**UAA Distribution of Royalties Policy**

1. **Definition. For purposes of this policy, "royalties" or “proceeds” shall include** running royalties, advances against running royalties, up-front license fees, milestone payments, shares of stock or other securities issued by the licensee or another corporation ("equity"), and any other payments received by the University under a license agreement in consideration for licensing an invention, but shall not include amounts received from a licensee or others in sponsorship of research or under other agreements for other goods, services or rights.
2. **Recovery of Expenses regarding inventions; Net Royalties or Proceeds.**

To the extent not otherwise defined in Board of Regents Policy, University Regulations, or an applicable Collective Bargaining Agreement, net royalties or net proceeds shall be calculated as follows:

2.a **Royalties shall be used first to offset out-of-pocket expenses incurred by the University associated with protecting**, **maintaining and commercialization of a particular technology.** These expenses can include the following: evaluations of the technology, licensing and technology transfer activity, legal expenses applying for, obtaining, and defending a patent, developing and negotiating license agreements during the life of the patent (or patent pending), fees to licensing organizations and some other out-of-pocket costs incurred by the University such as associated travel and marketing of the technology for licensing purposes.

The fees paid to the external individuals or organizations for such services may be of fixed dollar amount or may be in the form of an agreed-upon fraction of the gross royalty income, if any, or in any other form directly associated with commercialization or licensing of the invention.

To encourage patent activities and to facilitate immediate payment of royalties to inventors on technologies with guaranteed annual minimum royalties these expenses can be allocated over several years, but not to exceed three (3) years.

2.b **In addition, 20% of Royalties, after reduction** as provided above for out-of-pocket expenses, received in any year from an invention shall be retained by the University and equally divided between the College or School, or the Administrative Organization that supports prototype development, or in the case of no College or School affiliation the Administrative Organization that pays the inventor’s salary and the Office of Research for its general support.

2.c **Net Royalties/Net Proceeds.** After recovery of expenses by the University as provided in subparagraphs 2.a and 2.b, the remaining royalties will be designated Net Royalties.

1. **Distribution of Net Royalties or Net Proceeds.**

Distributions of net royalties or proceeds shall be made on an annual basis at the end of UAA’s fiscal year.

3.a The Net Royalties as defined in 2.c above or as otherwise defined in Policy, Regulation, or an applicable Collective Bargaining Agreement shall be distributed to the inventor(s) as defined under the University of Alaska Board of Regents Policy and University Regulation 10.07 and the current Collective Bargaining Agreement, as applicable, with the following additional terms:

* If there is more than one inventor, then the royalty is split evenly among the inventors.
* Of the royalties or proceeds payable to the University:
* 20% to the College or School of the Inventor(s); if multiple inventors at different Colleges or Schools, then the percent will be evenly split;
* 20% to the Department of the inventor(s); if multiple inventors are in different departments, then the percent will be evenly split among the departments;
* If the inventor is not associated with a College or School who pays their salary, then the total 40% will be provided to the Institute or Center or Administrative Organization that pays their salary.
* The remaining 60% is allocated to the Office of Research (the Vice Provost for Research) for the general support of University research and invention as described in Section 4. However, if an Administrative Organization that is not the Inventor(s) College or School or Department has supported prototype development then 10% shall be provided to them, leaving 50% for the Office of Research.

1. **General Research and Invention Support from Net Royalties.**

This means use in the support of but not limited to the following: university research that has potential to lead to inventions, activities that increase the licensing potential of other university inventions, developing prototypes, creating startup companies, support/assistance in filing disclosures and patents, and marketing. Such support will be decided and allocated by the Vice Provost for Research.

1. **Student inventions.**

**Regarding inventions that are made by undergraduate or graduate students at UAA to fulfill class assignments**, UAA will not assert ownership rights in such inventions that are:

1. Not conceived or developed with substantial or essential contributions of the University such as, funds, space, materials, or facilities, and;
2. Not developed in the course of or pursuant to a sponsored research project or other agreement the University has entered into with a third party, and;
3. Not created as a "work made for hire,” and;
4. the invention was not developed in collaboration with faculty members.

A "work made for hire" is defined as work or invention created by a student as part of his/her employment responsibilities owed to the UAA, or a work or invention which UAA has in writing commissioned the student to create for UAA.

UAA shall assert ownership rights in the following cases.

1. In the event students elect to develop or improve, as their class assignment, ideas or discoveries that are assigned to the UAA, or that are otherwise subject to the University of Alaska Board of Regents Patent Policy 10.07.
2. If the Invention is made as a class assignment and further pursued as an independent project using significant resources of UAA, including facilities, and that of a faculty or staff advisor employed by the UAA.

Inventions voluntarily assigned to the University by students or in which case UAA pays for the patent process shall be owned by UAA and are subject to the remaining provisions of the University of Alaska Board of Regents Patent Policy 10.07.