



The Research  
Foundation for

The State University of New York

## Procedure for the Distribution of Royalty Income

**Effective Date:** February 1, 2017  
**Function:** Commercialization  
**Contact:** Vice President, Industry and External Affairs  
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### Basis for Procedure

Pursuant to Section (e) of SUNY's 2016 [Patents and Inventions Policy](#) ("Policy"), Inventors and/or Creators of Intellectual Property that is disclosed to The State University of New York ("SUNY") on or after November 23, 2016 are entitled to receive a portion of the Net Royalty resulting from the management and licensing of that Intellectual Property.

### Procedure Summary

This procedure outlines the steps an administrator will use to determine if a Royalty distribution should be made pursuant to the Policy, and the steps an administrator will use to process Royalty distributions to Inventors and/or Creators of Intellectual Property disclosed on or after November 23, 2016. This procedure applies to all transactions involving campus Royalty awards, Royalty receipts and payments received from third parties related to the commercialization of Intellectual Property.

The Policy enables campuses to subtract reasonable out-of-pocket expenses incurred but not reimbursed by licensees for the evaluation, marketing, development, protection, maintenance, and enforcement of Intellectual Property from Royalty prior to making distributions to Inventors or Creators. These expenditure types are further defined in the [RF's Policy for the Distribution of Royalty Income](#).

Section (e) of the Policy shall not govern the distribution of income related to Intellectual Property that was disclosed prior to November 23, 2016. Royalty income resulting from Intellectual Property that was disclosed prior to November 23, 2016 shall be distributed in accordance with the [SUNY Patents and Inventions Policy that was effective prior to November 23, 2016](#) ("Former Policy"). Further, as articulated in the Former Policy, 40 percent of the gross Royalty paid to SUNY shall be distributed to the Inventor(s) and 60 percent of the gross Royalty paid will go to the campus at which the Intellectual Property was developed.

### Procedure Steps

The table below outlines the steps an administrator will take to: (1) determine if royalties should be distributed, and (2) how to process a distribution if one should be made.

Step	Role or Responsibility	References or Tips
Royalty income Received by Central Office or Campus	Campus Technology Transfer Office, Innovation & Partnerships, Finance	Receivable information is entered into appropriate Inteum file and processed through Oracle.

<p>Royalty receivable is applied or posted to appropriate Campus Royalty Award</p>	<p>Campus Technology Transfer Office, Innovation &amp; Partnerships, Finance</p>	<p>Instructions are given to Finance by the Technology Transfer Office or Innovation&amp; Partnerships.</p>
<p>Technology Transfer Office matches receivable to the Technology Transfer Docket Number and agreement</p>	<p>Technology Transfer Office</p>	<p>Technology Transfer Office uses Inteum to correlate the royalty receipt to the appropriate Technology Transfer Docket Number.</p>
<p>Technology Transfer Office calculates Net Royalty</p>	<p>Technology Transfer Office</p>	<p>Technology Transfer Office determines Net Royalty by subtracting the receivable from the total number of expenses incurred for the Technology Transfer Docket Number identified in the preceding step pursuant to the <a href="#">RF's Policy for the Distribution of Royalty Income</a>. RF Report Center and Inteum support the calculation of Net Royalty.</p>
<p>Technology Transfer Office determines whether income is distributable or not (i.e., if all expenses have been recovered then a distribution is made)</p>	<p>Technology Transfer Office</p>	<p>RFAIR and RF Report Center enables Technology Transfer Docket Number expense search by category and disclosure number.</p>
<p>Technology Transfer Office determines if \$45,000 has been distributed, otherwise 45% of Net Royalty is distributed to inventors until \$45,000 has been distributed then 40% of Net Royalty will be distributed</p>	<p>Technology Transfer Office</p>	<p>The RF Report Center enables expense search by category and disclosure number, and indicate the value of all Royalty distributions made.</p>
<p>If a distribution should be made the Technology Transfer Office (or appropriate campus office) will obtain the appropriate IRS form (W-9 or W- 8BEN) from the Inventor or Creator and complete a RF Technology Transfer Check Request Form and submit it to the appropriate office for processing.</p>	<p>Technology Transfer Office, Finance (or appropriate campus office)</p>	<p>The use of the OTR Royalty Payment expenditure type must be used to process all Royalty distributions and the use of the OTR Royalty Payment expenditure type requires entry of the Technology Transfer Docket Number related to the royalty distribution. Absent extraordinary circumstances, IRS forms only need to be obtained if the Royalty distribution is to an Inventor or Creator that does not already have a Supplier in Oracle</p>

		AP. Please email <a href="mailto:vendcheck@rfsuny.org">vendcheck@rfsuny.org</a> for any questions regarding this process step.
Supplier is created in AP system with appropriate taxation and reporting rules based on IRS tax residency status and IRS form.	Technology Transfer Office, Finance (or appropriate campus office)	Residency status impacts how the supplier is setup in the AP system, whether RF withholdings are required, and how payments are reported at year end. Potential RF tax withholdings only exist if a nonresident alien. Please email <a href="mailto:vendcheck@rfsuny.org">vendcheck@rfsuny.org</a> for any questions regarding this process step.
Payments are disbursed according to Section (e) of the Patents and Inventions Policy	Technology Transfer Office, Finance	

**Related Information**

**Royalty Receipts**

If a royalty check is received at Central Office, the Finance Office at Central Office will work with the Office of Innovation & Partnerships to identify which campus the royalty payment belongs to and then post the payment to the appropriate royalty award (see chart below). If a check is received at a campus location, the campus must either forward the check to Central Office or deposit the check with campus daily deposits. If the check is deposited at the campus, the campus must notify the Finance Office at Central Office that the royalty has been included as part of the day's deposit.

The installment for the campus' royalty award will be increased by Central Office by the total amount of the royalty receipt. With direction from the appropriate campus administrator, Central Office will split the funding between the appropriate projects (i.e. campus and inventor projects), if applicable, and then Central office will then increase the project budget(s) accordingly.

**How Inventors are Paid**

Payments to the Inventors and/or Creators should be drawn out of the campus royalty project or inventor royalty project (if it exists), by an authorized campus administrator. Royalty checks will be mailed directly to the Inventor(s) or Creator(s), whichever applies. Recipients of Royalty checks are sent either a 1099-MISC tax statement or 1042-S tax statement depending on the recipient's citizenship. United States citizens and resident aliens will receive a 1099-MISC statement, and nonresident aliens will receive a 1042-S tax statement.

**Recapture of Expenses from the Commercialization of Released Technologies**

In addition to ten (10) percent of proceeds SUNY would receive if a release is granted pursuant to Section (f)(3) of the Policy, campuses may require that Inventor(s) or Creator(s) of Intellectual Property reimburse any of the allowable deductions articulated in the RF's Policy for the Distribution of Royalty Income (link).

As noted in the Policy, any ambiguity involving the eligibility or allowability of these deductions must be referred to RF Central Office, with ultimate responsibility for resolution resting with the RF President who may, in his or her sole discretion, refer the matter to the SUNY Innovation Policy Board.

**Revenue Received from the Commercialization of TAF-supported Intellectual Property**

Pursuant to TAF program guidelines and TAF award funding agreements campuses are required to pay ten (10) percent of the gross revenue received by the campus from the licensing or other commercialization of TAF-supported intellectual property to the TAF. When providing details to Central Office regarding the appropriate royalty split the campus administrator will also instruct Central Office to increase the budget on the RF Central Office – TAF Income award by the appropriate amount. The RF’s TAF Managing Director will be notified when any changes to the RF Central Office – TAF Income award are made by emailing [TAF@rfsuny.org](mailto:TAF@rfsuny.org).

**Campus Royalty Awards**

Campuses that are receiving income from third parties for their commercialization of intellectual property have one royalty award assigned to them (see below). Unless otherwise requested, each campus royalty award has two projects: one for the Inventor(s) and/or Creator(s) share of Royalty revenue and one for the campus' share of Royalty.

**Royalty Award and Project Numbers**

The following table lists the award and project numbers established for campuses actively receiving royalty payments from licensees.

Location Code	Campus Name	Royalty Award	Campus Project	Inventor Project	Inventor Holding
010	University at Albany	000075	1008629	1008620	
011	SUNY Poly/NY Creates (CED)	86724	1163637 task 1	1163637 task 2	
014	SUNY Poly College of Nanoscale Science and Engineering(CNSE)	000648	1079805	1127427	
020	Binghamton University	91613	Varies by Department	1169006	
030	University at Buffalo	000077	1166964	1166965	
050	Stony Brook University	37298	1050676	1069022	
100	Downstate Medical Center	000080	1073222	1073223	1066376
110	Upstate Medical University	000081	1005423	1156447	
160	Buffalo State College	68725	1119199	1119198	

170	College at Cortland	91036	1167584		
190	College at Geneseo	38717	1163416	1053091	
200	College at Old Westbury	000087	1012749 task 3	1012736 task 2	
230	College at Oswego	000090	1019483		
240	College at Plattsburgh	79954	1143650	1143651	
250	College at Potsdam	000092	1009069	1009069	
360	College at Canton	99696	1187815	1187816	
370	College of Ag. and Tech. at Cobleskill	88044	1161151		
550	College of Environmental Science & Forestry	000099	1142275	1092987	
580	College of Optometry	40833	1057952	1130375	
650	RF Central Office – TAF Income	65313	1111926		
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## Definitions

*Created* – Having conceived, authored, reduced to practice, designed, developed, or otherwise having contributed to the making of Intellectual Property.

*Creator* – One who has Created Intellectual Property, in whole or in part.

*Intellectual Property* – Patentable Inventions, tangible research materials, computer software, and any unique or novel innovation in the technical arts or any new and useful improvements thereof, including methods or processes for creating an object or result (a way of doing or making things), machines, devices, products of manufacture, product designs, or composition, mask works or layout designs for printed circuit boards or integrated circuits, compositions of matter, materials, any variety of plant, and any know-how essential to the practice or enablement of such innovations and improvements, whether or not patentable.

*Inventor* – One who contributes to the conception of a Patentable Invention under the patent laws of the United States or other relevant jurisdiction.

*Net Royalty* – Royalty less reasonable out-of-pocket expenses incurred by SUNY and not reimbursed by licensees for the evaluation, marketing, development, protection, maintenance, and enforcement of Intellectual Property.

*Patentable Invention* – Any art or process (way of doing or making things), machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant which is or may be patentable under the patent laws of the United States or other relevant jurisdiction, and the patent applications or patents that embody them.

*Royalty* – Cash, equity, or other value received by SUNY as consideration for use of rights to SUNY Intellectual Property.

## Related Information

[RF Policy for the Distribution of Royalty Income](#)  
[SUNY Patents and Inventions Policy](#)

## Forms

[RF Technology Transfer Check](#)  
[Request W-9](#)  
[W-8BEN](#)

## Change History

Date	Summary of Change
February 29, 2024	Update to Royalty Award Numbers table.
August 7, 2023	Update to Royalty Award Numbers table.
February 1, 2017	Updated to align with SUNY's new Patent and Inventions Policy and complement the existing business practices of SUNY's technology transfer offices across the enterprise.
August 31, 2015	Update to Royalty Award Numbers table.
April 4, 2014	Update to provide current information for distributing royalty income, include information related to TAF-supported intellectual property, update procedure name, and update account numbers. Name changed.
March 18, 2004	Updated to provide current information on the process for royalty awards and current award and project numbers.

## Feedback

Was this document clear and easy to follow? Please send your feedback to [webfeedback@fsuny.org](mailto:webfeedback@fsuny.org).