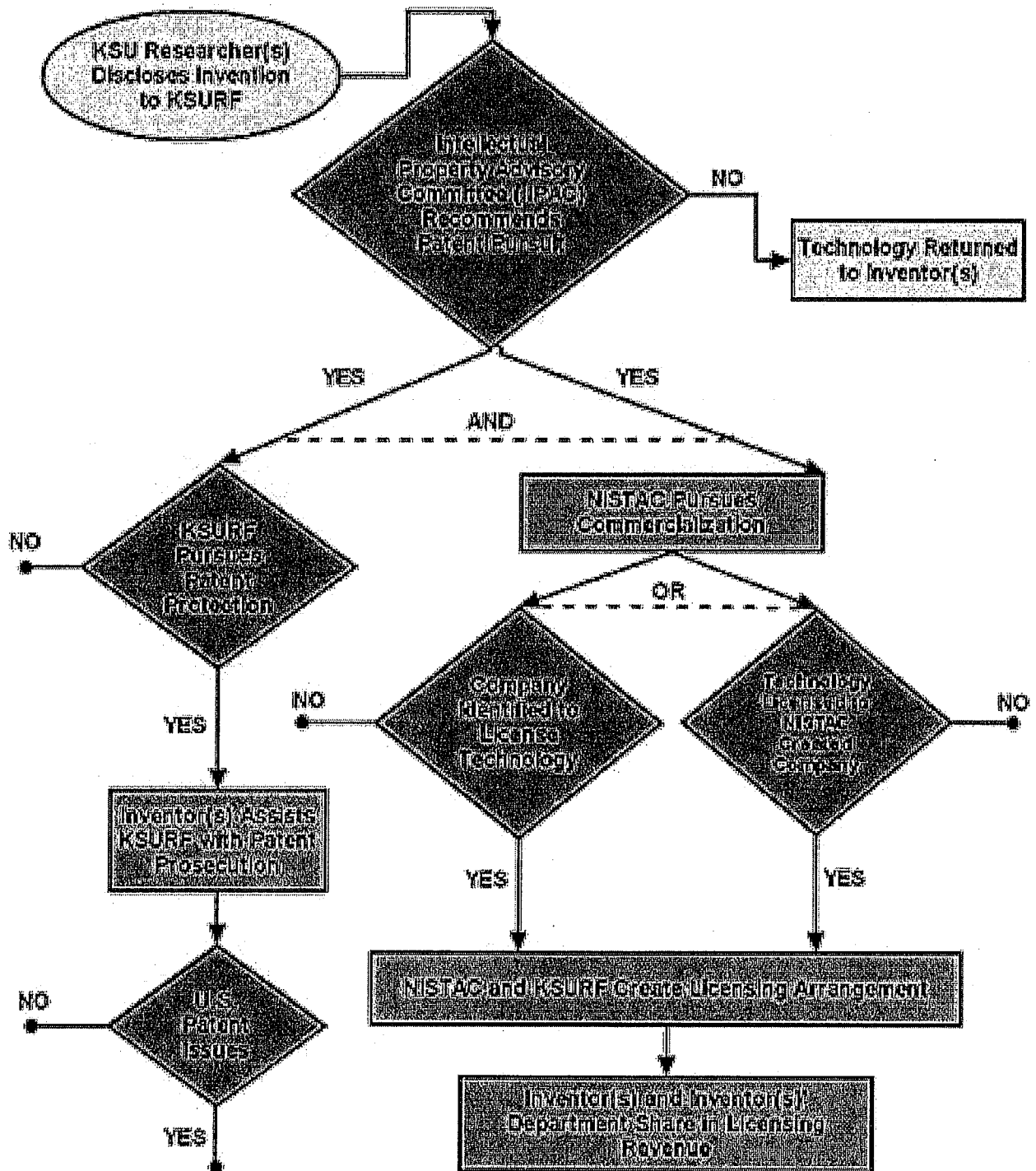


FLOWCHART FOR K-STATE TECHNOLOGY TRANSFER PROCESS



# KANSAS STATE UNIVERSITY

## RESEARCH FOUNDATION

---

2005 Research Park Drive, Suite 105  
Manhattan, Kansas 66502-5020  
Telephone: 785-532-5720  
Fax: 785-532-3920  
E-mail: [tech.transfer@ksu.edu](mailto:tech.transfer@ksu.edu)  
[www.ksu.edu/tech.transfer/](http://www.ksu.edu/tech.transfer/)

### 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

## LICENSING REVENUE DISTRIBUTION:

Page 2

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.
- GERMPLASM: In cases where germplasm is licensed and where KSURF will have no expenditure of funds to protect the technology, the departments/administrative units share of licensing revenue may be increased to more fully compensate the departments/administrative units for post-license maintenance of the technology.

(Enacted by the KSURF Board of Directors 5 May 2008)

**KANSAS STATE UNIVERSITY**  
**RESEARCH FOUNDATION**

---

2005 Research Park Drive, Suite 105  
Manhattan, Kansas 66502-5020  
Telephone: 785-532-5720  
Fax: 785-532-3920  
E-mail: [tech.transfer@ksu.edu](mailto:tech.transfer@ksu.edu)  
[www.ksu.edu/tech.transfer/](http://www.ksu.edu/tech.transfer/)

**REPRESENTATION ON BOARDS OF START-UP COMPANIES:**

Fostering new start-up enterprises derived from research at Kansas State University (KSU) is a key strategy for the development and commercialization of new technologies. The KSU Research Foundation (KSURF) may receive equity interests in such ventures as consideration for the licensing of technologies or the provision of other university-based services to them. In some instances, KSURF may be a substantial shareholder in the venture, and as a result, KSURF's interests on behalf of KSU must be represented.

The nomination and election of directors to represent KSURF on the boards of start-up companies that are fundamentally based upon KSU-related technologies, expertise, and/or other resources shall occur under the following conditions:

1. KSURF can identify individuals willing to serve who have qualifications and experience relevant to the task and the company's needs, and
  - KSURF holds a percentage to be determined at the discretion of the Board, and/or the Executive Committee acting on behalf of the Board, of the voting shares of the company at the time of appointment of the representative directors, or
  - The company offers potential for both (a) deploying the benefits of university research for public use through commercial application, and (b) generating financial and other returns to the institution to assist it in fulfilling its mission, and the company requests such nominations from KSURF.
2. Such appointments will continue until material changes in the company suggest that they are no longer needed or appropriate.
3. All actions by such directors shall be in the best interest of KSURF.

Members of boards of directors of companies incur significant statutory obligations and fiduciary responsibilities. Under circumstances wherein the director represents KSURF, it is anticipated that the representative director might enjoy Tort Claims Act protection by the state for this service on behalf of KSURF and KSU.

When no longer required to serve as a representative of KSURF, directors may remain on the boards, if such action remains compatible with their interests and those of the companies involved. Under such circumstances, they might receive compensation from the company, but they would not continue to enjoy Tort Claims Act protection.

(Enacted by the KSURF Board of Directors on 29 May 2002)

***KANSAS STATE UNIVERSITY***  
***RESEARCH FOUNDATION***

---

2005 Research Park Drive, Suite 105  
Manhattan, Kansas 66502-5020  
Telephone: 785-532-5720  
Fax: 785-532-3920  
E-mail: [tech.transfer@ksu.edu](mailto:tech.transfer@ksu.edu)  
[www.ksu.edu/tech.transfer/](http://www.ksu.edu/tech.transfer/)

**INVESTING IN START-UP COMPANIES:**

Supporting university start-up companies once they have been established is essential to the success of the enterprise. Much of the funding for early stage start-up companies is via grants and other similar instruments that are targeted for specific purposes. As the licensed technologies continue to develop, additional intellectual property may be discovered in which KSU has no ownership interest, i.e. the company wholly owns the intellectual property. The company's lack of discretionary financial resources may make it impracticable for the new discoveries to be protected properly. In these cases, KSURF may provide funding to protect the intellectual property, thereby protecting its interest on behalf of KSU.

Financing may be made available only to start-up companies that are fundamentally based upon KSU-related technologies, expertise, and/or other resources. Requests for financing will be reviewed and approved or denied by the Finance Committee. Actions will be reported to the Executive Committee and/or Board of Directors. The financing may only be used for the protection of intellectual property, e.g., patent protection. The financing is expected to be short-term in nature with the expectation of repayment. Financing may take the form of a convertible note, conventional loan, equity, or other instrument as appropriate. The amount to be financed by KSURF may be up to two and one-half percent (2.5%) of the restricted reserves for the current year not to exceed \$25,000 in any one year.

(Enacted by the KSURF Board of Directors 15 May 2007)