in an open access archive such as the Europe PMC to be made freely available within 6 months of publication. Any such exceptions to this must be sanctioned by Arthritis UK in advance.
- 3.4.5 The obligations of this clause shall remain in force and effective after the completion of the Research, the expiry of the Award duration or the earlier termination of the Award.

3.5 Publicity

- 3.5.1 The Award Holder and the Host Institution must inform Arthritis UK at least 21 days in advance of the entire substance of any intended press statement associated with the Award or wholly or partly with the Research Activities funded by the Award and ensure that such a press statement is approved by Arthritis UK prior to release. The Host Institution and Award Holder must support a press release announcing the Award.
- 3.5.2 Arthritis UK reserves the right to use data or other material from research it funds as part of its fundraising or publicity activities.

3.6 Compliance

- 3.6.1 The Host Institution shall comply and shall procure that the Award Holder and any Contributor respectively comply with all applicable laws, regulations, government guidance and applicable policies of Arthritis UK, the Host Institution, and obtain and maintain all licenses and approvals required for the Research Activities funded by the Award in each country in which it is conducted.

4. Administration of an Award

4.1 Acceptance of an Award

- 4.1.1 An Award shall not commence:
- a) Until the Host Institution has accepted the Award Agreement by signing and returning the Acceptance Form provided within the Award Agreement; and
 - b) Where such Award is conditional upon successful applications for funding from other sources, until proper written confirmation has been received by Arthritis UK that the Research Activity is fully funded.
- 4.1.2 The Host Institution warrants that full details of any third-party funding awarded to it in connection with the Award have been set out in the Application Form and the Host Institution further agrees, that if any such funding is obtained subsequent to Arthritis UK' acceptance of the Application, it will promptly notify Arthritis UK in writing with full details of such funding.

4.1.3 The Host Institution warrants that it has disclosed within the Application, to the best of its knowledge, any rights (other than to not-for-profit institutions for non-commercial research use) which it has awarded to third parties over Intellectual Property existing on the date the Application was accepted for funding by Arthritis UK and which may hinder or prevent the implementation of the Award or the subsequent commercial exploitation of Award Funded Intellectual Property and will not award any such rights after the acceptance of the Application without the prior written consent of Arthritis UK.

4.1.4 The Host Institution undertakes to inform all other Institutions involved in Award Research Activity of the conditions of the Award Agreement and obtain their written agreement to them.

4.2 Use of the Award

4.2.1 The Host Institution must ensure that it has in place formal standards, procedures, audit and control arrangements, including those for monitoring and preventing fraud, bribery or any other corrupt practices and the Award expenditure is controlled in accordance with these arrangements and all activities are conducted in compliance with the Modern Slavery Act 2015 and all relevant Bribery Laws at all times. It is the responsibility of the Host Institution to ensure that the Award is applied exclusively and appropriately in support of the Research Activity or purpose for which it has been awarded and within the Award Duration and within the overall amount of the Award. The use of the award monies for any purpose other than that stated in the Application and Award Agreement is not permitted without Arthritis UK' prior written authority.

4.3 Starting an Award

4.3.1 The Award should be activated as soon as all approvals required by the Award Agreement are in place and in any event, within 6 months of the date of the Award Agreement. The Host Institution must advise Arthritis UK in writing of any change in the Start Date and seek prior approval if the Research Activity does not commence within 6 months of the date of the Award Agreement.

4.3.2 The Host Institution must promptly inform Arthritis UK of any interruptions or delays (including those that may be anticipated) to the Research Activity funded by the Award.

4.3.3 Arthritis UK will not be held responsible for any costs incurred as a result of delays to the start of, or interruption to the Research Activity and reserves the right to review the Award and make whatever changes it deems appropriate including termination of the Award.

4.4 Funded Staff

4.4.1 In this Agreement, Arthritis UK does not act as an employer and in all cases where support is provided by the Award for the appointment of Contributors, the Host Institution or its permitted sub-contractor(s) (as the case may be) shall be responsible for the recruitment, employment, management, monitoring, control and remuneration of those Contributors. The Host Institution must issue an appropriate contract for such

Contributors in accordance with the relevant laws and regulations and must ensure that Contributors are entitled to work in the country in which the Research Activity is being conducted

- 4.4.2 The Host Institution must appoint, employ or contract all Contributors funded by the Award in compliance with its requirements and recommendations for good practice in recruitment, appointment or procurement.
- 4.4.3 The Host Institution is responsible for the management, monitoring and control of the work funded as the result of the Award and all Contributors involved in any work funded through the Award.
- 4.4.4 The Host Institution must ensure that all Contributors involved in the work funded by Arthritis UK receive training appropriate to their duties, in accordance with any applicable legal or regulatory requirements, including any necessary to support the requirement for management, monitoring and control of the Award.
- 4.4.5 Arthritis UK shall not responsible or liable to any party hereunder for any claim for which the Host Institution or Contributor may be liable as an employer, including any such matters arising from actual or alleged redundancy, wrongful or unfair dismissal, or discrimination.
- 4.4.6 The Host Institution shall indemnify Arthritis UK against all reasonable losses incurred by Arthritis UK resulting from any breach of this **Condition 4.4 above**, any claims made by staff employed in connection with the Award, or due to the misconduct of any of those staff.
- 4.4.7 The salary and employment benefits provided and the length of any contract or agreement to be issued will be a matter for agreement between the post holder and the Host Institution or Contributor and does not comprise any part of this Agreement save as expressly stated in this Clause.
- 4.4.8 Arthritis UK will only pay the costs of staff of the Host Institution employed in connection with an Award during periods when those staff are supporting delivery of the Award. This will include days where the individual is on annual leave, public holidays and standard closure days granted annually to all staff at the Host Institution
- 4.4.9 In the event of maternity, paternity, adoption or sick leave or other non-standard absence, salary allocation may only be used as cover for the vacant position, rather than for the benefit payments for the staff member taking an extended period of leave. It is the responsibility of the Host Institution to cover these costs notwithstanding that the relevant staff member's salary is or may be paid from the Award.
- 4.4.10 The Host Institution must ensure that any permitted sub-contractor complies with **Condition 4.4 above** in respect of any of its Contributors funded by the Award.

4.5 Fellowships

- 4.5.1 Qualification - all clinically active holders of fellowships who are involved in the Research activities funded by the Award must be an employee of or hold an honorary clinical contract with a National Health Service body.

4.6 Clinical Research

- 4.6.1 Arthritis UK does not take on the role of the Sponsor (Clinical) of clinical studies and should not be considered as such. Arthritis UK takes the role of Funder only. Where applicable, funding is conditional on the identified Sponsor confirming this role before the start of the Research Activities.
- 4.6.2 The Host Institution shall at all relevant times in relation to the Award:
- a) Ensure the study is conducted in accordance with all necessary regulatory approvals including: Regulation (EU) No 536/2014 of the European Parliament and of the Council, Human Tissue Act 2004, Good Clinical Practice (GCP) and Health Research Authority (HRA) approval, as may be amended, repealed and replaced from time to time;
 - b) Ensure that relevant approvals are in place and the study is included on the appropriate registry before the start of participant recruitment;
 - c) Be in receipt of HRA approval and have granted NHS Management Permission for the study before the start of patient recruitment; and
 - d) Promptly notify Arthritis UK if/when the Sponsor or Host Institution are notified of an inspection by the MHRA (Medicines and Healthcare products Regulatory Agency) which involves Arthritis UK funded studies.

4.7 Equipment funded by the Award

- 4.7.1 The Host Institution must ensure that any equipment funded by the Award has adequate insurance cover at all times for the duration of the Award. If any such equipment is damaged, destroyed or stolen during the Award the Host Institution must repair or replace it at their own cost. On payment of the award for the purchase of the equipment, Arthritis UK has no liability to make further payments in relation to that equipment, including for maintenance, repair, running costs or failure.
- 4.7.2 When purchasing any equipment funded by the Award, the Host Institution must adhere to its own standard procurement procedures.
- 4.7.3 The Host Institution must maintain the equipment during the Award so that it is capable of operating for its intended purpose.
- 4.7.4 Without prejudice to **Condition 4.7.3 above** should the Award Holder move to another institution within the United Kingdom during the Award Duration or within 3 years of the end of the Award Duration, Arthritis UK reserves the right to require the equipment to be transferred with them after discussion on the relevant terms of transfer, as necessary, with the institutions concerned.
- 4.7.5 If any equipment to be used by the Award Holder or named co-applicant was provided by a previous Arthritis UK Award either to current Award Holder or to any other person, Arthritis UK will not provide funds for usage or be liable to cover access charges for the equipment in question. This **Condition** covers all equipment purchased with funds provided by Arthritis UK.

4.7.6 Where the Award includes the purchase of equipment, Arthritis UK may require the Host Institution (at its cost) to include and affix as appropriate a plaque or other suitable identification marking with the name of Arthritis UK and/or of a third party nominated by Arthritis UK.

4.8 Transfer to another institution

4.8.1 Should the Award Holder or a named co-applicant move to another institution during the Award Duration, the Award may not transfer with them unless expressly agreed in writing by Arthritis UK, the Award Holder and the existing and new Host Institutions. Arthritis UK will not be obliged to provide additional Award funds as a result of such transfer.

4.8.2 If the Award transfers to another institution in accordance with **Condition 4.8.1 above**, a full financial statement must be provided by the current Host Institution so that agreement of funds to be transferred to the new institution can be agreed.

4.8.3 If the Award Holder moves to another institution but the above consent for the transfer is not requested or granted, the Host Institution must without delay agree with Arthritis UK and procure that one of its employees undertakes to be bound by this Award Agreement as if originally named as the Award Holder (to the extent obligations remain to be performed by the Award Holder).

4.9 Financial Arrangements

4.9.1 Arthritis UK releases funding on a quarterly in arrears scheduled payment basis. The funding for the total annual payments shall be as agreed annually.

4.9.2 Arthritis UK will only release the quarterly scheduled payments once all the conditions set out in the Award Agreement have been satisfied.

4.9.3 The maximum amount of monies which will be made is specified in the Award Agreement. Total amounts agreed in the Award will not be increased. Monies may not be varied between budgets or budget years without the prior agreement of Arthritis UK.

4.9.4 The control of the expenditure funded under the Award must be governed by the normal financial standards, policies and procedures of the Host Institution and must be conducted in line with the remittance and confirmation processes agreed from time to time between Arthritis UK and the Host Institution.

4.9.5 Arthritis UK will only release subsequent award quarterly scheduled payments following receipt of an annual financial statement.

4.9.6 The annual financial statements must contain sufficient detail to enable Arthritis UK to verify the costs incurred against the Award budget and headings stated in the Award Agreement. Arthritis UK may require such additional information from the Host Institution as is reasonably necessary to carry out such verification.

- 4.9.7 Arthritis UK will arrange a meeting with the Award Holder and Host Institution to discuss any under/overspend and agree the quarterly scheduled payments for the following year.
- 4.9.8 Arthritis UK will withhold 10% of the final award year payments to allow for final reconciliation of the award and the final scientific report to be submitted. The Host Institution must prepare such final reconciliation and submit it to Arthritis UK for agreement within 6 months of the end of the Award Duration.
- 4.9.9 Where payment of the Award relates to the purchase of equipment, a copy of the relevant receipt must be provided with the relevant year's reconciliation documents.

4.10 Audit

- 4.10.1 At Arthritis UK' request and without delay, the Host Institution must procure and produce confirmation of the following (Note: it is acceptable if this is either independently prepared by a reputable and suitable advisory firm or from suitably qualified internal auditors):
- a) That the annual accounts of the Host Institution have been audited by the auditors without qualification;
 - b) That the management letter from the auditors confirms that proper systems of internal controls are in place, and that there were no matters that did or could significantly affect the administration of Awards awarded by Arthritis UK; and
 - c) That the Award has been used for the purpose for which it was awarded.
- 4.11 Arthritis UK may, both during and after the Award Duration, appoint auditors of its own choice to request confirmation from the external or internal auditors of the Host Institution of amounts paid by Arthritis UK in respect of the Award. In addition, Arthritis UK may, both during and after the Award Duration, at its own cost, commission a separate audit of the Award, the expenditure incurred on the Award funded work and/or the systems used by the Host Institution to administer Arthritis UK Awards, including the system of equipment procurement, and, in so doing, it may or may not seek to use the internal audit function of the Host Institution.
- 4.12 Arthritis UK may on reasonable notice during normal business hours, both during and after the Award Duration, inspect either itself or by its authorised representatives the records of the Host Institution and any permitted sub-contractor relating to the Award, the work funded by the Award and the expenditure incurred on such work and any equipment or facilities funded by the Award and take copies at Arthritis UK expense. The Host Institution shall ensure that Arthritis UK has such access to a sub-contractor's records.

4.13 Withholding and Reduction of the Award

- 4.13.1 If the Award Holder or the Host Institution has failed to comply with the Award Agreement, Arthritis UK may withhold payment of any instalment of the Award until the non-compliance is remedied to Arthritis UK' reasonable satisfaction. Where the non-

compliance affects the delivery of the Award, Arthritis UK may reduce the total value of the Award proportionate to the effect of the non-compliance.

- 4.13.2 Should the award be suspended for any reason, the Host Institution must retain any funds already received until the Research Activity recommences.

4.14 Repayment of the Award

- 4.14.1 Arthritis UK may at any time by written notice to the Host Institution demand within 21 days repayment of the Award made to the extent of that part of the Award (if any) which:

- a) has not been applied for the Award purposes stated in the Award Agreement; or
- b) has been spent on items of expenditure not allowed by the Award Agreement; or
- c) has been paid by Arthritis UK for items of expenditure which have also been funded directly by a third party other than the Host Institution.

4.15 Termination of Award

- 4.15.1 Arthritis UK may terminate its obligations to pay the Award and the Award Agreement (and the following provisions are each to be construed independently);
- a) immediately on written notice to the Host Institution and the Award Holder notwithstanding that there has been no material breach of the Award Agreement by the Host Institution or the Award Holder; or
 - b) immediately on written notice to the Host Institution and the Award Holder at any time after the start date but before work has begun on the Award; or
 - c) immediately on written notice where the Host Institution has not accepted the Award Agreement within 6 months of the Start Date; or
 - d) immediately by written notice to the Host Institution and the Award Holder if the Award Holder or the Host Institution is in material breach of the Award Agreement and (if capable of remedy) fails to remedy the breach within 30 days of a written request to do so; or
 - e) immediately by written notice to the Host Institution and the Award Holder if either the Award Holder or the Host Institution are in repeated or persistent breach of the Award Agreement.
 - f) Arthritis UK may further terminate the Award by notice to the Host Institution (without any liability) if the Award is not activated within 6 months of the scheduled Start Date set out in the Award Agreement or subsequently changed by agreement.
 - g) On termination, Arthritis UK will review with the Host Institution expenditure properly incurred under the terms of the Award Agreement from the Start Date up to the termination date. All unspent parts of the Award held by the Host Institution must be returned to Arthritis UK within 30 days of the termination date.

- 4.15.2 If Arthritis UK terminates pursuant to any part of **Condition 4.15.1 above** (but not otherwise) and the full amount of the Award has not been paid at the termination date, it shall reimburse to the Host Institution on demand all reasonably incurred liabilities arising out of the termination of employment it incurs directly as a result of the termination of the Award in respect of staff funded by the Award, provided that the liability shall be limited to the lesser of:
- a) 3 months' relevant staff costs; or
 - b) The total balance amount of the Award which would otherwise have been payable.
- 4.15.3 If the Host Institution is required to terminate its Research Activities under the Award early for any reason, it must notify Arthritis UK in writing no less than 60 days prior to any proposed termination and with a full report detailing the reasons for termination, the spend to date and the results and/or any Award Funded IP to date. All unspent parts of the Award must be returned to Arthritis UK within 30 days of the date upon which the Research Activities end and, upon request by Arthritis UK and without delay, the parties will enter into an assignment of any Award Funded IP in accordance with **Condition 7.7 below**.
- 4.15.4 Provisions of the Award Agreement which are either expressed to survive its termination or, from their nature or context, are apparently intended to survive such termination shall remain in full force and effect notwithstanding termination.
- 4.15.5 Termination of the Award Agreement shall not affect the accrued right of the parties to the Award Agreement to the date of the termination.

5. Variation of conditions

- 5.1** Arthritis UK may vary the Award Agreement at any time by written notice to the Host Institution and the Award Holder.
- 5.2** A proposed variation to the End Date of the Award must be approved by Arthritis UK.
- 5.3** A proposed variation to the Award Agreement (other than to the End Date of the Award) must be approved in advance by Arthritis UK.
- 5.4** No variation of the Award Agreement shall be effective unless it is in writing and duly signed by the parties (or their authorised representatives).

6. Funding from Third Parties

- 6.1** The Host Institution shall not accept Third Party Support for an activity which is funded by the Award without Arthritis UK' prior written consent.
- 6.2** The Host Institution must notify Arthritis UK promptly (giving reasonable details) if they receive, and wish to accept, an offer of Third-Party Support in regard to work supported in part or in full by the Award. The notification must include full details of the

Third-Party Support and the terms of that support, including copies of the proposed agreement.

- 6.3** Arthritis UK may withhold its consent to Third Party Support where the terms of the support limit or restrict;
- a) The dissemination of the useful results of the research required by **Condition 3.4 above**, or
 - b) Potential commercial exploitation in line with **Conditions 7 below** and **8 below**.
- 6.4** In the event that Arthritis UK grants consent to Third Party Support, it shall issue a consent letter which shall form part of the Conditions.
- 6.5** Breach of this **Condition 6 above** shall be a material breach of this Award Agreement.

7. Intellectual Property and Commercial Activities

- 7.1** The Host Institution and Award Holder acknowledge that Arthritis UK is under a duty to ensure that the outputs of the Award (whether in whole or in part) are applied for patient benefit and this may require either:
- a) The protection and exploitation of Award Funded IP; or
 - b) In the case where there may be no Award Funded IP created but a commercial opportunity is created as an output of the Award (in whole or in part) which may generate any form of commercial gain or benefit (Commercial Output), the appropriate handling and management of such Commercial Output.
- 7.2** The Host Institution shall:
- a) Develop, implement and manage strategies and procedures for the identification, protection, management and exploitation of all Intellectual Property and/or any Commercial Output created or acquired in connection with any Research Activity funded by the Award, taking into account circumstances where such activities may involve collaboration with or the contribution from third parties;
 - b) Ensure that all Award generated IP is owned by the Host Institution and that all persons in receipt of the Award or working on an activity funded by the Award (including all Contributors) are employed or retained on terms that vest in the Host Institution all Award Funded IP;
 - c) Subject to **Condition d) below**, provide to Arthritis UK a written report detailing all identified Award generated IP and any identified Commercial Output at least annually or otherwise upon written request by Arthritis UK. Such requirement shall be in addition to any reports required under **Condition 10 below**;
 - d) Notify Arthritis UK promptly upon the identification of any Commercial Output or when any Award generated IP that may be of medical or commercial value is identified or created, and ensure that such Award generated IP is protected and not published or otherwise publicly disclosed prior to protection (whilst at the

same time ensuring that potential delays in publication are minimised) and ensure that any Contributors are adequately educated as to the risk of disclosing Award generated IP prior to seeking appropriate IP protection;

- e) Subject to **Condition 7.6 below**, hold responsibility and take all steps as may be reasonably required, at the Host Institution's costs, for the protection and management of any Award generated IP including making and maintaining any registrations required to protect such Award generated IP and shall notify Arthritis UK promptly of any patent filing or other IP protection of Award generated IP or any intention to abandon protection of Award generated IP (giving full details);
- f) Promptly notify Arthritis UK if it has reason to believe any rights in the Award generated IP are being infringed by any third party or if it receives any third-party allegation that any of the Award generated IP is or may be invalid or unenforceable or that use of the same infringes or may infringe any third party rights;
- g) Subject to **Condition 7.6 below**, hold responsibility and take all steps as may be reasonably required, at the Host Institution's cost, to defend or assert its rights in the Award generated IP provided that the Host Institution shall not issue a claim, threaten to issue a claim, or respond to any claim and make no comment or admission to any third party without prior written consent from Arthritis UK;
- h) Notify Arthritis UK promptly if the persons in receipt of the Award and/or conducting any Research Activity are, at any point during the Award Duration, instructed and/or funded to work on any project that:
 - i. is similar in scope to the Research Activity; and/or
 - ii. may generate Intellectual Property similar to the Award Funded IP
- i) In the event of a notification under **Condition h) above**, provide full details of the third-party project to Arthritis UK and shall ensure that such project does not impact on the ownership of the Award funded IP.

7.3 No Award generated IP may be exploited in any way, nor shall the Host Institution enter into any agreement for the exploitation or disposal of any Award generated IP or in connection with any Commercial Output without Arthritis UK's prior written consent. Exploitation includes use for any purpose, including commercial, or any licence, sale, assignment, materials transfer, or other transfer rights, whether or not for consideration. Recognising the need to achieve the charitable objectives of the parties, such consent shall not be unreasonably withheld or delayed.

- 7.4** The Host Institution shall promptly inform Arthritis UK of any proposal to exploit the Award generated IP or any Commercial Output including the terms of any proposed agreement (giving full details). Arthritis UK shall not unreasonably withhold its consent and shall only refuse consent if it considers that the proposal for exploitation would run counter to its interests and charitable objectives, but as a condition of awarding such consent, Arthritis UK will require the Host Institution to agree terms of exploitation including the sharing of the benefits arising from the exploitation in accordance with **Condition 8 below**.
- 7.5** Subject to **Conditions 7.3 above** and **7.4 above**, the Host Institution shall provide Arthritis UK on a confidential basis with copies of any agreements which concern the Award generated IP and/or the exploitation of any Award generated IP and/or any Commercial Output. By way of example, such agreements may include but shall not be limited to assignments, collaboration, joint venture, or equity share agreements, licences, sub-licences or other commercialisation agreements. The Host Institution shall ensure that any agreement concerning or related to the Award Funded IP shall only be entered into in a manner and upon terms which reflect and permit the exercise of the rights of Arthritis UK under the Award Agreement.
- 7.6** If the Host Institution does not protect, manage, exploit, or defend any Award generated IP or any Commercial Output to Arthritis UK's reasonable satisfaction, Arthritis UK shall issue a notice to the Host Institution detailing its basis for disagreement (Warning Notice). Where a Warning Notice has been issued by Arthritis UK the parties will enter into good faith negotiations to reach mutual agreement as to the steps which should be taken to improve the position. If the parties cannot reach agreement within 20 business days of the date of the Warning Notice as to the steps which should be taken to improve the position then Arthritis UK shall have the right, but not a duty, to protect, manage, exploit, or defend such Award Funded IP or Commercial Output, either itself or by its agents and require the Host Institution to grant to Arthritis UK the relevant rights in order to do so Arthritis UK reserves the right to exercise this right earlier where Arthritis UK considers that the opportunity to protect, manage, exploit, or defend the Award generated Funded IP or Commercial Output could be lost if more immediate action is not taken. The Host Institution must, or must ensure that its Contributors, take all measures reasonably required to assist Arthritis UK, or its agents, in such protection, management, exploitation or defence.
- 7.7** If the Host Institution decides to abandon in any territory, any or all patent or patent applications resulting from the Award generated IP or decides it does not wish to continue to protect, manage or exploit the Award generated IP, the Host Institution shall promptly notify Arthritis UK (and in any event at least 60 days prior to any patent office deadlines) and shall offer to assign the Award generated IP or relevant rights comprised in the Award generated IP to Arthritis UK for the sum of £1. If Arthritis UK elects to take such assignment, the Host Institution shall or shall ensure the appropriate assignment document is executed promptly to assign the relevant Award Funded IP free of all licences, liens, charges, and encumbrances and Arthritis UK shall then be responsible for all further costs relating to or arising from such assigned Award generated IP.

- 7.8** The Host Institution shall or shall ensure that separate and accurate records are maintained of the commercial exploitation the Award generated IP and access for Arthritis UK or its appointed representative to inspect and audit such records and to take copies at Arthritis UK' expense.
- 7.9** Nothing in this **Condition 7 above** shall prevent or restrict the Host Institution or Award Holder using the results of the Award in non-commercial academic research, teaching or papers or publications.
- 7.10** **Condition 7 above** shall continue to apply after termination of the Award Agreement in perpetuity.

8. Intellectual Property Revenues and Equity Sharing

- 8.1** Revenue resulting from the exploitation of Award Funded IP and/or in connection with any Commercial Output is to be shared as outlined in the Revenue Sharing Agreement (Appendix 1).
- 8.2 Equity Sharing**
- 8.2.1** Any sharing of equity between the Host Institution, Award Holder, Arthritis UK or others (which includes, but is not limited to, shares, loan stock, debenture stock and options and other interests in a company) which arises from the exploitation of Award generated IP must be agreed in advance with Arthritis UK and calculated as outlined in the Revenue Sharing Agreement (Appendix 1). The parties will negotiate in good faith to reach an appropriate mutual agreement concerning any sharing of equity, taking into account the Award, the respective contributions of the parties and Arthritis UK charitable obligations and duties referred to in **Condition 7.1 above**.
- 8.3** **Condition 8 above** shall continue to apply after the termination of the Award Agreement.

9. Assignment of Intellectual Property

- 9.1** In line with **Conditions 7.6 above** and **7.7 above** Arthritis UK may require that all Award Funded IP be assigned to and vest absolutely with Arthritis UK. Upon such request Arthritis UK, the Host Institution must, and must procure the individuals involved in the Award, execute such deeds and documents and do such other acts and things as may be necessary to achieve the assignment with full title guarantee.
- 9.2** **Conditions 7 above** and **8 above** do not apply to Award generated IP assigned under **Condition 9 above**.

10. Reporting

- 10.1** The Award Holder will submit an Annual Scientific Progress Report via an agreed process as laid out in the Award Agreement.

- 10.2** If Arthritis UK reasonably considers that any such Annual Report is not satisfactory, it may request the Award Holder to provide additional information and/or may suspend or terminate the Award at its absolute discretion.
- 10.3** The Award Holder and Host Institution will also submit an annual financial reconciliation.
- 10.4** Arthritis UK reserves the right to request interim reports in writing or by interview as and when reasonably required by Arthritis UK, which the Host Institution hereby agrees to submit without delay.
- 10.5** It is acknowledged that some information may be commercially sensitive and may affect Intellectual Property protection, in these cases the details should not be included in the Annual Scientific Report but notified to Arthritis UK separately until protection of such Award generated IP has been obtained or the parties agree that there is no further requirement to maintain confidentiality.
- 10.6** The Award Holder must co-operate fully with Arthritis UK in carrying out assessments of the outcome of all its funded work, both during and after the Award Duration.
- 10.7** The Award Holder and Host Institution must ensure that data relating to the Award is retained for a period of not less than 10 years after the end of the period of the Award to allow assessment, including that specified in **Condition 10.6 above**.
- 10.8** If the Award Holder fails to submit a report or to co-operate with Arthritis UK assessment, then Arthritis UK may (without prejudice to any other rights which it may have):
- a) Withhold payment of the Award; and/or
 - b) Reduce and seek repayment of the Award in line with **Conditions 4.13.1 above and 4.14 above**; and/or
 - c) Refuse to consider further Award requests from the Award Holder and their Department.

11. Involvement

- 11.1** The Award Holder and Host Institution will comply with all reasonable requests from Arthritis UK to:
- a) Speak or attend other events aimed at raising awareness or fundraising.
 - b) Host visits to the laboratory or facilities in which any Research Activity is being undertaken to which Arthritis UK may invite individuals including, but not exclusively staff, trustees, fundraisers, spokespeople, supporters.

12. Liability Provisions

- 12.1** Subject always to the provisions of **clause 12.6 below** and except for its obligations to pay the Award in accordance with the Award Agreement, Arthritis UK accepts no

responsibility, financial or otherwise for the expenditure (or liabilities arising out such expenditure) or liabilities arising out of work funded by the Award. Arthritis UK shall not be liable for any claims, costs, expenses, and liabilities for which the Award Holder, any named co-applicants and anyone else engaged on work supported by the Award against, may be liable.

- 12.2** The Host Institution is responsible for all acts and omissions of its employees and students (or those of any permitted sub-contractor) in connection with work funded by the Award and shall indemnify Arthritis UK, including any of Arthritis UK' employees, contractors, service providers and agents (the 'Indemnified Parties'), and hold harmless the Indemnified Parties against all liability, loss, damage, cost, or expense arising in connection with the Host Institution's use or exploitation or permitted use or exploitation of the Award generated IP.
- 12.3** The Host Institution shall ensure that it has adequate and sufficient insurance in place to cover any liabilities arising out of or in connection with the Research Activity and shall, at the request of Arthritis UK, provide evidence of payment of the premiums.
- 12.4** In all cases the liability of Arthritis UK shall be limited to the total amount of the Award.
- 12.5** The Host Institution hereby indemnifies Arthritis UK against any costs, claims or liabilities suffered or incurred by the Charity as a result of any action, claim or complaint brought by a third party against the Charity arising out of, associated with, or otherwise in connection with the Award funded research.
- 12.6** Nothing in this agreement excludes or limits either party's liability for fraud or for death or personal injury.

13. Data Protection and Freedom of Information

- 13.1** The Host Institution and the Award Holder shall comply with all its obligations under any and all Data Protection Laws and shall ensure such compliance by anyone involved in any Research Activity under the Award, and shall not, by act or omission, put Arthritis UK in breach of, or jeopardise any registration under any such Data Protection Laws.
- 13.2** Furthermore, the Host Institution shall ensure that it has obtained appropriate permission from any Data Subject to transfer any required Personal Data (each as defined in accordance with Data Protection Laws) to Arthritis UK and for Arthritis UK to process it in connection with the administration and the conditions of Award Agreement.
- 13.3** The parties acknowledge that the Host Institution is subject to the Freedom of Information Act 2002 (or equivalent legislation in other jurisdictions) ('FOIA'). If the Host Institution receives a request for information under FOIA in connection with the Award, it will promptly notify Arthritis UK and comply with any reasonable request made to Arthritis UK in connection with its response to such a request.

14. General

- 14.1** A person who is not a party to the Award Agreement shall have no rights under the Agreements (Rights of Third Parties) Act 1999 (as modified or re-enacted) to enforce any of its terms.
- 14.2** Nothing in the Award Agreement shall establish any partnerships between any of the parties, constitute any party the agent or other party, or authorise any party to make or enter into any commitments for or on behalf of any other party.
- 14.3** Neither the Host Institution nor the Award Holder may assign the benefit of this Award Agreement, or sub-contract the performance of it or their obligations, without Arthritis UK' prior written consent, such consent not to be reasonably withheld.
- 14.4** If a notice has to be given under this Award Agreement, it must be sent by first class recorded delivery post or by electronic communication to the recipient at the address notified for that purpose and will be regarded as received within 2 days of posting or 24 hours after the transmission of the electronic communication.
- 14.5** This Award Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute an original of this Award Agreement, but all the counterparts shall together constitute the same agreement.

15. Entire Agreement

- 15.1** This Award Agreement constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations, and understandings between them, whether written or oral, relating to its subject matter.

16. Governing Law

- 16.1** This Award Agreement shall be governed by, and construed in accordance with, the laws of England.
- 16.2** The Award Holder, the Host Institution and Arthritis UK irrevocably submit to the exclusive jurisdiction of the Courts of England to settle or adjudicate any dispute or claim which arises out of or in connection with this Award Agreement.

17. Sharing research data, software and biological materials

- 17.1** Arthritis UK is committed to ensuring that the Results are utilised for public benefit. The Award Holder and the Host Institution shall ensure that all Results constituting research data underpinning scientific publications made pursuant to **Condition 3.4 above** (and any associated software required to view or analyse datasets) will be made available for use by other researchers no later than 3 months after the date of publication of the corresponding Results.

- 17.2** Where Results constituting biological materials are generated, the Institution shall make such materials available to other researchers with as few restrictions as possible to maximise availability and no later than 3 months after the date of the publication reporting use of such materials.
- 17.3** Where possible, such research data and materials shall be shared through recognised scientific repositories at the Institution's cost (unless otherwise agreed). The sharing requirements of this condition shall be subject to reasonable exceptions in order to permit the Institution to seek Intellectual Property right protections pursuant to **Condition 7 above**.

Appendix 1:

Arthritis UK Intellectual property: Revenue Sharing Agreement

This agreement is made between the parties whose details are set out below:

ARTHRITIS UK incorporated and registered in England and Wales as a private company limited by guarantee, company number 490500, registered as a charity in England and Wales no. 207711 and in Scotland no. SC041156 and whose registered office is at Third Floor, 120 Aldersgate Street, London EC1A 4JQ; and

- A. Name [XXXXXXXXXX] whose address is situated at [address] (“Institution”); and
- B. Name [XXXXXXXXXX] whose address is situated at [address] (“Technology Transfer Office”).

Background

The [Institution] [insert name] received an award from Arthritis UK (previously called Versus Arthritis) to fund the project [insert title] (the “Award”).

[XXX] is the inventor [please include all inventors] and relevant research was funded under the Arthritis UK Award [please insert award number(s)].

Arthritis UK is committed to maximising patient impact from the research it funds by supporting the translation of innovations arising from such research. In compliance with its charitable obligations and objectives, including but not limited to providing funding for further research aimed at improving the lives of people with arthritis, Arthritis UK requires a fair return of revenue arising from commercial exploitation of innovations arising from Arthritis UK-funded research.

Arthritis UK acknowledges that the Host Institution may assign relevant Intellectual Property to its Technology Transfer company for the purposes of commercial exploitation, and as such Arthritis UK has agreed to enter into this Agreement together with the Technology Transfer Office and Institution.

The parties hereby agree as follows:

1. Definitions

1.1 The following terms shall have the following meanings:

“Award”	Means the award of funding from Arthritis UK to the Host Institution to undertake research subject to the terms of the Award Agreement.
“Award Agreement”	Means the Award Agreement (and any additional conditions, financial summaries or policy guidelines supplied during the application process or appended to or referred to in the Award Agreement) and the Conditions.
“Award Funded IP”	Means any Intellectual Property that is or has been created, exemplified or developed (whether in whole or in part) using or in reliance upon the Award, but not including copyright in artistic works, books, articles, scientific papers, lectures and/or audio or visual aids to the giving of lectures or teaching, whether such Award funds are used before or after an invention disclosure or patent filing, and whether or not any person in receipt of Award funding or working on an Award funded activity is named in relevant invention disclosure records;
“Award Holder”	The first named or principal investigator identified on the application form or relevant holder of the chair, fellowship, lectureship or grant.
“Conditions”	Arthritis UK’ standard terms and conditions in force from time to time as varied or supplemented by any special conditions in the Award Agreement.
“Cumulative Net Income”	Means the cumulative total of the Net Income over the entire period of the exploitation of the Award Funded IP.
“Direct Costs”	Means all external expenses incurred and paid by Host Institution in connection with the filing, prosecution and maintenance of the Award Funded IP including, but not limited to, official filing fees, agent costs, and reasonable legal and other advisory and consultancy fees. For the avoidance of doubt, Direct Costs shall not include the Host Institution’s internal costs relating to these activities, or any allocation of central overheads regardless of the legal constitution of the Host Institution’s technology transfer office. For the avoidance of doubt, the Host Institution may not make deductions for salary or taxes in respect of the Host Institution or the inventors or generators on the Award Funded IP.

“Equity”	Means the issuing of equity, shareholding, partnership or any other interest (whether by way of debenture, warrant, security or otherwise) from time to time in any company in consideration of the assignment or grant of a licence or an option thereto to such company in respect of any Arthritis UK funded IP.
“Exploiting Party”	Means the Host Institution (or its Collaborator) who has the primary responsibility for the protection and exploitation of the Award-funded IP. For the purpose of this agreement, “Exploiting Party” shall also include the Technology Transfer Office of the (as applicable) Host Institution or its Collaborator. For these purposes, ‘exploitation’ includes but is not limited to commercialisation by way of licence, assignment, option, sale, research collaboration or other agreement, or for cash or equity consideration.
“Gross Income”	<p>Means the invoiced amount in respect of licences and/or any other form of exploitation or commercialisation, of any of the Award Funded IP or Commercial Output granted or implemented by the Host Institution or the Award Holder (excluding VAT), including but not limited to any of the following:</p> <ul style="list-style-type: none"> • upfront, milestone (whether at the stage of development, marketing or otherwise), success, bonus, maintenance, and period (including annual) payments and fee payments; • payment in respect of the funding of research or development activities related to any relevant Award Funded IP, to the extent that such payments exceed a reasonable level of payment for such activities; • any premium paid over the nominal value of shares, options, or other securities in respect of any share capital of the Host Institution or the Award Holder; • any loan, guarantee or other financial benefit made or given other than on normal market terms; or • any shares, options or other securities obtained from a third person.
“Host Institution”	Means the university, institution, research council or other body to which the whole or part of the Award is awarded, and which is responsible for ensuring the proper conduct of the Award and is accountable for financial management of the Award.
“Intellectual Property (IP)”	Means any and all rights to inventions, discoveries, materials, technologies, products, data, algorithms, software, patents, databases, copyright and related

	rights, moral rights, know-how, goodwill, trademarks, design rights and service marks, rights to use and/or protect the confidentiality of, confidential information (including know-how and trade secrets), and all other intellectual property rights, whether registered or unregistered and including applications and rights to apply for and be awarded, renewals or extensions of, and rights to claim priority from such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.
“Net Income”	Means all Gross Income less Direct Costs and any taxes including but not limited to value added tax, sales, excise and withholding tax, imposed on the Host Institution in connection with the Gross Income which the Host Institution is unable to offset or recover.
“Policies”	Means the policies of Arthritis UK.
“Report(s)”	Means (as applicable) Annual Report(s), Interim Report(s), the Final Report and/or Impact Report(s).
“Research Activity or Activities”	Means any research activity funded directly or indirectly (e.g. supporting research activity not directly supported by the award such as supporting provision of shared equipment or general resources) by the Award or to be carried out by the Host Institution or the Award Holder as set out in the application form and any subsequent correspondence between Arthritis UK and the Award Holder and the Host Institution relating to the Award.
“Results”	Means any and all information, data, databases, materials, algorithms, software and/or findings discovered, developed or created in connection with the Award.
“Translation Fee”	Means the share of the Cumulative Net Income that the organisation or institution who protects, manages, and exploits the IP, generally the Host Institution, will receive in recognition of costs incurred.
“Arthritis UK”	Means Arthritis UK, a company limited by guarantee registered in England and Wales.no 490500, a charity registered in England and Wales (207711) and Scotland (SCO41156) whose registered office is at <u>Third Floor, 120 Aldersgate Street, London EC1A 4JQ.</u>

2. Consent to exploit award funded intellectual property

2.1 In consideration for entering into the terms of this Agreement and pursuant to the Conditions of Award, Arthritis UK consents to the exploitation of the Arthritis UK-funded IP in accordance with and subject to the details set out in this Agreement and its Schedules.

3. Revenue sharing

3.1 In consideration for consent being granted pursuant to **clause 2 above**, the Exploiting Party shall share Net Income and/or Equity received in respect of Award Funded Intellectual Property as set out in this **clause 3**. All sums due to Arthritis UK under this **clause 3** shall be paid by the Exploiting Party to Arthritis UK.

3.2 The Exploiting Party shall first determine if:

- a) the Award (together with other Arthritis UK funds) is the sole source of funding for the generation of the Award Funded Intellectual Property or Equity, in which case **clauses 3.3 below** and **3.7 below** shall apply; or
- b) the Award (together with other Arthritis UK funds) is not the sole source of funding for the generation of the Award Funded Intellectual Property, in which case the Gross Income or Equity received in respect of that Arthritis UK Funded Project shall be pro-rata calculated to take into account: the proportionate funding contributions of (i) Arthritis UK, (ii) the Institution (where such costs are directly allocated costs as defined by United Kingdom Research and Innovation (UKRI) from time to time and shall exclude any salary support provided by the Institution from its internal funding, overhead or other indirect costs including for the avoidance of doubt UKRI funding) and (iii) other third party funders of each inventor as appropriate; and
- c) the income-sharing formulae set out in **clauses 3.4 below** and **3.8 below** shall apply to the portions of Gross Income or Equity attributed to Arthritis UK's contribution pursuant to **clause b) above**.

Income sharing:

3.3 Where Gross Income is received by the Exploiting Party in respect of Intellectual Property, the generation of which was fully funded by Arthritis UK, then the Exploiting Party shall:

- a) deduct and reimburse as appropriate any and all Direct Costs from Gross Income.
- b) deduct any applicable TTO translation fee and distribute remaining cumulative Net Income as follows:

Cumulative Net Income (after deducting Direct Costs but before	TTO translation fee	Host Institution & TTO	Arthritis UK
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deducting the TTO Translation Fee)			
£0 to £100,000	10%	50%	50%
Greater than £100,000	5%	50%	50%

3.4 Where Gross Income is received by the Exploiting Party in respect of Intellectual Property, the generation of which was not fully funded by Arthritis UK, then the Exploiting Party shall:

- a) deduct and reimburse as appropriate any and all Direct Costs from Gross Income.
- b) identify the contribution of the specific personnel to development of the IP;
- c) calculate the proportionate funding contributions of Arthritis UK and other funders to each such individual (such funding contribution to exclude any salary support provided by the Institution from its internal funding, overhead or other indirect costs including for the avoidance of doubt UKRI funding);
- d) provide Arthritis UK with reasonable evidence of such calculations; and
- e) deduct the applicable TTO translation fee and distribute remaining Cumulative Net Income as per **clause 3.3b) above**.

3.5 The Arthritis UK share is not tiered, which for avoidance of doubt means that the relevant Arthritis UK share percentage is applied to the whole of the Cumulative Net Income once the thresholds identified in the table above are reached.

3.6 If there is any dispute over the amount properly due to Arthritis UK in accordance with the clauses outlined in section 3, including but not limited to the appropriate calculation for Net Income or any conversion of any non-mandatory element of Net Income, such dispute may, at the request of either party, be referred to an Expert under **clause 3.11 below**.

Equity sharing and potential future investment

3.7 Where rights to take Equity are received by the Exploiting Party in respect of Intellectual Property, the generation of which was fully funded by Arthritis UK, then the Exploiting Party shall:

- a) share any Equity that it receives or to which it is entitled in the following proportions;

Institution & TTO	Arthritis UK
50% (fifty per cent)	50% (fifty per cent)

and

- b) use diligent efforts to ensure, that in consultation with Arthritis UK, such Equity (or entitlement, as the case may be) is issued on terms whereby the proportionate shareholdings due to Arthritis UK are either:
 - i. held by the Exploiting Party on trust for Arthritis UK with a written agreement in place stating the number of shares or other equitable interest (as the case may be) attributable to Arthritis UK, the manner and frequency of communications on equity management and company progress, and how VA could opt to take over management of the equity should the aims and direction of the Exploiting party differ from those of VA (i.e. a pre-agreed exit route); and/or
 - ii. issued directly to Arthritis UK; and/or
 - iii. for sums received by the Exploiting party which derive from the Equity (such as from dividends, sale or other disposal) to be added to Gross Income and shared with Arthritis UK in accordance with (as applicable) **clause 3.3 above** or 3.4 above

3.8 Where rights to take Equity are received by the Exploiting Party in respect of Intellectual Property, the generation of which was not fully funded by Arthritis UK, then the Exploiting Party shall:

- a) identify the contribution of the specific personnel to development of the IP;
- b) calculate the proportionate funding contributions of Arthritis UK and other funders to each such individual (such funding contribution to exclude any salary support provided by the Institution from its internal funding, overhead or other indirect costs including for the avoidance of doubt UKRI funding);
- c) provide Arthritis UK with reasonable evidence of such calculations
- d) calculate the portion of the Equity arising from Arthritis UK's funding from the total Equity
- e) share the portion of the Equity calculated in d), in the following proportions.

Institution & TTO	Arthritis UK
50% (fifty per cent)	50% (fifty per cent)

and

- i. use diligent efforts to ensure, that in consultation with Arthritis UK, the Equity is issued on terms whereby the proportionate shareholdings due to Arthritis UK are either:
- ii. held by the Exploiting Party on trust for Arthritis UK with a written agreement in place stating the number of shares attributable to Arthritis UK, the manner and frequency of communications on equity management and company progress, and how Arthritis UK could opt to take over

management of the equity should the aims and direction of the Exploiting party differ from those of Arthritis UK (i.e. a pre-agreed exit route); and/or

- iii. issued directly to Arthritis UK; and/or
- iv. for sums received by the Exploiting party which derive from the Equity (such as from dividends, sale or other disposal) to be added to Gross Revenue and shared with Arthritis UK in accordance with (as applicable) **clause 3.3 above** or **3.4 above**.

- 3.9** For the avoidance of doubt, Arthritis UK's share of any Net Income or Equity shall be allocated to Arthritis UK prior to the deduction of any reward to the Host Institution's employees or students who are inventors of the Arthritis UK Award Funded IP. The Host Institution shall be solely responsible for the payment of such reward (in accordance with its internal policies) out of the revenue share or equity to which it is entitled under **clauses 3.3-3.5 above** and **3.7-3.8 above**.
- 3.10** If the parties are unable to reach an appropriate mutual agreement concerning the sharing of Equity pursuant to **clauses 3.7 above** and **3.8 above**, such dispute may, at the request of either party, be referred to an Expert under **clause 3.11 below**.

Expert

- 3.11** The Expert will be a single, independent chartered accountant with relevant professional experience to be agreed between the parties, or in default of agreement between the parties within 5 business days, to be selected at the request of either of them by the President for the time being of the Institute of Chartered Accountants in England and Wales (Expert). Any dispute to be referred to the Expert will be decided upon in a final and binding manner by the Expert acting as a technical expert and not as an arbitrator. Any actions, decisions, awards, or payments to be made or taken pursuant to the determination of the Expert will be made or taken within 60 days of notification of the same to the relevant parties. The costs of the Expert will be borne by the parties as determined by the Expert.

4. Accounting, reporting and payments

- 4.1** The Exploiting party will, within 30 days after 31 March each year, provide Arthritis UK with annual statements in respect of all Net Income and Cumulative Net Income during the previous 12-month period which will include a breakdown of all Gross Income, Direct Costs, and any information relevant for the calculation of the Translation Fee. On receipt of such statement, Arthritis UK will issue the Exploiting party with an invoice for any payment due to Arthritis UK which will be paid by the Exploiting party in accordance with the instructions set out in the relevant invoice.
- 4.2** The Exploiting Party shall keep accurate records and accounts, and Arthritis UK (or a third party appointed by Arthritis UK) shall have the right to audit these in accordance with standard UK accounting practice on request. The Exploiting Party shall provide Arthritis UK (or a third party appointed by Arthritis UK) with copies of supporting financial documentation on reasonable request.

4.3 If Arthritis UK (or a third party appointed by Arthritis UK) takes over responsibility as Exploiting Party in accordance with the Conditions of Award, then references to Exploiting Party herein shall be construed as references to Arthritis UK (or such third party appointed by Arthritis UK), and Arthritis UK shall share any Gross Income or Equity received with the Institution accordingly.

5. Monitoring commercialisation of award funded intellectual property

5.1 With respect to the Award Funded IP being commercialised, the Exploiting Party must:

- a) Unless otherwise scheduled to this Agreement, provide Arthritis UK as and when they arise:
 - i. Copies of any signed agreements entered into in respect of such commercialisation; and
 - ii. Details of any patent applications, grants and abandonments (including title, filing number and date);
- b) Deliver to Arthritis UK at least annually an exploitation report detailing the commercialisation activities for that year; and
- c) Arrange and hold update meetings at the reasonable request of any Party, but not more frequently than annually other than in exceptional circumstances.

5.2 Arthritis UK shall keep the information received from the Exploiting Party pursuant to **clauses 2.1 above, 4.1 above, 4.2 above and 5.1 above** confidential. For these purposes, 'information' includes but is not limited to any data, results, inventions, intended publications, intended or pending patent applications, designs, plans, agreements, commercial and/or financial information, whether disclosed in writing or orally. However, 'information' does not include information, which is already in the public domain, which is otherwise lawfully known to Arthritis UK at the time of disclosure, is obtained lawfully from a third party or independently developed by Arthritis UK, or which is required to be disclosed in order to comply with a legal or regulatory requirement.

5.3 Notwithstanding its appointment of Arthritis UK under **clause 2.1 above**, Arthritis UK may appoint a third party(ies) to assist it in monitoring the commercialisation of Award Funded Intellectual Property. In such case, Arthritis UK may disclose information relating to the Award Funded Intellectual Property and its exploitation to such third party provided always that such third party is under a written obligation to Arthritis UK to maintain the confidentiality of such information and to only use such information to assist Arthritis UK in monitoring the commercial exploitation of such Intellectual Property. The Institution and TTO shall co-operate with any such third party at the request for Arthritis UK.

6. General

6.1 The Institution shall be responsible for ensuring that the Exploiting Party complies with this Agreement, including where the Exploiting Party is the TTO or other party acting on behalf of the Institution but excluding where the Exploiting Party is Arthritis UK.

- 6.2** This Agreement shall take effect from whichever is the earlier of either the date of last signature of this Agreement or the date that upon which a patent application is filed in respect of Award Funded Intellectual Property, and shall terminate on whichever is the later of the expiry of any patent issued in respect of the Award Funded Intellectual Property or when all revenues due in respect of commercial exploitation of the Award Funded Intellectual Property have been properly distributed to the parties in accordance with the provisions herein. Alternatively, this Agreement shall be terminable by duly signed, mutual and written agreement of all the parties.
- 6.3** This Agreement is in addition to the Conditions of Award (as may be amended from time to time), which continue to apply. Should there be any conflict between this Agreement and the Conditions of Award, then this Agreement shall prevail.
- 6.4** Nothing in this Agreement shall give rise to any partnership or the relationship of principal and agent between Arthritis UK and either the Institution or the TTO.
- 6.5** All notices and communications shall be in writing and either addressed to the parties at the relevant address stated at the beginning of this Agreement (or such other address as may be notified from time to time), or if sent by email to such email addresses as are notified by each party to the others from time to time as authorised to receive communications.
- 6.6** None of the rights or obligations under this Agreement may be assigned, subcontracted or transferred without the prior written consent of the other parties, save that Arthritis UK may at its absolute discretion assign its rights and obligations hereunder to any company or entity which it beneficially controls or with which it is associated within the meaning of the Companies Acts. This Agreement shall be binding on the successors in title of the parties.
- 6.7** No waiver of any breach or default under this Agreement or any of the terms herein shall be effective unless such waiver is in writing and has been signed by the parties. No waiver of any such breach or default shall constitute a waiver of any other or subsequent breach or default.
- 6.8** If any provisions of this Agreement are held to be invalid, illegal or unenforceable (in whole or in part) such provisions or parts shall to that extent be deemed not to form part of this Agreement, but the remainder of this Agreement shall continue in full force and effect.
- 6.9** Each party shall do and execute or arrange for the doing or executing of all acts, documents and things as may be necessary in order to implement this Agreement.
- 6.10** Any dispute, controversy, proceedings or claim of whatever nature arising out of this Agreement or its formation shall:
- a) be governed by and construed in accordance with the laws of England; and
 - b) the parties hereby irrevocably submit to the exclusive jurisdiction of the Courts of England.

Schedule 1: Award details

Arthritis UK Award number	Institution name	Award Holder	Award Title	Award amount	Date awarded

Schedule 2: Consent application form

A: Contact details (For person submitting this form)			
Contact name:			
Address:			
Tel:		E-mail:	
Date:			

B: Technology	
Describe the technology:	
Outline application(s) for the technology:	

Indicate type(s) of IP arising:	<input type="checkbox"/> Patent	<input type="checkbox"/> Database
	<input type="checkbox"/> Trademark	<input type="checkbox"/> Materials
	<input type="checkbox"/> Copyright	<input type="checkbox"/> Know-how
	<input type="checkbox"/> Design right/registered design	<input type="checkbox"/> Other (specify):
Were there any other third-party funders of the technology?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Yes , please attach details of calculation of Arthritis UK's contribution to the technology. (Identify inventive contributions of inventors and proportionate funding contributions of Arthritis UK and third parties)

C: Patent(s) (if more than one patent, copy this section and complete for each patent)

Outline patent strategy:	(Briefly indicate patent filing strategy and key territories where protection will be sought)			
Inventors:				
Patent title:				
Patent no:	(Provide most recent filing no. e.g. application no, publication no, priority no, or grant no, as relevant)			
Patent type:	<input type="checkbox"/> UK	<input type="checkbox"/> PCT	<input type="checkbox"/> Other (Specify)	Priority date: (dd/mm/yy)
	<input type="checkbox"/> European	<input type="checkbox"/> US		
Current status:	<input type="checkbox"/> Pending	<input type="checkbox"/> Published	<input type="checkbox"/> Granted	<input type="checkbox"/> Other (Specify)

D: Exploitation

Who will manage exploitation of Award Funded Intellectual Property?			
Type of transaction: (Mark as many as apply)	<input type="checkbox"/> Exclusive	<input type="checkbox"/> Option	<input type="checkbox"/> Other (<i>Give details</i>)
	<input type="checkbox"/> Non-exclusive	<input type="checkbox"/> Start-up	
	<input type="checkbox"/> Licence	<input type="checkbox"/> Non-academic MTA	
	<input type="checkbox"/> Assignment	<input type="checkbox"/> Collaboration	
Transaction status:	In negotiation Agreement(s) finalised	Estimated completion date: (to nearest month if possible)	Copy of draft agreement(s) attached: <input type="checkbox"/> Yes <input type="checkbox"/> No
Names of commercial partners (if any)			
Commercial Partner(s) Business			
Exploitation Strategy			
Income / equity returns expected and annual accounting date:			
Outline IP exploitation safeguards: (i.e. if partner fails to commercialise)			

E: Public benefit	
Please describe briefly how the	

<p>proposed exploitation route will lead to public benefit and the fulfilment Arthritis UK's charitable mission (<i>i.e. how the exploitation will benefit people with arthritis</i>)</p>	
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Schedule 3: Agreement(s) to be entered into
(Insert copies of relevant proposed agreements here)

Signed by the duly authorised representatives of the parties.

Signed for and on behalf of **Arthritis UK** by:

Signed:	
Name:	
Title:	
Date:	

Signed for and on behalf of **[Institution]** by:

Signed:	
Name:	
Title:	
Date:	

Signed for and on behalf of **[Technology Transfer Office]** by:

Signed:	
Name:	
Title:	
Date:	