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Royalty Sharing Plan

The Graduate School, in 2001, created a revised distribution formula to be applied to non-patented copyrightable works, specifically computer software (shown in [Table 1](#)). Prior to this change, all WARF licensee income was shared using the "Patent and Non-copyrightable Technologies" distribution formula (shown in [Table 2](#)). The distribution for patents and non-copyrightable technologies ([Table 2](#)) remains unchanged. The enhanced author's share now provided on non-patented copyrightable works reflects the lower overall cost of obtaining and maintaining copyrights.

It is important to note that UW/WARF distributes royalties independent of expenses, whereas most universities divide royalties on a net basis after deduction of patent/copyright costs and administrative fees; the UW/WARF approach yields increased returns to the author/inventor.

Table 1. Royalty Income Sharing Program: Non-Patented Copyrightable Works, Specifically Computer Software

<u>First \$100,000 of Income Per License</u>	<u>Income Over \$100,000*</u>
40% to Author(s)	20% to Author(s)
50% to Research Program of Author(s) through a quarterly Laboratory Share Distribution	15% to the Department/Center through an annual Department Share Distribution**
10% part of the grant to Graduate School	65% part of the grant to Graduate School

Table 2. Royalty Income Sharing Program: Patents and Non-Copyrightable Technologies:

<u>First \$100,000 of Income Per License</u>	<u>Income Over \$100,000*</u>
20% to Inventor(s)	20% to Inventor(s)
70% to Research Program of Inventor(s) through a quarterly Laboratory Share Distribution	15% to the Department/Center through an annual Department Share Distribution**
10% part of the grant to Graduate School	65% part of the grant to Graduate School

* Once royalties for a non-patentable, copyrightable license, or for a patentable, non-copyrightable work exceed \$100,000 per license, the distribution changes as shown. When authors leave, retire or become inactive in research, there will be no new quarterly Laboratory Share Distributions. New income received at WARF is then distributed using the "Income over \$100,000" formula. At that time, any balance in the

Graduate School assigned Laboratory Share Account (135-D..) reverts to the Graduate School.

** This distribution goes to the Department/Center that administered the funds, reported by inventors, as supporting the invention.

A few additional conditions apply, e.g., for Laboratory Share Distributions there is a limit of \$100,000 per laboratory/research program for each license and an annual cap of \$200,000 per inventor's or author's research program. In addition, UW-Madison and WARF provide a one-time payment of \$1,500 to inventors for each invention accepted for patenting and licensing.

If you have questions regarding the revised distribution policy, please contact Steve Schwoegler (262-8386). Contact Sarah Castello (263-2877) for questions on invention disclosures and WARF (263-2500) for questions on patent or copyright issues.



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