
UCLA Policy 955: Net Royalty Distribution of Non-Patented Intellectual Property

Issuing Officer: Vice Chancellor for Research

Responsible Department: Technology Development Group

Effective Date: July 9, 2018

Supersedes: New

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I. PURPOSE & SCOPE

The purpose of this Policy is to complement the University of California Patent Policy (the “Patent Policy”) by articulating a formula for UCLA’s distribution of royalty income from intellectual property rights that do not constitute an invention under the Patent Policy.

This Policy applies to all employees and others as specified in the Patent Policy.

II. DEFINITIONS

For the purposes of this Policy:

Intellectual Property refers to, without limitation, tangible research material (*e.g.*, cell lines, mouse models and other reagents), copyrighted works, trademarks, and other types of proprietary UCLA information such as research data and protocols, but excluding intellectual property governed by the Patent Policy or other University policy dealing with royalty distribution (collectively, “IP”).

Net Royalties are gross royalties and fees received by the Regents, after deduction of unreimbursed costs related to protecting, preserving, and licensing the IP, payments to third parties and such other costs, taxes, disbursements or reimbursements as may be necessary or required by policy, contract, or law. Net Royalties may also include cash realized from the sale of stocks or shares received as equity as partial consideration for a License.

Originator(s) refers to individuals who authored or created the IP and assigned their rights to the Regents, or individuals who created IP that is owned by University as a matter of policy, law, or contract.

III. POLICY STATEMENT

Subject to restrictions arising from overriding obligations of the University of California (“University”), including but not limited to policies and obligations concerning gifts, grants, contracts, or other agreements with outside organizations, UCLA agrees (in exchange for an assignment to the extent the University does not already own the IP of the applicable IP rights), to pay annually the Originator(s) of such IP, or to their heirs, successors, or assignees and/or their respective laboratory/s the following Net Royalties:

1. For IP generating Net Royalties for each fiscal year up to and including \$50,000 (fifty thousand dollars):
 - a. Eighty-five percent (85%) of the Net Royalties shall be allocated for research-related purposes, payable to the laboratory/s where the IP was created. When more than one campus laboratory was involved, the proceeds will be allocated between the laboratories on a pro-rata basis (based on the number of Originators from each lab, unless a “case-by-case” exception has been approved, as provided below); and
 - b. Fifteen percent (15%) will be allocated to the general fund to cover administrative costs; or
2. For IP generating Net Royalties for each fiscal year in excess of \$50,000 (fifty thousand dollars), the distribution rules articulated in the Patent Policy and UCLA Procedure 955.2 shall apply to the entire amount.

On a case-by-case basis the Vice Chancellor for Research, after soliciting recommendations from the appropriate Dean and the Associate Vice Chancellor, Technology Development Group, has the authority to approve exceptions to the Net Royalties distribution formula as outlined in this Policy.

The percentage of Net Royalties to be distributed pursuant to this Policy is derived from consideration in the form of money or equity received in exchange for rights to the IP under: 1) a license, sale, or bailment agreement including such IP, or 2) an option or letter agreement leading to a license, sale, or bailment agreement including such IP. The percentage of Net Royalties to be distributed pursuant to this Policy is not derived from research funds, expenses reimbursement, or from any other consideration of any kind received by the University, including UCLA.

If the IP is commercialized in a bundle together with inventions governed by the Patent Policy, then the Net Royalties on the bundle of rights shall be distributed pursuant to the Patent Policy and UCLA Procedure 955.2. Royalties for particular IP will be distributed under either this Policy or the Patent Policy, but not both.

IV. REFERENCES

1. University of California Patent Policy;
2. University of California Business & Finance Bulletin G-40 Patent Program;
3. University of California Copyright Ownership Policy;
4. University of California Policy on Accepting Equity When Licensing University Technology;
5. UCLA Procedure 955.2, Distribution of the University’s General Pool and Research Share Portions of Net Royalties.

Issuing Officer

/s/ Roger Wakimoto

Vice Chancellor for Research

**Questions concerning this policy or procedure should be referred to
the Responsible Department listed at the top of this document.**
