JOHNS HOPKINS
UNIVERSITY

THE JOHNS HOPKINS UNIVERSITY ROYALTY DISTRIBUTION POLICY

On April 2, 2001, the Johns Hopkins University Board of Trustees approved a revision to the distribution formula for royalty and equity from licensing of faculty inventions. The revised policy is described below.

When faculty make discoveries and inventions as part of their academic work they are encouraged to develop their inventions consistent with the academic mission of the University. Proposals for support of sponsored research that pertain to products derived from inventions and to be performed by faculty inventors who receive royalty for sales of the product shall be subject to review by the Committee on Conflict of Interest according to their published principles and procedures. In any publication reporting such sponsored research the faculty inventor must disclose that the invention is licensed and he/she may receive royalties from the license. This policy shall be interpreted in a manner consistent with the applicable federal and state statutes and implementing regulations.

In order to provide incentives and resources to inventors, inventors' Department, School, and University, annual net invention income (gross invention income minus unreimbursed patent prosecution expenses, associated external expenses, maintenance fees[1], and processing fees[2] resulting from licensed inventions will be distributed as below.

ANNUAL NET INVENTION INCOME DISTRIBUTION[3] -Percentages

Annual Net Income	Inventors' Share[4]	Inventors' Laboratory[5]	Inventors' Department	School	University
35	15	15	30		5
35	15	15	25		10

When the School waives title to the invention, all rights revert to the inventor(s).

[1] The maintenance fee shall be deducted from gross income.

[2] Fifty (50) percent of any licensing fee, up to a maximum of $25,000, may be deducted as a processing fee.

[3] Distribution is based on the calendar year and will be made annually.

[4] The inventor's share shall survive termination of affiliation with the University and, in the event of death of the inventor shall inure to his/her estate.

[5] The inventor's laboratory share, derived from any given invention, will terminate upon termination of the inventor's affiliation with the University and thereafter all income will be allocated to the President's Discretionary Fund, School, and Department as described above.

Information Regarding Equity Holdings

With careful safeguards, Licensing Agreements involving equity participation by the University and its faculty are permitted. Under appropriate circumstances, research sponsored by companies in which faculty and/or the University have equity holdings may also be permitted. Establishment and execution of specific rules and procedures for implementing the policy guidelines provided below are the responsibility of the Divisions.

1. University contracts with licensees must be negotiated by the appropriate University or Divisional office and not directly by the Inventor.

2. The Inventors' and the Institution's equity interest will not be traded until after a stipulated Trigger Date.

3. The Inventors' equity interest will be held in escrow for the benefit of the Inventor by the University.

4. Any association of the Inventor(s) with the licensee will be subject to disclosure, including compensation, prior approval, and annual reporting.

Distribution of Equity Revenue

Inventors' Personal Share	Inventors' Laboratory(s) Share	Inventors' Department(s) Share	School Share	University Share
35%	15%	10%	30%	10%

Unlike royalty revenue, equity revenue distribution is sporadic and likely to occur only once. Cash received from the sale of shares allocated to the Inventors' Laboratory(s) Share will be apportioned in equal amounts annually to the appropriate laboratory(s) over the remaining life of the relevant U.S. Patent or the remaining years under the relevant License Agreement, whichever is shorter, unless the Dean of the School of the Inventor(s) and the Inventor(s) agree to another method of distribution.

Distribution After Termination or Death

1. The Inventors' personal share shall survive termination of affiliation with the University and, in the event of death of the Inventor, shall inure to his/her estate.

2. Upon termination of the Inventor's affiliation with the University, the Inventors' Laboratory Share, both the unspent portion and future allocations, will be reallocated to the Inventors' Department, School and University portions according to the applicable royalty distribution policy.