## UNL POLICY FOR DIVISION OF NET ROYALTY AND PROCEEDS

Section 5 of the RP-4.4.2 Regents' Patent and Technology Transfer Policy includes information on the division of net royalties and proceeds:

"With respect to any invention subject to this Policy, the University shall first be reimbursed for any and all expenses incurred by it that are associated with evaluation of the technology, obtaining of patent or other intellectual property protection, and licensing or other technology transfer activity, including legal expenses related thereto. In the event of any infringement action or other legal action involving technology disclosed under this Policy, the University shall also be reimbursed for any and all expenses borne by the University associated with such action. After such expenses are reimbursed, royalties and other proceeds from licenses or other technology transfer activities related to an invention, or patent or other intellectual property protection based thereon, shall be distributed as follows:

- a. One-third to the inventor or inventors; and
- b. Two-thirds in accordance with a separate distribution policy to be established and implemented by each University campus, such policy to take effect following approval by the Board of Regents upon recommendation of the relevant campus' Chancellor."

To implement RP-4.4.2, the following policy for the University of Nebraska-Lincoln is proposed for the distribution of royalties and other proceeds from the commercialization of technology.

- 1. To assure that the University is reimbursed for all costs associated with protecting and commercialization of the particular technology, the following shall be paid prior to any further distribution of proceeds from the technology:
  - a. Any funding provided by UNL or NUtech Ventures for research to the inventors for facilitating commercialization of research.
  - b. All out of pocket direct expenses incurred by UNL or NUtech Ventures in protecting, maintaining, and commercialization of the technology. On technologies with guaranteed annual minimum royalties, out of pocket expenses may be allocated over several years to facilitate immediate payment of royalties to inventors.
- 2. After the deductions authorized by paragraph 1, the remaining proceeds from the commercialization of the technology shall be distributed as follows:
  - a. One third will be distributed to the inventors pursuant to RP 4.4.2. Royalties will be distributed among all inventors based on their relative contributions to the development of the invention and should be agreed upon by inventors

- prior to the distribution. If no agreement exists, royalties and proceeds will be distributed equally among all inventors
- b. A technology management fee of 15% of the proceeds will be charged as overhead associated with the technology on all technologies licensed or renegotiated in FY05 or thereafter. Such overhead shall be used to support the administrative costs associated with the NUtech Ventures.
- c. Ten percent of the net royalties up to the first \$2 million of cumulative annual UNL royalties will be transferred to a fund that will be distributed to the College(s) or Division(s) to support and enhance research. The royalties will be distributed to the Colleges based on their proportional contribution to the fund. College(s) or Division(s) share will increase to twenty percent of net cumulative annual UNL royalties over \$2 million.
- d. The remaining proceeds will be distributed to the Office of Research to enhance the services of the technology development office to support services to faculty in the filing of disclosure, protection of intellectual property, and the marketing, licensing and commercialization of technologies. A portion of these funds may be used for grants to develop prototypes and conduct additional research to facilitate commercialization of technologies.
- 3. This policy will be effective on all technologies licensed or renegotiated in FY05 and thereafter. For technologies licensed in FY2004 or before, net royalties will be distributed as in the past (e.g., one third to inventors, one-third to college(s)/division(s), and one-third to the Office of Research).
- 4. For inventions with inventors from multiple colleges/divisions, the individual college/division portion will be proportional to the contribution of faculty agreed upon in section 2.a, above.
- 5. For intercampus collaborative projects, IP protection/prosecution efforts will be led by the campus with the majority interest in the invention. Net royalties will be divided between campuses based on their equity share in the IP and distribution of net royalties within each campus will be dictated by the relevant campus policy.
- 6. If equity is taken in lieu of royalties that otherwise would be distributed under this policy, the equity will be held by NUtech Ventures. Any dividends or proceeds from liquidation of the equity interest shall be distributed in accordance with this policy as though they were royalties.

This policy will be effective during FY2005 and thereafter, until changed at the Chancellor's recommendation and Board of Regents' approval.