



## Licensed Technology – What to Expect . . .

Income is anticipated when ISURF licenses a technology to a company to develop and sell products or services. The license identifies the duties and responsibilities of the property owner (ISURF) and the licensee (company). The contributors who are entitled to share in license income, do so according to the ISURF royalty sharing policy.

Here is what you can expect when a company obtains a license from ISURF:

Type of Technology	Typical Length of License Term	Financial Terms	Product Development Time (estimated)	Income Sharing Start (estimated)
Patent	Life of Patent (≤ 20 years)	Fees, Royalties, Patent cost reimbursement	> 5 years	> 6 years
Copyright (software)	10 years (renewable)	Fees and royalties	1 – 3 years	2 – 4 years
Tangible Property (cell lines, plant varieties)	5 – 15 years (renewable)	Fees and royalties	0.5 – 2 years	1 – 3 years
Data Sets	5 years (renewable)	Fees	Immediate	< 1 year

## Technology License Types

### **PATENT or COPYRIGHT**

Most licenses are exclusive, meaning ISURF will not grant licenses to other companies. Each license agreement contains a unique combination of financial terms. Most include a fee upon signing. Other financial terms may include: annual fees, milestone payments, additional research funding, royalties on sales of products or services, minimum royalty payments, sublicense fees, equity, and reimbursement of patent costs.

With the exception of technologies intended for internal use by a licensee (such as research tools and some software), most technologies require several years of development (e.g., testing, scale up, design, prototype development, market research and analysis, and regulatory approvals). In negotiating the license agreement, the company and ISURF agree upon the expected development steps and when each step will be initiated and completed. The development plan provided by the company is the basis for establishing milestones in the license. ISURF requires companies to provide progress reports until products are sold. As a development program can take unexpected turns, changes to the plan may be necessary.

## **TANGIBLE PROPERTY**

Most tangible property licenses are non-exclusive, meaning ISURF may grant licenses to multiple companies. A license will generate income from license fees, and in some cases, royalties on sales or use of products. If royalties are due on sales of products, development times are similar to those for patented technologies. It typically takes less than two years for ISURF to receive license income.

## **GERMPLASM**

Germplasm is a type of tangible property and most licenses are non-exclusive. For germplasm licenses, the license term is typically five years with the opportunity to renew. It normally takes one to two years to receive license income.

## **DATA SETS**

Data sets are considered a compilation copyright and most licenses are non-exclusive. The license term is typically five years with the opportunity to renew. License income is usually a one-time, up-front payment.

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## **License Management**

ISURF continually monitors company compliance with the terms of the license. The company provides periodic development reports until products are being sold and reports on sales, as appropriate. When ISURF conducts a compliance audit, a professional accounting firm is usually employed.

Contributors who are entitled to share in license income will receive annual income-sharing payments from ISURF after all patent and other out-of-pocket expenses have been reimbursed to ISURF. Contributors will receive a royalty check and letter describing the payment for each technology in September, and IRS Form 1099 by the following February. To receive income, it is important to keep your current contact information on file with ISURF.

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## **Contact Information**

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