

From: faculty-bounces@listserv.utmem.edu [mailto:faculty-bounces@listserv.utmem.edu] **On Behalf Of** Communications
Sent: Friday, June 27, 2008 10:55 AM
To: faculty@hermes.utmem.edu
Subject: [faculty] UTRF Revenue Sharing Policy Change

Faculty and Research Staff Announcement: UTRF Revenue Sharing Policy Change

The University of Tennessee Research Foundation (UTRF) has adopted changes to its revenue sharing policy. The new policy provides for sharing licensing income with the UT unit that generates the revenue-producing technology and increases the upfront payments to inventors. The intent is to spur further innovation and to better support UT's goal of becoming one of the premier research institutions in the nation.

University of Tennessee employees who, in the course of their employment, invent, discover, or create, are obligated by institutional policy to disclose their inventions, discoveries, or creations to UT. UT, in turn, assigns the disclosed technologies to the University of Tennessee Research Foundation (UTRF), which seeks to commercialize them on behalf of UT and the inventor(s).

Prior to this policy change, UTRF was obligated to share revenues generated through licensing a UT-generated technology only with the inventors. Thus, the campus, college, department, center, and/or laboratory that may have been instrumental in supporting the innovation did not stand to benefit financially. Effective with invention disclosures received by UTRF after June 30, 2008, revenues will be divided on a formula basis among (1) the inventor(s), (2) the applicable UT units and (3) UTRF.

Only a few inventions prove to be "home runs" and produce more revenue than the amount of money spent to secure and maintain patent or other intellectual property protection. Past policy allowed revenue sharing with inventors, but sharing began only after sunk costs associated with patent applications, legal expenses, and marketing fees were recovered. That meant that many inventors did not receive any revenues because their licensed technology did not produce enough to cover these sunk costs. As an incentive to faculty and staff inventors, the new policy will provide the inventor the first \$5,000 of any licensing revenue collected. Subsequent net revenues (after sunk costs are recovered) will then be distributed based upon a formula. This change assures that more faculty and staff members will receive at least some revenue from their licensed technologies.

Beyond that first \$5,000 and up to \$1 million in revenue collections, net of patent, legal, and marketing expenses, distributions will be made according to the following:

- Inventor(s) – 40 percent
- UT Campus or Institute – 15 percent
- UT Department or Laboratory – 15 percent
- UTRF – 30 percent

When net revenue collections from a given license pass a cumulative total of \$1 million, subsequent distributions will be made according to the following:

- Inventor(s) – 35 percent
- UT Campus or Institute – 20 percent
- UT Department or Laboratory – 20 percent
- UTRF – 25 percent.

The new UTRF policy is generally more generous to inventors than similar policies at neighboring institutions. Below is a sample of how revenues are shared with inventors at some other universities in the Southeast.

University of Florida: For net license revenue collections up to \$500,000, the inventor receives 40 percent. When the cumulative net collections exceed \$500,000, the inventor share is reduced to 25 percent.

University of Georgia: The inventor receives 100 percent of license revenue collections up to \$10,000. After net collections pass \$10,000, the inventor share is reduced to 25 percent.

Georgia Tech: Inventors receive the first \$2,500 generated by a license. Thereafter, the inventor share is constant at 33 percent net of expenses.

University of Virginia: The inventor receives a 50 percent share of the first \$100,000 in net revenues collected. For net revenue collections beyond \$100,000, the inventor portion is reduced on a sliding scale beginning at 30 percent and dropping gradually downward to 15 percent on all collections beyond \$1 million.

Auburn University: The inventor share is 30 percent of net on initial revenue collections, then falls on a graduated scale to 15 percent when collections exceed \$300,000.

UTRF is proud to support The University of Tennessee in its goal of becoming one of the top research universities in the nation, and UTRF staff members are available to assist you and your academic unit capture economic benefit from your inventions and ideas. Please let us know how we can be of service.

If you have questions, please contact the UTRF Knoxville office at 865-974-1882 or the UTRF Memphis office at 901-448-7827.