University of Michigan Medical School
Royalty Distribution Policy

I. Purpose

The purpose of this royalty policy is to clarify the internal policy of the Medical School related to the royalty revenue distribution. The disbursement of revenue from royalty and equity income is prescribed by the University and is dependent on the total return.

The Medical School follows the University’s policy except when the total revenue is more than $2.0M. The purpose of this variance from University policy is due to the Medical School’s intent 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 royalty distribution payments with the departments and other units comprising the Medical School. Distribution of total royalty payments between the inventor, the originating department and the Medical School under $2.0M are found in the standard practice guide related to royalty distribution. (SPG 303.4; Regents Bylaw 3.10) The procedures for distribution of revenues over $2.0M received by the Medical School are set forth in this policy.

III. Standards

Royalty payment distributions will follow the established Standard Practice Guide, or this policy related to distribution of total revenues in excess of $2.0M.

IV. Process

Inventor and departmental sharing when University of Michigan royalty revenue is greater than $2.0M. The Medical School will allocate its share as listed:

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<tr>
<td>Medical School</td>
<td>50%</td>
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<tr>
<td>Department</td>
<td>25%</td>
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<tr>
<td>Inventor</td>
<td>25%</td>
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The expectation on the department is that they will continue to use their share of these funds to support investigators in the development of intellectual property.
For the inventor(s) to receive a share they 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 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).

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 to 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.

The inventors will share the interest income in proportion to the assigned individual royalty income. The inventor(s) must still be employee(s) of the Medical School at the time of the disbursement to continue to participate.

Should the inventor no longer be employed at the Medical School, their 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 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. SPG Reference
303.4; Regents Bylaw 3.10

VII. Approval: Approved by the Medical School Executive Committee

Date: April 15, 2010