

Research

Distribution of License and Royalty Income

KSU Distribution of License and Royalty Income

The following regarding distribution of license and royalty income was approved by the Kent State University Board of Trustees March 23, 1988.

WHEREAS, it is the duty and responsibility of the University Patent and Copyright Board to advise the Provost and Vice President for Academic and Student Affairs and the President on all matters related to the administrative policy and procedures regarding patents; and

WHEREAS, the University Patent and Copyright Board has given careful consideration to the objectives of the University to cover expenses associated with the patenting and marketing of inventions, to provide alternative sources of support for the research mission of the University, and to encourage and reward greater activity on the part of faculty, staff, and students in submitting invention disclosures and developing patent applications; and

WHEREAS, the University Patent and Copyright Board has now reviewed and recommended guidelines for the distribution of the license and royalty income; and

WHEREAS, this recommendation has been reviewed and approved by the Provost and Vice President for Academic and Student Affairs and the President;

NOW, THEREFORE, BE IT RESOLVED that the attached distribution of license and royalty income be approved by the Board of Trustees at its March 23, 1988 meeting.

Proposed Distribution of License and Royalty Income

The proposed distribution of license and royalty income is intended to further three principal objectives:

1. To encourage and reward greater activity on the part of faculty, staff and students in the areas of submitting invention disclosures and developing patent applications;
2. To provide an alternative source of support for the research mission of the University; and
3. To cover, at least in part, the expenses incurred in patenting and marketing inventions.

Distribution of license and royalty income will be as follows:

1. The first \$100,000 of gross income should be allocated forty percent (40%) to the inventor(s). Thirty percent (30%) to the Division of Research and Sponsored Programs, and fifteen percent (15%) to the inventor(s) academic unit, and fifteen percent (15%) to the general fund.
2. To achieve the objective of covering expenses, on income over \$100,000 gross, distribution should be on a net basis, i.e. gross income less patenting, licensing, and marketing expenses. On net income up to one million dollars, the allocations should remain the same: forty percent (40%) to the inventor(s), thirty percent (30%) to Research and Sponsored Programs, fifteen percent (15%) to research support in the inventor(s) academic unit, and fifteen percent (15%) to the general fund.
3. To achieve the objective of supporting the University in general in the case of a really successful invention, the Board decided the general fund should receive fifteen percent (15%) of all net proceeds from one to five million dollars, twenty percent (20%) of all proceeds over five million dollars, and twenty-five percent (25%) of all over ten million dollars.

The inventor's shares would decrease proportionately; from forty percent (40%) to thirty percent (30%) at one million dollars in proceeds, to twenty percent (20%) at five million dollars, and finally to fifteen percent (15%) at ten million dollars and over.

4. Finally the Board recommends that the formulas developed be used in the absence of litigation such as infringement suits, etc. In the event of litigation the distribution may need to be reassessed.

A summary of the Board's distribution recommendations is below.

Recommended Distribution of Patent Income

| Income | Inventor's Share | Research & Sponsored Programs | Inventor's Academic Unit | University General Fund |
|--------|------------------|-------------------------------|--------------------------|-------------------------|
|--------|------------------|-------------------------------|--------------------------|-------------------------|

| | | | | |
|---|-----|-----|-----|-----|
| Gross up to \$100,000 | 40% | 30% | 15% | 15% |
| Income over \$100K gross shall be distributed on a net basis (gross less licensing and marketing expenses, etc. | . | . | . | . |
| Net income up to \$1,000,000 | 40% | 30% | 15% | 15% |
| \$1,000,000 - \$5,000,000 | 30% | 35% | 20% | 15% |
| \$5,000,000 - \$10,000,000 | 20% | 40% | 20% | 20% |
| Over \$10,000,000 | 15% | 40% | 20% | 25% |

University Patent Board
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Questions or comments? Email: partner@kent.edu

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