
UCLA Procedure 955.2: Distribution of the University's General Pool and Research Share Portions of Net Royalties

Issuing Officer: Vice Chancellor for Research
Responsible Dept: Technology Development Group
Effective Date: July 9, 2018
Supersedes: UCLA Procedure 950.2, dated 1/4/2008

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I. PURPOSE AND SCOPE

Under the University of California Patent Policy (the "Patent Policy"), fifty percent (50%) of Net Royalties arising from the commercialization of an invention is allocated to the general pool. Income from the general pool accrues to individual campuses based on the amount of income received in relation to all inventions made by Inventors at that campus. The general pool covers:

- Programs costs – covers unreimbursed direct expenses of patenting and licensing inventions and the costs of operating UCLA's technology transfer program
- General fund share – supports UCLA activities and programs
- Any residual income above program costs is for the Chancellor's discretionary use in accordance with University of California policies and law

In addition, under the Patent Policy, fifteen percent (15%) of Net Royalties arising from the commercialization of an invention is allocated for research at the Inventor's campus. In recommending the October 1997 Patent Policy licensing revenue distribution formula to University of California Office of the President ("UCOP"), the Technology Transfer Advisory Committee broadly defined the fifteen percent (15%) Research Use share so that individual campuses would have maximum flexibility to determine how such monies would be applied most effectively to support its campus research activities.

This Procedure outlines UCLA's process for allocation and use of its general pool portion and research share portion of Net Royalties.

II. DEFINITIONS

For the purposes of this Procedure:

Inventor(s) refers to individuals who are identified as Inventors on the patent rights pursued on the invention and assigned their rights to the Regents or whose interests are owned by the Regents as a matter of policy, law, or contract.

License means a legal contract that conveys a commercial right, or an option to obtain a commercial right, to use intellectual property described in one or more specific UCLA Case(s) in return for consideration in the form of fees, royalties, and occasionally equity in the licensee.

Net Royalties are gross royalties and fees received by the Regents, after deduction of unreimbursed costs related to filing, prosecuting and maintaining patent(s) and other related property rights, the licensing of such patent(s) and related property rights, 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 in consideration for a License.

Research Use means activities that further the advancement of research, including but not limited to: cost sharing, research-related travel, support for trainees, purchase of specialized equipment, and construction of specialized research facilities. In general, Research Use does not include general education, curriculum development, or clinical care activities.

UCLA Case means intellectual property disclosed to the UCLA Technology Development Group (TDG) that may lead to a patent or sequence of patents connected by their relatedness.

III. STATEMENT

A. General Pool Distribution

Upon receipt by the campus of License income from UCOP, fifty percent (50%) of Net Royalties received with respect to each applicable UCLA Case will be redistributed to the general pool. This portion of funds will be distributed as follows:

- Twenty-five percent (25%) to the campus' general fund, and
- Seventy-five percent (75%) to the School from which the UCLA Case originated. Since UCLA Case/s may involve Inventors from more than one School, the proceeds will be allocated between these Schools on a pro rata basis (based on the number of Inventors from each School, unless otherwise agreed in writing). The Dean of these School(s) has discretionary authority to utilize those funds to support the Research Use of their respective Schools, with special consideration given to the organized research unit, interdisciplinary center, department, or institute that supported the Inventor(s), or may allocate said funds, in total or in part, for direct use by the Inventors of the related Invention to support their additional research activities.

B. Research Share Distribution

Upon receipt by the campus of License income from UCOP, fifteen percent (15%) of Net Royalties received with respect to each applicable UCLA Case will be redistributed to the appropriate Dean. Because a UCLA Case/s may involve Inventors from more than one School, the proceeds will be allocated between these Schools on a pro rata basis (based on the number of Inventors from each School, unless otherwise agreed in writing). Deans have discretionary authority to utilize those funds to support Research Use of their respective School, with special consideration given to the organized research unit, interdisciplinary center, department or institute that supported the Inventor(s), or may allocate said funds, in total or in part, for direct use by the Inventors of the related invention to support their additional research activities.

IV. PROCEDURES

RESPONSIBILITY	ACTION
Inventor(s)	Discloses all affiliations and funding sources when reporting a new invention to TDG.
TDG	Collects invention reports, identifies all Inventors, and apportions Research Use share(s) to respective Dean(s).
Dean(s)	Identifies an appropriate Research Use for distributed funds within their School, including support of the Inventor's own research program(s).

V. REFERENCES

1. University of California Patent Policy;
2. Letter from Joseph P. Mullinix, Senior Vice President, Business and Finance, dated January 10, 2003.

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.**
