
UCLA Policy 956: IP Revenue Sharing with Not for Profit Nongovernmental Organizations

DRAFT For Review

Issuing Officer: Vice Chancellor for Research and Creative Activities
Responsible Dept: Technology Development Group
Effective Date: TBD
Supersedes: New

I. PURPOSE & SCOPE

II. DEFINITIONS

III. POLICY STATEMENT

IV. RESPONSIBILITIES

IV. REFERENCES

I. PURPOSE & SCOPE

With increasing frequency, non-profit non-governmental sponsors (“Sponsors”) of academic research are requesting revenue sharing from income received by the University if intellectual property (IP) created under a Research Support agreement (as defined below) is ultimately licensed to a third party and generates income to the University.

This Policy addresses issues that should be considered before UCLA accepts revenue-sharing terms in a Research Support agreement and applies to UCLA researchers, Schools, Office of Contracts and Grants Administration (OCGA), and the Technology Development Group (TDG).

This Policy does not apply to joint intellectual property owners and organizations such as Howard Hughes Medical Institute (HHMI) with whom the University has a separate signed agreement.

II. DEFINITIONS

For the purposes of this Policy:

Support refers to but is not limited to, financial; equipment; research materials; genetically engineered animals or animal models (e.g., knockout mice, transgenic mice); intellectual property, including software and data; and other resources.

Research Support refers to research Support received from Sponsors in the form of a legally binding agreement whether a grant, contract, material transfer agreement, or other agreement depending on the circumstances of each transaction.

University refers to The Regents of the University of California on behalf of its UCLA campus.

III. STATEMENT

Sponsor Research Support revenue sharing agreements have the potential to create overlapping or conflicting obligations for the University. A revenue sharing obligation with a Sponsor may overlap with obligations to other sponsors of research and/or current or future licensees of the impacted IP. These potentially conflicting obligations (such as making more than one payment for the same impacted IP) might lead to undesired and unforeseen consequences and limit the University’s ability to commercialize the IP for the public good.

- A. When a Sponsor requests a share of potential licensing revenue as a condition for Research Support, the following will apply:
1. Subject to applicable UC policy on F&A exceptions, Sponsors that require revenue sharing will pay full federal Facilities and Administration (F&A) costs.
 2. A revenue-sharing obligation will apply solely to IP conceived and/or reduced to practice under a project directly supported by a Sponsor (“Subject IP”). For example, the Sponsor should not share

in revenue arising from prior foundational IP that the Sponsor did not support.

3. The University's revenue-sharing obligation will be capped at a specific multiple of the Sponsor's financial or money's worth Research Support that directly resulted in the Subject IP.
4. The Sponsor's share from UCLA's net revenue (after expenses) must be calculated as a percentage of net revenue received by UCLA after UCLA recoups its direct out-of-pocket expenses and pays any obligations to joint owners of the Subject IP, but prior to the inventor share and research share distributions, such that both the University and the inventor shares are reduced by the revenue sharing obligation to the Sponsor.
5. The Sponsor share will be a percentage of net revenue proportionate to the Sponsor's relative financial support to the research project that directly resulted in the Subject IP. This calculation takes into account contributions by the University and other sponsors, donors, and other supporting entities, including University contributions for unreimbursed F&A.

The Sponsor's share could be calculated as follows:

Y = financial value of the contribution by the Sponsor,

X = total contributions by the University and other sponsors that provided financial support to the Subject IP (government, infrastructure, gifts, not-for-profits, etc.) + Y

Z% = negotiated revenue sharing percentage,

The Sponsor's share will be: $Z \cdot (Y/X)$.

6. The University's share (i.e., the campus share and research share, which under current University Patent Policy is 50% and 15%, respectively) of the net revenue after deduction of all third-party obligations (excluding joint IP owners) must not be less than 50% of the net revenue.
 7. The number of Sponsors of an individual project that request revenue sharing must be carefully considered. Multiple Sponsors that request revenue sharing associated with the same specific project will be considered only if the terms of the agreements allow for allocating a revenue sharing percentage relative to the Support given by each entity.
 8. Requests from Sponsors to share royalty revenue must be carefully examined to ensure that commitments to the Sponsor do not conflict with the University's commitments to the federal government, including without limitation those set forth in 37 CFR Part 401 and related regulations (the Bayh-Dole Act). In the event of a conflict, the University's obligations to the federal government will prevail.
- B. As a condition of accepting an agreement with a revenue-sharing obligation, the relevant Dean, PI and all other researchers (e.g., postdoctoral scholars, staff researchers, graduate students, etc.) performing research supported by a Sponsor will be required to sign an informed consent alerting them of possible financial and other ramifications of such a commitment.
 - C. In order to serve the University's best interests (e.g., financial interests, interest in enhancing innovation and technology transfer, responsibility to inventors, and the general UCLA mission of research, education and service), the Vice Chancellor for Research and Creative Activities after consultation with the Dean or the relevant School or College, TDG, and OCGA, may grant exceptions to this Policy.

IV. RESPONSIBILITIES

Office of Contract and Grant Administration is responsible for the negotiation, acceptance and administration of research contract and grant funding awarded by not-for-profit and government sponsors.

The Technology Development Group is responsible for negotiating revenue-sharing terms and conditions and, after consultation with faculty and schools, determination if revenue arising from licensed IP is subject to a revenue sharing agreement.

V. REFERENCES

1. UCLA Policy 955: Net Royalty Distribution of Non-Patented Intellectual Property
2. UCLA Procedure 955.1: Release of Patent Rights to Inventors
3. UCLA Procedure 955.2: Distribution of the University's General Pool and Research Share Portions of Net Royalties
4. UC Patent Policy

Issuing Officer

/s/ Roger M. Wakimoto

**Vice Chancellor for Research and Creative
Activities**

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