

SJSU Research Foundation Intellectual Property and Technology Transfer Expense and Revenue Policy

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Finance and Accounting

1.0 Purpose

This policy lays out the accounting principles and operating procedures for the recording of both expenses and revenue from intellectual property and technology transfer agreements managed by the San José State University Research Foundation (SJSURF).

2.0 Responsibility

General oversight of this policy belongs to the Research Foundation executive director; however, the executive director has delegated to the director of Finance and Accounting the responsibility for the day-to-day implementation of this policy. Responsibilities include among other things: review of intellectual property (IP) agreements for financial terms and conditions, identification of the nature and classification of the various expense and revenue transactions, and coordination with the Office of Sponsored Programs (OSP) and the SJSU Office of Innovation, documentation of expenses and revenue and related fund disbursements.

3.0 Scope

This policy applies to all SJSU faculty, students, and staff as well as SJSURF employees and project participants who work on or with IP on behalf of SJSU and the SJSURF and to all fully executed IP agreements attached to these parties.

4.0 Definitions

Not applicable.

5.0 Policy

The director of Finance and Accounting and the executive director will each have responsibility to authorize the disbursement of revenue and payment of expenses for projects covered by this policy. Under the supervision of the controller, the Finance department is responsible for reviewing the calculation of costs incurred for protection and for management of intellectual property, any revenue received from licensing or sale of the IP (including reimbursements), and all distribution of revenues pursuant to this policy and the terms of each IP contract, as well as recording the expenses and revenue for each IP agreement entered into by the Research Foundation.

The director of Finance and Accounting and the controller will periodically review the calculation and recording of the IP expenses and revenues, and the distributions as laid out in the governing IP agreement, to assure the accurate and timely posting and distribution. Results of this review will be reported to the SJSU vice president for Research and Innovation. At a minimum, this review will take place with the annual fiscal year close.

With oversight from the OSP director, OSP analysts are responsible for coordination of the individual IP contracts with the interested parties and signers. The Office of Sponsored Programs serves as the point of contact for parties signing the contracts and will work in conjunction with the executive director to provide timely transmission of the executed contracts to the director of Finance and Accounting. OSP will also provide reasonable assurance that the agreement does not materially conflict with this policy and other SJSURF and San José State University policies such as the *University Intellectual/Creative Property Policy*.

Unless agreed differently by way of a signed Distribution of Intellectual Property Commercialization Proceeds Agreement, distribution of net revenue to the originators shall be made in equal shares, and SJSURF agrees to pay originators their share of net revenue for a university fiscal year within five (5) months of the close of the fiscal year.

5.1 Account Designation

The establishment of accounts for an IP project will take place when an expense or revenue related to the project first occurs.

Account Numbers for IP Projects

Each IP project is assigned a distinct account number. The project account tracks both expenses and revenues. This allows individual reporting on each project.

34-7200-xxxx – Within this account the income and expenses are recorded. Each project has its own 'profit and loss' report available. Reimbursement of expenses are posted here as offsets to expenses as required by accounting rules.

Examples of items to be posted to a 34-xxxx-xxxx account are listed below. There may be other items that require tracking, and these will be incorporated into this policy as needed.

- Costs to secure and protect the IP such as lawyer's fees and filing fees
- Third party costs
- Revenue from the sale or licensing of the IP
- Revenue from the administration of the IP
- Disbursement of proceeds to related parties

5.2 Object Codes for IP Projects

To track the type or character of the revenue produced by the IP the following object codes are used. Object codes group the expenses and revenues from the individual projects into large groupings for financial statement reporting.

The distinct object codes for the intellectual property expense and revenue depend on the type or nature of the item and may include, but are not limited to the following:

- 10130 – Royalty
- 10131 – License
- 10132 – Trademark
- 10133 – Copyright
- 10140 – SJSURF Administration Fee (15%)
- 10141 – RI Division share of net revenue (20%)

5.3 Gross and Net Revenues Distribution Schedule

The distribution of gross revenues, excluding any revenue received as a reimbursement of costs, will be compliant with SJSU IP policy and as established in the project’s signed Distribution of Intellectual Property Commercialization Proceeds Agreement. The standard distribution scheme is shown below. If the IP is partly owned by a third party, this scheme will need to be modified to reflect their share of revenue.

- 15% to SJSURF to cover cost of administering the process
- Reimbursement of outstanding out-of-pocket costs
- Distribution of remaining revenue (“Net Revenue”) will be as stated below:
 - a. The originators (inventors) share will be paid out to the originators directly as personal income, or in some cases to a corporate entity in their name, if so agreed in the signed Distribution of Intellectual Property Commercialization Proceeds Agreement.
 - b. The home department share will go to the SJSU academic department that was the home department of the respective originator at the time of the IP creation.
 - c. The University Share goes to the Technology Transfer account (51-2400-0006) and is to be tracked.

Schedule of Distribution for Inventions (e.g., patented Intellectual Property)

Recipient Group	Percentage of Net Revenue
Originators	50%
Home department(s) of originators at the creation of the IP (shared equally if more than one department)	30%
University Share (Division of Research and Innovation)	20%

Schedule of Distribution for Copyrighted IP, Trademarks, Creative Works, and Other Intellectual Property

Recipient Group	Percentage of Net Revenue
Originators	50%
Home department(s) of originators at the creation of the IP (shared equally if more than one department)	15%
Home college(s) of originators at the creation of the IP (shared equally if more than one department)	15%
University Share (Division of Research and Innovation)	20%

6.0 Related Policy Information

Not applicable.

7.0 Required Forms

Not applicable.

8.0 References and Related Information

Distribution of Intellectual Property Commercialization Proceeds Agreement

[F98-3 University Intellectual/Creative Property Policy](#)

9.0 Record Retention

All documents and records are maintained in accordance with SJSU Research Foundation *Record Retention* requirements.

Record	Retention
<i>Intellectual Property and Technology Transfer Expense and Revenue Policy</i>	This document is effective until further revised or updated. Outdated or revised documents will be maintained in accordance with Research Foundation Record Retention requirements. The Research Foundation will maintain the signed original and electronic copies of the approved policy and all updates and replacements.