

University of Michigan Medical School Royalty Distribution Policy

I. Purpose

The purpose of this policy is to clarify the internal policy of the Medical School related to the distribution of technology transfer revenues shared with the Medical School.

The disbursement of royalty and equity revenue is prescribed by University policy (SPG 303.04). Under that policy, the division of such revenue is dependent on the amount of total revenue for a particular license.

This Medical School policy is triggered when the total net technology transfer revenue is more than \$2.0M. The purpose of this policy is to incent high risk research and entrepreneurial activity by the faculty, support departmental investment in intellectual property developments and allow for a return on investments.

II. Policy

It is the policy of the University of Michigan Medical School to standardize the sharing of the Medical School share of technology transfer revenue with departments and other units comprising the Medical School once total net revenues exceed \$2.0M.

III. Standards

Technology transfer revenue distributions will continue to follow the *Standard Practice Guide*. This Medical School policy will further prescribe distribution of revenues received by the Medical School once total technology transfer revenues exceed \$2.0M.

IV. Process

When University of Michigan royalty revenue is greater than \$2.0M, the Medical School will allocate its share as listed:

Medical School	50%
Department	25%
For the Benefit of Research of the Inventor(s)	25%

It is expected that the department will continue to use its share of these funds to support investigators in the development of intellectual property.

For the inventor's research to receive a share, the inventor must have:

1. An active research program with continuing efforts to seek externally sponsored support.

2. A functional laboratory or dry research space.
3. Effort assigned to research.

The research of the inventor(s) will receive the 25% share of the Medical School's share of the University royalty revenue in excess of \$2.0M, up to a maximum of \$75,000 per year to be placed in an expendable account for the inventor(s) to use.

Amounts over \$75,000 (if any) will be placed in a quasi-endowment, held in the Dean's Office. The accrued interest will be distributed for expenditure on research by the inventor(s) through the same discretionary expendable account noted above. Expenditures from this account are subject to all University of Michigan rules and policies.

Where there are multiple inventors, the research of each inventor will share the revenue in proportion to the assigned individual royalty income (set per *Office of Technology Transfer* policy).

The inventor(s) must still be employees(s) of the Medical School at the time of the disbursement in order for the department to continue to participate. Should an inventor no longer be employed at the Medical School, his/her share of this split will revert to the Medical School.

V. Procedures

A. Assessment

The Dean will assess and make the final determination of whether the inventor(s) or department successfully achieved the threshold for disbursement of a portion of the Medical School royalty revenue stream.

B. Disbursement

Disbursements will be processed in a timely fashion following the University's distribution, through *The Office of Technology Transfer*, of royalty revenue to the Medical School.

C. Communication to the Inventor(s)

The Dean will communicate all royalty distribution arrangements in writing to the participating departments and inventors. Any arrangement will be subject to the policies and procedures set forth in this document and any applicable University policy and procedure or other applicable regulatory body, rule or regulation.

D. Program Revision

This *Medical School Royalty Distribution Policy* may be revised, amended or canceled at any time as determined by the Dean of the Medical School.

VI. References

[SPG 303.04](#)
[Regents Bylaw 3.10](#)
[The Office of Technology Transfer](#)

VII. History of Policy

A. Original Approval Date:

April 15, 2010
Approved by the Medical School Executive Committee

B. Revisions

1. March 2013 (Three-Year Review)
No revisions were made.
2. April 2016 (Three-Year Review)
 - a. SPG 303.4 was changed to 303.04. All wording is the same, but the date issued now lists 01/01/07 instead of 03/18/97.
 - b. Re-wording to clarify that the research of the inventor(s) will be the recipient of the shared revenue.
 - c. Clarification of *technology transfer revenue* vs. *royalty revenue*.
 - d. Disbursements will be processed through *The Office of Technology Transfer*. Link to this office was added under *References*.

VIII. Approval

Signature: /Matthew C. Comstock/Matthew C. Comstock
Title: Executive Director for Administration & Finance
Date: April 5, 2016