

THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

DISTRIBUTION OF INCOME FROM INTELLECTUAL PROPERTY PROCEEDS

Number 07.03.03

Division Research and Economic Development - Office of Technology Commercialization

Date January 4, 2018

Purpose

I. Introduction

The University of Alabama in Huntsville (UAH) has a rich tradition of discovery and innovation, made possible through the intellectual contributions of UAH faculty, staff, and students. These knowledge-driven discoveries and innovations have the potential to benefit the public through practical application. The University is committed to providing its faculty, staff, and students an optimal environment for creativity and innovation, and incentives that encourage and recognize excellence in scholarship and the creation of new knowledge. This environment should also recognize and protect the interests of UAH's faculty, staff, and students. Institutional policy concerning rights and equities in inventions made by UAH employees has been established by The Board of Trustees of The University of Alabama (Board Rule 509). The Board Rule directs each campus President to adopt a "policy governing the percentage of royalties, fees, and other financial returns. on an invention paid to the inventor" (509.2.f). This policy is intended to carry out that directive.

Definitions:

For the purposes of this policy, "UAH employee" shall mean faculty, administrators, office and technical staff, students, and others whose primary work or academic affiliation is with UAH, whether compensated by UAH or not.

"Intellectual Property" shall mean patentable materials, copyrighted materials, trademarks, software, biological material, know-how, and/or trade secrets, whether or not formal protection is sought. This policy does not apply to scholarly works produced by the UAH faculty or student body, nor does it include material developed for distance learning by UAH's employees.

*Gross Revenue" shall mean: (1) income from the sale, lease, transfer, 'or other conveyance of Intellectual Property by UAH, and (2) license issue fees, option fees, running royalties, and equity or other ownership interests paid to UAH by a licensee of UAH Intellectual Property, recognizing that such equity, which is negotiated on a case-by-case basis, shall not be considered "Gross Revenue" unless and until that equity, is sold by UAH at UAH's discretion.

Policy

II. Allocation of Royalty Income

Assignment of Intellectual Property created by UAH Employees is governed by The Board of Trustees of The University of Alabama Board Rule 509. In recognition of the assignment (see 509.I.D) and more importantly the contribution made by the creators or inventors of the Intellectual Property, it is UAH's intention to share proceeds of the commercialization with the UAH Employees who created the Intellectual Property.

In addition to such recognition, it is also important that such distribution of income from Intellectual Property proceeds help incentivize and motivate knowledge-driven UAH Employees who are in pursuit of discoveries and innovations.

Proceeds from Intellectual Property commercialization shall be shared as follows:

- i. Gross Revenue, fees, and other financial returns received by the University from such inventions shall first be reduced by 15% for administrative costs plus any additional actual expenses of patenting, protecting patent rights, and marketing the inventions. This reduction is expressly required by Board Rule 509 (see 509.II.F.); and
- ii. Net income remaining shall then ordinarily be divided in accordance with the percentages stated below. If special equities exist due to unusual circumstances, a variation of this allocation scheme may be utilized at UAH's discretion.

Net Income Remaining	UAH Employee	Employee's Unit	Technology Transfer Fund
Above \$0 - to \$5,000	100%	0%	0%
Above \$5,000 to \$50,000	60%	20%	20%
Over \$50,000	50%	30%	20%

Example: if the Net income remaining to be distributed to the UAH Employee(s) is \$60,000, the UAH Employee(s) share will be as follows:

100% of the first \$5,000	= 5,000
60% of the amounts between \$5,000 to \$50,000	= \$27,000
50% of the amount over \$50,000	= \$5,000
Total received by UAH Employee(s)	= \$37,000

The Employee's Unit shall be the primary organization (i.e. college, center, or administrative unit) to which he or she is assigned and/or a student at the time the Intellectual Property was created.

In addition to the Office of Technology Commercialization that helps UAH Employees in protecting and facilitating the commercialization of their Intellectual Property, the Office of the Vice President for Research and Economic Development also manages the Technology Transfer Fund. This fund is to further the development of Intellectual Property by UAH Employees, as well as paying for any unreimbursed out-of-pocket patent and copyright expenses incurred by UAH.

Because of the collaborative nature of research conducted at UAH, the resulting Intellectual Property may be developed by more than one employee. In such an event that two or more University Employees combine in the making or discovery of an invention, lacking an agreement between the employees, it shall be irrefutably presumed that such employees were equal contributors to the making or discovery of such invention. Therefore, all such UAH Employees and their respective organizational units shall divide accumulated net income pro rata and in equal shares. After such equal division between UAH Employees and their respective units, UAH Employee, his or her unit or organization and the Technology Transfer Fund shall divide that pro rata share according to the schedule provided above.

A UAH Employee who is no longer an employee or student of the University shall continue to be entitled to his or her personal share of the proceeds. In the case of a deceased UAH Employee, the estate of the UAH Employee shall be entitled to the UAH Employee share of the proceeds. Each UAH Employee shall provide UAH's patent administrator with their forwarding address and contact information on a timely basis. If UAH is unable to contact the UAH Employee for lack of forwarding address or contact information, the proceeds due the UAH Employee shall be held in escrow for no more than five years. After which such UAH Employee's proceeds shall be allocated pro rata among the UAH Employee unit, and Technology Transfer Fund at UAH, as per the table above.

Procedures

All forms and instructions related to the patenting of UAH intellectual property can be found on the Office of Technology Commercialization website under the link: "For UAH Inventors" (<http://www.uah.edu/otc/for-uah-inventors/forms>).

Important, relevant information can be found at links below:

UAH Patent Policy http://www.uah.edu/images/research/otc/2014_Patent_Policy3.pdf

UAH Copyright Policy http://www.uah.edu/images/research/otc/2014_Copyright_Policy.pdf

Review This policy will be reviewed every five (5) years or as needed or when there is a change in laws.