



TEXAS TECH UNIVERSITY

Operating Policy and Procedure

OP 74.06: Disposition of Patent and Copyright Royalty Income

DATE: November 17, 2011

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to establish the procedures that will be used by the university in handling income in the form of royalties from patents and copyrights.

REVIEW: This OP will be reviewed in October of odd-numbered years by the associate managing director of Technology Commercialization and the associate vice president for financial affairs and controller with recommended revisions presented to the vice president for administration and finance, the vice president for research (VPR), and the vice chancellor for technology commercialization.

POLICY/PROCEDURE

The university will receive income in the form of royalties from patents and copyrights from time to time. The manner in which this income is handled will be determined by the circumstances that led to the patent or copyright from which the royalties result. The different situations and the procedures to be followed in each case are outlined in the following paragraphs.

1. Patents and Copyrights Resulting from Sponsored Research

All income from patent or copyright royalties paid to the university as a result of patents and copyrights arising from federal or other sponsored grant or contract research shall be deposited in a designated funds account. Annual budgets for expenditure of such funds are normally initiated by the VPR or designee in the routine annual budget cycle, with the budgets ultimately approved by the president and the Board of Regents. The funds in this account are to be used as required by federal or state law or as otherwise determined by the university in TTU OP 74.04 and in Chapter 10, *Regents' Rules*.

2. Patents and Copyrights Resulting from Work Funded from State Appropriations

All income from patent or copyright royalties paid to the university as a result of patents and copyrights that arise from work carried out using university educational and general facilities without sponsorship by any external source (federal, state, or private agency/private corporation) shall be deposited in an educational and general account, "Patent and Copyright Royalty Income." These funds will go into the state treasury. These funds are to be distributed according to OP 74.04 and Chapter 10, *Regents' Rules*.

3. Donation to the University by Individuals of Patent and Royalty Income

Some individuals may wish to donate either all or a portion of their royalties from a copyright or patent to the university. When this situation arises, the procedure to be followed will depend upon

whether the individual is willing for those donated royalties to be used for the general support of the university or, alternatively, wishes for them to be used only for the support of research in a specific academic unit of her/his choosing. In those instances in which the donor is willing to have the donated royalties used for the general support of the university, the donated royalties shall be deposited in the aforementioned designated funds account whose administration, etc., has already been described in section 1 above.

When the donor wishes the donated royalties to be used for the support of research only in a specific academic unit of her/his choosing, the funds will be deposited in a restricted current fund account. The administrator of such an account normally will be the chairperson (or program director) of the specific academic unit although, at the request of the donor and the VPR may designate some other appropriate individual to be the account administrator. For such accounts, the account administrator will determine the allocation of monies. That person, however, will be expected to supply the VPR and the donor with a brief annual report indicating the specific nature of the allocations made during the preceding fiscal year.