



# Disbursement of Net Revenue from IP Commercialisation Guideline

## Purpose

For IP that has been successfully commercialised and generates revenue, the University has established these guidelines for calculating Net Revenue disbursement to The University and the Creators according to the [UNSW Intellectual Property \(IP\) Policy](#).

## Scope

This guideline applies to all Staff (academic, professional, technical and administrative) and Affiliates of the University and Students (undergraduate and postgraduate).

This guideline is incorporated by reference in the terms and conditions of the contract of employment of Staff, letters of appointment of Affiliates and in the conditions of enrolment of Students.

The *Intellectual Property Policy*, *Disclosing and Exploiting Intellectual Property Procedure* and the *Guidelines for Copyright Ownership* form part of this Guideline.

This guideline and the IP Policy come into effect on the Effective Date. IP created prior to that date will be governed by the IP Policy in place at the time.

This guideline and the *Disclosing and Exploiting Intellectual Property (IP) Procedure* will apply to all IP formally disclosed to the University through NewSouth Innovations Pty Ltd (NSi), the University's IP holding company, from the Effective Date and, to the extent that there is no conflict with prior IP Policies or existing agreements, to all IP notified to NSi.

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## Introduction

The University, through NSi, takes the risk on costs it incurs in supporting and commercialising Intellectual Property (IP) developed by staff and students. For IP that has been successfully commercialised and generates revenue, the University has established these guidelines for calculating Net Revenue disbursement to The University and the Creators according to the *UNSW Intellectual Property Policy*.

## Principles and Objectives

### 1. Disbursing of Net Revenue from commercialization

Net Revenue from IP commercialisation will be disbursed 1/3 to the Creators and 1/3 to The University and 1/3 to NSi.

## 1.1. **Weighting the contribution of multiple Creators and multiple technologies**

Where multiple Creators and or technologies are commercialised concurrently the Creators are invited to agree:

- the relative contributions of each of the Creators to the development of each IP component set out in the Researcher IP Commercialisation Deed; and
- if required, the relative weighting to be applied to the commercial value of each IP component in an IP portfolio involving multiple technologies, that are commercialised concurrently under the same agreement.

The Net Revenue entitlements of each Creator will be calculated according to the above weightings and Creator contributions.

If the Creators cannot agree on the points above, the default position will be:

- that all Creators contributions will be deemed equal and all technologies and IP will be considered of equal value; or
- the University may at its sole discretion obtain external advice and determine the relative value of each IP component or technology commercialised under the same agreement.

If a patent is excluded from a licence that includes a portfolio of more than one patent, then the Commercialisation Costs attributable to that patent will only be deducted from the Commercialisation Revenue generated from that licence until such time that that particular patent is no longer included. The University or the Creators of the IP associated with that patent will no longer share in Net Revenue generated from the licence, from the time that the patent was excluded from the licence.

The University share of Net Revenue from commercialisation of IP should act as an incentive to the Faculty/School/Unit/Centre in which the IP was developed to encourage further research and technology transfer activity.

The majority of the University share of Net Revenue should be directed as close to the “coal-face” where the activity occurred as possible.

The principles on which The University share of Commercialisation Net Revenue will be applied are:

- The University share will be paid by NSi to the Deputy Vice-Chancellor, Research and Enterprise who will be responsible for allocating, tracking and monitoring income and the University share of Commercialisation Net Revenue;
- In general,  $\frac{3}{4}$  will be directed to the Faculty in which did the work to create the IP, and  $\frac{1}{4}$  will be directed to support UNSW Strategic Research Initiatives;
- Notwithstanding the point directly above, the Deputy Vice-Chancellor, Research and Enterprise has the discretion to allocate the University share of Net Revenue on a case-by-case basis, taking into account such matters as: the amount of Net Revenue already received and any pre-existing agreements or arrangements.

## **2. Disbursing Net Revenue from IP assigned to Creators**

If the Division of Research and Enterprise decides not to commercialise any specific IP, the Creators may request that the IP be assigned to them. Such assignment will be at the sole discretion of the Deputy Vice-Chancellor, Research and Enterprise.

A condition of any assignment of the IP to the Creators will be that NSi will receive 20% of the Net Revenue received from the commercialisation and exploitation of that IP by the Creators (ie., after reasonable Commercialisation Costs have been recovered) unless otherwise agreed by the Deputy Vice-Chancellor, Research and Enterprise.

## **3. Determining Net Revenue**

### 3.1. **NSi Commercialisation Deed**

Under the Researcher IP Commercialisation Deed, the Creators assign their IP to NSi. This Deed also defines the distribution of Net Revenue to Creators under the *Intellectual Property Policy*.

### 3.2. Commercialisation Costs

Net Revenue is calculated by deducting Commercialisation Costs, include all out-of-pocket expenses relating to the commercialisation of IP, from Commercialisation Revenue. Commercialisation Costs do not include the University and NSi staff costs or other NSi operating costs. The following are considered reasonable Commercialisation Costs:

- **The costs of registering, protecting and enforcing IP rights**  
Invoiced patent attorney costs and registration and renewal fees relating to IP, and all patent attorney and external legal costs associated with the assertion of IP rights. Any patent costs recovered from a licensee are offset against the costs incurred.
- **External IP Management & Review Services**  
NSi may employ external IP management consultants, or contractors to administer and manage its IP portfolio. These costs associated with IP management and administration and the costs of engaging other external parties to carry out specific reviews of IP and the IP landscape, including assessing the commercial potential or value of IP, are reasonable Commercialisation Costs. Any IP management or review costs recovered from a licensee are offset against the costs incurred.
- **Research & Development - Creation of prototypes, models and samples**  
Product and prototype development costs are reasonable Commercialisation Costs. Costs funded by the University's or NSi's Proof-of-Concept Fund, is a recoverable expense. Any product development or prototype costs recovered from a licensee are offset against the costs incurred.
- **Insurance & legal Costs**  
When there are specific insurance costs during the commercialisation of a technology in excess of the standard UNSW insurance cover, these are allowable Commercialisation Costs.

External legal service costs for a specific technology including conducting due diligence reviews, preparing contracts or dealing with legal disputes are reasonable Commercialisation Costs allocated to the technology. Commercialisation Costs explicitly exclude legal costs associated with resolving disputes between the University and/or NSi and Creators.

Defending, prosecuting, or settling actions, or asserting rights arising from legal disputes, or court ordered payments are reasonable Commercialisation Costs allocated to the technology.

- **Market review and commercialisation consultant costs**  
External costs incurred through market and technology surveys and preparing business plans or investment proposals are part of developing a case for and progressing commercialisation. These costs are reasonable Commercialisation Costs allocated to the technology. If an analysis benefits several technologies or patents, then the costs are shared equally.
- **Marketing and Travel**  
When the University and/or NSi is developing an understanding of the technology or market opportunities and when developing a relationship with potential and actual licensees, investors or industry partners. Reasonable out-of-pocket costs for travel and meetings are Commercialisation Costs allocated to the technology.

Industry specific conference costs for promoting specific technologies and assessing their market potential are Commercialisation Costs allocated to the technology.

External consultant and supplier costs specific to developing and promoting technologies for their commercial development are commercialisation costs allocated to the technology. These include electronic promotional materials (e.g. videos) and the design and production of promotional materials for a specific technology.

Success and other fees associated with appointing agents or independent contractors to promote, secure and manage licensing, capital investment and other commercialisation opportunities are considered reasonable Commercialisation Costs.

- **Accrued costs**

Where patent or other costs have been committed to a technology that has been licensed, and where those costs are recoverable from the licensee, but have not been invoiced at the time of reconciling commercialisation income received to date, then those costs will be accrued as commercialisation costs against the technology for the purpose of determining the Net Revenue in any disbursement period.

- **Platform technologies**

Where a technology is a platform technology with multiple applications, it may have the potential for multiple income streams. All commercialisation costs are deductible from any commercialisation revenue received, regardless of the market sectors involved.

### 3.3. **Investments in incorporated entities**

If NSi or The University takes the risk of making a direct capital investment in a spin-off company, in return for equity, then this is not a commercialisation cost and any return generation from that equity holding will not be treated as commercialisation revenue.

In the event that the University and/or NSi converts any commercialisation costs into equity in a spin-off company, those costs will be counted as recovered and any income generated from that equity holding will not be treated as commercialisation revenue.

**Version:** 1.4

**Effective:** 6 August 2024

**Responsible:** Pro Vice-Chancellor (Industry and Innovation)

**Lead:** Director, Business Development and Commercialisation

## Appendix 1

### Legislative compliance

1. This guideline supports the University's compliance with the following legislation:
  - 1.1. University of New South Wales Act 1989 (NSW)

### Related documents

- Disclosing and Exploiting Intellectual Property (IP) Procedure

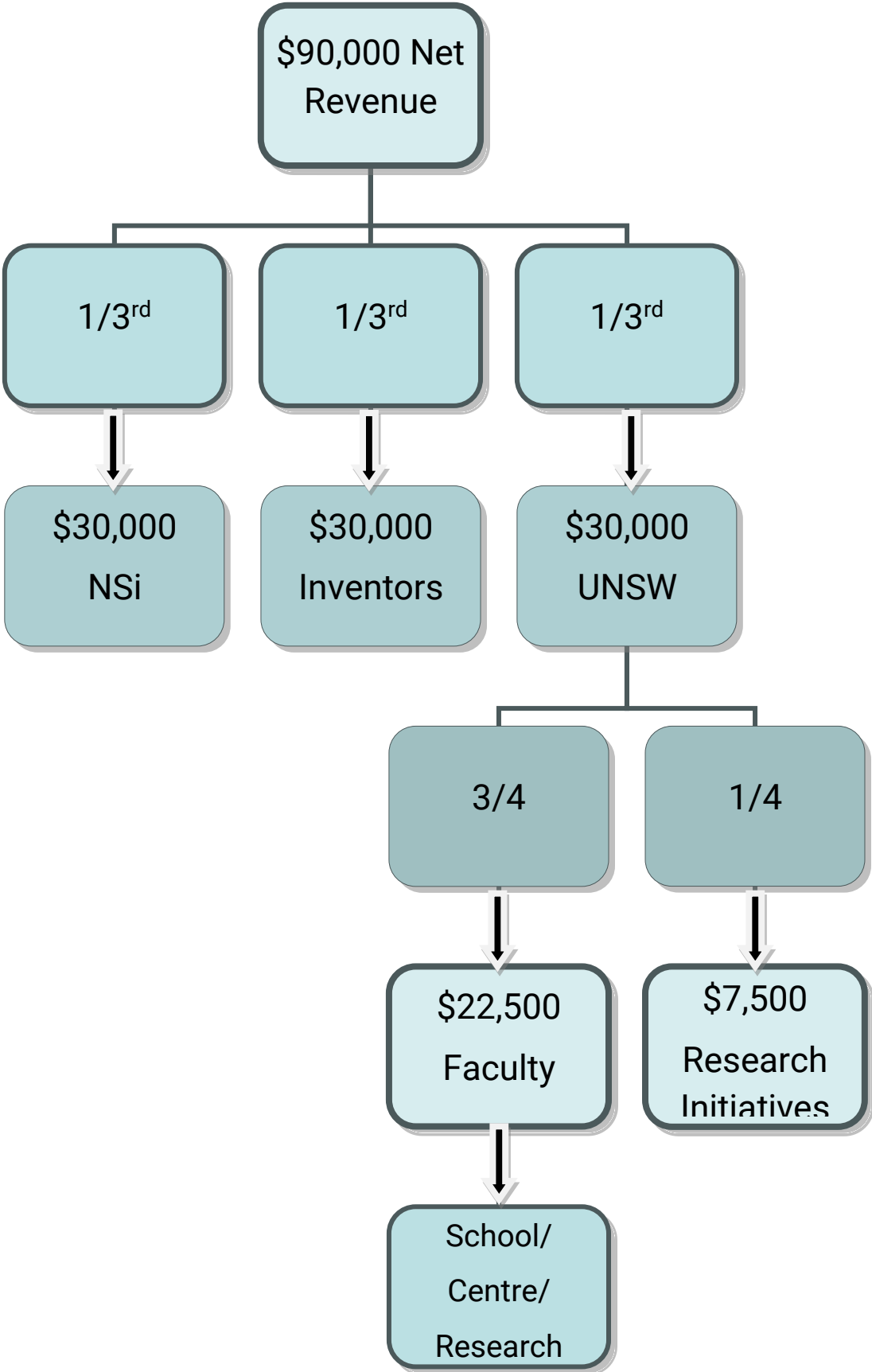
#### Definitions and Acronyms

This guideline uses the definitions in the UNSW [Intellectual Property \(IP\) Policy](#).

### Version history

- **Version 1.0** approved by Vice-Chancellor on 24 May 2010 effective 1 July 2010. This is a new guideline.
- **Version 1.1** approved by Head, Governance Support on 8 August 2012 effective 8 August 2012. Section 3.1, 4 and Appendix B: position titles updated.
- **Version 1.2** approved by Deputy Vice-Chancellor Enterprise on 27 July 2018 effective 27 July 2018. Administrative update to senior position titles.
- **Version 1.3** approved by Director of Governance on 7 October 2021 effective 7 October 2021. Administrative update to senior position titles.
- **Version 1.4** approved by Director of Governance on 1 August 2024 effective 6 August 2024. Administrative update to outdated titles, links and policy references.

**Appendix 2: Example of Process for Distributing Net Revenue**



**Note: For illustrative purposes only. The actual allocation of The University portion of Net Revenue is at the discretion of the Deputy Vice-Chancellor Enterprise**