

## **LICENSING REVENUE DISTRIBUTION:**

Licensing revenue as defined herein shall be the income resulting from the license or sale of intellectual property to include, but not be limited to, signing fees, option fees, extension fees, royalties, and sale proceeds less out-of-pocket costs uniquely associated with protecting the intellectual property. Licensing revenue is commonly received as cash, but other consideration (e.g., equity in the licensing entity) may be accepted as well. Intellectual property shall be defined as an invention disclosure received by KSURF. Further, only those invention disclosures specifically referenced in an executed agreement shall be eligible for distributions.

In accordance with University policy, creators of intellectual property shall be entitled to a percentage of licensing revenue as follows:

*Patentable Inventions.* “When any revenue is obtained by the (Research) Foundation from the assignment or licensing of any patent, not less than twenty-five (25) percent of revenues will be paid to the inventor(s). This revenue sharing will begin only after the (Research) Foundation recoups its out-of-pocket costs uniquely associated with patenting the invention.”

*Marketable Software.* “When any revenue is obtained by the (Research) Foundation from the assignment or licensing of any software, not less than twenty-five (25) percent of revenues will be paid to the creator(s). This revenue sharing will begin only after the (Research) Foundation recoups its out-of-pocket costs uniquely associated with protecting the software.”

*Institution-Directed Mediated Courseware.* “The institution may specifically agree to share revenues and control rights with the creator(s). At the time of the assignment, the KSU administrator who has directed creation of courseware will inform the employee assigned to this task of the University’s right of ownership. The employee may request an agreement on the sharing of revenue and control.”

## **SPECIFIC DISTRIBUTIONS**

- **INVENTORS/CREATORS:** Twenty-five percent (25%) of licensing revenue obtained by KSURF shall be distributed to the inventors/creators of patentable or non-patentable intellectual property with the following exceptions.
  - The creators of institution-directed mediated courseware shall be provided the percentage of licensing revenue authorized in the agreement between the University and the employee, where one exists.
  - If an agreement generates one hundred thousand dollars (\$100,000) or more in licensing revenue in any one calendar year, then the inventors/creators share of licensing revenue will increase to thirty-five percent (35%) on the amount above \$100,000 for that calendar year only.

If more than one inventor/creator produced the intellectual property, the division of the inventors/creators share is determined by the inventors/creators involved.

- **DEPARTMENTS/ADMINISTRATIVE UNITS:** Ten percent (10%) of licensing revenue obtained by KSURF from patentable intellectual property shall be distributed to the

departments/administrative units that supported the inventors. If more than one department/administrative unit is involved, the division of the 10% share is determined by the University entities and the inventors involved.

- KSURF: KSURF shall retain fifteen percent (15%) of licensing revenue obtained from non-patentable intellectual property to cover initial and ongoing administrative costs of said intellectual property.
- NISTAC: If NISTAC is involved in the licensing/commercialization of the patentable or non-patentable intellectual property, NISTAC shall receive ten percent (10%) of the licensing revenue as specified by the contract between KSURF and NISTAC.
- The remaining licensing revenue obtained from non-patentable intellectual property shall be distributed as determined by the University.

#### SPECIAL CASES

- MULTIPLE INVENTION DISCLOSURES: In cases where more than one invention disclosure is under agreement and no additional licensing revenue is received on subsequent invention disclosure(s), licensing revenue shall be distributed as follows:
  - First, distributions of licensing revenue attributable to product sales shall be made on the invention disclosure(s) applicable to the products sold.
  - Next, distributions of licensing revenue not attributable to sales, and where no additional licensing revenue is received, shall be split evenly among invention disclosure(s) with the following exceptions:
    - (a) No distribution will be made on subsequent invention disclosure(s) until a non-provisional patent application is filed on the subject matter.
    - (b) No distribution will be made on subsequent invention disclosure(s) jointly owned by licensee or an affiliate of licensee.

(Enacted by the KSURF Board of Directors on 13 December 2010)