

## Appendix 5 Revenue Sharing Utilisation and Sharing

The Academy's charitable mission is to support engineering excellence for the benefit of society. Often work to support engineering excellence will be through some form of commercialisation that generates revenue for the charitable organisation (often but not always a university) that hosts the grant. Unless we have specifically notified a recipient that a particular grant is an exception, we require no prior notification or consent from such organisations before commercialising intellectual property (IP) funded by the Academy.

In addition to the Royal Academy of Engineering's Terms and Conditions specified in the Letter of Offer, the following terms and conditions are specific to Recipients of an Academy Research Grant defined for this purpose as any grant awarded for the purpose of generating new Intellectual Property.

The Academy intends these terms to be understood as part of an ongoing partnership between the host organisation and the Academy to make sure that the funds invested by the Academy have the maximum benefit to the public through supporting engineering excellence. The Academy is open to requests to modify its expectations on these grounds at any point. However, requests to modify them so that the host organisation can invest financial benefits derived from Academy funding into other purposes of the host organisation are unlikely to be acceptable.

For clarity, Intellectual Property (IP) as referred to within these terms refers to IP generated through the funded project and is not applicable to any background IP.

### **1. Applicable to all Research Grant Recipients**

- I) The Academy requires that any revenue that the host organisation makes from the commercialisation of IP will be used for the purpose of supporting engineering excellence for the benefit of society. This will include all the engineering and technology education and research activities of a typical university, and any activities taken to increase the benefit to society of such activities, including but not limited to widening access, dissemination of research findings, public engagement.
- II) The Academy will not, as standard, audit this requirement and does not expect organisations to monitor it except in the most general terms.
- III) The Academy retains the right to notify a recipient organisation that they must henceforward provide the Academy with a record of any income being received from Academy-funded IP and how it is being used. This is at the Academy's discretion and will typically happen if an organisation that has previously successfully commercialised Academy-funded IP closes its engineering and technology activity.
- IV) For serious breaches of the terms outlined in this Appendix, the Academy may make the host organisation ineligible for future research funding from the Academy. The Academy will also highlight to governance groups of the host organisations the breach of grant terms by the host organisation and potential resultant misuse of charitable funds.

### **2. Applicable only to those Research Grant Recipients where the Academy is offering to fund the project in full (i.e. at 100% of full economic costs)**

- I) The Academy places an additional a requirement of revenue sharing on Recipients whose project is being funded in full. This applies to the cumulative net income for the organisation resulting from the IP, once costs of exploitation and any revenues

due to individual inventors are deducted. Only net income that the organisation can potentially freely use is considered – any income bearing any other sort of restriction is excluded.

- II) This revenue sharing requirement applies only where the cumulative net income defined for any single award in this way exceeds £3 million.
- III) The host organisation is required to share 50% of any cumulative net income above £3 million with the Academy, so that the Academy can reinvest it through their research grant programmes or undertake other charitable activities in pursuit of supporting engineering excellence.
- IV) Once the cumulative net income from an award exceeds £3 million, then the host organisation should provide at the end of each financial year (on the host organisations reckoning) a statement of the income received and submit it to the Academy within three months.
- V) The host organisation can apply with the submission of this statement to retain revenue that it would otherwise be required to share with the Academy by showing how a requirement to share it with the Academy will somehow restrict the public benefit of the IP or by demonstrating how public benefit would be greater if funds were retained within the host organisation. The Academy will review such applications within three months and notify the organisation whether any revenue sharing is required from the previous year.
- VI) A host organisation may apply to the Academy to be freed from any requirement for revenue sharing on the grounds that the requirement for revenue sharing is in some way preventing the realisation of benefit to society of the IP. Such permission can be sought at any point before the cumulative net income exceeds £3 million. No actions presuming the withdrawing of the requirement for revenue sharing should be taken before notification of removal of the requirement is received in writing from the Academy.
- VII) If any tax, charge, levy or duty from government becomes applicable to either revenue shared or retained at the discretion of the Academy, it shall solely be the responsibility of the recipient organisation to meet it and the Academy will reduce its expectations of revenue or public benefit accordingly.