

INTERIM - Patent Royalty Research Share Income Disposition

(Policy OR-0002)

I. Purpose of the Policy

Under the current (1997) [UC Patent Policy](#), 35% of Net Royalties received on a UCSC Patent Case are distributed to the inventors of the UCSC Patent Case, (“Inventor Royalty Share”) and 15% of Net Royalties received on a UCSC Patent Case are allocated for research purposes on the inventor’s campus, (the “Research Royalty Share”).

Each UC campus has the discretion to determine the distribution of the Research Royalty Share. The purpose of this UCSC policy is a to establish clear and uniform allocation of the Research Royalty Share arising from UCSC Patent Cases.

II. Definitions

For the purposes of this Policy, and in accordance with the UC Patent Policy, the following terms have the definitions listed below:

UCSC Patent Case: A patentable invention disclosed to the UCSC authorized licensing office on which at least one patent application has been filed. This policy does not apply to inventions protected solely by copyright or inventions that constitute tangible research property.

Patent License: Legal contract that conveys a commercial right to another party (a “Licensee”) to use patent rights arising from a UCSC Patent Case in exchange for consideration in the form of fees, royalties, and/or other payments from the Licensee.

Net Royalties: Royalties received from Patent Licenses that, when applied to a UCSC Patent Case, exceed direct expenditures for that UCSC Patent Case in a given year. The UC Office of the President calculates and distributes Net Royalties directly to inventors in the case of the Inventor Royalty Share or to the campus in the case of the Research Royalty Share.

III. Detailed Policy Statement

To establish a clear and uniform allocation of the Research Royalty Share across UCSC, and in recognition of the importance of providing financial support to inventors and their research labs, UCSC will distribute the Research Royalty Share according to the following:

Research Share to Inventor(s) Research Lab (“Research Lab Portion”)	9.0%
Research Share to Department, Home Academic Unit or equivalent (“Department Portion”)	6.0%

The “Research Lab” is the UCSC laboratory unit that the inventor was working within at the time the invention was disclosed.

The Department, Home Academic Unit, or equivalent” is the UCSC department to which the Research Lab was housed at the time the invention was disclosed.

If a UCSC Patent Case has multiple UCSC inventors, the Research Share will be allocated in proportion to the Inventor Royalty Share.

If, between the disclosure of the invention to the UCSC Authorized Licensing Office and the first distribution of revenue, the inventor’s original UCSC research lab became inactive, then:

- a. If the inventor holds any active research position at UCSC at the time of revenue distribution, the revenue from the Research Lab Portion will be distributed to the inventor’s current UCSC Research Lab.
- b. If the inventor does not hold an active research position at UCSC at the time of revenue distribution, the revenue from the Research Lab Portion will be distributed to the UCSC Division or School to which the inventor’s research lab belonged at the time the invention was disclosed.

For the purposes of this Policy, a research lab is considered *inactive* if the Principal Investigator of the lab is no longer employed by UC Santa Cruz or if the research lab is otherwise not able to make use of research funding. Examples of instances in which a research lab is considered not able to make use of research funding include, but are not limited to: not having any students, postdoctoral students, technicians, active research projects, research space or useable equipment. Whether a research lab is able to make use of research funding is determined by the Vice Chancellor of Research.

For the purposes of this Policy, an *active research position* includes any position in an academic department for the purposes of conducting academic research. Active research

positions include those held by faculty (including emeriti faculty), technical staff, postdoctoral fellows, or graduate students.

If, between the disclosure of the invention to the authorized licensing office and the first distribution of revenue, the inventor's original UCSC Department, Home Academic Unit, or equivalent became inactive, then:

- a. If the inventor holds any active research position at UCSC at the time of revenue distribution, the revenue from the Department, Home Academic Unit or equivalent portion will be distributed to the inventor's current Department, Home Academic Unit or equivalent.
- b. If the inventor does not hold an active research position at UCSC at the time of revenue distribution, the revenue from the Department, Home Academic Unit or equivalent portion will be distributed to the UCSC Division or School to which the inventor's Department, Home Academic Unit, or equivalent belonged at the time the invention was disclosed.

Any disagreement regarding the distribution to the Research Lab, or Department, Home Academic Unit or equivalent will be resolved by the Vice Chancellor for Research, in their sole discretion.

If the inventor was not a member of a UCSC research lab at the time the invention was disclosed to the UCSC Authorized Licensing Office, the allocation of the Research Royalty Share from that inventor will be decided by the Vice Chancellor for Research.

In the event the Vice Chancellor of Research has a conflict or potential conflict of interest in making a decision under this Policy, the Campus Provost/Executive Vice Chancellor will make such decision(s).

III. Advice and Assistance

The Innovation & Business Engagement Hub provides training and assistance to campus units (including help with completing forms, carrying out procedures, or explaining policy).

If you need help with...	Contact...
questions regarding this Policy, disclosing inventions (patentable, copyrightable, or other tangible research products), patent policies,	The Innovation & Business Engagement Hub, innovation@ucsc.edu , 831-459-5415, or https://officeofresearch.ucsc.edu/iatc .

copyright policies, or other intellectual property management matters.	
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IV. Applicability and Authority

This policy on Patent Royalty Income Disposition applies to all UCSC departments. It supersedes any contradicting campus practices in existence prior to its effective date.

The Vice Chancellor for Research is the campus authority for the Patent Royalty Income Disposition policy, with implementation authority delegated to the appropriate Assistant Vice Chancellor and designates.

This policy was reviewed and approved by Chancellor Cynthia Larive on September 01, 2022. The next review date is March 01, 2023..

V. References

University of California Patent Policy (10/1/97)

University of California Academic Personnel Manual (APM)-020 II.7, APM-028 II. B., APM-670-19 b.3., APM-671.10 b.2.

VII. Revision History

09/01/2022: New policy