ROYALTY DISTRIBUTION POLICY

Summary

The University at Buffalo uses a uniform structure to distribute proceeds realized from the commercialization of UB intellectual property.

Policy

POLICY STATEMENT

The University at Buffalo (UB) encourages innovation by its faculty, staff, and students. When those innovations are licensed and generate royalty for UB, that royalty is shared with those who made the innovation.

Distribution Schedule

<table>
<thead>
<tr>
<th>Distribution To</th>
<th>Percent Distribution of Royalty Income From Licensing Intellectual Property Disclosed Prior to November 23, 2016</th>
<th>Percent Distribution of Net Royalty From Licensing Intellectual Property Disclosed On or After November 23, 2016</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventor(s)</td>
<td>40%</td>
<td>45% of the first $100,000 of net royalty&lt;br&gt;40% of all remaining net royalty (in excess of $100,000)</td>
<td>Distribution checks are made payable to the inventor, unless the inventor directs UB otherwise in writing</td>
</tr>
<tr>
<td>Inventor’s Department(s)</td>
<td>5%</td>
<td>5%</td>
<td>Royalty received by the department must be used to support scientific research or education</td>
</tr>
<tr>
<td>Inventor’s School(s)</td>
<td>5%</td>
<td>5%</td>
<td>Royalty received by the school must be used to support scientific research or education</td>
</tr>
<tr>
<td>University Support of Research</td>
<td>50%</td>
<td>45% of the first $100,000 of net royalty&lt;br&gt;50% of all remaining net royalty (in excess of $100,000)</td>
<td>Royalty must be used to support scientific research or education</td>
</tr>
</tbody>
</table>

Category: Research  
Date Established: 9/01/09  
Responsible Office: Office of the Provost  
Date Last Revised: 11/28/17  
Responsible Executive: Provost
Notes:
- If royalty payments are received via wire transfer, processing fees associated with the wire transfer will be deducted from the UB 55% or 60% share (as applicable) before distributions are made.
- The department share of royalty is capped at $1 million per fiscal year, and the school’s share at $5 million per fiscal year. Royalty in excess of the caps is distributed to the university support of research.
- If a single license agreement includes intellectual property disclosed under both the old and new SUNY patent policies (i.e., intellectual property disclosed before and after November 23, 2016), 40% of royalty income received under such license agreement is distributed to inventors.

Inventors’ Share

In accordance with the State University of New York (SUNY) Patents, Inventions and Copyright Policy, a certain percentage of royalty is shared with the inventors.
- When there is more than one inventor, each inventor’s share of royalty is decided among the inventors and documented in the inventors’ agreement. Technology Transfer prepares the inventors’ agreement and upon request, provides guidance regarding inventor sharing. All inventors must sign the inventors’ agreement.
- SUNY places no restrictions on the assignment or waiver of royalty by an inventor. Any assignment or waiver of royalty by an inventor must be recorded in a written and duly executed agreement.
- Royalty distribution checks are:
  - Made payable to the inventor unless the inventor directs UB otherwise in writing.
  - Processed in accordance with directives from the inventor.
- The inventor must provide Technology Transfer with accurate contact information, including a current address.
- The inventor will continue to receive their share of royalty regardless of their UB employment status. Payments to deceased inventors are forwarded to the inventor’s heirs or legatees.

Inventor’s Department Share
- The department share must be used to support scientific research or education.
- The inventor’s department share will continue regardless of the inventor’s UB employment status.
- When there are multiple inventors, the distribution among departments is proportional to the inventor’s share documented in the inventors’ agreement.
- If the department chairs agree to a department share distribution different than the one documented in the inventors’ agreement, the revision must be on file with Technology Transfer. If the revision is not on file, Technology Transfer will distribute the inventor’s department share according to the inventors’ agreement.
- The department share does not move when an inventor leaves one department for another at UB.
Inventor's School Share
- The school share must be used to support scientific research or education.
- The inventor’s school share will continue regardless of the inventor’s UB employment status.
- When there are multiple inventors, the distribution among schools is proportional to the inventor’s share documented in the inventors’ agreement.
- If deans agree to a school share distribution different than the one documented in the inventors’ agreement, the revision must be on file with Technology Transfer. If the revision is not on file, Technology Transfer will distribute the inventor’s school share according to the inventors’ agreement.
- The school share does not move when an inventor leaves one school for another at UB.

Inventor’s Center/Institute
- In the event inventors are employees of a center or institute and not otherwise affiliated with a department and school, the Vice President for Research and Economic Development, Provost, or other administrative authorities will determine an appropriate allocation to supporting centers, institutes, departments, or schools. A signed agreement specifying the division of royalty must be on file with Technology Transfer.

University Share
- The university share must be used to support scientific research or education.

BACKGROUND
The SUNY Patents, Inventions and Copyright Policy requires that all net proceeds realized from the commercialization or other monetization of SUNY intellectual property, after payment of the inventor’s share (as defined in subpart (e) Royalty Income of the SUNY Patents, Inventions and Copyright Policy), and other appropriate costs associated with the evaluation, marketing, development, protection, maintenance, or enforcement of intellectual property shall be used for the support of SUNY research programs in a manner consistent with the Bayh-Dole Act and its implementing regulations.

The Bayh-Dole Act further states that such balance after payment to inventors and expenses “will be utilized for the support of scientific research or education.”

APPLICABILITY
On November 23, 2016, SUNY published its Patents, Inventions and Copyright Policy superseding SUNY’s former Patents and Invention Policy that had been in place at SUNY for more than thirty years. Both policies require that royalty be shared with inventors. However, different royalty distribution percentages apply depending on the date the intellectual property is disclosed and the amount of royalty that is received.

The policy applies to all royalty received from licensing of intellectual property created in whole or in part by UB personnel. The SUNY Patents, Inventions and Copyright Policy and the Research Foundation for SUNY Distribution of Royalty Income Policy govern UB royalty distribution.
DEFINITIONS

Affiliate – For purposes of this policy, affiliates include The Research Foundation for The State University of New York, State University Construction Fund, all campus auxiliary service corporations, and all campus foundations.

Intellectual Property - Patentable inventions, tangible research materials, computer software, and any unique or novel innovation in the technical arts or any new and useful improvements thereof, including methods or processes for creating an object or result (a way of doing or making things), machines, devices, products of manufacture, product designs, or composition, mask works or layout designs for printed circuit boards or integrated circuits, compositions of matter, materials, any variety of plant, and any know-how essential to the practice or enablement of such innovations and improvements, whether or not patentable.

Inventor - Any UB personnel who conceived, authored, reduced to practice, designed, developed, or otherwise contributed to the conception or creation of intellectual property. Inventor also includes any:
• Non-affiliated individual who works with a UB inventor and assigns the invention to SUNY or The Research Foundation
• UB inventor who later goes to work elsewhere (e.g. company, other institution).

Inventor does not include a joint inventor employed by a company.

Net Royalty – Royalty less reasonable out-of-pocket expenses incurred by UB and not reimbursed by licensees for the evaluation, marketing, development, protection, maintenance, and enforcement of the subject Intellectual Property.

Patentable Invention - Any art or process (way of doing or making things), machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the patent laws of the United States or other relevant jurisdiction, and the patent applications or patents that embody them.

Personnel - All full-time and part-time employees of SUNY and SUNY Affiliates, Student employees (including, but not limited to, research assistants, teaching assistants, fellows, post-doctoral scholars, and students providing services under sponsor agreements), and other persons holding any paid appointment or position with SUNY.

Royalty - Cash, equity, or other value received by UB as consideration for license of rights to UB intellectual property.

Royalty Income – Gross royalty paid as proceeds from the licensing of intellectual property disclosed prior to November 23, 2016.

Students - Individuals enrolled in SUNY, including but not limited to, continuing education, undergraduate, graduate and professional students, non-degree students, and not-for-credit students.
RESPONSIBILITY

Inventor
- Disclose intellectual property to Technology Transfer as soon as possible and whenever practical before publication, as required under the SUNY Patents, Inventions and Copyright Policy, and in the case of federally funded research in accordance with 37 CR 401 of the Bayh-Dole Act.
- Work with Technology Transfer and outside patent counsel to make applications for patents; complete assignments and other related documents as required.
- Sign and return the inventors’ agreement prepared by Technology Transfer.
- Provide Technology Transfer with accurate contact information including a current address.

Department Chairs
- Notify Technology Transfer of any agreement to divide the department share differently than the one documented in the inventors’ agreement.
- Ensure that all royalty received by the department is used to support scientific research or education.

Deans and Vice Presidents
- Notify Technology Transfer of any agreement to divide the school share differently than the one documented in the inventors’ agreement.
- Ensure that all royalty received by the school is used to support scientific research or education.

Provost
- Ensure that all royalty received by the university is used to support scientific research or education.

Technology Transfer
- Conduct all operations necessary to manage, process, protect, license, and report intellectual property.
- Negotiate licenses to intellectual property rights.
- Provide guidance regarding inventor sharing.
- Prepare the inventors’ agreement.
- Provide inventors, deans, and chairs with copies of completed inventors’ agreements.
- Maintain inventor contact information including current address.
  - Make reasonable efforts to locate inventors who have changed their address without notifying Technology Transfer.
- Administer the distribution of royalty.

Financial Management
- Distribute royalty payments based on directives from Technology Transfer.
- Maintain royalty accounts, including creation of new accounts and modifications to existing accounts.
Contact Information

Technology Transfer
UB Commons
520 Lee Entrance Suite 109
Amherst, NY 14228
Phone: 716-645-5500
Fax: 716-645-3436
http://www.buffalo.edu/tt

Related Information

University Documents:

Hospital Affiliation and Intellectual Property Ownership

Related Links:

Research Foundation Distribution of Royalty Income Policy
http://www.rfsuny.org/media/RFSUNY/Policies/distribution-royalty-income_pol.htm

Research Foundation Intellectual Property Policy
http://www.rfsuny.org/media/RFSUNY/Policies/intellectual-property-policy_pol.htm

State University of New York Patents, Inventions and Copyright Policy
https://www.suny.edu/sunypp/documents.cfm?doc_id=88

State University of New York Computer Software Policy, Document 8101
http://www.suny.edu/sunypp/documents.cfm?doc_id=408

Bayh-Dole Act (or the Patent and Trademark Law Amendments Act)
https://en.wikipedia.org/wiki/Bayh%E2%80%93Dole_Act
https://grants.nih.gov/grants/bayh-dole.htm

History

November 2017 Full review. Updated the policy to be consistent with the SUNY Patents, Inventions and Copyright Policy which has an effective date of November 23, 2016.
Presidential Approval

Satish K. Tripathi, President

Date